Goodwin Procter LLP
Counsellors at Law
Exchange Place
Boston, MA 02109

T: 617.570.1000
F: 617.523.1231
goodwinprocter.com

00072

Rules 14a-8(i)(3), 14a-8(i)(7)
and 14a-8(i)(6)

December 5, 2001

Public Avail. Date: 1/16/02 0204200211

Act	Section	Rule
1934	14(a)	14a-8

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: The Stride Rite Corporation, Omission Pursuant to Rule 14a-8 of a Shareholder Proposal Submitted by the New York City Employees' Retirement System and the New York City Teachers' Retirement System

Ladies and Gentlemen:

I am writing on behalf of The Stride Rite Corporation, a Massachusetts corporation (the "Company"), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, to respectfully request that the Staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") concur with the Company's view that, for the reasons stated below, the shareholder proposal (the "Proposal") submitted by the New York City Employees' Retirement System and the New York City Teachers' Retirement System (the "Proponents") properly may be omitted from the proxy statement and form of proxy (the "Proxy Materials") to be distributed by the Company in connection with its 2002 Annual Meeting of Shareholders.

Pursuant to Rule 14a-8(j)(2), I am enclosing six copies of this letter and the Proponents' letter transmitting the Proposal. A copy of this letter also is being sent to each of the Proponents as notice of the Company's intent to omit the Proposal from the Proxy Materials.

I. The Proposal

The Proposal consists of (i) six "Whereas" clauses relating to reported human rights violations in overseas operations of U.S. companies and a program of independent monitoring standards (the "Standards") purportedly established by some companies, which Standards incorporate the conventions of the International Labor Organization ("ILO"), (ii) five principles contained in the fifth "Whereas" clause that are set forth as examples of eight of the ILO conventions that are incorporated in the Standards and (iii) a resolution that reads as follows:

> Therefore, be it resolved that the company commit itself to the implementation of a code of corporate conduct based on the aforementioned ILO human rights standards by its international suppliers and in its own international production facilities and commit to a program of outside, independent monitoring of compliance with these standards.

The full text of the Proposal is set forth in the letter from the Proponents attached hereto as Exhibit A. A copy of the eight ILO conventions listed as examples in the Proposal is attached as Exhibit B (the text of all 180 ILO conventions are over 6 inches. Accordingly we have not included them. However, we will provide them at your request).

II. Summary

This letter is to inform you, pursuant to Rule 14a-8(j), that the Company intends to omit the Proposal from its Proxy Materials. The Company believes that the Proposal properly may be omitted as follows:

1. Pursuant to Rule 14a-8(i)(3), the Proposal violates the Commission's proxy rules because (i) the Proposal is vague and misleading under Rule 14a-8(i)(3), and (ii) the Proposal violates the 500 word limit of Rule 14a-8(d);

2. Pursuant to Rule 14a-8(i)(6), the Company lacks the authority to implement the Proposal due to its misleading nature; and

3. Pursuant to Rule 14a-8(i)(7), the Proposal relates to the Company's ordinary business operations.

III. The Proposal May be Omitted Pursuant to Rule 14a-8(i)(3) Because it violates the Commission's Proxy Rules.

The Proposal properly may be omitted from the Company's Proxy Materials under Rule 14a-8(i)(3), which states that a proposal may be omitted if the proposal is

contrary to any of the Commission's proxy rules, including Rule 14a-9. The Company believes that the Proposal violates Rule 14a-9 and Rule 14a-8(d). The Proposal violates Rule 14a-8(i)(3) because it is vague, indefinite and misleading and thus in violation of Rule 14a-9. In addition, by seeking to circumvent the Commission's limitation on the length of proposals submitted to 500 words, the Proposal violates Rule 14a-8(d).

A. The Proposal Should Be Excluded under Rule 14a-8(i)(3) Because it is Vague, Indefinite and Misleading and thus in Violation of Rule 14a-9.

The Staff consistently has taken the position that a company may exclude a proposal pursuant to Rule 14a-8(i)(3) if the proposal is vague, indefinite and, therefore, potentially misleading. A proposal is sufficiently vague, indefinite and potentially misleading to justify exclusion where "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with reasonable certainty exactly what measures or actions the proposal requires." See Bristol-Myers Squibb Co. (February 1, 1999) (the Staff concurred in the omission of a shareholder proposal under Rule 14a-8(i)(3) because the proposal's vagueness, in requesting that shareholders refer certain plans to the board, precluded the shareholders from determining with reasonable certainty either the meaning of the resolution or the consequences of its implementation); Philadelphia Electric Co. (July 30, 1992) (the Staff concurred in the omission of a shareholder proposal under Rule 14a-8(i)(3) where a proposal's references to the Bible and Roman law rendered the proposal so vague that neither shareholders voting on the proposal nor the company in implementing the proposal would be able to determine with any certainty the exact actions or measures required by the proposal).

