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Fast Track/Community Adjustment Initiative: Levi Strauss

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The Washington Post

BUSINESS

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Stocks

WEDNESDAY, FEBRUARY 24, 1999

M1

BY BILL O'LEARY—THE WASHINGTON POST

Levi employees Sandra Weeks, left, and Okeisha Yerby clutch termination-benefits materials after meeting with plant managers yesterday.

Town Loses Levi's but Keeps Shirt On

Workers at Warsaw, Va., Plant May Benefit From Region's New Opportunities

By MARYANN HAGGERTY
Washington Post Staff Writer

WARSAW, Va., Feb. 23—Many of the employees standing around the parking lot at the Levi Strauss factory here have begun considering what comes next.

Bernita Tunstall, a hemmer who has worked at the jeans plant for eight years, knows she's going back to school. So does her friend Patrice Garner, who top-stitched pockets on an average of 2,100 pairs of jeans a day and plans to learn "something in computers." Sandra Weeks, who has been at the plant 14 years, did inseams, "one of the hardest jobs." She hopes to get certification in child care.

Antonieta O'Bier, who started work at the plant in 1979, isn't sure about her plans yet. But for the next few months she plans to dote on her first grandchild, who's expected in a few weeks.

"It's kind of sad. We've been coming here for the last 20 years," O'Bier said. "It hasn't hit me yet."

The Levi's plant in Warsaw, with 314 workers, for 46 years has been one of the largest employers in this rural part of Virginia's Northern Neck. On Monday, Levi Strauss & Co. of San Francisco announced that the work handled at this plant and 10 others in North America is being shipped overseas, putting about 5,900 people out of work as a month-long shutdown is made permanent.

This is the kind of news that can devastate a small town. Nobody in Warsaw is happy about the closing—"It's like losing an old friend," said Town Council member Larry Thorn—but many believe this is a blow the area can absorb. That's because Levi Strauss and a variety of government agencies are paying to retrain the textile workers, who average 17 years on the job.

And it's also because even remote places like the Northern Neck are reaping some of the benefits of the new high-tech economy.

That bright side is visible about a mile and a half away, on the other side of Warsaw. There, about 75 people work for Gannon Technologies and its Litigation Systems Inc. subsidiary, using computers to transform mountains of paper documents into easily readable CD-ROMs for lawyers back in Washington. Gannon opened its Warsaw operation in August with 10 people and is renovating a strip shopping center into space for as many as 450 employees.

"Textile jobs, if you have them, you know you have a tenuous hold on them at best," said Warsaw Town Manager Matt Walker. "You have to accept the reality of business in the '90s. These are jobs that are going or gone, and you have to plan accordingly. I'm thankful we've got Gannon here. Without them, we'd be in a fix."

See FACTORY, *E2, Col. 1*

Levi Strauss to Close Half of Its Plants In North America, Slashing 5,900 Jobs

By REBECCA QUICK
Staff Reporter of THE WALL STREET JOURNAL

Taking an ax to its operations for the second time in just over a year, **Levi Strauss & Co.** said it will close half of its 22 manufacturing plants in North America, laying off about 5,900 employees, or 30% of its total in the U.S. and Canada.

Socked with declining jeans sales, the San Francisco-based apparel company said it has begun closing eight plants and will shut three other plants later this year. The company, which employs 19,900 workers in the U.S. and Canada, plans to ship more of its production abroad.

The closely held denim empire has seen sales of its pioneering jeans shrink, caught in a market squeeze between trendy, expensive jeans from designers like Ralph Lauren, and cheaper brands from department stores like J.C. Penney. Since 1990, Levi's market share of men's jeans dropped to 25% from 48%, according to Tactical Retail Solutions, a market-research firm in New York. And last week, Levi Strauss said its sales slumped 13% in 1998, to $6 billion from $6.9 billion a year earlier.

Last year, Levi Strauss closed 11 facilities in an effort to bring its production capacity more in line with demand. About 7,000 jobs, or a third of Levi's domestic work force at the time, were lost in those closings.

But the company said the latest round of closings wouldn't lower its production because it intends to shift much of the work to independent contractors in other countries. Many of Levi Strauss's competitors, including Guess and Tommy Hilfiger, have most if not all of their jeans produced overseas. There, labor costs are frequently much lower than the $10.12 an hour in wages and benefits paid to the average U.S. garment worker.

