

UNIVERSITY OF FLORIDA PRODUCT SUPPLY AGREEMENT

THIS IS AN AGREEMENT made and entered into by and between The University Athletic Association, Inc., a Florida not-for-profit corporation, on behalf of the University of Florida (hereinafter "UNIVERSITY"), having its principal administrative office at Ben Hill Griffin Stadium, North-South Drive, Gainesville, Florida 32604-2485 and NIKE USA, Inc. (hereinafter "NIKE"), an Oregon corporation having its principal offices at One Bowerman Drive, Beaverton, Oregon 97005-6453.

WITNESSETH

WHEREAS, UNIVERSITY fields and maintains nationally recognized athletic teams in numerous sports; and

WHEREAS, NIKE is a sports and fitness company engaged in the manufacture, distribution and sale of athletic and athleisure footwear, apparel and related accessories, and desires to sponsor UNIVERSITY and its intercollegiate athletic programs as described below;

NOW, THEREFORE, in consideration of the mutual promises, terms and conditions set forth herein, it is agreed as follows:

1. DEFINITIONS.

As used in this Agreement, the terms set forth below shall be defined as follows:

- (a) "NIKE" shall mean NIKE USA, Inc., NIKE Team Sports, Inc., their parent NIKE, Inc., their licensees, distributors, subsidiaries, affiliates and any successor companies thereto.
- (b) "UNIVERSITY Marks" shall mean the trademarks set forth on Exhibit A hereto or successor marks thereto.
- (c) "Intercollegiate Athletic Programs" shall mean all existing organized team and individual sports sponsored by UNIVERSITY and such other replacement or additional intercollegiate athletic programs as may be established from time-to-time during the term of this Agreement.
- (d) "Covered Programs" shall mean any of the following Intercollegiate Athletic Programs: Football, Men's Basketball and Women's Basketball.
- (e) "Optionally Covered Program" shall mean the Baseball and/or Softball Team for each season for which UNIVERSITY elects to have such program or programs supplied with footwear, or other available product (e.g., fundamentals such as T-shirts or basic fleece), out of the "Annual Product Limit" (as defined in Paragraph 3(a) below), such annual election to be made in writing no later than six (6) months prior to the start of the applicable regular season.
- (f) "Team" shall mean that group of athletes attending the UNIVERSITY's Gainesville campus during the term of this Agreement and comprising the roster of each Covered Program.
- (g) "Coach" shall mean an individual employed during the term of this Agreement to act as a head coach of a Covered Program.

- (h) "Staff" shall mean, collectively, all assistant coaches and strength coaches, equipment managers, trainers and any on-field/courtside staff (e.g., ballpersons, etc.) employed by UNIVERSITY during the term of this Agreement to provide services to Covered Programs.
- (i) "Contract Year" shall mean each consecutive twelve (12) month period from July 1 through June 30 during the term of this Agreement.
- (j) "NCAA" shall mean the National Collegiate Athletic Association.
- (k) "Conference" shall mean the intercollegiate athletic conference of which UNIVERSITY is a member.
- (l) "Products" shall mean:
 - (1) all athletic and athletically inspired or derived footwear that members of any Team, Coaches and/or Staff of a Covered Program wear or may be reasonably expected to wear while participating in their respective Intercollegiate Athletic Program;
 - (2) authentic competition apparel consisting of uniforms, sideline or courtside jackets and sweaters, game-day warm-ups, basketball shooting shirts, football player capes, wool and fitted caps, windsuits, rainsuits, sideline or courtside pants, shorts and shirts, and similar apparel, and activewear (collectively, "Authentic Competition Apparel") that members of any Team, Coaches and/or Staff of a Covered Program wear or may be reasonably expected to wear while participating in their respective Intercollegiate Athletic Program;
 - (3) all other apparel articles of an athletic or athleisure nature including but not limited to tank-tops, T-shirts, sweatsuits, separates and other body coverings, and accessories of an athletic or athleisure nature, including but not limited to headwear, headbands, wristbands, bags, socks, hand-towels, receiver's and linemen's gloves, that members of any Team, Coaches and/or Staff of a Covered Program wear or use or may be reasonably expected to wear or use while participating in their respective Intercollegiate Athletic Program;
 - (4) non-prescription protective eyewear, eyewear with performance attributes, and sunglasses (for Coaches and Staff);
 - (5) inflatables (e.g., basketballs, footballs), subject to the provisions of Paragraph 8 below;
 - (6) sports timing devices (including wristwatches, race timers, stopwatches, etc. and devices used for competition or training that are also used in combination with timing devices such as heart-rate monitors or calorimeters); and
 - (7) such other equipment as NIKE may add to its Product lines at any time during the term of this Agreement and subject to the provisions of Paragraph 8 below.

- (m) "NIKE Products" shall mean all Products in connection with which, or upon which, the NIKE name, the Swoosh Design, the NIKE AIR Design, the Basketball Player Silhouette ("Jumpman") Design or any other trademarks or brands (e.g., Sports Specialties) now or hereafter owned and/or controlled by NIKE (collectively, "NIKE Marks") appear.
- (n) "Celebration Apparel" shall mean a product (e.g., T-shirts and caps) bearing UNIVERSITY Marks which is designed to commemorate the UNIVERSITY's victory in an applicable championship (e.g., victory in bowl game, tournament or national championship) which is commonly worn by Team members, Coaches and Staff immediately following the event on-field/on-court, in the locker room, and/or at a UNIVERSITY-sponsored celebration of the championship, and also includes any replica item of apparel which thereafter is made available for sale to the public.

2. TERM.

This Agreement shall remain in full force and effect for a period of five (5) Contract Years, from July 1, 1999 through June 30, 2004 (the "Initial Term"), unless extended by NIKE for an additional 5-year period (the "Option Term") in accordance with Paragraph 7(a) below or sooner terminated in accordance with the terms and conditions hereof (the "Term"). This Agreement shall be interpreted in its entirety and not as a series of one-year agreements.

