

# Apparel Services Network (“ASN”) - Terms and Conditions (the “Terms”)

1. **General.** The ASN provides a structure that allows regional textile and dust control supply businesses to service national customers (“Customers”) through subcontracts between and among ASN members. The ASN allows members to compete against public companies, thus providing pro-competitive benefits to national customers. ASN membership is divided into two categories (i) “Network Partners” and (ii) “Network Affiliates.” Network Partners vote on ASN membership and other ASN governance matters. Network Affiliates have no voting rights. These Terms are binding on an ASN member once it has completed and submitted its Application to the ASN. It is recommended that each ASN member review the Application and these Terms with its legal counsel before completing and submitting the Application. The Merchandise and Services, specifications, rental service charges (the “Charges”) and other contractual terms and conditions applicable to the providing of such Merchandise and Services at locations secured by a Contract from one of the Network Members with a National Customer which is submitted to the Network shall be set forth in the Agreement between the Network Member securing the National Customer (lead Network Member) and the National Customer and shall then be applicable, once secured with the National Customer to the other applicable Network Member. Nothing herein shall prevent a Network Member from expanding its operations into other geographic areas, including geographic areas being served by another Network partners or Network Affiliates. Further, nothing herein shall obligate a Network Partner to subcontract any National Customer business such Network Member has secured or to restrict in any way the rights of any ASN member to conduct any other business or activity whatsoever.

2. **Offer to Subcontract.** An ASN member that has a contract with a Customer is called a “Lead Member.” A Lead Member that desires subcontracted services will submit to the ASN Partner or ASN Affiliate of its choice a list identifying the designated locations, the merchandise and services, rental service charges and other applicable contractual provisions (“Information Sheet”).

3. **Acceptance of Subcontract.** ASN members in the designated locations may accept a Contract from the Lead Member which will become binding after the Lead Member provides written confirmation that the subcontract has been awarded. If more than one ASN member accepts, the Lead Member may, in its sole discretion, decide which ASN member to award the subcontract. By accepting a Contract, an ASN member agrees that it is able to supply the merchandise and render the services at each designated location strictly in accordance with the provisions of the Information Sheet, and once the subcontract is awarded to the ASN subcontractor, it will perform services in accordance with the Contract.

4. **Duties of Affected Network Members.** Merchandise and Services under each National Contract shall be provided by the respective Network Member for the locations within which the Network Member’s service area is to apply. A listing of such locations complete with names and addresses shall be addressed as part of the contract between lead Network Member and the National Customer in the form attached as Exhibit D. Additions or deletions to the list of locations to be so serviced necessitated by the Customer’s general business requirements, Customer’s dissatisfaction with the quality of Merchandise or Services or any other reason deemed appropriate by the lead Network Member shall be evidenced by written notice to the affected Network Member. Such written notice shall constitute an amendment to the obligation of the affected Network Member. The Network Member who is provided locations under a National Contract from the lead Network Member agrees to supply the Merchandise and render the Services at each designated location strictly in accordance with the provisions of the contract between the lead Network Member or the Alliance and the National Customer, according to the reasonable interpretations of the lead Network Member and as outlined in the relevant Customer Information Sheet.

5. **Billing and Collections.** The lead Network Member shall determine if there should be centralized billing where the lead Network Member will be submitted by the respective coordinating Network Members invoices for services rendered under the National Contract in accordance with the applicable Contract. Depending upon the lead Network Member’s option or as set forth in the Contract with the National Customer, the invoices to the National Customer will be under the name of the lead Network Member. If the lead Network Member or the National Contract calls for centralized billing, the lead Network Member shall bill and receive payment and shall then disburse and distribute with an appropriate accounting as to all such amounts. The lead Network Member is not liable for, nor obligated to make any payment with respect to an account receivable that is outstanding or is delinquent in any way. In such instances National Customers will be instructed to submit their invoices in conjunction with their payment. To the extent such occurs, payment will be made to a Network Member accordingly. Should there be any aged accounts receivable of a National Customer and payment is made without designation, then payments to the Network Members will be reconciled and made as the lead Network Member reasonably determines. This centralized billing procedure should be applicable unless the lead Network Member and the National Customer agree to another procedure. The applicable Network Member performing under the national contract as to the location of that Network Member may request of the lead Network Member a change in these procedures and such change will be applicable only if it is deemed appropriate and reasonably necessary in the sole and exclusive discretion of the lead Network Member or the Customer.

6. **Duration.** A membership will commence on the date the Application is approved unanimously by the ASN voting members, i.e., Network Partners. Membership for (i) a Network Partner shall last five years from commencement; and (ii) a Network Affiliate shall last one year from commencement. Membership shall renew automatically, unless terminated earlier as provided herein or the renewal fee (or other appropriate fee) is not paid in advance of the renewal date.