Aside from chopping its labor bills, Levi Strauss said it will also be able to reduce the time it takes to get apparel into stores. "The drawback of owning your own plants is that changing the line a plant produces is very time- and cost-consuming," said Clarence Grebey, a spokesman for Levi Strauss. "If we go to contractors to do that, we can get our consumers into the product more quickly."

The company said it doesn't intend to close more plants in North America. "Even after the closings we'll still have 11 plants [in North America]," Mr. Grebey said. "That still leaves us as an apparel company with one of the largest manufacturing operations in North America."

Employees will receive eight months' notice before being cut from the payrolls, Levi Strauss said. Notice was officially given yesterday to employees at eight plants: those in Harlingen and Wichita Falls, Texas; Mountain City, Tenn.; Valdosta, Ga.; Morrilton, Ark.; Warsaw, Va.; Murphy, N.C.; and Cornwall, Ontario. In the second part of the plant closings, set to begin in June or July, the company said it will officially notify employees in three more plants: those in Johnson City, Tenn; McAllen, Texas; and the Cypress plant in El Paso, Texas.

The company is providing a severance package worth $245 million for workers affected by the closings. U.S. employees will receive as many as three weeks' severance pay for each year of service, extended medical coverage, enhanced early-retirement benefits and an allowance of as much as $6,000 for training and education expenses. Workers laid off in Canada will receive a "comparable" package, the company said.

One of the unions representing garment workers blamed the Levi cutback on the North American Free Trade Agreement. "We said that Nafta would send U.S. jobs to Mexico—retailers and the apparel industry said no," said Bruce Raynor, secretary-treasurer of the Union of Needletrades, Industrial and Textile Employees, in a statement.

FAX TRANSMISSION

OFFICE OF THE SECRETARY/U.S. DEPARTMENT OF LABOR
200 CONSTITUTION AVENUE, NW
WASHINGTON, DC 20210
202/219-8271
FAX: 202/219-5693

To: Dorothy Robyn/NEC **Date:** February 22, 1999

Fax #: 456-2223 **Pages:** 4, including this cover sheet.

From: Stephanie Swirsky

Subject: Levi's

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Let me know if you need anything further. Thanks

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RE: **Announced Plant Closings at Levi Strauss & Co.**

Date: **February 22, 1999**

BACKGROUND

This morning at 10:00 a.m., Levi Strauss & Co. announced that the company will close 11 of its 22 U.S. and Canadian facilities over the next eight months. The closings of these plants in Arkansas, Georgia, North Carolina, Virginia, Tennessee and Texas will affect 5,900 employees, representing 30 percent of Levi's current manufacturing workforce in the U.S. and Canada. Six of the facilities are represented by UNITE (Jay Mazur, president), one is represented by the United Food and Commercial Workers Union (Doug Dority, president) and three are non-union (the 11th is a Canadian facility)

Specifically,

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COMPANY RESPONSE

The company has indicated that the closures represent a shifting of a significant portion of its U.S. and Canadian manufacturing to "contractors throughout the world." This is different from last years' announcement of 11 plant closings (November 1997), which were framed in the context of declining demand for denim products and excess capacity.

The company is again offering its employees the package of assistance and 8 months notice that is negotiated with the two unions in 1997, including:

- eight months advanced notice of closures (the plant closing law only requires 60 days advanced notice);
- three weeks severance pay per year of service

- six months of outplacement and career counseling;
- continuation of health care benefits under COBRA for 18 months;
- $500 new employment bonus;
- $6,000 allowance to be applied to a menu of benefits including relocation assistance, education and training, small business startup; and
- early retirement for eligible employees.

DEPARTMENT OF LABOR ACTIONS

We had been made aware that layoffs of this magnitude would be occurring at Levi's and have been working with the company to prepare to address worker impact. Senior DOL regional staff will be working closely with the affected states, local and the company representatives in the coming weeks to ensure coordination of government and corporate resources that will be marshaled for these workers and make expedited transition assistance available. This early intervention and time eight-month notification will help ensure that workers receive early job search assistance, retraining, job counseling, and support services -- including income support during training, and relocation allowances -- to assist them in finding new jobs.