3. NIKE'S PRODUCT SUPPLY OBLIGATIONS & LICENSES.

- (a) Each Contract Year, unless otherwise specified, NIKE shall supply to UNIVERSITY, free of charge, a total of Four Hundred Thousand Dollars (\$400,000) (@ wholesale value, the "Annual Product Limit") of UNIVERSITY-identified NIKE Product as set forth on Exhibit B¹, at a minimum, for use by the indicated Team, its Coaches and Staff. The exact styles, sizes and delivery dates and, where appropriate, quantities of such NIKE Products shall be mutually determined by NIKE and UNIVERSITY (and subject to subparagraph (1) below) for each Contract Year. UNIVERSITY may order and purchase additional quantities of the foregoing merchandise, or components thereof, from NIKE, or such local authorized team dealer as NIKE may designate, at NIKE's published wholesale prices (except as otherwise provided under subparagraph (2) below) for those or comparable Products. In no event shall UNIVERSITY purchase such Products from any other third party except that NIKE Product may be purchased directly from third party retailers. In addition, to the extent the product provided to Covered Programs is less than the Annual Product Limit, UNIVERSITY shall be permitted to order from NIKE other NIKE Products for use by any Intercollegiate Athletic Program(s) until the Annual Product Limit is exhausted, or if the allotment is exhausted, at NIKE's published wholesale price, subject to availability. All

Except that the following shall be in-line NIKE Product that will not bear UNIVERSITY Marks: (i) training pant/storm pant; Dri-Fit T-shirt; Dri-Fit sleeveless T-shirt; cold-weather mock turtle neck and pants; sanitary short; coach short; coach pants; and camp polos and T-shirts; and (ii) for the 1999 season only, basic fleece pants; mesh workout shorts; and Dri-Fit long-sleeve T-shirt.

Product to be supplied by NIKE hereunder shall be delivered F.O.B. to UNIVERSITY. Only properly submitted orders from UNIVERSITY's purchasing director or any authorized representative of UNIVERSITY's Athletic Director shall be filled by NIKE. No carry-over of unordered annual allotments of merchandise from one Contract Year to another shall be allowed. If an order (or orders) for any entire annual allotment of merchandise for any designated Covered Program is (or are) not received by NIKE prior to the conclusion of any Contract Year, then such program shall be deemed to have waived any right to the unordered portion thereof. All Products provided to UNIVERSITY hereunder shall comply with all relevant NCAA rules and regulations, including, but not limited to, NCAA Rule 12.5.5 governing the use of logos on equipment, uniforms and apparel which govern the size and type of logo permitted.

(1) UNIVERSITY acknowledges that:

- (i) Annual product allotments for each upcoming season shall be delivered to UNIVERSITY generally by July 1st with respect to football, and October 15th with respect to basketball, and that annual allotments must typically be ordered 9-12 months in advance of the respective July 1st and October 15th delivery dates to ensure timely delivery. (Notwithstanding the foregoing, UNIVERSITY acknowledges that product delivery may be staggered in accordance with a mutually agreed priority schedule. By way of example, with respect to football product, footwear and practice wear would be delivered by July 1st, game uniforms by photo day, and cold weather wear by October 1st.) NIKE acknowledges that a "*de minimis*"² amount of product may be ordered mid-Contract Year, subject to availability for the present year, that shall include, but not be limited to, 75 golf shirts; 150 T-shirts; 20 jackets; and 20 fleece sweats.
- (ii) From time-to-time, NIKE may elect to obtain certain apparel or accessory Products to be supplied hereunder (such as football game jerseys and pants) from mutually agreed third parties, or to provide UNIVERSITY with a mutually agreeable allowance with which to purchase certain of such Products from third parties that have been approved by NIKE, which approval shall not be unreasonably withheld. In either case, such Products shall, at NIKE's election, (x) bear the NIKE Swoosh Design and/or other NIKE Marks (as designated by NIKE), consistent with NCAA rules and regulations, or (y) not bear any NIKE Marks, but shall be UNIVERSITY identified consistent with Paragraph 3(a), note 1 above.

(2) With respect to the purchase of NIKE football shoes or receiver/lineman gloves made concurrently with UNIVERSITY's annual initial order of shoes

² For the purposes of this Agreement, *de minimis* shall mean a quantity of product that represents less than 5% of the annually allocated amount of such product (as set forth in Exhibit B) for the applicable season.

and gloves (and in the case of orders of "*de minimis*" amounts of products which orders may be placed subsequent to UNIVERSITY's annual order subject to Product availability), UNIVERSITY may order additional pairs of football shoes and/or gloves, beyond its annual allocation as set forth on Exhibit B, on a "2-for-1" basis. For purposes of this Paragraph, "2-for-1" shall mean for every two (2) pairs of NIKE football shoes and/or gloves purchased by UNIVERSITY (at dealer's cost) from the NIKE designated dealer, UNIVERSITY shall receive one (1) pair of NIKE football shoes and/or gloves free. For example, if UNIVERSITY orders three hundred (300) pairs of NIKE football shoes in excess of the quantities set forth in Exhibit B, then of the 300 pairs, 200 shall be purchased through the NIKE team dealer, and the final 100 pairs shall be provided to UNIVERSITY free of charge. The parties acknowledge and agree that the price for all shoes (and gloves) purchased hereunder shall be as set by the NIKE designated dealer.

- (b) Each Contract Year, an annual individual merchandise allotment account shall be established for discretionary use by UNIVERSITY. The aggregate maximum amount (in terms of wholesale value) of product that may be ordered annually pursuant to this account (the "Annual Merchandise Allotment") shall be Seventy-Five Thousand Dollars (\$75,000). All NIKE Product ordered pursuant to this account must be ordered through the "NIKE by Mail" program and subject to procedures established by NIKE for such purpose. No carry-over of unorderd annual allotments of merchandise from one Contract Year to another shall be allowed.
- (c)
 - (1) In connection with NIKE's obligations under subparagraph (a) above to supply UNIVERSITY with UNIVERSITY-identified NIKE Products, UNIVERSITY grants to NIKE the right and license during the Term to use the UNIVERSITY Marks in connection with the manufacture of such NIKE Products.
 - (2) In addition, UNIVERSITY hereby agrees to cause its designated licensing agent(s) ("Licensing Agent") to grant to NIKE the (i) exclusive right and license during the Term to use the UNIVERSITY Marks within the Territory in connection with the manufacture, advertisement, promotion and sale of the authentic game-day football jerseys, basketball jerseys, shorts, shooting shirts and/or warm-ups, and practicewear issued to Covered Programs and worn during intercollegiate competition and practice subject to payment of a royalty to UNIVERSITY or UNIVERSITY's Licensing Agent, and (ii) non-exclusive right and license to use the UNIVERSITY Marks within the Territory in connection with the manufacture, advertisement, promotion and sale of such other Products as NIKE may request to be licensed (collectively, "Licensed Products") subject to payment of a royalty to UNIVERSITY or UNIVERSITY's Licensing Agent. UNIVERSITY further agrees that under such license(s) NTS's royalty rate shall be eight and one-half percent (8.5%) on its sale of Licensed Product. Notwithstanding the foregoing, (y) Licensing Agent may impose its then-current royalty on the licensing of any video games or product, and (z) the royalty rate charged on Celebration Apparel will be the then-current standard rate charged Celebration Apparel licensees.

During the Option Term, the rate shall remain at eight and one-half percent (8.5%) except if the then prevailing royalty rate paid by NIKE to its other elite athletic programs is higher than eight and one-half percent (8.5%) NIKE shall increase the royalty rate paid to UNIVERSITY to such higher prevailing rate.

