

MANUFACTURING AGREEMENT

AGREEMENT made this ___ day of _____, 20___, (the “Effective Date”) by and between Hat World, Inc., a Minnesota corporation, having its principal office at 7555 Woodland Drive, Indianapolis, Indiana 46278, (hereinafter “Hat World”) and _____, (hereinafter “Manufacturer”) a _____ **[corporation]**, having its principal offices at _____.

W I T N E S S E T H:

WHEREAS, Hat World wishes to contract with manufacturer on a non-exclusive basis for the purchase of footwear and related products (the “Products”);

WHEREAS, Manufacturer wishes to manufacture Products for Hat World subject to Hat World’s orders from time to time;

WHEREAS, the parties desire to specify terms and conditions to govern such Product purchases as Hat World elects to make from Manufacturer;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Hat World and Manufacturer agree as follows:

1. Term. The Term of this Agreement will commence as of the Effective Date and will continue herein under the terms of this Article 1. Subject to the provisions of this Article 1, provided that no event of default (as defined below) has occurred and is continuing the Agreement shall continue until either party gives Notice of Termination as defined below.

The following constitutes an event of default under this Agreement: (a) If Hat World fails to pay any funds owing to Manufacturer pursuant to this Agreement within thirty (30) days of when due and does not cure such failure by providing payment within ten (10) days of being notified by Manufacturer; or (b) If either party fails to materially perform or observe any material term, condition, agreement or covenant in this Agreement, and such default is not remedied within thirty (30) days after written notice thereof from the non-defaulting party, unless such default is curable but is not capable of being cured through the defaulting party’s diligent and continuous effort within such thirty (30) day period, and such party immediately commences to cure such default, and thereafter applies its diligent and continuous best efforts to cure such default, and does in fact cure such default within sixty (60) days of the initial notice of default.

This Agreement may be terminated by either party at any time by giving the other party sixty (60) days’ prior written notice of the effective date of termination.

Upon termination of this Agreement all rights and obligations of the parties hereto shall cease and terminate except as to rights and obligations accrued prior to the date of such termination, including rights and obligations under outstanding import contracts not yet performed.

2. Manufacture of Products. During the Term of this Agreement, Manufacturer shall manufacture and supply the Products to Hat World as Hat World may specifically direct and instruct and in accordance with samples which are produced by the Manufacturer and approved in advance by Hat World. No Products shall be manufactured hereunder except on Hat World's prior written directions. Products manufactured hereunder shall only be manufactured and/or sold for the account of Hat World and may not be offered for sale, sold, transferred, distributed, shipped or disposed of in any way or to any person or entity without the prior written instruction, direction and authorization of Hat World. Manufacturer shall not subcontract for the manufacture of Products without Hat World's prior written consent. Any violation of this provision is a material breach of this Agreement.

3. Orders. Hat World will submit orders for Products to Manufacturer by issuing a purchase order ("Order"). The terms of any such Order are governed by the terms and conditions of Hat World's Purchase Order set forth in Exhibit A annexed hereto, as it may be amended from time to time (the "Terms"). With respect to any Order, the parties shall only be bound by this Agreement and the applicable issued Order. No telephone, electronic or other communication shall be binding upon the parties with respect to any Order. Each Order hereunder shall be deemed separate and severable and not part of one or more installment contracts.

In the event that an Order contains terms and conditions that are deemed at variance with this Agreement, the latter shall govern.

4. Quality Control. Manufacturer shall ensure that the Products meet or exceed all of Hat World's specifications and standards. Manufacturer shall also ensure that the Products meet or exceed all government requirements (including but not limited to rules, regulations and standards issued pursuant to the Consumer Product Safety Act, California Safe Drinking and Toxic Enforcement Act, any other applicable federal or state law, or by the U. S. Federal Trade Commission, Environmental Protection Agency, Consumer Product Safety Commission, and any other federal or state agency). All of the aforementioned is subject to Hat World's prior review and approval as to quality. Without limiting the foregoing, the Products shall be of high quality as to workmanship, fit, design and materials used therein. Manufacturer shall submit pre-production samples to Hat World for its review and approval. Manufacturer will ensure that the Products are at least equal in quality, workmanship, appearance, fit, design and material to the pre-production samples approved by Hat World.