In addition, ETA national office staff is conducting an inventory of current TAA and NAFTA certifications for Levi's plants to ensure that the necessary papers have been filed and are still current.

Draft Secretary Statement on Levi Strauss & Co.'s Announcement of Plant Closings

"We know every layoff causes hardships. That's why one of my top priorities is to provide workers the tools they need to manage change. The Department of Labor has been in close contact with Levi Strauss, union representatives and state and local officials to make sure that workers affected by these closings get the full range of assistance, as soon as possible, to help them find new jobs.

"This kind of job loss is very traumatic for workers, families and communities. To help ease the transition, the Department of Labor is taking all available resources to the workers. Rapid response teams will be on site at 10 Levi's plants in Texas, Tennessee, Georgia, North Carolina and Virginia -- working together with the states, employers and unions -- to ensure that when these plants close, eight months from now, these workers will either be in new jobs or training for new jobs.

"While some of these 5,900 workers will be taking early retirement, most will need new jobs. The Department of Labor, together with the states, will be working with them, worker by worker, right away, through rapid response teams, to find out what their needs are. After that, we will look to the longer term, through job counseling, education and training and identifying new opportunities.

"In the same way that funds are available for disaster relief assistance, the President is committed to helping dislocated workers weather that storm. The eight-month advance notice of the closings and the generous severance package, which the two unions representing workers at Levi's -- the Union of Needletrades, Industrial and Textile Employees (UNITE) and the United Food and Commercial Workers (UFCW) -- were able to negotiate with the company, will help us to assist these workers, their families and communities."

VIA FAX

TO: Office of Economc Adjustment

FROM: Attached please find an announcement regarding LS&CO. A member of the Public Affairs staff will contact you today for further follow-up.

ATTN: Dorothy Robyn

TO: FAX PHONE#: 202-456-2223

Job Number: 76578060-005-15-0014
TIME: Mon Feb 22 10:16:53 1999

5 pages including cover sheet

LEVI STRAUSS & CO. NEWS

1155 Battery Street, San Francisco, CA 94111

(BW)(LEVI-STRAUSS) Levi Strauss & Co. to Close 11 of Its North American Plants

Business Editors

SAN FRANCISCO--(BUSINESS WIRE)--Feb. 22, 1999--

Company Reallocating Resources to Marketing and Product Innovation -- Affected Employees to Receive $245 Million Benefits Package

Levi Strauss, the Americas, a division of Levi Strauss & Co. (LS&CO.), announced today that it will close 11 of its 22 owned-and-operated manufacturing facilities in North America this year. The action is one of a series of strategic steps the division is taking in 1999 to improve its competitive position.

The following plants will close in two phases, with employees in each facility receiving eight months' formal notice.

Phase 1 (formal notification date Feb. 22, 1999):

-- Two plants in Texas:	Harlingen and Wichita Falls
-- One plant in Tennessee:	Mountain City
-- One plant in Georgia:	Valdosta
-- One plant in Arkansas:	Morrilton
-- One plant in Virginia:	Warsaw
-- One plant in North Carolina:	Murphy
-- One plant in Canada:	Cornwall, Ontario

Phase 2 (formal notification date: June or July 1999):

-- Two plants in Texas:	McAllen and the Cypress plant in El Paso
-- One plant in Tennessee:	Johnson City

In total, approximately 5,900 employees - or 30 percent of LS&CO.'s 19,900 employee workforce in the United States and Canada - will be laid off as a result of the closures. This includes about 100 employees laid off from the Brantford, Ontario finishing center and approximately 80 employees who will lose their jobs when the company shuts down its U.S. transportation fleet this year.

John Ermatinger, president of Levi Strauss, the Americas, said: "Our strategic plan in North America is to focus intensely on brand management, marketing and product design as a means to meet the casual clothing wants and needs of consumers. Shifting a significant portion of our manufacturing for the U.S. and Canadian markets to contractors throughout the world will give the company greater flexibility to allocate resources and capital to its brands. These steps are crucial if we are to remain competitive."