- (d) NIKE shall not be liable to UNIVERSITY, any Team member, Coach, or Staff for any injury or damage suffered from wearing or using NIKE Products supplied under this Agreement, except such injury or damage resulting from NIKE's adjudicated negligence. UNIVERSITY specifically waives, only as against NIKE, all express warranties, and implied warranties of merchantability and fitness for a particular purpose.

4.

USE OF NIKE PRODUCTS.

- (a) Throughout the Term, UNIVERSITY shall make NIKE Products available on an exclusive basis to each Covered Program, and for any particular Contract Year, such other agreed upon Product available on an exclusive basis to any Optionally Covered Program, to be exclusively worn and/or used by Team members, Coaches and Staff during practices, games, competitions, sports camps and other official or UNIVERSITY sanctioned Covered Program, or Optionally Covered Program, if applicable, activities (including but not limited to photo sessions and interviews) during which Team members, Coaches and Staff wear and/or use Products³ except as otherwise provided under this Paragraph 4 or Paragraph 3(a)(1)(ii) above. In addition, UNIVERSITY agrees it shall require the Coaches to exercise best efforts to wear NIKE Products while appearing on any television broadcast, show or special relating to their activities as head coaches for the UNIVERSITY. (NIKE acknowledges that any Coach's wearing of non-athletic footwear and apparel in connection with his or her official coaching duties, as appropriate, shall not constitute a breach of this Paragraph.) UNIVERSITY shall require all such Coaches and Team and Staff members to wear and/or use exclusively NIKE Products, during such activities except as otherwise permitted under subparagraph (1) below.
- (1) In the event any Team member shall at any time suffer any physical injury, pain or discomfort attributable to the use of NIKE footwear, or if any Team member has not received NIKE footwear which fits properly, then UNIVERSITY shall so advise NIKE and afford NIKE the opportunity to remedy the problem ("Remedial Efforts"). If after adequate opportunity, in

³ Contemporaneously with the execution of this Agreement, NIKE shall enter into personal services contracts (to be approved by UNIVERSITY) with the current head coach of each Covered Program pursuant to which NIKE shall secure from them, among other things, their endorsement, 3 personal appearances, and consulting services. If such contracts are subsequently terminated during the term of this Agreement based upon a coach's departure from his/her head coaching position at UNIVERSITY, then NIKE shall negotiate in good faith with such coach's replacement but NIKE shall not be obligated to conclude a contract with such successor if it cannot reach mutually agreeable terms. If terms cannot be agreed upon, UNIVERSITY acknowledges that the coach shall nonetheless be required to wear and/or use NIKE Products consistent with the terms of this Agreement.

any event not to exceed a period of forty-five (45) days, NIKE is unable to provide such Team member with NIKE footwear he/she can wear satisfactorily, then NIKE shall waive the exclusivity requirement of this Paragraph 4 in such specific case; provided, however, that in such event UNIVERSITY shall require that any non-NIKE Products worn or used by such Team member(s) do not bear the visible trade name, trademark or logo of any manufacturer or seller of Products other than NIKE. NIKE further acknowledges that, regardless of its good faith efforts to provide Team members with suitable NIKE footwear, it may be medically necessary in certain circumstances for a player to "spat" tape his/her feet and/or ankles to allow such player to remain in competition. Such medically necessary procedure, should it occur, shall not constitute a breach of this Paragraph 4. UNIVERSITY agrees that UNIVERSITY shall work with NIKE to eliminate the need for any unauthorized spatting or taping in the event it occurs during the term of this Agreement. If in accordance with the foregoing UNIVERSITY is unable or unwilling for any reason to discontinue any pattern or practice of unauthorized spatting or taping of the NIKE shoes worn by Team members, then, provided UNIVERSITY has been provided written notice by NIKE and had an opportunity to cure and subject to the provisions of subparagraph 4(d) below, NIKE shall have the option to terminate this Agreement with respect to a Covered Program in accordance with the provisions of Paragraph 11 hereof.

If notwithstanding Remedial Efforts, a player is still unable to wear NIKE footwear, then such player shall be permitted to wear non-NIKE footwear provided all visible manufacturer's identification is removed or otherwise covered so as to completely obscure such manufacturer's identification.

UNIVERSITY shall ensure that no Team member, Coach or Staff member shall:

- (1) Alter or permit the alteration of any NIKE Product worn or used by them to resemble a non-NIKE Product; or
 - (2) Wear any non-NIKE Products which have been altered to resemble NIKE Products.
- (c) UNIVERSITY shall ensure that during all Covered Program, and Optionally Covered Program(s) if applicable, activities no Team member, Coach or Staff member shall wear and/or use any athletic footwear or other Products, manufactured by companies other than NIKE except as permitted under Paragraphs 3(a)(1) and 4(a)(1) above. NIKE acknowledges that the limitations of this Paragraph shall only apply to Optionally Covered Program(s) with respect to the category of products provided, for any particular Contract Year.

UNIVERSITY acknowledges that, with the exception of those circumstances set forth in Paragraph 4(a)(1) above, "spatting" or otherwise taping, so as to cover any portion of the NIKE logo, the NIKE athletic shoes worn by members of the Teams during practices, games, exhibitions, clinics, sports camps and other occasions during which Team members wear athletic shoes, is inconsistent with the purpose of this Agreement and the benefits to be derived from it by NIKE and

UNIVERSITY's continuing to permit the unauthorized sparring or taping is a material breach of this Agreement. (x) Notwithstanding the foregoing, occasional, isolated sparring or taping as is deemed a bona-fide medical necessity, and so evidenced by a prior written certification from a podiatrist or other qualified physician, or as may be required "on-the-spot" in response to an injury sustained during a game/practice, shall not be deemed a breach of this Agreement.

- (e) UNIVERSITY shall not permit the trade name, trademark, name, logo or any other identification of any person, company or business entity other than NIKE, or UNIVERSITY if approved by NIKE, to appear on NIKE Products worn or used by Coaches, Staff or Team members except for a mandatory NCAA or Conference identification patch, or a patch bearing the name and/or logo of a bowl sponsor (but subject to Paragraph 18(b) below) if required for bowl participation, and provided such additional identification does not cover, or displace any NIKE identification.