Irrespective of membership, the Lead Member on any Contract shall have complete discretion as to the duration and scope of services provided by an ASN subcontractor.

7. **Meetings.** The Network Partners will set the date, time and location for ASN meetings. All such meetings will be conducted so that formal minutes and/or recordings are kept of the matters therein discussed. The Network Partners may permit attendance by telephone conference or other available electronic means. All decisions related to the ASN shall be made by the Network Partners.

8. **Records and Accounts.** The ASN shall keep or cause to be kept complete and accurate books and records of the ASN and supporting documentation of the transactions with respect to the conduct of ASN business. All funds received by the ASN shall be deposited in a bank account or accounts opened on behalf of the ASN. The Network Partners are responsible for determining: the institution or institutions with which accounts are opened and maintained; the types of accounts; and the person who will have authority with respect to the accounts and the funds therein.

9. **Damage to Merchandise.** If any merchandise belonging to an ASN subcontractor is lost, damaged, destroyed or abused while in the Customer’s possession or otherwise from any cause other than normal wear and tear, the ASN subcontractor may submit such damage claim to the Lead Member and the claim shall be submitted to the Customer. The affected Network Affiliate releases, relieves and discharges the Lead Member from any liability with regard to such merchandise claim.

10. **Breach by Customer.** Breach Relative to an Affected Network Member. (a) A Network Member assuming responsibility under a lead Network Member’s contract with a National Customer will promptly notify the lead Network Member of any breach of an agreement of the Customer as to any location of the Customer applicable to the Network Member. The affected Network Member may there upon request the lead Network Member to enforce any rights which the lead Network Member or the Network may have against any such customer in the event of such breach pursuant to the contract(s). The affected Network Member will pay for any such costs or expenses incurred by the lead Network Member as a result of such enforcement. In the event the lead Network Member chooses not to enforce such rights, the affected Network Member shall be subrogated in the lead Network Member’s place with respect to such rights and such Network Member may pursue any claims against such Customer arising from such breach in accordance with the contract(s) at its own risk and indemnifies and holds lead Network Member harmless from any liability including attorney fees if incurred by the lead Network Member, as well as the other Network Members if so adversely affected. Notwithstanding the foregoing, the lead Network Member at its sole option may choose to neither enforce the breach nor permit the affected Network Member to enforce the breach due to the preservation of its National Customer relationship or otherwise or alternatively after being appraised of the factual circumstances the lead Network Member may determine that no material breach occurred by the Customer to warrant enforcement of the claim. Should the basis be the preservation of the National Contract, then the lead Network Member will, if services of the affected Network Members are terminated, reimburse the affected Network Member for the actual costs said Network Member has sustained for all merchandise being provided to the location and any outstanding account receivable to the date of termination but shall not be obligated to pay for any future lost profits. If the dispute is one in which the determination is made by the lead Network Member that the breach was not the Customer’s, but rather the affected Network Member, then the Network Members will hold a meeting to determine whether it is to be treated as a non-compensable termination or whether the Network Member that is affected shall be compensated as if the Customer dispute was resolved to save a National Customer relationship. (b) The non-affected Network Members shall make the decision; provided, however, should they not make the decision by reason or deadlock or abstention then the decision shall be that of the lead Network Member’s. In the event, irrespective of whether the Customer is the breaching party or the affected Network Member is the breaching party and the Customer in its sole discretion, as communicated to the lead Network Member, feels that the affected Network Member is the breaching party or its services and/or merchandise are unsatisfactory and requests that such Network Member be replaced then the lead Network Member shall give the affected Network Member 30 days written notice of the Customer’s desires. Without modifying, qualifying, compromising, or in any other way whatsoever limiting the applicability of the preceding sentence, the Lead Network Member shall use its best efforts to insure that the affected Network Member is timely informed of the precise nature of Customer’s complaints relative to a Network Member’s performance or to the quality of such Network Member’s Merchandise and/or Services, such that it may be afforded a reasonable period of time, which in any and all events shall not exceed thirty (30) days, to initiate corrective measures satisfactory to Customer, in its sole discretion, prior to the issuance of any notice to terminate Services. Notwithstanding the above, in the event of such a termination, the affected Network Member shall be entitled to receive, from Customer, compensation for the value of the “Specialty Merchandise”, if any, that the Network Member had earlier installed into Service on such Customer’s behalf; provided however, that the determination that a given item of Merchandise has been officially designated as “Specialty Merchandise”, and the actual amount of such compensation, shall only be determined consistent with the provisions of the relevant Contract.

11. **Breach by ASN Subcontractor.** The Lead Member shall timely inform an ASN subcontractor of any Customer complaints and afford a reasonable period (30 days) for the ASN subcontractor to cure such deficiencies. If not cured to the Customer’s satisfaction within 30 days, then the Lead Member may terminate the subcontract and the ASN subcontractor shall be entitled to receive from the Customer fair value compensation for any specialty Merchandise, if any.