Mr. Ermatinger continued: "This is a difficult decision because we recognize the disruption it will create for many of the employees and communities that have contributed so much to our company's success over the years. We are committed to working with them in ways that are sensitive, respectful and compassionate and to providing a comprehensive benefits and transition services program."

The U.S. employee benefits package, valued at $245 million, includes eight months' notice; up to three weeks of severance pay per year of service; extended medical coverage; enhanced early retirement program; and a flexible allowance of up to $6,000 for training, education and business start-up expenses.

Mr. Ermatinger noted that a similar benefits package offered to employees affected by closures last year has been effective in providing income for an extended length of time, and in giving employees opportunities to build their skills, increase their education and find new employment.

The Levi Strauss Foundation will contribute up to $5 million in Community Transition Fund grants to ease the social and economic impact on the 11 communities affected by these closures. A similar fund was established for earlier plant closures, and grants have been awarded to many non-profit organizations to strengthen local support services and improve economic opportunities.

Closure decisions and the employee benefits package were negotiated with the Union of Needletrades, Industrial and Textile Employees (UNITE!) and the United Food and Commercial Workers (UFCW), which represent a majority of the plants.

LS&CO. is one of the last major U.S. clothing companies to maintain a sizable North American owned-and-operated production base. Virtually every major apparel company has eliminated, scaled back or never owned manufacturing facilities. This trend includes some of the largest names in the industry.

During this same period, Mr. Ermatinger added, "LS&CO. has invested in new programs and initiatives for our North American plants in order to make them a competitive advantage. These efforts have not been sufficient to overcome the competitive disadvantage of the substantially higher costs incurred in owned-and-operated facilities."

Mr. Ermatinger added that all contractors engaged in the manufacturing of products for LS&CO. will be bound by the company's stringent code of conduct. In 1991, LS&CO. was the first multinational company of any industry to adopt universal guidelines covering issues such as working conditions, child labor and environmental standards.

Levi Strauss & Co. is one of the world's largest brand-name apparel marketers with 1998 sales of $6 billion. The company manufactures and markets branded jeans and casual sportswear under the Levi's(R), Dockers(R) and Slates(R) brands, and employs approximately 30,000 people worldwide.

Levi Strauss & Co.

1999 North American Plant Closures
Benefits Package Fact Sheet

Overview of Benefits for Laid-Off U.S. Hourly Workers:

Eight Months' Notice -- Employees will receive regular pay for eight months from their official layoff notification date.

Up to Three Weeks' Severance Pay Per Year of Service -- Employees receive one week of severance per year of service, and may receive two additional weeks' pay per year of service with the signing of a general release.

Outplacement and Career Counseling Services -- For six months employees may access a wide range of services and support to help them make vocational, educational and retraining choices.

Continuation of Medical Coverage -- Through COBRA, LS&CO. will offset the cost of healthcare coverage for up to 18 months, based on years of service.

$500 Performance Bonus OR $500 Transition Bonus -- Some facilities identified for closure will continue operating for several more months and will offer employees a $500 bonus if performance expectations are met during this period. Other facilities will shut down more quickly and in lieu of the performance bonus, will offer employees a $500 transition bonus for participating in various transition activities.

Variable Allowance -- A flexible fund from which employees can access up to $6,000 to offset expenses associated with education and retraining, small business start-up, relocation or dependent care.

Enhancements to Pension Plan and Early Retirement Program -- Several enhancements are being offered to employees meeting various age and service eligibility requirements.

Global Success Sharing Program -- Employees eligible for the company's incentive program will receive a payout in 2002 provided the company meets its financial performance and cash flow objectives.

Levi Strauss Foundation
Community Transition Fund
Fact Sheet

The Levi Strauss Foundation has established the Community Transition Fund, a special fund to assist local communities in the United States and Canada through the economic and social transitions resulting from plant closures. The LSF committed $8 million in late 1997 to assist communities affected by plant closings in 1998. Since then, $5.5 million in grants have been awarded to nonprofit organizations in those affected communities. Additionally, up to $5 million has been committed to assist communities affected by 1999 closures. Grants are made over a three year period following plant closures.