The Proposal is vague, indefinite and misleading because from the face of the Proposal, shareholders will not know what they are being asked to consider and upon what they are being asked to vote. The Staff has taken no action with respect to the exclusion of most proposals that are similar to the Proposal. See AnnTaylor Stores Corporation (March 13, 2001) (the Staff concurred with the exclusion of a proposal that was identical to the Proposal in all respects, save for the exception of a few words); Kohl's Corporation (March 13, 2001) (SEC took no action against exclusion under 14a-8(i)(3) of almost identical proposal by the New York City Fire Department Pension and the Connecticut Retirement Plans and Trust Fund); see also; H.J. Heinz Company (May 25, 2001) (similar proposal calling for standards established by the Council on Economic Priorities was properly excluded because it was vague, indefinite and potentially misleading); TJX Companies (March 14, 2001) (proposal calling for implementation of standards based on SA8000 Social Accountability was properly excluded under 14a-8(i)(3)); Revlon, Inc. (March 13, 2001) (same); McDonald's Corporation (March 13, 2001) (same).

The Proposal requests that the Company commit itself to the implementation of a code of conduct based on these Standards, which incorporate the ILO conventions, but does not fairly summarize those Standards. Indeed, the Proposal sets forth only five broad

principles citing eight ILO conventions. As written, the Proposal appears to require the Company to base this code of conduct on all of the ILO conventions, which number in excess of 180 or in the alternative, to choose which ILO conventions not to consider without any guidance or other principle being stated by the Proponents. Even if the Proponents intended to incorporate only the eight ILO conventions that specifically are referenced in the "Whereas" clauses, the Proposal still fails to adequately summarize those conventions so as to properly inform shareholders and precisely define what they are being asked to approve. Each individual convention contains numerous articles that the Company would be required to follow. Indeed, each "single" convention is four to ten pages in length and contains up to 33 separate articles. As a result, not only will the Company and its shareholders be unable to comprehend what actions or measures the Company would have to take in the event that the Proposal were adopted, but actions ultimately taken by the Company pursuant to the Proposal could differ significantly from actions contemplated by shareholders in voting on the Proposal.

The text of the Proposal requests that the Company base a code of conduct on the Standards, which appear to be a set of broadly framed human rights standards that incorporate the ILO conventions and contain sweeping statements regarding child and forced labor, trade unions, collective bargaining and discrimination. However, as noted above, the Proposal fails to set forth those conventions and instead sets forth only five broad principles that are included therein. Certainly, a statement of five principles as a summary of hundreds of conventions (or even eight conventions, for that matter) does not pass muster under even the most expansive view of minimally adequate disclosure. The eight conventions alone include 140 articles and an aggregate of 46 pages. The articles and pages in all 180 plus conventions are too numerous to count. The ILO conventions incorporated in the Standards would place numerous obligations on the Company that shareholders could not possibly know by reading the Proposal. For example, ILO Convention 138 is summarized in the Proposal as follows:

> "There shall be no use of child labor."

However, adoption of that convention would require the Company and its suppliers do the following, none of which appears in the Proposal, and all of which, intended originally as labor policy to be implemented on a national and international level, is wholly inappropriate in its application to a single company:

- undertake to pursue a national policy to ensure the effective abolition of child labor and raise progressively the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons;
- specify, in a declaration appended to its ratification, a minimum age for admission to employment or work within its territory;
- ensure that the minimum age for employment is not less than the age of completion of compulsory schooling and, in any case, not less than 15 years; and

- determine the minimum age for admission to employment or work that by its nature or circumstances is likely to jeopardize the health, safety or morals of young persons is not less than 18 years.

Thus, only by reading the ILO conventions would shareholders understand the true impact of adoption of the Proposal.

In addition, the Proposal calls for "independent monitoring of corporate adherence" to the Standards. The Proposal fails to define what would constitute "independent monitoring" or who would qualify as an independent monitor. For example, if the Company employed the Company's independent outside accounting firm as a monitor, would the fact the Company pays a fee to perform such services prevent them from being considered independent? Would the Company be required to hire a social organization that would not charge a fee for such monitoring? Because the Proposal offers the Company no guidance in this respect, as well as for the reasons outlined above, the Proposal is so incomplete as to be vague, indefinite and misleading within the scope of Rule 14a-9, and therefore subject to exclusion under Rule 14a-8(i)(3).

