

MACY'S MERCHANDISING GROUP, INC.
TERMS AND CONDITIONS OF THE MACY'S MERCHANDISING GROUP, INC.
MASTERCONTRACT

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VENDOR HEREBY AGREES THAT ALL MACY'S MERCHANDISING GROUP, INC. ("MMG") PURCHASE TRANSACTIONS ARE STRICTLY SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THIS MASTER CONTRACT, AS FOLLOWS:

Definitions: Wherever used in this Master Contract: (a) the term "Vendor" refers to the person/entity identified as such on the Summary Page; (b) "Macy's" shall mean MMG, on behalf of itself and/or as an agent for its affiliates (i.e., Macy's, Inc. and each of its direct and indirect subsidiaries); (c) "Contract" and "Master Contract" shall be used interchangeably to refer to this document and all related merchandise specifications, descriptions, samples and related documentation furnished or accepted by Macy's; and (d) "Merchandise" refers to the goods contracted for and all related packaging, invoicing, labeling and printed matter of any kind.

1. This Master Contract is not valid unless the Summary Page has been executed by an authorized Macy's representative, with the correct Master Contract number appearing on the Summary Page.
2. Vendor shall be deemed to have accepted and agreed to all of the terms and conditions of this Master Contract if Vendor either (a) confirms this Master Contract where indicated; or (b) accepts this Master Contract in any manner permitted by this Contract or by operation of law; provided that, such acceptance shall not operate to vary the terms of this Master Contract without Macy's express prior written approval and the terms and conditions set forth on Vendor's invoices, billing statements, acknowledgment forms or any other Vendor documents shall be of no force or effect unless signed by an authorized Macy's representative. The prices provided for in this Master Contract shall not be increased and the quantities and/or shipment dates stated herein shall not be changed by Vendor without Macy's written prior authorization.
3. Time is of the essence as to Vendor's performance. Any failure to deliver Merchandise during the period specified in the Summary Page constitutes a material breach of this Master Contract, which shall be deemed cancelled unless new price and/or delivery terms are agreed to in writing and approved by an authorized Macy's representative. In the event that Merchandise is not shipped in the quantities and within the time period specified, in addition to all other rights, Macy's may purchase substitute goods and/or expedite shipment by shipping via air freight and Vendor shall bear all resulting additional costs or charges.

4. Vendor represents, warrants and agrees that:

(a) Each item of Merchandise shall (i) be in compliance with all Macy's procedures and policies as then posted on macysnet.com, including that it shall be merchantable, fit and safe for its intended and reasonably foreseeable use and shall be free from defects in design, workmanship or materials, including from such defects as may create a risk of injury to person or property or economic loss; (ii) conform to all specifications or descriptions set forth in this Contract, all attachments hereto and/or any Merchandise samples accepted by Macy's; (iii) conform to applicable industry standards; (iv) comply with all applicable domestic and foreign laws, including all federal, state and local laws, rules, regulations, codes, directives, ordinances, guides, standards and testing requirements thereunder (including the Federal Trade Commission Act, Wool Products Labeling Act, Textile Fiber Products Identification Act, Fur Products Labeling Act, Care Labeling Rule, Consumer Product Safety Act, Consumer Product Safety Improvement Act of 2008, Federal Hazardous Substances Act, Toy Safety Act, Flammable Fabrics Act, Fair Packaging and Labeling Act, Food, Drug, and Cosmetic Act, Endangered Species Act and Convention on the International Transport of Endangered Species, Federal Communications Act, the International Standards for Phytosanitary Measures Guidelines for Regulating Wood Packaging Material in International Trade, the Tariff Act of 1930, as amended, all U.S. Customs laws and all other laws applicable to the subject matter of this Master Contract) ("Applicable Laws"); and (v) not be misbranded or falsely or improperly labeled, tagged, invoiced, packaged, produced or advertised within the meaning of any Applicable Law.

(b) Each item of Merchandise shall, in any and all events comply with Proposition 65 in that, in the event and, to the extent that the Merchandise may require a consumer warning under the law of the State of California commonly known as Proposition 65, Vendor shall so advise Macy's in writing before accepting or processing this order and, if Macy's thereafter advises Vendor in writing that it wishes to confirm the order and proceed, Vendor shall place warnings directly on all Merchandise as may be offered for sale by Macy's in California, with such warnings to comply with California law, regardless of the means by which such Merchandise is to be offered for sale (i.e., whether by mail, electronic media or in retail outlets).

