



December 6, 2005

Ms. Mary Elizabeth Glasgow
via email: Glasgow@wisc.edu

Dear Molly:

Thank you for your e-mail letter regarding the position taken by the Student Labor Action Coalition (SLAC) and the Associated Students of Madison (ASM) Workers Rights Campaign on elements of the contract between the university and adidas-Salomon, particularly transactions that provide the Chancellor access to information found in adidas' compliance monitoring reports. Thank you also for the letter you attached, which contains what you and others recommend we send to adidas-Salomon as a follow-up to the initial meeting between adidas and my office. What follows are my comments to you regarding your recommendations, and within that context, an outline of my response to adidas-Salomon regarding the results of our inaugural meeting and expectations for future meetings, in fulfillment of the "Production of Goods" clause in our sponsorship agreement.

First, I do not agree that adidas-Salomon is in material breach of the contract, as your recommended letter states. I am, however, concerned about the following issues:

- As is the case in any complex business partnership, in our initial meeting with adidas-Salomon regarding the Production of Goods clause implementation, we spent a significant amount of time discussing the literal and practical parameters of the terms and definitions in the clause. As a result, some questions and some responses will be redefined in the next and subsequent meetings in recognition of genuine limitations in the data available in the monitoring reports.
- Another result of the newness of our relationship under the clause is that we lack a protocol that prescribes how and when the provisions' requirements can be met.
- All of us, including those who contributed to the development of the questions asked during the first meeting, assumed in error that the data sought were part of the monitoring reports, or that the data should/could otherwise be provided to the university under the provisions of the agreement.

Second, we have learned a great deal from the first meeting, and it serves as a guide to our next and subsequent meetings with adidas-Salomon, in which we can address:

- developing commonly understood definitions of the language of the contract provisions;

Office of the Chancellor

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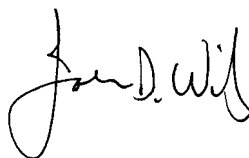
December 6, 2005

Page Two

- developing an annotated flowchart of the adidas supply chain, from the point of the sourcing decision(s), to the final transaction with the retailer or distributor;
- recognizing that the Production of Goods clause applies to “all facilities *producing* goods for the University;”
- recognizing that the adidas monitoring reports, which are known as the Labor Action Plan (LAP) and Health and Safety Plan (HAP), meet the standards for workers rights set forth in the *current* Code of Conduct, such as minimum/prevaling wage, freedom of association (determined during the pre-production approval phase of sourcing), overtime, discrimination, harassment, health and safety;
- increasing our focus and specificity regarding questions related to volume disclosure in facilities where UW-Madison apparel are made; and
- continuing discussion affecting the timing and transparency of monitoring visits, factory closures and impacts on workers, and the verification procedures applied during/after monitoring visits, investigations or negotiated remediation/resolution.

I urge you to consider that UW-Madison and adidas-Salomon, through the Production of Goods clause, have a more progressive relationship that benefits workers than any other university and licensee in the country. The implementation of the provisions of the clause is new to all of us and needs to mature operationally before any of us can claim breach of contract. To that end, adidas-Salomon has assured us that they use the necessary resources to continue to work diligently with us toward successful implementation of the terms of the sponsorship agreement, especially those provisions that affect the workers involved in the production of UW-Madison logo apparel.

Sincerely,



John D. Wiley
Chancellor

cc: LaMarr Billups, UW-Madison Chancellor's Office
Dawn Crim, UW-Madison Chancellor's Office
Henry Cuthbert, UW-Madison Administrative Legal Services
Vince Sweeney, UW-Madison Athletic Department
Mike Hardiman, UW-Madison Purchasing
Cindy Van Matre, UW-Madison Trademark Licensing
Martin Brewer, adidas-Salomon Director of Marketing
Paul Erlich, adidas-Salomon Director of Sports Marketing