5. APPEARANCES.

- (a) NIKE shall be permitted to enter into agreements with the current head coach of each Covered Program pursuant to which each such Coach shall annually provide to NIKE up to three (3) appearances in connection with the promotion of NIKE and NIKE products. Such contracts shall be coterminous with this Agreement (unless extended as a result of NIKE's extension as provided under Paragraph 7 below) subject to NIKE's standard rights of termination. UNIVERSITY acknowledges that if NIKE's termination is based upon a coach's departure from his/her head coaching position, then NIKE shall be required to negotiate in good faith with such coach's replacement but NIKE shall not be obligated to conclude a contract. If either the men's or women's basketball team reaches the "Sweet 16" in the NCAA Tournament, NIKE agrees to negotiate in good faith with the relevant Coach with regard to an appropriate increase in compensation in recognition of such achievement.
- (b) Upon NIKE's request and subject to reasonable substantial prior notice and applicable NCAA and Conference rules, for no additional fee, UNIVERSITY shall provide basketball team participation in NIKE-organized competitions. However, this shall not exceed one per Contract Year. With respect to the participation of the football team in a NIKE organized competition, UNIVERSITY agrees to in good faith consider any opportunity presented. For any personal or team appearance provided, NIKE shall pay all transportation, accommodation and meal costs.

6. DEVELOPMENT OF NEW LOGO & TRADEMARK OWNERSHIP.

- (a) If UNIVERSITY desires to develop an additional trademark, service mark, symbol and/or logographic for use in connection with any Covered Program (collectively, "New Logo"), UNIVERSITY shall in writing notify NIKE of such intention and agrees to meet with NIKE, upon NIKE's request, to discuss in good faith the use of NIKE's services to design such New Logo. Such discussions must occur prior to UNIVERSITY's engaging in negotiations with any third party to provide such design services.

- (b) NIKE recognizes the value of the UNIVERSITY Marks and acknowledges that the goodwill attached thereto belongs to UNIVERSITY and that nothing in this Agreement serves to assign, convey or transfer to NIKE any rights, title or interest in or to the UNIVERSITY Marks.
- (c) UNIVERSITY recognizes the value of the NIKE Marks and acknowledges that the goodwill attached thereto belongs to NIKE and that nothing in this Agreement serves to assign, convey or transfer to UNIVERSITY any rights, title or interest in or to the NIKE Marks.

7. RIGHTS OF RENEWAL, FIRST DEALING & FIRST REFUSAL.

- (a) NIKE shall have the option, in its sole discretion, to extend this Agreement together with the ancillary agreements being entered into contemporaneously herewith (i.e., the corporate sponsorship and marketing agreements, collectively, the "Companion Agreements") for an additional period of five (5) Contract Years upon the same terms as apply with respect to the 5th Contract Year of the Initial Term, except that the Annual Product Limit and Annual Merchandise Allotment shall be increased by twenty-five percent (25%), exercisable upon NIKE's written notice of its election furnished to UNIVERSITY by no later than March 30, 2003.
- (b) At NIKE's request, UNIVERSITY shall negotiate with NIKE in good faith with respect to the terms of a renewal of this Agreement and the Companion Agreements. The parties shall not be obligated to enter into an agreement if they cannot settle on mutually satisfactory terms. Prior to April 1, 2003, or April 1, 2009 if NIKE exercises its extension option, (the "Exclusive Negotiating End Date") UNIVERSITY shall not (nor shall UNIVERSITY permit its agents, attorneys or representatives to) engage in discussions or negotiations with any third party regarding product supply with respect to any Products, or sponsorship of any Covered Program (or similar supply or sponsorship arrangement) with respect to any Products after the term of this Agreement ("Product Supply").
- (c) During the Term and for a period of sixty (60) days thereafter, NIKE shall have the right of first refusal for Product Supply (and Companion Agreements), as follows. If UNIVERSITY receives any bona fide third party offer at any time on or after the Exclusive Negotiating End Date with respect to any Product Supply, UNIVERSITY shall submit to NIKE in writing the specific terms of such bona fide third party offer. NIKE shall have fifteen (15) business days from the date of its receipt of such third party offer to notify UNIVERSITY in writing if it will enter into a new contract with UNIVERSITY on terms no less favorable to UNIVERSITY than the material, measurable and matchable terms of such third party offer. If NIKE so notifies UNIVERSITY within such 15-day period, UNIVERSITY shall enter into a contract with NIKE on the terms of NIKE's offer. If NIKE fails or declines to match or better the material, measurable and matchable terms of such third party offer within such 15-day period, UNIVERSITY may thereafter consummate an agreement with such third party on the terms of the offer made to UNIVERSITY. Prior to the Exclusive Negotiating End Date, UNIVERSITY shall not solicit, consider or present to NIKE, and NIKE shall not be obligated to respond to, any third party offer for any Product Supply.

8. RIGHTS FOR INFLATABLES & NEW PRODUCTS.

- (a) UNIVERSITY acknowledges that NIKE's current product line includes footballs and basketballs and that it is NIKE's desire to have them used in intercollegiate competition by the Covered Programs. On an annual basis, prior to the commencement of each regular football and basketball season respectively, NIKE shall provide UNIVERSITY advance opportunity to sample and field-test such relevant ball product. Subject to the reasonable satisfaction of the Athletic Department and the Coach of the affected Team as to the performance capabilities, quality and suitability of NIKE footballs and basketballs (and compliance with NCAA equipment specifications, if applicable), if after good faith pre-season testing of NIKE brand game balls, UNIVERSITY is satisfied with the performance and quality of such product, then for that coming regular season such product shall thereafter be deemed to be included in "Products" as defined in Paragraph 1(k) above and "NIKE Products" as defined in Paragraph 1(l) above and covered in all pertinent respects by the terms hereof and supplied to UNIVERSITY in such quantities as mutually agreed. The inflatables shall be provided at no charge to UNIVERSITY and shall not be part of the Annual Product Limit provided for in Paragraph 3 above. To the extent NIKE is unable to supply a competition game ball that either or both programs are comfortable using, UNIVERSITY agrees to limit any third party ball supply agreement to a (i) company that is, as of the date hereof, principally known in the sporting goods industry as a football/basketball manufacturer (i.e., Wilson, Rawlings, Spalding), and (ii) term of no longer than one playing season so that NIKE will have the opportunity, on an annual basis, to submit its game balls for consideration.
- (b) From time-to-time during the term of this Agreement, NIKE may add to its Products line one or more items of sports equipment for which a Covered Program has use. If at any time during the Term NIKE shall have a bona fide intention to expand its Products line by adding any such item(s), then NIKE shall give UNIVERSITY six (6) months' advance written notice of the particular item(s) then in development by NIKE. NIKE shall provide UNIVERSITY advance opportunity to sample and field-test such new product and, subject to the reasonable satisfaction of the Athletic Department and the Coach of the affected Team as to the performance capabilities, quality, suitability and appropriateness of any new product (and compliance with NCAA equipment specifications, if applicable), once such item is commercially available, then such item(s) shall thereafter be deemed to be included in "Products" as defined in Paragraph 1(k) above and "NIKE Products" as defined in Paragraph 1(l) above and covered in all pertinent respects by the terms hereof and UNIVERSITY shall no longer be permitted to source such Products from a manufacturer other than NIKE unless UNIVERSITY has a contract with a third party, in which case UNIVERSITY shall no longer be permitted to source such Product from such third party once the applicable contract expires. Thereafter, UNIVERSITY shall make such new Product item(s) available to Team members, Coaches and/or Staff members, NIKE shall supply UNIVERSITY, free of charge, (and shall be in addition to and shall not count against the Annual Product Limit provided for in Paragraph 3 above) with sufficient quantities for such purpose to be mutually agreed upon by the parties (and Exhibit B revised accordingly),