(c) No item of Merchandise shall infringe or encroach upon the personal, contractual or property rights (including without limitation patents, trademarks, trade names, copyrights, trade dress), right of privacy or publicity and trade secret(s) of, or constitute unfair competition as to, any third parties, whether those of the United States, the country of origin, or any other country having jurisdiction over the Merchandise or Macy's.

(d) To the extent required by Applicable Laws or requested by Macy's, Vendor shall provide certificates of compliance and shall comply with the foregoing, including by causing such documents to be filed with the appropriate governmental authority and/or, at Macy's request, providing a continuing guaranty to Macy's, which is to be delivered to the attention of the General Counsel & Secretary, Macy's, Inc., 7 West Seventh Street, Cincinnati, OH 45202 (including a clear identification of Vendor); provided that, whether supplied to Macy's or to a governmental authority, such certification shall be in compliance with all Applicable Law and shall contain a current certification of its continuing guaranty in proper form, identifying the covered Merchandise and assuring that the Merchandise is not misbranded or falsely or deceptively labeled, advertised or invoiced and that it complies with all laws governing its safety, labeling, advertising and/or invoicing.

(e) Vendor shall certify that packaging (together with all packaging components) sold to Macy's shall comply with the requirements of the toxics in packaging law(s), including by certifying that lead, mercury, cadmium, and hexavalent chromium have not been intentionally added to any such package (or packaging component) during the manufacturing process and that the sum of the incidental concentration levels of such toxics present in any package or package component does not exceed one hundred (100) parts per million by weight. Vendor shall provide a Certificate of Compliance that covers each type of package or packaging component supplied, distributed, or sold hereunder and shall maintain such Certificates, together with sufficient documentation in support thereof, which shall be available for inspection and duplication upon request.

(f) No item of Merchandise has been subject to any voluntary or involuntary recall or other corrective action by the United States Consumer Product Safety Commission, or any other federal or state government agency. Vendor shall promptly inform Purchaser of any recall or other corrective action undertaken after the Merchandise is delivered to Purchaser, as far in advance of such corrective action as practicable, but in no case less than five (5) days before any press release or other public announcement of such corrective action.

(g) All Merchandise shall be produced in compliance with all Macy's procedures as then posted on macysnet.com, including that no convict labor, forced labor, indentured labor under penal sanction or child labor shall be used, directly or indirectly, in the manufacture (in whole or in part) of any Merchandise, including any components or parts thereof and Vendor agrees that it (and its suppliers) shall comply with all Applicable Laws and other requirements of all governments or authorities both in the country of manufacture and in the United States with respect to the use of such labor in the production of the Merchandise; provided that, for purposes hereof, forced labor shall mean any work or service which is not performed voluntarily, but rather under threat of penal sanction;

and child labor shall mean any work or service performed by a child under the age permitted by the laws, regulations or other requirements of the country in which the Merchandise is manufactured.

(h) No Merchandise and no component of any Merchandise was manufactured in Myanmar (also known as Burma) or has been manufactured, sold or transported in violation of any restriction or sanction established by any law of the United States (inclusive but not limited to laws implemented by the Office of Foreign Assets Control).

(i) It shall not subcontract any portion of the work to be performed by Vendor pursuant to this Master Contract without having first obtained the prior written approval of Macy's as to the subcontractor to be used and the nature of the work to be performed by the subcontractor. Vendor further represents, warrants and agrees that it shall not resell Merchandise to Macy's that was purchased by Vendor from third parties without having first obtained the written approval of Macy's as to the third party manufacturer and Vendor acknowledges that any subcontractor shall be bound by the terms of this Master Contract and that notwithstanding the foregoing or any other provision of this Contract, Vendor shall remain obligated to Macy's for the performance of all obligations under this Master Contract without regard to having subcontracted any portion thereof with (or without) any consent by Macy's and that such authorizations by Macy's are required in connection with Macy's participation in the Customs Trade Partnership Against Terrorism program of U.S. Customs and Border Protection. Vendor hereby certifies that the Merchandise was produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act as amended and of regulations of the U.S. Department of Labor issued under Section 14 thereof.