The Proposal is distinguishable from the proposals addressed in Microsoft (September 14, 2000) and Oracle (August 15, 2000) where the Staff refused to concur in the omission of a proposal under Rule 14a-8(i)(3). In Microsoft and Oracle, the proposals requested that the company implement a list of human rights principles, known as the China Principles. However, in Microsoft and Oracle, rather than proposing sweeping standards that incorporate voluminous ILO conventions that would be applicable to company operations anywhere in the world, the proposals specifically set forth in their entirety eleven principles to which they were limited. Moreover, those principles applied to Microsoft and Oracle's operations only in China and were designed to address issues specifically relating to worker human rights in that country.

The language of the Proposal is nearly identical to the language of shareholder proposals in AnnTaylor and Kohls, referenced above. However, rather than calling for "full implementation" of the Standards, as the proposals did in AnnTaylor and Kohls, the proposal here calls for "the implementation of a code of corporate conduct based on the" Standards. Such a proposal is even more vague and indefinite than the ones which companies properly excluded in AnnTaylor and Kohls, since this proposal requires the additional step by the Company of implementing a code of conduct based on the Standards, rather than only adopting the Standards as they are. By adding this additional step, the actions resulting from the shareholder's vote are even further attenuated from the actions for which the proposal asks the shareholder to vote. A shareholder who voted in favor of the proposal could not realistically imagine what the practical result of such a vote would be. Thus, in the view of a shareholder, the proposal is even more vague, indefinite and misleading than proposals that were properly excluded in AnnTaylor and Kohls.

B. The Proposal Should Be Excluded under Rule 14a-8(i)(3) Because it Purports to Circumvent the 500-Word Limit of Rule 14a-8(d).

Rule 14a-8(d) provides that a shareholder proposal may be excluded from a company's proxy statement if the proposal and its supporting statements, in the aggregate, exceed 500 words.[1] By omitting the text of the ILO conventions incorporated in the Standards sought to be adopted under the Proposal, the Proponents seeks to circumvent Rule 14a-8(d). The Proposal states that the Standards "incorporate the conventions of the ILO on workplace human rights" which, as discussed above, exceed 180 in number. We have not attempted to count the number of words in all 180 conventions, or even in the eight specifically referenced conventions. Nevertheless they are, in either case, most assuredly well in excess of 500 words. Surely, a shareholder should not be permitted to do an end run around the requirements of the proxy rules by incorporating voluminous materials not available to shareholders.

In a similar context, the Staff has stated that the incorporation of web site content into shareholder proposals may violate the proxy rules. See Templeton Dragon Fund (June 15, 1998) "reference to Proponent's Internet site in the supporting statement potentially may violate the proxy process requirements.") See also The Boeing Company (Feb. 23, 1999) (reference to a third-party web site excluded as false or misleading); Emerging Germany Fund (Dec. 22, 1998). Similarly, the Proponents seek to incorporate external sources into the Proposal and thereby circumvents the 500-word limit of the proxy rules. Further, as discussed below, the text of ILO is an integral part of the Proposal, which asks the Company to commit to the implementation of a code of conduct based on these complex and lengthy standards.

We are aware that in the past, the Staff did not permit Eastman Kodak Company to exclude proposals requiring Kodak to endorse the environmental standards known as the "Ceres Principles" on the grounds that the proposals and the principles together exceeded 500 words. See, e.g., Eastman Kodak Co. (Jan. 7, 1993). We believe that the Proposal is distinguishable from the one submitted to Kodak. First, Kodak was only asked to endorse the Ceres Principles, not to utilize them to implement a code of conduct. An endorsement would simply be a manifestation of a company's agreement with certain principles. In contrast, implementation of a code of conduct would require close analysis of the numerous and lengthy ILO standards, followed by the creation of a workable code of conduct based on these standards. Thus, in order to understand what such a code of conduct would look like, the shareholder would necessarily have to examine the Standards themselves, rather than limiting itself to the text that would appear on the Company's proxy statement. Further, the Ceres Principles are contained in a single document which is easily summarized in a one page list, whereas the ILO imposes hundreds of requirements contained in multiple sources. Because the Proposal effectively exceeds 500 words, it may be properly excluded under Rule 14a-8(i)(3).

---

[1] The Company did not give the Proponents notice within 14 days of the failure to comply with Rule 14a-8(d) because the Company believes such notice would be futile. It would be impossible to include the necessary information in the Proposal (i.e. the text of the ILO conventions) and come within the 500 word count.

As stated above, a shareholder cannot fully comprehend the impact on the Company of adoption of the Proposal without reading the ILO conventions. Accordingly, the text of the ILO conventions would have to be included in the Proposal, which for purposes of Rule 14a-8(d)'s word limitation, would cause the Proposal to be many times in excess of the number of words permitted by Rule 14a-8(d). As a result, the Proposal violates Rule 14a-8(d) and is excludable under Rule 14a-8(i)(3).

IV. The Proposal May be Omitted Pursuant to Rule 14a-8(i)(7) Because it Relates to the Company's Ordinary Business Operations.

