

Subject: Update: BJ&B Dominican Republic
Date: Fri, 16 Mar 2007 12:42:31 -0700
From: Hauser, Fukumi <Fukumi.Hauser@nike.com>
To: Hauser, Fukumi <Fukumi.Hauser@nike.com>

March 16, 2007

Dear Stakeholder,

We appreciate your many questions and concerns about BJ&B's recently announced decision to close its manufacturing facility in the Dominican Republic. As the last-remaining buyer at the factory, we have continued to closely monitor BJ&B's commitments to workers during the closure process and want to update you on progress made to date.

Earlier this week we were informed by the factory's management and union leader of the final severance terms negotiated with union representatives and would like to provide you with those details presented on the attachment from BJ&B. We were also informed that all necessary documents as a result of these negotiations have been legally filed with the government.

Nike is committed to engagement and transparency to drive positive systemic change in Nike contract factories worldwide. We will continue to monitor the situation at BJ&B and respond to stakeholders accordingly.

Regards,
Fukumi Hauser

Director of Compliance, America's

Nike, Inc.

BJ & B, S. A.

Summary of Negotiation Timeline and Final Severance Terms

Timeline of closure announcement and negotiation of final terms:

- On Feb 22nd the factory announced its May 22nd closure to all workers.
- On Feb 23rd 297 workers received the legally mandated severance package of 28 days' wages and compensation benefit based on length of service, vacation and Christmas bonus according to law. The union leaders declined to receive the severance package in order to preserve their right of negotiation.
- On March 6th settlement of final terms between union leaders and factory management was signed by all 16 union leaders.
- On March 9th the factory paid severance to union leaders.
- On March 12th the factory paid one additional month's wages for all 313 workers, regardless of union status. On this day, all pregnant workers also received 6 months of additional wages.

Final severance terms:

- All workers received the legally mandated severance package of 28 days' wages and compensation benefit based on length of service, vacation and Christmas bonus according to law
- All workers received one additional months' wages.
- Union leaders received one additional year of pay.
- The 15 pregnant workers received six months of additional pay. One of the 15 women was a union leader and she had the option of choosing 6 months maternity or 1 year of union leader pay. She chose 1 full year of pay.
- The BJ&B union was granted autonomy to run a job training center and job referral center for two months, paid for by the factory. The job referral center will have two non-union workers participating in the process.
- The job training center will start as soon as the factory is able to donate the factory machinery, worth approximately \$100,000 USD (3.3 million Dominican pesos), to the union. The donation is currently pending based on the legally required custom's review and receipt of appropriate certification from the labor ministry.