(j) No Merchandise shall contain ozone-depleting substances (OD's), or be manufactured with OD's, as defined by the U.S. Clean Air Act and the regulations promulgated thereunder and that, upon request, Vendor shall provide Macy's with comprehensive details on its manufacturing processes, raw materials used and tests performed, all sufficiently in advance so as to make it possible for Macy's to comply in a timely manner with any proper demands for documentation supporting any claims (or showing that there is no need to make any claim) relating to OD's. Vendor shall timely provide Macy's with appropriate certifications of the representations made in this Section.

(k) Vendor shall properly complete and execute all required country of origin declarations and quota charge statements in the manner and form required by U.S. Customs and Border Protection. Such declarations shall be forwarded to Macy's, together with the original commercial invoice and textile visa (where applicable). Specifically, within ten (10) days of receipt of this Contract, Vendor shall inform Macy's of the country of origin of the Merchandise, which Vendor must disclose on the Merchandise in compliance with U.S. laws, rules and regulations, including without limitation the Tariff Act of 1930, as amended, the Wool Products Labeling Act and

the Textile Fiber Products Identification Act, and Vendor shall thereafter continually inform Macy's of any and all changes to the country of origin as soon as Vendor becomes aware of any such changes as required to comply with such Applicable Laws. Vendor shall, within ten (10) days of Macy's request, provide Macy's with documentation substantiating the country of origin as disclosed by Vendor.

(l) All warranties so offered by Vendor for goods contracted by Macy's must be in writing and comply with the Federal Trade Commission Act, the Magnuson Moss Warranty Act and the regulations promulgated under those Acts. Vendor shall supply Macy's with at least fifty (50) copies of any such warranties no later than fifteen (15) days prior to the Merchandise delivery date and shall satisfactorily perform Vendor's warranty obligations to Macy's customers.

5. Unless expressly otherwise agreed by Macy's in writing, Vendor shall procure all quota allocations, permits, licenses and approvals and all other permissions of any kind required to ship the Merchandise from its point of origin into the United States. If Vendor fails to obtain all such allocations, authorizations, permissions and approvals (all of which are to be included in the prices set forth in this Contract), then, in addition to Macy's other remedies, Vendor shall indemnify and hold Macy's harmless from all expenses, charges, exactions, duties and penalties of any kind directly or indirectly related to said Vendor failure, including without limitation, those related to any delay of or prohibition against entry of the Merchandise into the United States.

6. Vendor's invoices shall be in the English language and shall specify: (a) country of origin; (b) name of Vendor's employee who can provide any necessary additional information; (c) Macy's Master Contract number; (d) Vendor's identification number; (e) style number or other identification of the Merchandise; (f) quantities shipped; and (g) component materials in the Merchandise (quantity and chief value of each); (h) name of actual manufacturer; (i) port of lading; (j) port of destination; (k) international carrier and shall be accompanied by a packing list and all labeling information and disclosures required to comply with all Applicable Laws, including but not limited to documentation certifying that the Merchandise is not a prohibited importation under the Endangered Species Act, the International Standards for Phytosanitary Measures Guidelines for Regulating Wood Packaging Material in International Trade, or the Clean Air Act and/or meets all requirements of the Food, Drug, and Cosmetic Act and that the Merchandise has been produced and transported in compliance with the standards set forth in this Contract. The face of each invoice shall accurately list all charges and discounts to be deducted.

7. If Macy's has reasonable cause at any time to believe that any item of Merchandise contains defects or hazards that could create a risk of injury to any person or property, upon Macy's request, Vendor shall, at Vendor's expense,

locate, identify and recall such items, whether in the possession of Macy's or Macy's customers. Upon recalling such items, Vendor shall, at Macy's option, repair or replace them or refund to retail purchasers the full retail price less a reasonable allowance for use. Vendor shall reimburse Macy's for any losses incurred by Macy's and any amount paid by Macy's to consumers, plus all charges, costs and expenses incurred by Macy's in respect thereof, including without limitation, expenses incurred in warehousing, destroying or otherwise handling and shipping such Merchandise to Vendor and/or repairing such Merchandise.