A proposal may be excluded from a company's proxy statement pursuant to Rule 14a-8(i)(7) if it "deals with a matter relating to the company's ordinary business operations." In Release No. 34-40018 (May 21, 1998) (the "1998 Release"), accompanying the Commission's 1998 Amendments to Rule 14a-8, the Staff acknowledged that the general underlying policy of the ordinary business operations exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for stockholders to decide how to solve such problems at an annual meeting."

As stated in the 1998 Release, the policy underlying the ordinary business exclusion rest on two central themes. First, the 1998 Release contemplated that "certain tasks are so fundamental to management's ability to run a company on a day-to-day basis" that they are not proper subjects for shareholder proposals, including, in particular, proposals relating to "the management of the workforce, such as the hiring, promotion, and termination of employees." Second, the 1998 Release states that the Staff will consider "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. This may come into play...where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." Although the Staff reversed its position in Cracker Barrel Old Country Stores, Inc. (October 13, 1992) regarding the automatic exclusion of employment-related shareholder proposals raising social policy issues, the 1998 Release specifically noted that "reversal of the [Cracker Barrel] position does not affect the Division's analysis of any other category of proposals under the exclusion, such as proposals on general business operations." Under the 1998 Amendments to Rule 14a-8, the Staff acknowledged that "there is no bright-line test to determine when employment-related shareholder proposals raising social policy issues fall within the scope of the 'ordinary business' exclusion" but noted that the Staff "will make reasoned distinctions" relying on a case-by-case analysis and taking into account such factors as the nature of the proposal and the circumstances of the company to which it is directed.

The Proposal seeks the Company's commitment to the implementation of a code of conduct based on the Standards, which are a set of global human rights standards incorporating all 180 ILO conventions. While several of the principles addressed in the

ILO conventions touch upon social policy concerns, a vast majority of the issues directly relate to the Company's ordinary business operations. For example, the Proposal includes a requirement that the Company and its suppliers commit themselves to a code of conduct based on the standard that "all workers have the right to form and join trade unions and bargain collectively." Moreover, the Proposal states that "worker representatives . . . have access to all workplaces necessary to enable them to carry out their representation functions." Clearly these mandates deal directly with the Company's ordinary business operations in the area of management and labor relations. In recent years, the Staff has concluded that determinations involving collective bargaining units as well as the negotiations between companies and unions regarding wages, hours and working conditions are ordinary business issues within the scope of Rule 14a-8(i)(7). See Modine Manufacturing Co. (May 6, 1998) (the Staff concurred in the omission of a shareholder proposal under Rule 14a-8(i)(7) because a portion of the proposal dealing with the company's policies regarding trade unions and collective bargaining related to ordinary business operations).

In addition, the ILO's mandate regarding working hours (that the working hours of employees of the Company and its suppliers should not exceed eight hours a day or 48 hours per week) also clearly relates to the Company's ordinary business operations. On several occasions, the Staff has determined that an employer's policy with respect to employee hours relates to the Company's ordinary business operations, and that shareholder proposals relating to such issues may be excluded pursuant to Rule 14a-8(i)(7). See Intel (March 18, 1999) (the Staff concurred in exclusion of a shareholder proposal requesting adoption of an Employee Bill of Rights that would dictate such ordinary business operational matters as employee work hours); see also Toys 'R' Us (March 18,1998) (the Staff concurred in omission of a shareholder proposal under Rule 14a-8(i)(7) because the proposal, in focusing upon such issues as working conditions, wages and working hours for employees of company suppliers, dealt primarily with ordinary employment-related matters).

Further, the Staff has determined that an employer's policies with respect to wage adjustments and the so-called "living wage" relate to ordinary business operations, and that such shareholder proposals may be properly excluded pursuant to Rule 14a-8(i)(7). See Wal-Mart Stores, Inc. (March 15, 1999) (the Staff concurred in the omission of a shareholder proposal under Rule 14a-8(i)(7) because a portion of the proposal dealing with "sustainable living wage" issues infringed upon the company's ordinary business operations); see also K-Mart Corp. (March 12, 1999) and The Warnaco Group (March 12, 1999), in which the Staff reached the same conclusion as in Wal-Mart Stores, Inc. with respect to a similar shareholder proposal.

Further evidence that the Proposal relates to the Company's business operations is that the Company has already implemented labor standards in its terms of engagement (the "Terms of Engagement") with its vendors, attached hereto as Exhibit C. The Terms of Engagement address many of the Company's policies that, as noted in the previous

000089

paragraphs, the Staff has already agreed are part of a company's ordinary business operations. For example, the Terms of Engagement set the maximum length of the work week of employees of suppliers and prohibit child labor, prison labor and exploitation of employees. The Terms of Engagement are the basis of the Company's relationships with its suppliers, relationships that have a direct impact on the quality of the Company's product and the cost of operating its business. Thus, standards that would in any way alter this relationship are clearly excludable as relating to the Company's ordinary business operations.

