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Athletics
Code of Conduct

March 10, 1999

President Lee C. Bollinger
University of Michigan
503 Thompson, 2074 Fleming Bldg.
Ann Arbor, MI 48109

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Dear President Bollinger:

PRESIDENT'S OFFICE

Over the past year, the subject of labor practices associated with the manufacture of collegiate licensed products has received attention on many university campuses. We have tried to keep you well-informed on these issues from a Nike perspective, and hope that we have done a good job. Let me share, if you will, some current thoughts on this subject.

In an effort to improve the working conditions in factories both here in the United States and abroad, independent efforts have been undertaken by The Collegiate Licensing Company (CLC), the Association of Collegiate Licensing Administrators (ACLA), and several individual schools to develop codes of conduct that can be incorporated into institutional licensing agreements. The purpose of these codes is to ensure that licensed products bearing the names and logos of schools are manufactured under fair conditions.

You should know that Nike is fully supportive of incorporating codes of conduct into our collegiate licensing agreements. To this end, we have been working to achieve two goals. First, in an effort to achieve efficiency, uniformity and to send the strongest message to consumers, students, manufacturers, licensees and, ultimately, the workers such a code is designed to protect, we have urged these groups to join together to coordinate their efforts to produce a single code that all schools could apply to all licensees. Secondly, we are seeking the development of a code that balances the needs of schools with the realities of the business world – in other words, a code that makes sense and is enforceable.

Fortunately, I believe there now exists a process that meets these goals. Over the last several months, a subcommittee – consisting of NIKE and several human rights organizations -- of President Clinton's Apparel Industry Partnership (a diverse coalition made up of industry, labor, consumer, and human rights organizations), have successfully worked with representatives of universities to develop ways to effectively bring schools into the AIP's new association – the Fair Labor Association (FLA). By separate letter from university representatives, you will soon be receiving more information on the FLA and the specific steps that have been taken to include colleges and universities into the process in a meaningful way.

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Nike intends to join the FLA, abide by its Code of Conduct, adhere to its monitoring requirements and fulfill all of its provisions on reporting and compliance. I would like to invite your institution to join the FLA as well. I believe that instead of pursuing a series of separate codes and additional enforcement procedures for collegiate licensing agreements, it makes more sense, is more efficient (time and money), and will provide the greatest impact on improving labor standards if universities and colleges join the FLA, and then have their licensees likewise join and adhere to the FLA's provisions.

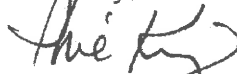
I recognize that some universities believe that the FLA's provisions on disclosure of factory names and locations do not go far enough, and some schools in consultation with student and faculty representatives have insisted upon broader disclosure of the locations of factories making collegiate licensed products. While I believe the FLA's provisions are sufficient and (from a business competitiveness point of view) more reasonable, Nike doesn't believe this should be a stumbling block for an institution to join the FLA. Consequently, for those institutions that want this information, Nike is prepared to provide to these institutions, on an annual basis, the names, addresses and locations of manufacturing facilities that produce apparel products which are sold at retail and which are subject to a licensing agreement between Nike and the institution.

We are prepared to take this important and significant step provided the institution requires the same level of disclosure from all licensees making licensed product for the institution. In addition, the institution must agree to join and be a member of the FLA and commit that all external monitoring of factories making licensed product for the institution be done under the auspices of the FLA, using accredited FLA monitors.

I hope our decision on disclosure helps make your decision process easier. I trust you agree that the FLA approach is simpler, makes good sense for all parties, and accomplishes the goals we are all trying to achieve. If you would like more detailed information about the FLA, I am happy to help arrange further briefings by representatives from Nike, the U.S. Government, or other AIP members.

Thank you in advance for your consideration; we will be in contact with you shortly to determine your interest in participating.

Sincerely,



Philip H. Knight
Chairman of the Board
and Chief Executive Officer

cc: Kit Morris, NIKE, Inc., Director of College Sports Marketing