8. If any of the items, conditions or warranties set forth herein (expressed or implied) are not strictly complied with by Vendor with respect to the Merchandise or any installment thereof, Macy's shall have the right to refuse to accept delivery or to return (in whole or part) any or all remaining installment(s) of Merchandise and, at Macy's election, the Master Contract shall be deemed breached by Vendor in its entirety and Macy's shall have all the rights and remedies to which it may be entitled by reason of such breach. The acceptance by Macy's of any installment(s) shall not be deemed (whether or not Macy's shall have notified Vendor demanding strict compliance with respect to future installments) to be a waiver by Macy's of its rights to refuse or return any further installment(s) of Merchandise nor of any of its other rights or remedies in the event that Vendor shall fail subsequently to comply strictly with the terms, conditions or warranties of this Master Contract (express or implied) with respect to any further installment(s).

9. Macy's may cancel this Master Contract forthwith if Vendor becomes insolvent, makes a general assignment for the benefit of creditors or if a petition in bankruptcy is filed by or against Vendor. Further, Vendor acknowledges that, without regard to whether Vendor has become insolvent or filed a petition in bankruptcy or had such a petition filed against it, Vendor's timely and complete performance of its obligations is of the essence of this Contract and is an integral element of the consideration for Macy's having entered into this Contract. Accordingly, the parties agree that, in the event that Macy's, at any time deems itself insecure with respect to Vendor's ability to perform, Macy's, in its sole discretion, may demand from Vendor adequate assurance of its future performance, including its financial ability to so perform and should Vendor fail to timely provide to Macy's such adequate assurance of its future performance and ability to so perform, Macy's, in its sole discretion, may suspend performance of or terminate this Contract on the basis of a deemed anticipatory breach by Vendor unless sufficient assurance is thereafter provided to Macy's satisfaction.

10. Macy's shall be under no duty to inspect Merchandise and all Vendor's obligations under these terms and conditions (including but not limited to Vendor's representations, warranties and guarantees, express and implied), shall survive delivery and/or any inspection, retention, payment by Macy's, resale, repacking, or payment by Macy's

customers, none of which shall, singly or cumulatively, be considered as acceptance of the Merchandise so as to impair Macy's right to reject them or revoke any acceptance that may have been made. Complaints or notices of defects in the Merchandise or of any other breach shall be considered timely made by Macy's if made within a reasonable time after discovery of the same by Macy's. Failure of Macy's to state a particular defect or ground upon rejection or return of Merchandise shall not preclude Macy's from relying on any unstated defect or ground to establish a breach by Vendor.

11. (a) Vendor shall indemnify and hold Macy's and all affiliates thereof (for purposes of this Section 11, all included within each reference to "Macy's") harmless against any and all loss, liability, expenses, costs (including reasonable attorney's fees), judgments or damages, arising, directly or indirectly, from any claim, action or suit, actual or threatened, whether groundless or otherwise, of whatever nature, including but not limited to infringement of any patent, trademark or copyright, claim of unfair competition, claim of defect or that the Merchandise is not of merchantable quality or fit for the purpose intended, claim of breach of express or implied warranty, claim for injury or loss by any eventual purchaser or any other person alleged to result from any defect in the Merchandise, or from breach of any term, condition, covenant, warranty, representation or provision of this Contract, including Vendor's representations, warranties and guarantees or by reason of any other act or omission by Vendor, its affiliates or any of their respective employees, agents contractors or subcontractors of any tier (all included within the term "Vendor" for purposes of this Section 11), whether or not in respect of the Merchandise. (b) In the event any such claim, action or suit is made or instituted against Macy's, Vendor shall, at Macy's request: (i) defend Macy's at Vendor's sole expense, employing counsel chosen by Macy's unless provided by an insurer, in which even counsel shall be subject to Macy's approval, all as confirmed in writing; (ii) consult with Macy's and keep Macy's fully advised of the progress of all proceedings; (iii) make no admissions or otherwise act in a manner that may be prejudicial to Macy's rights; and (iv) not settle (or discuss settlement), or consent to any judgment, contract or decree, without Macy's prior written approval. In the event that Vendor shall fail to undertake such defense within a reasonable time after receiving notice of such claim, action or suit, Macy's may undertake its own defense without affecting in any manner its rights to indemnity under this Contract. Vendor's obligations under this Section 11 shall apply notwithstanding refusal by Macy's to turn over control of the litigation and/or any additional agreement by Vendor to bear all expense and to satisfy any adverse judgment with respect to any such claim, action or suit instituted against Macy's.