The Proposal also seeks to micro-manage the Company's business operations, since the ILO conventions touch upon nearly every aspect of the Company's and its suppliers' relationship with their respective employees in intricate detail. For example, in addition to dictating the number of hours a day that an employee should work and dictating standards for employee wages, the conventions would require that the Company and its suppliers:

- set the minimum age for employment which is likely to jeopardize the health, safety or morals of young person at no less than 18 years;
- provide workers' representatives with access to their workplace facilities;
- commit itself to a 40-hour work week;
- provide maternity leave of not less than 14 weeks;
- take steps to ensure that any worker required to transport loads manually receive training in techniques to safeguard health and prevent accidents; and
- provide each worker with a minimum of three weeks of paid vacation every year.

The conventions establish the minimum age of employees, dictate the type of benefits to be provided to employees (including health insurance and maternity leave), set the maximum number of hours employees may work and outline safety provisions to which the Company and their suppliers, must adhere. The mandates would apply worldwide without regard to employees' desires, local laws or local customs.

And indeed, the Company's operation under the terms of a code of conduct based on the Standards would cause the Company to violate the laws of the People's Republic of China, where many of the Company's suppliers are located. The Proposal calls for a code of conduct that allows "workers . . . the right to form . . . trade unions," based on ILO Convention 87. ILO Convention 87 states in Article 2 that "[w]orkers . . . shall have the right . . . to join organisations of their own choosing without previous authorisation." Article 3 states that "[t]he public authorities shall refrain from any interference which would restrict" a labor organization's ability to organize and administer its program. Such provisions are incompatible with the organized labor structure of China. According to "1999 Country Report on Economic Policy and Trade Practices – China," published in March, 2000 by the Bureau of Economic and Business Affairs of the U.S. Department of State, China severely restricts the activities of organized labor. China's Trade Union Law states that workers who wish to form a union

at any level must receive approval from a higher-level government-run trade organization, conflicting with Article 2's prohibition against a worker's right to join a union without previous authorization. Moreover, unions are legally required to join the All-China Federation of Trade Unions, a national umbrella organization controlled by the Communist Party. This requirement conflicts with the ILO provision that prohibits control of a union by a public authority. Thus, the Standards would be unworkable and counterproductive in a part of the world where the Company does much of its business. Without the requirements of the Proposal, the Company currently imposes standards with respect to its suppliers in China that both protect workers and are practicable, given China's unique political and labor system. The interference with the Company's ordinary business operation that the Proposal seeks would deny the flexibility the Company needs to perform its daily operations, and ultimately harm the workers the Proposal claims to protect by restricting its ability to conduct business in certain parts of the world.

Many of the benefits that the Company and its suppliers would be forced to provide to their employees under the Proposal are not even customary in the United States. These benefits could not be implemented by the Company without careful analysis on the part of the board of directors of the potential costs of such benefits. How can shareholders acting once a year at an annual meeting, without the benefit of any meaningful analysis that would enable them to make an informed judgment, make decisions regarding such matters? Clearly, shareholder intervention on such matters would amount to micro-management of the Company's day-to-day operations.

Through the principles briefly addressed in the Proposal and delineated at length in the ILO conventions, the Standards address a broad spectrum of issues. The scope of these Standards demonstrates that the Proposal on the whole relates to the Company's ordinary business operations, encompassing nearly every aspect of the Company and its suppliers' businesses, and seeks to micro-manage the Company. This cannot be masked by the fact that some of these issues also touch upon broader social policy concerns. In recent years, the Staff has noted that a proponent in submitting a shareholder proposal with an enumerated list of human rights standards to which a company must adhere may not circumvent the ordinary business operations exclusion by intermingling ordinary business issues with significant policy issues. See Wal-Mart Stores, Inc. (March 15, 1999) (the Staff concurred in omission of a shareholder proposal which requested the company to report on actions taken to ensure that its suppliers do not, among other things, use child or slave labor, because a single element of the proposal, regarding sustainable living wages, related to ordinary business operations); see also K-Mart Corp. (March 12, 1999) and The Warnaco Group (March 12, 1999) (the Staff concurred in omission as to both under Rule 14a-8(i)(7) with regard to similar proposals where one aspect of the proposals required the companies to implement policies regarding a sustainable living wage, an ordinary business operation within the scope of Rule 14a-8(i)(7)); Chrysler Corp. (February 18, 1998) (the Staff permitted exclusion of a proposal which required the company to review and report to shareholders on its international codes and standards with respect to six principles, one of which related to ordinary

business). In light of the foregoing, the Proposal relates the Company's ordinary business operations and is excludable under Rule 14a-8(i)(7).