Core Grantmaking/Economic Empowerment -- LSF will meet its existing grant commitments to community nonprofits. In 1999, LSF will continue to award grants for up to three years to selected nonprofit organizations working in its core focus areas of Economic Empowerment, HIV/AIDS, Social Justice and Youth Empowerment. In the area of Economic Empowerment, priority is given to microenterprise, job creation, comprehensive and targeted job training, and community-wide efforts for strengthening the local economic base.

Special Grantmaking -- The purpose of this funding is to support services likely to be in high demand during the transition period. Grants are made to increase the capacity of social service organizations to meet community needs in such areas as child care, food banks, domestic violence, counseling and transportation.

Community Involvement Teams -- Teams of LS&CO. employees will continue to designate grants of their choice in 1999.

Matching Gifts/Service Grants -- Grants will be made in 1999 to organizations that were funded in 1998 as a result of employee-directed contributions or volunteer service.

United Way -- LSF will award three-year grants to local United Ways in affected communities.

Project Change -- LSF is continuing its commitment to Project Change, a community anti-racism initiative in four locations (Albuquerque, New Mexico; El Paso, Texas; Knoxville, Tennessee; and Valdosta, Georgia). In 1998, LSF granted $3.6 million to support Project Change over a five-year period.

--30--

Contact: LS & CO.
Bina Harshberger, 915/479-1573

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Levi Strauss Foundation
Community Transition Fund
Fact Sheet

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Contact: LS & CO.
Ramiro Cavazos, 210/573-8977
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FAX TRANSMISSION

OFFICE OF THE SECRETARY/U.S. DEPARTMENT OF LABOR
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To:	Dorothy Robyn/NEC	**Date:**	February 22, 1999
Fax #:	456-2223	**Pages:**	4, including this cover sheet.
From:	Stephanie Swirsky		
Subject:	Levi's		

COMMENTS:

Let me know if you need anything further. Thanks

Gene/Karl:

Secretary Herman ~~was~~ has not going to release the attached statement on Levi Strauss layoffs unless asked by the press; that hadn't happened

DOL did not release the Secretary's statement (last page) on the L-S layoffs, but they have given it to reporters who called requesting comments. DOL has had very few press calls so far.

Dorothy

RE: **Announced Plant Closings at Levi Strauss & Co.**

Date: **February 22, 1999**

BACKGROUND

This morning at 10:00 a.m., Levi Strauss & Co. announced that the company will close 11 of its 22 U.S. and Canadian facilities over the next eight months. The closings of these plants in Arkansas, Georgia, North Carolina, Virginia, Tennessee and Texas will affect 5,900 employees, representing 30 percent of Levi's current manufacturing workforce in the U.S. and Canada. Six of the facilities are represented by UNITE (Jay Mazur, president), one is represented by the United Food and Commercial Workers Union (Doug Dority, president) and three are non-union (the 11th is a Canadian facility)

Specifically,

1. **Harlingen, TX** - UNITE represented, **323 employees**
2. **Wichita Falls, TX** - UFCW represented, **426 employees**
3. **Mountain City, TN**- UNITE represented, **503 employees**
4. **Valdosta, GA** - UNITE represented, **439 employees**
5. **Morrilton, AR** - UNITE represented, **605 employees**
6. **Warsaw, VA** - nonunion, **338 employees**
7. **Murphy, NC** - nonunion, **382 employees**
8. **McAllen, TX** (notice not until June 1999) - UNITE represented, **718 employees**
9. **Cypress, TX (El Paso)** (notice not until June 1999) - UNITE represented**, 688 employees**
10. **Johnson City, TN** (notice not until June 1999) - nonunion, **345 employees**
11. **Cornwall, Ontario**

COMPANY RESPONSE

The company has indicated that the closures represent a shifting of a significant portion of its U.S. and Canadian manufacturing to "contractors throughout the world." This is different from last years' announcement of 11 plant closings (November 1997), which were framed in the context of declining demand for denim products and excess capacity.

The company is again offering its employees the package of assistance and 8 months notice that is negotiated with the two unions in 1997, including:

- eight months advanced notice of closures (the plant closing law only requires 60 days advanced notice);
- three weeks severance pay per year of service

- six months of outplacement and career counseling;
- continuation of health care benefits under COBRA for 18 months;
- $500 new employment bonus;
- $6,000 allowance to be applied to a menu of benefits including relocation assistance, education and training, small business startup; and
- early retirement for eligible employees.