12. All Merchandise designs, artwork, specifications, mechanical features, trade names, trademarks, trade dress, labels and tags which have been supplied by Macy's to Vendor or which have been created or developed for Macy's

by Vendor in connection with Merchandise (hereinafter the "Macy's Features") are the exclusive property of Macy's. The Macy's Features shall also include any and all design or creative work performed by Vendor or any other person at Macy's direction in connection with Macy's Features, which design and creative work shall be deemed work made for hire under and in accordance with the United States Copyright Act of 1976, as amended, all of which are in any event hereby assigned to Macy's and are Macy's sole property.

13. Vendor shall not show or use Macy's Features other than for or on behalf of Macy's and then only pursuant to Macy's written instructions. Vendor shall hold all Macy's-related information and non-public material in confidence and shall neither solicit nor retain any information concerning any Macy's employees or customers. Vendor shall return any and all confidential Macy's information, including all information in respect of any Macy's employees or customers to Macy's and may not discard such material without Macy's permission and then only in accordance with Macy's instructions as to the manner of disposal. Further, Vendor shall at no time manufacture or cause to be manufactured goods bearing Macy's Features for any party other than Macy's. Vendor shall not sell or deliver or cause to be sold or delivered to any party other than Macy's any goods bearing Macy's Features, including but not limited to overruns, seconds, irregular merchandise and Merchandise that Macy's has refused to accept or has returned to Vendor (collectively, "excess merchandise"). All excess merchandise shall be disposed of only in accordance with the written instruction of Macy's. In instances where Vendor is authorized to use sub-contractors when producing Merchandise for Macy's or to purchase goods from third party manufacturers for sale to Macy's that incorporate Macy's Features, Vendor warrants and agrees that its contracts with such parties must require that those parties agree that they shall not show or use Macy's Features other than for or on behalf of Macy's and that such parties shall return to Vendor all materials of any kind displaying or incorporating Macy's Features, together with all copies thereof upon completion of production of Merchandise for Macy's. Vendor agrees that this Master Contract is contingent upon all sub-contractors or third party manufacturers approved by Macy's signifying their acceptance of these terms and conditions concerning the Macy's Features.

14. Immediately upon completion of Vendor's obligations hereunder, unless otherwise instructed by Macy's in writing, Vendor shall return to Macy's all materials of any kind concerning, displaying or incorporating the Macy's Features and all copies thereof.

25. If any Vendor supplier shall violate any Applicable Law, including any antitrust law, in respect of the Merchandise or any component thereof under such circumstances as may affect Macy's costs or expenses for or in respect of the Merchandise, but Macy's is precluded from suing such supplier of Vendor, then (a) if Macy's shall request Vendor to do so, Vendor shall pursue diligently and in good faith an appropriate action at law to recover

Macy's damages (which action may, at Vendor's discretion, also include a claim for damages in respect of such supplier(s) activities sustained by Vendor and/or other customers of Vendor) and (b) whether or not so requested, Macy's may recover from Vendor's actual recovery in any such action (after deduction of reasonable attorney's fees, if applicable, in achieving such recovery, with such fees fairly apportioned to the recovery by Macy's) the damages sustained by Macy's as the result of such activity by Vendor's suppliers.

16. Discontinuance of all or any portion of Macy's or Vendor's business by reason of fire, flood, tempest, earthquake, war or any other cause or causes beyond the control of that party shall give Macy's the option of canceling all undelivered Merchandise, provided that reasonable notice is given to Vendor.

17. Vendor warrants that Vendor, its sub-contractors and manufacturers and agents shall fully comply with the Foreign Corrupt Practices Act and shall not offer, provide or receive any special payments or gifts to or from Macy's or to or from any Macy's office or agent.