12. **Voluntary Termination.** A Lead Member may terminate an ASN subcontractor’s services, in whole or part,

if the Lead Member transfers all or part of its operation at a designated location. The Lead Member shall provide 14 days prior written notice of such termination of the affected Contract with respect to such designated location(s); and further, shall purchase from the ASN subcontractor all serviceable garments and dust control items then dedicated to the service of Customer at such location(s) for a purchase price of (i) one hundred percent (100%) of what the Lead Member pays for garments from its customary suppliers (inclusive of emblem costs, if applicable) or dust control items (fungible dust control items do not have to be purchased) which are determined to be “new” and for items not yet actively employed in weekly service to such designated locations; and (ii) forty (40%) percent of what Lead Member pays for such items with its customary suppliers for each garment (inclusive of emblem(s) cost, if applicable) or dust control items shall be paid for all garments and dedicated dust control items which are determined to be “used.”

13. **Confidential Information.** Each applicable ASN member will not directly or indirectly disclose or use confidential information that it has obtained in relationship to the ASN. “Confidential information” includes but is not limited to respective Customer’s requirements, pricing and terms of a respective Customer’s agreements with another ASN member. In the case of any such breach, the parties shall be entitled to specific performance, injunctions and/or other extraordinary relief, which relief shall be cumulative and in addition to any and all other remedies to which any party may be entitled under this Agreement or by law or equity.

14. **Opportunity Costs.** Without the written consent of the Lead Member, no ASN member will directly or indirectly seek a Contract with any Customer at any geographic location at which it is providing or has provided such merchandise or services under a subcontract pursuant to these Terms during the existence of the Lead Member’s Contract.

15. **Limitation of Liability.** No ASN member shall be liable, responsible or accountable in damages or otherwise to any other ASN member or to the Network for any omission or act performed relating to decisions by the ASN or the Network Partners, except in instances involving fraud or willful misconduct.

16. **Indemnity.** ASN subcontractors shall indemnify, defend and hold harmless the other applicable ASN members, their officers, directors, agents and employees against any and all claims, actions, demands, causes of action, damages, loss or expenses (including attorney’s fees) of any kind whatsoever asserted by parties, in connection with or arising out of the performance of the services or supplying of merchandise or from the omission or commission of any act, lawful or unlawful, by such ASN member, its agents and/or employees. ASN members shall, upon request, provide proof of insurance for any of the occurrences or casualties above described. Each ASN member shall immediately notify all other ASN members of claim, action or demand that could result in any costs, damages, expenses or legal fees to the other ASN members.

17. **Transfer and Assignment.** No Network Member may assign its rights be they direct or beneficial in and to the Alliance without the unanimous consent of the remaining Network Member’s. A sale of stock, equity interest or ownership interest of controlling interest in any Network Member’s business is deemed an assignment or sale. Further, a sale or transfer of any percentage of equity, or a sale or transfer of all or substantially of all of the assets of any Network Member’s business to a uniform or textile rental and/or facilities services business of being manufacturing uniforms or textile products their affiliates, parent companies or associated entities and/or those persons or entities in active concert or participation with them shall be deemed an assignment or a sale.

18. **Price on Location Sale.** In the event of an approved sale or assignment, the Network Member holding the National Contract shall have the right to demand that it be paid at the time the sale or assignment is consummated a sum equal to 10 times the average weekly volume (for the last 90 days of service) of each customer location covered by the National Contract and subject to the sale or assignment.

19. **Overlapping Territories.** Nothing herein precludes or inhibits more than one ASN member seeking a Contract from the same Customer. In such event the decision to Contract remains with the Customer; however, to the extent feasible the applicable ASN members shall disclose to the applicable Customer the interrelationship between ASN members.

20. **Arbitration.** If any controversy or claim or dispute arises out of or relates to the ASN, such questions shall be submitted to and settled by binding arbitration to be conducted under the Commercial Rules of the American Arbitration Association to be held in a State and County that is reasonably acceptable to the disputing ASN members giving the underlying facts at issue. For failure of the ASN members to agree on a locale, then the hearing shall be held in a State and County where the respondent is located. Any Court of competent jurisdiction including the Court (with venue) in the jurisdiction of the arbitration proceeding may confirm and enforce the arbitration award.

21. **Relationship.** The parties are independent members of the ASN and independent contractors under these Terms. No party shall represent itself as, or be deemed to be an employer, employee, trustee, fiduciary, beneficiary, partner, joint venturer, agent, or representative of another party.

22. **Advice of Legal Counsel.** Each party has had the advice of legal, accounting and other professional advisers or the opportunity to obtain such advice. No party has relied on legal counsel for another party and no legal counsel or other adviser for a party shall have any duty or obligation to another party. Each party has read and understands and accepts all risk and any ambiguity under these Terms.