The Proposal is distinguishable from the proposals addressed in Microsoft (September 14, 2000) and Oracle (August 15, 2000) where the Staff refused to concur in the omission of the proposals under Rule 14a-8(i)(7). In Microsoft and Oracle, the proposals requested that the company implement eleven specific principles in one country, China. These principles were designed to address a specific, known problem in that country. The proposals in Microsoft and Oracle are more analogous to the shareholder proposal addressed in Toys 'R' Us, Inc. (February 8, 1999). In Toys 'R' Us, the Staff refused to concur with the company's position that a shareholder proposal seeking the company to implement the MacBride Principles could be excluded under Rule 14a-8(i)(7). The MacBride Principles sought to ensure that the company did not discriminate in Northern Ireland on the basis of religion in the hiring, promotion or termination of employees. Similar to the Microsoft and Oracle proposals, the Toys 'R' Us proposal, consisting of nine specific principles, sought to address a documented problem in one country. In contrast, the Proposal requests that the Company implement a code of conduct based on numerous broadly drafted and highly complex ILO conventions which would affect the Company's operations worldwide without regard to the appropriateness of any given convention in any particular locality.

V. The Proposal Should Be Excluded under Rule 14a-8(i)(6) Because it is Impermissibly Vague and Indefinite, and Therefore Beyond the Company's to Effectuate, and Thus Violates Rule 14a-8(i)(6).

Rule 14a-8(i)(6) provides that a shareholder proposal may be excluded from a company's proxy statement if it is sufficiently vague that the company "would lack the power or authority to implement" the proposal because the company would be unable to determine what actions should be taken. See Int'l Business Machines Corp. (January 14, 1992); Dyer v. SEC, 287 F.2d 773, 781 (8th Cir. 1961) ("it appears to us that the proposal as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail").

The Proposal requests that the board of directors commit the Company to the implementation of a code of conduct based the Standards. As discussed above, it is impossible to determine from the Proposal what the Company's obligations would be if the board so committed the Company and its suppliers to implementation of a code of conduct based on the Standards, thereby committing itself to broadly written ILO conventions that would be applicable to the Company's operations worldwide. If the Proposal were adopted, the Company would be required to become familiar with the intricacies of each ILO convention and make arbitrary decisions as to how to implement broadly stated social and political goals. Moreover, the Company would continue to be obligated to comply with a multiplicity of foreign laws and regulations. Neither the Proposal nor the ILO conventions themselves provide any guidance to the Company as to

how to reconcile conflicts between the ILO conventions and foreign and local laws and regulations. For example, the ILO conventions mandate collective bargaining and organization of employees, notwithstanding the fact that such activities may violate the law in certain foreign jurisdictions. This may, in itself, render the Proposal excludable pursuant to Rule 14a-8(i)(6). In fact, the Company already adheres to its own labor standards according to its standard terms of engagement between it and its suppliers. See Exhibit C. These standards allow the Company to pursue goals of fair labor practices without the imposition of standards that may be incompatible with the varied nature of agreements and situations that the Company faces in its ordinary course of business.

From the face of the Proposal, the shareholders and the Company could have widely divergent views regarding what obligations the Proposal would place on the Company. This uncertainty is exacerbated by the fact that significant implementation would have to occur at the supplier level, since the Company contracts out all manufacturing operations. Further, it is unclear how the Company could reconcile conflicts between the ILO conventions and foreign laws. Due to these material uncertainties, the Company would lack the power or authority to implement the Proposal, making it subject to exclusion under Rule 14a-8(i)(6).

The Proposal is distinguishable from the proposals addressed in Microsoft (September 14, 2000) and Oracle (August 15, 2000) where the Staff refused to concur in the omission of a proposal under Rule 14a-8(i)(6). As discussed above, in Microsoft and Oracle, the proposals requested that the company implement a list of human rights principles, known as the China Principles. However, in Microsoft and Oracle, rather than proposing sweeping standards that incorporate voluminous and complex ILO conventions that would be applicable to company operations anywhere in the world, the proposal specifically set forth in their entirety eleven principles to which it was limited. Thus, the Proposal would be significantly more onerous for the Company to attempt to implement than the proposals in Microsoft or Oracle.

For the reasons set forth above, the Company respectfully requests that the Staff concur with its view that it may properly omit the Proposal. Should the Staff disagree with the Company's conclusions, or should any additional information be desired, the Company would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of your response.

Any questions or comments with respect to the subject matter of this letter should be addressed to the undersigned at Goodwin Procter LLP, Exchange Place, Boston, MA 02109 (telephone: 617-570-1000) or, in my absence, please contact Charles W. Redepenning, Jr., General Counsel of the Company at The Stride Rite Corporation, 191 Spring Street, P.O. Box 9191, Lexington, Massachusetts 02420-9191 (telephone: 617-824-6000)

00001

Thank you for your consideration.