18. Vendor shall secure and maintain appropriate products and contractual liability insurance coverage, including in respect of Vendor's indemnification obligations, all in adequate amounts and naming Macy's and its affiliates as additional insureds, providing for the investigation, defense and satisfaction (by settlement or otherwise), at no cost to Macy's, of any claims, suits, liabilities, damages, costs and expenses asserted against or incurred by Macy's and, upon Macy's request, shall furnish Macy's certificates evidencing such coverage. Vendor shall bear its own insurance and insurance-related expenses. Vendor insurance shall be maintained for the term of the Master Contract and for an additional period of not less than three (3) years after the expiration, cancellation or termination of the Contract.

19. The Merchandise and services covered by this order are unique and personal and, therefore none of the obligations under this order are delegable by Vendor without the written consent of Macy's. None of Macy's orders or any right thereunder are assignable by Vendor without the written consent of the Macy's controller. Macy's shall not be under any obligation to recognize any assignment of (i) monies payable hereunder, (ii) any rights in the Merchandise ordered herein, (iii) any other right arising hereunder, nor to pay any monies or deliver or return any Merchandise ordered herein to any assignee without prior written consent thereto by the Controller of Macy's and any such assignment shall be subject to all valid claims and defenses of Macy's against Vendor.

20. Invoices, bills of lading, receipts and like documents covering the Merchandise must be furnished in accordance with terms of this order and Macy's further instructions, including as to shipping.

21. Any claims for non-payment of an invoice or non-receipt of Merchandise returned to you by Macy's (which may involve a carrier loss) shall be deemed waived by Vendor unless sent to Macy's via recognized courier, or registered or certified mail at least ninety (90) days prior to the expiration of the applicable carrier time limitation on filing proof of loss claims.

22. Vendor represents and warrants that all invoices, declarations, shipping documents, letters, papers or other statements (written or oral) relating to Merchandise purchased by Macy's shall be complete and contain no material omissions or any false statements in violation of any Applicable Law of the United States, the country in which Vendor is located or any country or countries in which the Merchandise is manufactured, assembled or which otherwise has relevance to the subject matter of this Contract. Vendor warrants that Macy's (including all Macy's subsidiaries, divisions, and affiliated companies) shall not be liable for any antidumping duties and/or countervailing duties with respect to any Merchandise sold to Macy's prior to the date of publication of an order of the Secretary of Commerce (or the designee thereof) applicable to the Merchandise and exported prior to the date of the publication of the final antidumping determination by the Secretary of Commerce (or the designee thereof). In the event any antidumping and/or countervailing duty proceeding should be instituted that is applicable to such Merchandise and/or should any antidumping duties and countervailing duties be assessed with respect thereto, Vendor agrees to bear the full cost of all such duties and to reimburse Macy's, within thirty (30) days, for any amount required to be paid or deposited by Macy's at time of entry and any additional duties assessed at the time of liquidation. For purposes of this Section, "sold to" shall mean that this Master Contract has been accepted as provided for herein. Vendor shall obtain and provide to Macy's a separate warranty to this effect from the producer/exporter of the Merchandise, if different from Vendor.

23. (a) All rights and remedies granted to Macy's under this order and these terms and conditions are cumulative and shall be in addition to any further rights or remedies to which Macy's would otherwise be entitled in law or equity, and the exercise by Macy's of any right or remedy herein provided shall be without prejudice to the exercise of any other right or remedy. (b) Should any provisions of this Contract be declared by any court of competent jurisdiction to be invalid, such decision shall not affect the validity of any remaining provisions. (c) This Contract shall be constructed and enforced under and in accordance with the laws of the state of New York, U.S.A. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Contract. Any and all disputes or claims relating to this order shall be tried, determined or otherwise handled or adjudicated only in the appropriate state or federal court sitting in New York County. Vendor hereby consents to the personal jurisdiction such Court over it in any such matter. (d) The parties agree that this Master

Contract shall not be construed against either party due to it having drafted all or any portion of said Master Contract that, unless otherwise specified: (i) all references to days, months or quarters shall be deemed references to calendar days, months or quarters; (ii) "hereof," "herein" and "hereunder" and words of similar import referring to this Contract refer to this Contract as a whole and not to any particular provision of this Contract; (iii) the words "include," "includes" or "including" are used as inclusive and deemed to be followed by the words "without limitation"; and (iv) references to dollars and to "\$" shall be deemed to reference United States dollars unless otherwise specified.