including quantities equal to or greater than the quantities of any comparable item(s) which UNIVERSITY, Team members, Coaches and/or Staff members are then receiving from a third party (as well as any other compensation), and UNIVERSITY shall thereupon distribute, as is appropriate, such new item(s) to Team members, Coaches and/or Staff members for use pursuant to the terms of this Agreement.

9. RIGHT OF REDUCTION

UNIVERSITY acknowledges that one of the principal inducements for NIKE's entrance into this Agreement is the prominent brand exposure NIKE receives through the placement of the NIKE logo, as it currently appears (in terms of location placement, number of placements, color prominence or size), on Authentic Competition Apparel and that such continued exposure is of the essence of this Agreement. Accordingly, if in any Contract Year a Covered Program is banned from television appearances or if, for any reason, NIKE's logo placement rights on Products as currently placed by NIKE and permitted under NCAA or broadcaster rules or regulations are materially diminished (in terms of location placement, size, color prominence [i.e., prohibition of the use of a NIKE logo in a color that contrasts with a uniform's background color] and/or number of placements with respect to a Covered Program, in lieu of NIKE's exercise of its termination right under Paragraph 11 below, then for such Contract Year NIKE shall have the right to reasonably reduce, as mutually agreed, the product support provided to UNIVERSITY hereunder. For purposes of this provision and Paragraph 11(a)(4)(i) below, (i) the relocation of the logo off the front upper chest (left or right) position of the football game jersey (or off the front leg of the basketball game shorts); or (ii) a reduction in logo size that is readily discernible upon casual observation as oppose to one that is only discernible through actual measurement, shall be deemed a "material" diminution.

10. RIGHT OF TERMINATION BY UNIVERSITY.

UNIVERSITY shall have the right to terminate this Agreement immediately upon written notice to NIKE if:

- (a) NIKE is adjudicated insolvent or declares bankruptcy;
- (b) NIKE materially fails to provide product to UNIVERSITY pursuant to this Agreement within thirty (30) days following NIKE's receipt of written notice from UNIVERSITY that such product delivery is past due;
- (c) NIKE shall persist in any conduct or activity in direct connection with this Agreement, UNIVERSITY or its athletes that is violative of NCAA and/or Conference rules or regulations, which conduct or activity NIKE fails to cease within thirty (30) days of NIKE's receipt of written notice from UNIVERSITY specifying such violative conduct or activity together with citation to the relevant rule or regulation;
- (d) NIKE shall be in material breach of this Agreement, which breach NIKE fails to cure within thirty (30) days of NIKE's receipt of written notice from UNIVERSITY specifying such breach;

- (e) NIKE shall be in material breach of the White House Apparel Industry Workplace Code of Conduct or Principles of Monitoring (attached hereto as Exhibit C), as determined by an independent monitor accredited by the Fair Labor Association, which breach NIKE fails to cure within thirty (30) days (if curable within a 30-day period) following NIKE's receipt of written notice from UNIVERSITY specifying such breach. If for logistical or other reasons, it is impossible for NIKE to completely cure a particular condition within thirty (30) days, UNIVERSITY shall afford NIKE a mutually agreeable commercially reasonable period of time to achieve complete cure. For purposes of this subparagraph only, "in material breach" shall mean recurring material code violations by a contractor which NIKE has, despite knowledge of a contractor's recurring violations, failed to remedy; or
- (f) Either the corporate sponsorship agreement or marketing agreement between NIKE and UNIVERSITY is terminated pursuant to the terms of such Agreements.

11 RIGHT OF TERMINATION BY NIKE.

- (a) NIKE shall have the right to terminate this Agreement immediately upon written notice to UNIVERSITY if:
 - (1) UNIVERSITY ceases for any reason to field a Division I team in football;
 - (2) UNIVERSITY fails to require Members of any Team to wear or use NIKE Products during practices, games, exhibitions, clinics, sports camps or other occasions during which Team members wear or use Products (including but not limited to photo sessions and interviews) except as otherwise permitted under Paragraph 3 or Paragraph 4, or permits members of any Team to wear NIKE Products altered, spatted or taped, in violation of the provisions of Paragraph 4(a)(1) above; provided, however, that NIKE shall have first provided written notice to UNIVERSITY of any such violation and UNIVERSITY has failed to take such steps as may be required to prevent such violation from recurring during the same Contract Year;
 - (3) Any Coach, Staff or Team member fails to perform any material obligations provided for in this Agreement and reasonable notice has been given to UNIVERSITY that such obligations are not being performed;
 - (4) UNIVERSITY, the NCAA, the Conference or any assignee thereof (including any licensing agent or broadcast partner of the foregoing) enacts, adopts or accedes to any regulation, restriction, prohibition or practice that materially deprives NIKE of the promotional benefits and/or product/brand exposure contemplated by this Agreement in connection with the football and basketball programs through, (i) any material diminution of NIKE's logo placement rights (in terms of size, location placement, number of placements, color prominence (as described in Paragraph 9 above)), including any total ban on the placement of camera-visible logo identification on Authentic Competition Apparel, (ii) "air brushing" NIKE identification from still photography or footage, or (iii) use of L-VIS technology or other "virtual signage" or electronic/computer imaging technology that alters, substitutes or replaces NIKE's stadium/arena signage (including NIKE logo identification

that appears on uniforms) with other commercial identification that is seen by home television viewers;

- (5) UNIVERSITY breaches any warranty or other material term of this Agreement, which breach UNIVERSITY fails to cure, if curable, within thirty (30) days of NIKE's delivery of written notice to UNIVERSITY of any such breach; or
 - (6) Either the corporate sponsorship agreement or marketing agreement between NIKE and UNIVERSITY is terminated pursuant to the terms of such Agreements.
- (b) NIKE shall have the right upon written notice to UNIVERSITY to terminate this Agreement with respect to any Covered Program that is placed on NCAA probation that results in any television or post-season appearance ban; provided, however, in the event at any time during the Term both the football and the men's basketball programs shall be on probation resulting in any television or post-season appearance ban, NIKE may at its sole discretion terminate this entire Agreement. In the event of termination of an individual Covered Program under this subparagraph, with respect to such program UNIVERSITY shall not be entitled to any further products under this Agreement.
- (c) In the event of termination under this Paragraph or Paragraph 10, UNIVERSITY shall not be entitled to any further compensation under this Agreement. Alternatively, in the event of a termination by NIKE under this Paragraph 11 prior to the completion of the competitive season of a Covered Program, NIKE shall have the right to receive from UNIVERSITY reimbursement for Product provided at wholesale cost with respect to the relevant Covered Program (or Optionally Covered Program, if applicable), if any, received in excess of the amount to which UNIVERSITY would be entitled if the compensation were pro-rated over the entire Contract Year, calculated to the effective date of termination. Any such payment shall be due within thirty (30) days of the date of termination.