DEPARTMENT OF LABOR ACTIONS

We had been made aware that layoffs of this magnitude would be occurring at Levi's and have been working with the company to prepare to address worker impact. Senior DOL regional staff will be working closely with the affected states, local and the company representatives in the coming weeks to ensure coordination of government and corporate resources that will be marshaled for these workers and make expedited transition assistance available. This early intervention and time eight-month notification will help ensure that workers receive early job search assistance, retraining, job counseling, and support services -- including income support during training, and relocation allowances -- to assist them in finding new jobs.

In addition, ETA national office staff is conducting an inventory of current TAA and NAFTA certifications for Levi's plants to ensure that the necessary papers have been filed and are still current.

Draft Secretary Statement on Levi Strauss & Co.'s Announcement of Plant Closings

"We know every layoff causes hardships. That's why one of my top priorities is to provide workers the tools they need to manage change. The Department of Labor has been in close contact with Levi Strauss, union representatives and state and local officials to make sure that workers affected by these closings get the full range of assistance, as soon as possible, to help them find new jobs.

"This kind of job loss is very traumatic for workers, families and communities. To help ease the transition, the Department of Labor is taking all available resources to the workers. Rapid response teams will be on site at 10 Levi's plants in Texas, Tennessee, Georgia, North Carolina and Virginia -- working together with the states, employers and unions -- to ensure that when these plants close, eight months from now, these workers will either be in new jobs or training for new jobs.

"While some of these 5,900 workers will be taking early retirement, most will need new jobs. The Department of Labor, together with the states, will be working with them, worker by worker, right away, through rapid response teams, to find out what their needs are. After that, we will look to the longer term, through job counseling, education and training and identifying new opportunities.

"In the same way that funds are available for disaster relief assistance, the President is committed to helping dislocated workers weather that storm. The eight-month advance notice of the closings and the generous severance package, which the two unions representing workers at Levi's -- the Union of Needletrades, Industrial and Textile Employees (UNITE) and the United Food and Commercial Workers (UFCW) -- were able to negotiate with the company, will help us to assist these workers, their families and communities."

FAX TRANSMITTAL

TO: DOROTHY ROBYN

FAX: (202) 456-2223

FROM: LEVI STRAUSS & COMPANY
LSA PUBLIC AFFAIRS
(CYNTHIA CRUZ)

PHONE: 415-501-1509

LEVI STRAUSS & CO. NEWS

1155 Battery Street, San Francisco, CA 94111

For Release: February 22, 1999

Contact: LS&CO. Media Center
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LEVI STRAUSS & CO. TO CLOSE 11 OF ITS NORTH AMERICAN PLANTS

COMPANY REALLOCATING RESOURCES TO MARKETING AND PRODUCT INNOVATION— AFFECTED EMPLOYEES TO RECEIVE $245 MILLION BENEFITS PACKAGE

SAN FRANCISCO (Feb. 22, 1999) – Levi Strauss, the Americas, a division of Levi Strauss & Co. (LS&CO.), announced today that it will close 11 of its 22 owned-and-operated manufacturing facilities in North America this year. The action is one of a series of strategic steps the division is taking in 1999 to improve its competitive position.

The following plants will close in two phases, with employees in each facility receiving eight months' formal notice.

Phase 1 (formal notification date Feb. 22, 1999):

- Two plants in Texas: Harlingen and Wichita Falls
- One plant in Tennessee: Mountain City
- One plant in Georgia: Valdosta
- One plant in Arkansas: Morrilton
- One plant in Virginia: Warsaw
- One plant in North Carolina: Murphy
- One plant in Canada: Cornwall, Ontario

Phase 2 (formal notification date: June or July 1999):

- Two plants in Texas: McAllen and the Cypress plant in El Paso
- One plant in Tennessee: Johnson City

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In total, approximately 5,900 employees – or 30 percent of LS&CO.'s 19,900 employee workforce in the United States and Canada – will be laid off as a result of the closures. This includes about 100 employees laid off from the Brantford, Ontario finishing center and approximately 80 employees who will lose their jobs when the company shuts down its U.S. transportation fleet this year.