Very truly yours,

Ettore A. Santucci, P.C.

LIBC/1322473.3

LIBC/1322473.3

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

ALAN G. HEVESI
COMPTROLLER

STRIDE RITE CORPORATION/ GLOBAL HUMAN RIGHTS STANDARDS

Whereas, Stride Rite Corporation has extensive overseas operations, and

Whereas, reports of human rights abuses in the overseas subsidiaries and suppliers of some U.S.-based corporations has led to an increased public awareness of the problems of child labor, "sweatshop" conditions , and the denial of labor rights in U.S. corporate overseas operations, and

Whereas, corporate violations of human rights in these overseas operations can lead to negative publicity, public protests, and a loss of consumer confidence which can have a negative impact on shareholder value,and

Whereas, a number of corporations have implemented independent monitoring programs with respected human rights and religious organizations to strengthen compliance with international human rights norms in subsidiary and supplier factories, and

Whereas, these standards incorporate the conventions of the United Nation's International Labor Organization (ILO) on workplace human rights which include the following principles:

1) All workers have the right to form and join trade unions and to bargain collectively. (ILO Conventions 87 and 98)

2) Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions. (ILO Convention 135)

3) There shall be no discrimination or intimidation in employment. Equality of opportunity and treatment shall be provided regardless of race, color, sex, religion, political opinion, age, nationality, social origin, or other distinguishing characteristics. (ILO Convention 100 and 111)

4) Employment shall be freely chosen. There shall be no use of force, including bonded or prison labor. (ILO Conventions 29 and 105)

5) There shall be no use of child labor. (ILO Convention 138), and,

Whereas, independent monitoring of corporate adherence to these standards is essential if consumer and investor confidence in our company's commitment to human rights is to be maintained,

Therefore, be it resolved that the company commit itself to the implementation of a code of corporate conduct based on the aforementioned ILO human rights standards by its international suppliers and in its own international production facilities and commit to a program of outside, independent monitoring of compliance with these standards.

COMPTROLLER OF THE CITY OF NEW YORK
1 CENTRE STREET
NEW YORK, NY 10007-2341
(212) 669-3500

ALAN G. HEVESI
COMPTROLLER

October 25 2001

Mr. Charles W. Redepenning, Jr.
Secretary
Stride Rite Corporation
191 Spring Street
Lexington, MA 02420-9191

Dear Mr. Redepenning:

As Comptroller of New York City, I am the custodian and trustee of the New York City Employees' Retirement System and the New York City Teachers' Retirement Systems (the "Systems"). The Systems' boards of trustees have authorized me to inform you of our intention to offer the enclosed proposal for consideration of stockholders at the next annual meeting.

It calls for the implementation of a uniform, verifiable, international standard for workers rights based on the conventions of the United Nations' International Labor Organization (ILO). Its adoption would benefit our company by helping to ensure that it is not associated with human rights violations in the workplace.

I submit the attached proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

Letters from Citibank certifying the Systems' ownership, for over a year, of 161,436 shares of Stride Corporation common stock, are enclosed. The Systems intend to continue to hold at least $2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the board decide to endorse its provisions as company policy, our funds will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact Mr. Patrick Doherty of my office at (212) 380-2651, if you have any further questions on this matter.

Sincerely,

Alan G. Hevesi

AGH: pd:ma
Enclosure

H:\workrights

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

Writer's Direct Dial. (212) 669-3749
Facsimile: (212) 815-8563
skay@comptroller.nyc.gov

January 8, 2002

Office of the Chief Counsel
Division of Corporate Finance
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: The Stride Rite Corporation;
New York City Employees' Retirement System and New York City Teachers' Retirement System Shareholder Proposal

To Whom It May Concern:

I write on behalf of the New York City Employees' Retirement System and New York City Teachers' Retirement System (the "Funds") in response to the December 5, 2001 letter sent to the Securities and Exchange Commission by Goodwin Proctor LLP on behalf of The Stride Rite Corporation ("Stride Rite" or the "Company"). In that letter, Stride Rite contends that the Funds' shareholder proposal (the "Proposal") may be excluded from the Company's 2002 proxy statement and form of proxy (the "Proxy Materials").

Stride Rite argues that the Proposal may be omitted under Rule 14a-8 (i)(3), i(6) and (i)(7). I have reviewed the Proposal, as well as the December 5, 2001 letter. Based upon that review, as well as a review of Rule 14a-8, it is my opinion that the Proposal may not be omitted from Stride Rite's 2001 Proxy Materials. Accordingly, the Funds respectfully request that the Division deny the relief that Stride Rite seeks.