12. REMEDIES.

UNIVERSITY and NIKE agree that, in the event that either party breaches any material term or condition of this Agreement, in addition to any and all other remedies available to the other party at law or in equity, such other party shall be entitled to injunctive relief from such further violation of this Agreement, pending litigation as well as on final determination of such litigation, without prejudice to any other right of such other party.

13. NOTICES.

All notices, statements and payments provided for herein shall be in writing and deemed given if sent postage prepaid via registered or certified mail, or by express courier service or facsimile with confirmed delivery, to the parties at the addresses given below, or such other addresses as either party may designate to the other. Any written notice shall be deemed to have been given at the time it is sent addressed to the parties as set forth below. It is UNIVERSITY's obligation to notify NIKE of any address change.

NIKE USA, Inc. One Bowerman Drive Beaverton, OR 97005-6453 Attn: Legal Dept., Contracts Administrator	University Athletic Association, Inc. P.O. Box 14485 Gainesville, Florida 32604 Attn: Athletic Director
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14. RELATIONSHIP OF PARTIES.

The performance of services for NIKE by UNIVERSITY is in the capacity of independent contractors. Accordingly, nothing contained in this Agreement shall be construed as establishing an employer/employee, partnership or joint venture relationship between UNIVERSITY and NIKE.

15. ASSIGNMENT/DELEGATION/PASS THROUGH.

(a) This Agreement and the rights and obligations of UNIVERSITY hereunder are personal to UNIVERSITY and shall not be assigned or delegated by UNIVERSITY to any entity other than a successor in interest to the UAA. Any assignment by UNIVERSITY shall be invalid and of no force or effect and upon any such unauthorized assignment, NIKE may, at its option, immediately terminate this Agreement upon written notice to UNIVERSITY.

(b) The rights granted to NIKE by UNIVERSITY hereunder are personal to NIKE and shall not be assigned, delegated or passed-through outside of NIKE and its retail accounts without UNIVERSITY's prior approval, which approval shall not be unreasonably withheld.

16. WAIVER.

The failure at any time of UNIVERSITY or NIKE to demand strict performance by the other of any of the terms, covenants or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof, and either party may, at any time, demand strict and complete performance by the other party of such terms, covenants and conditions.

17. SEVERABILITY.

Every provision of this Agreement is severable. If any term or provision hereof is held to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the validity of the remainder of this Agreement or any other provision and the illegal, invalid or unenforceable provision shall be deemed by the parties as replaced by such substitute provision as shall be agreed upon the parties, in such form and substance as shall be legally valid, and as shall accomplish as near as possible the purpose and intent of the invalidated provision.

18. ADDITIONAL WARRANTIES.

UNIVERSITY represents and warrants that:

(a) No agreement, contract, understanding or rule of any national, international or collegiate governing body exists which would prevent or limit performance of any of the obligations of either party hereunder.

- (b) Neither UNIVERSITY nor any Coach nor Staff member is party to any oral or written agreement, contract or understanding which would prevent, limit or hinder the performance of any obligations hereunder of UNIVERSITY, Coaches or Staff. UNIVERSITY further represents and warrants that during the Term UNIVERSITY will not:
 - (1) Except as permitted by Paragraphs 3(a)(1)(ii) or 4(a)(1) above, sponsor, market or allow any Coach, Staff or Team member of any Covered Program to sponsor, market or wear and/or use during practices, games, competitions, sports camps and/or other official or UNIVERSITY sanctioned Covered Program activities any products sold by any manufacturer or seller of Products other than NIKE;
 - (2) Enter into, or allow any Coach or Staff member of any Covered Program to enter into, any marketing, promotional, consulting or similar agreement (including the sale of signage or other media) with any manufacturer or seller of Product other than NIKE, or allow any Coach or Staff member of any Covered Program (or Optionally Covered Program, if applicable) to enter into any such agreement with any person or entity other than NIKE that manufacturers, sells, licenses or is brand-identified to footwear such as certain traditional fashion sports brands (e.g., Polo, Hilfiger, Nautica, Karl Kani, etc.);
 - (3) Enter into, or allow any Coach or Staff member of any Optionally Covered Program to enter into, any marketing, promotional, consulting or similar agreement (including the sale of signage or other media) with regard to the category of Products provided under this Agreement with any manufacturer or seller other than NIKE for the Contract Year for which NIKE has supplied such product; or
 - (4) Sell to any person or entity Products purchased or provided hereunder by NIKE or any other third party.
- (c) It has the full legal right and authority to enter into and fully perform this Agreement in accordance with its terms and to grant to NIKE all the rights granted herein.

19. CONFIDENTIALITY.

UNIVERSITY shall not (nor shall it permit or cause its employees, agents or representatives to) disclose the financial terms of this Agreement, the marketing plans of NIKE, or other confidential material or information disclosed to UNIVERSITY (including information disclosed during audit), to any third party, except to its trustees or as may be required by law. NIKE acknowledges that, consistent with applicable open records laws of the State of Florida and UNIVERSITY and/or Board of Regents' policy with regard to concluded contracts, UNIVERSITY will make copies of this Agreement available to interested individuals upon due requests made in accordance with applicable law.

20. CAPTIONS.

Paragraph captions and other headings contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of the Agreement or any provision hereof.

21. ENTIRE CONTRACT.

As of the effective date hereof, this Agreement shall constitute the entire understanding between UNIVERSITY and NIKE and may not be altered or modified except by a written agreement, signed by both parties. Any previous agreements between UNIVERSITY and NIKE shall have no further force or effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date written below.

UNIVERSITY ATHLETIC ASSOCIATION, INC.

NIKE USA, Inc.