Hat World's payment for, retention, use or acceptance of the Products shall not be deemed a waiver of Hat World's rights to inspect the Products at any reasonable time or place and in any reasonable manner, nor shall such payment for, retention use or acceptance of the Products by Hat World be deemed a waiver of any breach of any representation or warranty.

5. Labor Standards. Manufacturer shall ensure that (i) it does not employ child labor or workers younger than permitted in the country of manufacture, (ii) it does not utilize forced, convict, prison or indentured labor, (iii) all laws in the country of manufacture relating to working conditions, hours and wages are observed; and (iv) it does not engage in any labor practice that violates the laws of the country of manufacture.

6. Inspection. Hat World and/or its agents, representatives or independent contractors may, from time to time and at any time during regular business hours, inspect the manufacture of the Products and conduct related quality control inspections, reviews and product assessments. In connection therewith, Manufacturer shall provide full and complete assistance and access to the Manufacturer's facilities, offices, personnel and materials including access for purposes of review, inspection and copying of all books and records of Manufacturer relating to any and all of the activities governed by this Agreement (including, but not limited to, all shipping records). Manufacturer shall cooperate fully with Hat World to ensure the quality and thoroughness of the inspection and audit process, including but not limited to, having a person designated by Hat World on the premises of the Manufacturer's location at any given time. Manufacturer shall comply with Hat World's quality and inspection procedures during production and shipment of Products. Manufacturer shall maintain all such books and records for two (2) years after shipment.

7. Delivery. Manufacturer shall ensure that each Order received from Hat World is timely filled and that the Products are delivered within the agreed upon delivery schedule. Manufacturer shall ensure that all Products delivered to Hat World are invoiced and packaged in accordance with the applicable Order and all applicable U.S. and local laws. Manufacturer shall bear the risk of loss of, or damage to the Products until actual receipt, inspection and acceptance by Hat World.

8. Confidentiality. Each Party recognizes that the proprietary information relating to the other Party or any of its affiliates, which each Party may learn is the valuable property of the other Party. Each Party acknowledges the need to preserve the confidentiality and secrecy of such information as well as all information regarding the terms and provisions of this Agreement. This information includes but is not limited to the existence of this Agreement, the designs, drawings, material and manufacturing specifications, trade secrets, as well as financial, business, marketing and product development information (collectively "Confidential Information"). Thus, during and after the Term, neither Party nor its respective officers, directors, employees, agents and representatives will use or disclose any Confidential Information except as necessary for the operation of the business of the Agreement or pursuant to Court Order, or as otherwise required by law or by prior written consent of the Parties. The Parties shall take all reasonable steps necessary to ensure that any permitted use of the Confidential Information preserves such confidentiality and secrecy.

The obligations set forth in this Article 8 shall survive the termination of this Agreement.

9. C-TPAT. Manufacturer acknowledges that United States Customs and Border Protection ("CBP") has established an initiative called the Customs Trade Partnership Against Terrorism (C-TPAT). Manufacturer hereby agrees to use its best efforts to support Hat World's participation in C-TPAT. This support on the part of Manufacturer includes (i) full compliance with any reasonable requests of Hat World relating to C-TPAT requirements, (ii) compliance with all CBP security recommendations, (iii) use of commercially reasonable efforts to become a certified and validated member of C-TPAT, (iii) maintaining familiarity with, and ensuring that its employees with responsibilities relevant to C-TPAT are familiar with CBP's Foreign Manufacturer Security Criteria; (iv) immediately notifying Hat World if it becomes suspicious or aware of any attempt, potential attempt, or commission of any act of

terrorism with respect to the Products, and (v) promptly notifying Hat World of any breach or suspected breach in the security and safeguard of the Products while within its custody or control, or in the event it otherwise has information regarding any suspected or known breach of security pertaining to the Products.

10. Anti-Corruption Provisions. Manufacturer will comply with all applicable laws and regulations of all jurisdictions in which it conducts business governed by this Agreement, and of the United States.