John Ermatinger, president of Levi Strauss, the Americas, said: "Our strategic plan in North America is to focus intensely on brand management, marketing and product design as a means to meet the casual clothing wants and needs of consumers. Shifting a significant portion of our manufacturing for the U.S. and Canadian markets to contractors throughout the world will give the company greater flexibility to allocate resources and capital to its brands. These steps are crucial if we are to remain competitive."

Mr. Ermatinger continued: "This is a difficult decision because we recognize the disruption it will create for many of the employees and communities that have contributed so much to our company's success over the years. We are committed to working with them in ways that are sensitive, respectful and compassionate and to providing a comprehensive benefits and transition services program."

The U.S. employee benefits package, valued at $245 million, includes eight months' notice; up to three weeks of severance pay per year of service; extended medical coverage; enhanced early retirement program; and a flexible allowance of up to $6,000 for training, education and business start-up expenses.

Mr. Ermatinger noted that a similar benefits package offered to employees affected by closures last year has been effective in providing income for an extended length of time, and in giving employees opportunities to build their skills, increase their education and find new employment.

The Levi Strauss Foundation will contribute up to $5 million in Community Transition Fund grants to ease the social and economic impact on the 11 communities affected by these closures. A similar fund was established for earlier plant closures, and grants have been awarded to many non-profit organizations to strengthen local support services and improve economic opportunities.

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Closure decisions and the employee benefits package were negotiated with the Union of Needletrades, Industrial and Textile Employees (UNITE!) and the United Food and Commercial Workers (UFCW), which represent a majority of the plants.

LS&CO. is one of the last major U.S. clothing companies to maintain a sizable North American owned-and-operated production base. Virtually every major apparel company has eliminated, scaled back or never owned manufacturing facilities. This trend includes some of the largest names in the industry.

During this same period, Mr. Ermatinger added, "LS&CO. has invested in new programs and initiatives for our North American plants in order to make them a competitive advantage. These efforts have not been sufficient to overcome the competitive disadvantage of the substantially higher costs incurred in owned-and-operated facilities."

Mr. Ermatinger added that all contractors engaged in the manufacturing of products for LS&CO. will be bound by the company's stringent code of conduct. In 1991, LS&CO. was the first multinational company of any industry to adopt universal guidelines covering issues such as working conditions, child labor and environmental standards.

Levi Strauss & Co. is one of the world's largest brand-name apparel marketers with 1998 sales of $6 billion. The company manufactures and markets branded jeans and casual sportswear under the Levi's®, Dockers® and Slates® brands, and employs approximately 30,000 people worldwide.

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(Editor's Note: See attachments for details on benefits package and community transition program)

LEVI STRAUSS FOUNDATION

COMMUNITY TRANSITION FUND

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Levi Strauss & Co.

1999 North American Plant Closures
Benefits Package Fact Sheet

Overview of Benefits for Laid-Off U.S. Hourly Workers:

Eight Months' Notice – Employees will receive regular pay for eight months from their official layoff notification date.

Up to Three Weeks' Severance Pay Per Year of Service – Employees receive one week of severance per year of service, and may receive two additional weeks' pay per year of service with the signing of a general release.

Outplacement and Career Counseling Services – For six months employees may access a wide range of services and support to help them make vocational, educational and retraining choices.

Continuation of Medical Coverage -- Through COBRA, LS&CO. will offset the cost of healthcare coverage for up to 18 months, based on years of service.

$500 Performance Bonus OR $500 Transition Bonus – Some facilities identified for closure will continue operating for several more months and will offer employees a $500 bonus if performance expectations are met during this period. Other facilities will shut down more quickly and in lieu of the performance bonus, will offer employees a $500 transition bonus for participating in various transition activities.

Variable Allowance -- A flexible fund from which employees can access up to $6,000 to offset expenses associated with education and retraining, small business start-up, relocation or dependent care.

Enhancements to Pension Plan and Early Retirement Program – Several enhancements are being offered to employees meeting various age and service eligibility requirements.

Global Success Sharing Program – employees eligible for the company's incentive program will receive a payout in 2002 provided the company meets its financial performance and cash flow objectives.

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- Secy spoke to Haas

Our RA is working w/ them.

We've talked to states to ensure