Fed. Id No: 596002050

By: [Signature]
Its: Director US Sports Marketing

By: _____
Its: _____

By: [Signature]
James C. Carter
General Counsel, U.S.A./Americas Regions

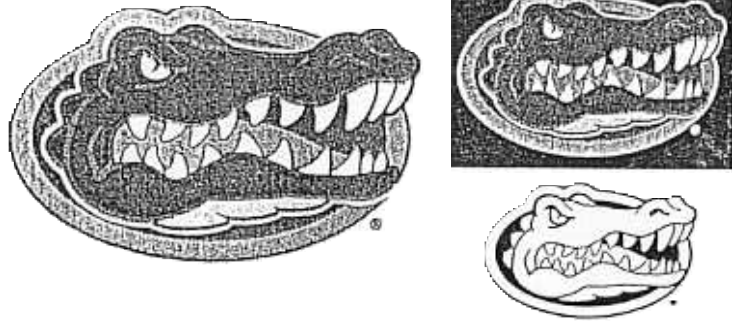
Dated: 8/27/99

EXHIBIT A
The University Marks

July 16, 1999

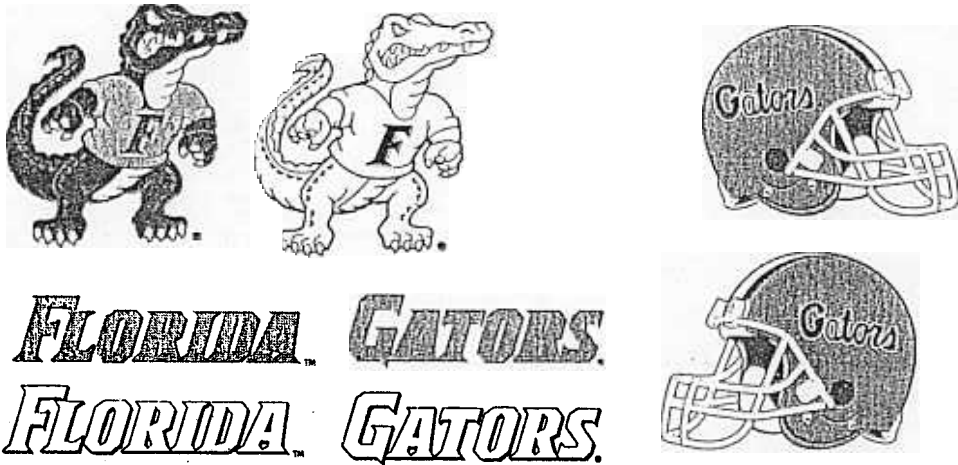
UNIVERSITY OF FLORIDA GATORS IDENTITY
full color version

Gator Head



VERBIAGE:
University of Florida™
Florida™
Gators®
Florida Gators®
U of F™
U.F.®
Fighting Gators®
The Swamp®

New Stand-up Gator



COLOR INFORMATION This logo sheet is not for reproduction or color matching, it is for color break information ONLY. Use the electronic files or attached artwork for reproduction. You must use the approved school colors or the "PANTONE" listed below.

SCHOOL COLORS	PANTONE COLORS	GUNOLD & STICKMA/SULKY THREAT COLORS
FLORIDA Orange	PANTONE 172	1184 Orange
FLORIDA Blue	PANTONE 286	572 Blue
FLORIDA Green	PANTONE 348 (Classic Albert Only)	1208 Green
FLORIDA Green	PANTONE 349 (New Stand Up Gator)	1332 Light Green
FLORIDA Light Green	PANTONE 359 (Under Chin for Gator Head and New Stand Up Gator)	
FLORIDA Light Green	PANTONE 349 - 50% (Under Chin for Gator Head and New Stand Up Gator)	
White	White	

NOTE: The marks of University of Florida are controlled under a licensing program administered by The Collegiate Licensing Company. Any use of these marks will require written approval from The Collegiate Licensing Company. PANTONE® is a registered trademark of PANTONE, Inc.



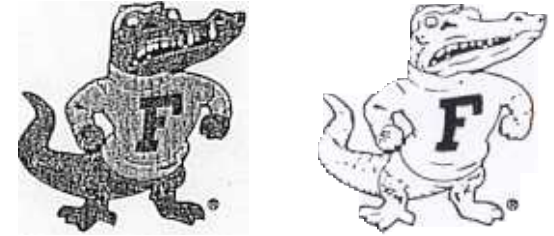
July 16, 1999

UNIVERSITY OF FLORIDA GATORS IDENTITY
full color version

GENERAL INFORMATION

LOCATION: Gainesville, FL
MASCOT: Gators
MASCOT NICKNAME: Albert
ESTABLISHED DATE: 1853
CONFERENCE: Southeastern Conference

Classic Albert



UNIVERSITY
OF FLORIDA™

GATORS®

ADDITIONAL PERTINENT INFORMATION

	Yes	No	Restrictions
• University seal permitted on products for resale:	X		
• Alterations to seal permitted:		X	
• Overlaying/intersecting graphics permitted with seal:		X	
• University licenses consumables	X		With adequate liability insurance
• University licenses health & beauty products:	X		With adequate liability insurance
• University permits numbers on products for resale:	X		#96 only football, limited #'s for other sports.
• Mascot caricatures permitted:	X		
• Cross Licensing with other marks permitted:	X		
• NO USE of current player's name, image, or likeness is permitted on commercial products in violation of NCAA rules and regulations			
• NO REFERENCES to alcohol, drugs, or tobacco related products may be used in conjunction with University marks.			

EXHIBIT B
Product Supply Requirements



Comp Quantity

Core Basics	
Fleece Crew	260
Fleece Pant	260
Work-out Tee	700
Work-out Short	700
Sleeveless Tee	150
Mock Tee	150
Caps	1250
Knit Cap	72
Camp	
Camp Tee	1000
Camp Polo	50
Outerwear	
Team Warm-Up (Travel)	170
Player Practice Shell	72
Therma F.I.T. Vest	72
Cold Weather Mock	72
Cold Weather Pant	72
Rain Suit*	72
Player Jacket	100
Letterman Jacket	110
Coaches Gear	
Coaches Polo	500
Coaches Vest	50
Coaches Shorts	100
Coaches Pants	100
Coaches Visor	52
Football Uniforms	
Home Jersey	300
Away Jersey	300
Game Pant	200
Practice Jersey**	600
Accessories	
Team Bags	100
Waistpack	100
Crew Socks	1500
Quarter Socks	500
Wristbands	360
Football Gloves	1000
Shoes	
Football Shoes	500
Post Season Football Shoes	100

**600 CY1 . 200 CY2*



Total Units 99:00

Core Basics	
Fleece Crew	50
Fleece Pant	50
Practice Tee	100
Work-out Short	100
Mock Tee	100
Compression Short	84
Caps	25
Camp	
Camp Tee	500
Outerwear	
Team Warm-Up (Travel)	67
Heavy Weight Jacket	36
Coaches Gear	
Coaches Polo	30
Coaches Sweater	10
Coaches Short	15
Coaches Pant	5
Basketball Uniforms	
Home Jersey	25
Home Short	25
Away Jersey	25
Away Short	25
Game Warm-Up	25
Shooting Shirt	25
Game Tee	50
Practice Mesh Tank	64
Practice Mesh Short	84
Accessories	
Team Bags	30
Waist Packs	30
Crew Socks	450
Tube Socks	450
Shoes	
Men's Basketball Shoes	200
Sandals	25



Total Units 99-00

WOMEN'S BASKETBALL

Core Basics	
Fleece Crew	50
Fleece Pant	50
Practice Tee	100
Work-out Short	100
Compression Short	84
Mock Tee	100
Spot Bra	60
Caps	25
Camp Tee	
Camp Tee	500
Outerwear	
Team Warm-Up (Travel)	50
Heavy Weight Jacket	36
Coaches Gear	
Coaches Polo	30
Coaches Sweater	10
Coaches Shorts	15
Basketball Uniforms	
Home Uniform	25
Away Uniform	25
Game Warm-Up	25
Shooting Shirt	75
Game Tee	50
Practice Mesh Tank	64
Practice Mesh Short	64
Accessories	
Team Bags	30
Waist Packs	30
Crew Socks	120
Tube Socks	120
Wristbands	30
Headbands	30
Shoes	
Women's Basketball Shoes	200
Sandals	25

PRODUCT SUPPLY GRID

ORIDA.

SPORT Baseball

	Total Units '99-'00
Accessories	
Fielding Gloves	180
Shoes	
Umpire Shoes	300

EXHIBIT C

Apparel Industry Partnership (“AIP”) Workplace Code of Conduct

The Apparel Industry Partnership has addressed issues related to the eradication of sweatshops in the United States and abroad. On the basis of this examination, the Partnership has formulated the following set of standards defining decent and humane working conditions. The Partnership believes that consumers can have confidence that products that are manufactured in compliance with these standards are not produced under exploitative or inhumane conditions.

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture* allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits. Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work. Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of

work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation. In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

Any company that determines to adopt the Workplace Code of Conduct shall, in addition to complying with all applicable laws of the country of manufacture, comply with and support the Workplace Code of Conduct in accordance with the attached Principles of Monitoring and shall apply the higher standard in cases of differences or conflicts. Any company that determines to adopt the Workplace Code of Conduct also shall require its contractors and, in the case of a retailer, its suppliers to comply with applicable local laws and with this Code in accordance with the attached Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.

All references to local law throughout this Code shall include regulations implemented in accordance with applicable local law.

AIP PRINCIPLES OF MONITORING

OBLIGATIONS OF COMPANIES⁴

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards⁵.
- Formally convey those standards to company factories as well as to contractors and suppliers⁶.
- Receive written certifications, on a regular basis, from company factories as well as contractors and suppliers that standards are being met, and that employees have been informed about the standards.
- Obtain written agreement of company factories and contractors and suppliers to submit to periodic inspections and audits, including by independent external monitors, for compliance with the workplace standards.

B. Create An Informed Workplace

Ensure that all company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

⁴ It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources but that any internal monitoring program adopted by a company would be consistent with these Principles of Monitoring. If companies do not have the resources to implement some of these Principles as part of an internal monitoring program, they may delegate the implementation of such Principles to their independent external monitors.

⁵ Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

⁶ These principles of Monitoring should apply to contractors where the company adopting the workplace standards is a manufacturer (including a retailer acting as a manufacturer) and to suppliers where the company adopting the standards is a retailer (including a manufacturer acting as a retailer). A "contractor" or a "supplier" shall mean any contractor or supplier engaged in a manufacturing process, including cutting, sewing, assembling and packaging, which results in a finished product for the consumer.

C. Develop An Information Database

- Develop a questionnaire to verify and quantify compliance with the workplace standards.
- Require company factories and contractors and suppliers to complete and submit the questionnaire to the company on a regular basis.

D. Establish Program to Train Company Monitors

Provide training on a regular basis to company monitors about the workplace standards and applicable local and international law, as well as about effective monitoring practices, so as to enable company monitors to be able to assess compliance with the standards.

E. Conduct Periodic Visits and Audits

- Have trained company monitors conduct periodic announced and unannounced visits to an appropriate sampling of company factories and facilities of contractors and suppliers to assess compliance with the workplace standards.
- Have company monitors conduct periodic audits of production records and practices and of wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers.

F. Provide Employees With Opportunity to Report Noncompliance

Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable company employees and employees of contractors and suppliers to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so.

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Institutions

- Consult regularly with human rights, labor, religious or other leading local institutions that are likely to have the trust of workers and knowledge of local conditions and utilize, where companies deem necessary, such local institutions to facilitate communication with company employees and employees of contractors and suppliers in the report of noncompliance with the workplace standards.

- Consult periodically with legally constituted unions representing employees at the worksite regarding the monitoring process and utilize, where companies deem appropriate, the input of such unions.
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements.

H. Establish Means of Remediation

- Work with company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards promptly as they are discovered and to take steps to ensure that such instances do not recur.
- Condition future business with contractors and supplies upon compliance with the standards.

II. OBLIGATIONS OF INDEPENDENT EXTERNAL MONITORS

A. Establish Clear Evaluation Guidelines and Criteria

Establish clear, written criteria and guidelines for evaluation of company compliance with the workplace standards.

B. Review Company Information Database

Conduct independent review of written data obtained by company to verify and quantify compliance with the workplace standards.

C. Verify Creation of Informed Workplace

Verify that company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts.

D. Verify Establishment of Communications Channel

Verify that the company has established a secure communications channel to enable company employees and employees of contractors and suppliers to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so.

E. Be Given Independent Access to and Conduct Independent Audit of Employee Records

- Be given independent access to all production records and practices and wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers.
- Conduct independent audit, on a confidential basis, of an appropriate sampling of production records and practices and wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers.

F. Conduct Periodic Visits and Audits

Conduct periodic announced and unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors and suppliers to survey compliance with the workplace standards.

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Institutions

- In those instances where independent external monitors themselves are not leading local human rights, labor rights, religious or other similar institutions, consult regularly with human rights, labor, religious other leading local institutions that are likely to have the trust of workers and knowledge of local conditions.
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in consultation with legally constituted unions representing employees at the worksite.

H. Conduct Confidential Employee Interviews

- Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with the workplace standards.
- Utilize human rights, labor, religious or other leading local institutions to facilitate communication with company employees and employees of contractors and suppliers, both in the conduct of employee interviews and in the reporting of noncompliance.

Implement Remediation

Work, where appropriate, with company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards.

J. Complete Evaluation Report

Complete report evaluating company compliance with the workplace standards.