Without limiting the generality of the foregoing, Manufacturer acknowledges that laws implementing the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the "Convention"), including the U.S. Foreign Corrupt Practices Act (the "Act"), prohibit international public bribery. Manufacturer understands the provisions of the Act, and agrees to comply with those provisions and to take no action that might be a violation of the Act or the laws of other countries that prohibit corrupt payments in any and all activities within the scope of this Agreement. Manufacturer affirms that it, and each of its owners, directors, employees, and every other person working on its behalf, has not and will not, in connection with the transactions contemplated by this Agreement or in connection with any other business transactions involving Hat World, make, offer or promise to make any payment or transfer anything of value, directly or indirectly, (i) to any governmental official or employee (including employees of government-owned and government-controlled corporations and public international organizations); (ii) to any political party, official of a political party, or candidate; (iii) to an intermediary for payment to any of the foregoing; or (iv) to any other person or entity if such payment or transfer would violate the laws of the country in which made or the laws of the United States, including the Act and the Convention. For the purposes of this section, "governmental official" means any officer or employee of any non-U.S. government or any department, agency, or instrumentality thereof, or of any government-owned or government-controlled corporation or any public international organization, or any person acting in any official capacity for or on behalf of any such government or department, agency, instrumentality, corporation, or public international organization.

It is the intent of the parties that no payments or transfers of value shall be made which have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business.

Manufacturer represents and warrants to Hat World that no employee, officer, director, or direct or indirect owner of Manufacturer is a government official, political party official or candidate, or an immediate family member of such an official or candidate.

Manufacturer further represents and warrants that in the five years immediately prior to the effective date of this Agreement, Manufacturer has not participated in nor disclosed any information in connection with any investigation concerning any actual or alleged material violation of the laws implementing the Convention, including the Act.

In the event that there is a change in the information contained in this subsection, Manufacturer agrees to make immediate written disclosure to Hat World at the following address:

Hat World, Inc.
Attention: President
7555 Woodland Drive
Indianapolis, Indiana 46278

with a copy to:

Genesco Inc.
Attention: General Counsel
1415 Murfreesboro Road
Nashville, Tennessee 37217

Manufacturer agrees that it will, at the request of the Hat World, certify that it has not, and to its knowledge no other person, including but not limited to any employee or agent of Hat World has made, offered to make, or agreed to make, any loan, gift, donation, or other payment, directly or indirectly, whether in cash or in kind to or for the benefit of any government official, political party, party official, or candidate for political office in order to secure or retain business. Manufacturer further agrees that should it learn of or have reason to know of any such payment, offer, or agreement to make a payment to a government official, political party, or political party official or candidate in connection with Hat World's business, it will immediately advise Hat World in writing (at the address above) of such knowledge or suspicion.

Hat World shall be allowed reasonable access to Manufacturer's books and records to confirm Manufacturer's compliance within the provisions of this Agreement.

11. Reseller Purchasers. Hat World will sell the Products to purchasers for resale and Hat World's rights under this Agreement and the Order shall also to the benefit of such reseller purchasers, their successors and assigns. All warranties of Manufacturer, whether express or implied, shall survive testing, inspection, or acceptance and payment by Hat World or such reseller purchaser.

12. Governing Law; Jurisdiction. This Agreement has been entered into in the State of Tennessee and will be construed by and interpreted in accordance with the laws of that State without regard to principles of conflict of laws. Hat World and Manufacturer hereby agree that the State and Federal courts sitting in the State of Tennessee have exclusive jurisdiction in any action arising out of or connected in any way with this Agreement; and (ii) each consent to personal jurisdiction of and venue in such courts in any such matter.

The United Nations Convention for the International Sale of Goods shall not be applicable to this Agreement.

13. Severability. In the event that any one or more provisions of this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

14. Waiver. No failure or delay on the part of either party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No waiver by either party of any provision of this Agreement, or of any breach or default, will be effective unless in writing and signed by the party against whom such waiver is to be enforced. All rights and remedies provided for herein will be cumulative and in addition to any other rights or remedies such parties may have at law or in equity.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

HAT WORLD, INC.

By: _____
Name:
Title:
Date:

MANUFACTURER:

By: _____
Name:
Title:
Date: