



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

JAMES MOESER
Chancellor

103 SOUTH BUILDING
CAMPUS BOX 9100
CHAPEL HILL, NC 27599-9100

T 919.962.1365
F 919.962.1647
www.unc.edu

February 7, 2008

Mr. Joe Zwirecki
Director of Domestic Manufacturing
New Era Cap Company
160 Delaware Ave.
Buffalo, NY 14202

Dear Mr. Zwirecki:

On behalf of the University of North Carolina at Chapel Hill, I am writing about allegations of discrimination and anti-union activity that raise questions concerning New Era's compliance with our labor code of conduct at its facility in Mobile, Alabama. These allegations have been a topic of intense discussion in recent days among members of our Licensing Labor Code Advisory Committee, which advises me about labor code issues involving the University and can recommend sanctions against licensees that do not live up to the terms of our code.

I share the committee's fundamental interest in the integrity of our code, which is designed to ensure that products bearing the University's name or logo are manufactured under fair working conditions. We have a responsibility both to the University community and to consumers purchasing UNC-licensed products to monitor activity and reports when issues arise that call into question compliance with our code.


Therefore, we are immediately invoking the provisions of the Collegiate Licensing Company's (CLC) Special Agreement Regarding Labor Codes of Conduct to initiate an objective, independent third-party investigation of your company's labor practices at this facility to ensure that it is in compliance with our labor code of conduct. I have read the company's public statements denying the discrimination and anti-union allegations, and I am mindful of the context in which these questions have been raised, linked with complex workforce contract negotiations. However, consistent with our agreement, it is important that we receive assurances from a neutral source that New Era is conducting its business in a fair and ethical way so that we can maintain our confidence in continuing our business relationship. And we need to receive those assurances as quickly as possible.

Mr. Joe Zwirecki
February 7, 2008
Page 2

To achieve these objectives, the University has received a commitment from A&L Group, Inc. (A.L.G.I.), a labor compliance firm accredited by organizations including the Fair Labor Association, to conduct an independent, third-party investigation of the allegations. This investigation will take place during the week of March 10, 2008. We expect New Era to provide access to the facility and any necessary documentation required by the investigative team to complete its work. A.L.G.I. has an excellent track record in the compliance arena, and we are confident that the firm will conduct a thorough, fair investigation.

At Carolina, we are committed to fairness in our business relationships. New Era is a valued licensee that has helped play a key role in the success of the University's trademark licensing program, which directly benefits our students by supporting general scholarships. We also take great pride in our leadership role in the collegiate licensing market and our labor code practices. With your full cooperation with this investigation, New Era will demonstrate its commitment to honoring the terms of the contract and its respect for the University and our record on labor code issues.

Sincerely,



James Moeser

JM:bl

cc: Timothy J. Freer, New Era
Lorrie Turner, New Era
Derek Lochbaum, Co-Chair, LLCAC
Professor Donald Hornstein, Co-Chair, LLCAC

Moeser/newera2