I. The Proposal

The Proposal consists of a series of whereas clauses followed by a resolution. The whereas clauses describe: (a) five internationally recognized ILO workers' rights standards relating to trade unions and collective bargaining, discrimination, and child and forced labor; and (b) a system of independent monitoring. These clauses are followed by a resolve clause that states:

> Therefore, be it resolved that the company commit itself to the implementation of a code of corporate conduct based on the aforementioned ILO human rights standards by its international suppliers and in its own international production facilities and commit to a program of outside, independent monitoring of compliance with these standards.

Thus the Proposal is, in effect, bipartite. The Company is requested to commit itself and hold its international suppliers to a code of conduct based on a limited number of specified human rights standards and to the outside monitoring of that compliance.

II. The Company's Opposition and The Funds' Response

Stride Rite has requested that the Division grant "no-action" relief pursuant to three provisions of SEC Rule 14a-8: (1) Rule 14a-8(i)(3), which prohibits false and misleading statements and violations of the 500 word limit established in Rule 14a-8(d); (2) Rule 14a-8(i)(6), which deprives a company of the authority to implement misleading proposals; and (3) Rule 14a-8(i)(7) which applies to matters concerning a company's "ordinary business". Pursuant to Rule 14a-8(g), Stride Rite bears the burden of proving that one or more of these exclusions apply. As detailed below, the Company has failed, in each instance, to meet that burden.

A. The Proposal is Not Vague, Indefinite, False or Misleading and May Not Be Omitted Under Rule 14a-8(i)(3).

(1) The Proposal is Readily Comprehensible.

Stride Rite argues that the Proposal is so vague that if it were adopted, the shareholders would be unable to determine what actions or measures it requires. The Company underestimates the intelligence of shareholders by assuming that they will not be able to comprehend the concept and intent of the Proposal. That is simply not the case. The Proposal is concise and clear; by its terms it requires the Company to commit to (1) implementing a code of conduct for itself and its international suppliers that is based on a set of well-defined principles, and (2) establishing outside monitoring and verification of compliance.

The Commission has, on numerous occasions, allowed proposals containing precisely such types of standards, include those calling for adoption of the CERES Principles, the Sullivan Principles and the MacBride Principles, to be included in proxy statements. Most recently, the Division refused to grant no-action relief concerning a series of similar resolutions urging the adoption of various human rights principles in connection with a series of companies' international operations and the operations of their overseas suppliers. See, e.g., PPG Industries, Inc. (January 22, 2001); Warnaco Group, Inc. (March 14, 2000); Oracle Corporation (August 15, 2000); Microsoft Corporation (September 14, 2000).

In support of its request for "no action" relief, the Company has cobbled together a series of ill-conceived arguments and claims that the Proposal is vague and confusing. It is not. The Proposal would not, as the Company argues, require the Company to base the proposed code of conduct on all the ILO's 180 Conventions, nor would it require the Company to blindly pick and choose among them. The plain terms of the Proposal ask the Company to implement a code of conduct based solely on the five ILO human rights standards specifically referenced (with citation to the relevant Conventions), and commit to independent monitoring of compliance The Company's repeated assertions that its shareholders will be unable to comprehend this straightforward resolution are baseless.

The Company also claims that adoption of the Proposal would require it to interpret and comply with a multitude of highly complicated and technical Conventions. For example, it claims that it would be required to somehow pursue a national policy to eradicate child labor, and to "specify, in a declaration attached to its ratification, a minimum age for admission to employment or work within its territory." Naturally, these assertions are absurd. The Company has pulled out of context language from the ILO Convention dealing with ratification by member states of child labor prohibitions. The Proposal does not ask the Company to ratify the ILO Conventions, but simply implement and enforce a code of conduct based on the five human rights principles it sets forth. Stride Rite's arguments should be dismissed as a transparent effort to manufacture confusion where none exists.

The decisions cited by the Company to support exclusion on Rule 14a-8(i)(3) grounds are readily distinguishable. For example, in Bristol-Meyers Squibb Company (February 1, 1999), the excluded proposal was wholly incomprehensible, asking that the Corporation "adopt a policy not to test its products on unborn children or cannibalize their bodies, but pursue preservation, not destruction of their lives." The proposal contained "several disjointed statements presented in a rambling fashion" and included references to both the Bible and Roman law. Similarly, in Philadelphia Electric Company (July 30, 1992), the proposal that was excluded provided that "a Committee of small stockholders of limited members 100-1000-5000 shares, to consider and refer to the Board of Directors a plan or plans that will in some measure equate with the gratuities bestowed on Management, Directors and other employees." As the Corporation in that instance wrote, the statement is subject to innumerable interpretations; "the reader is left without a clear understanding of what is intended."

Stride Rite also seeks to rely on a series of inapposite decisions issued in March 2001, in which the Staff declined to take action on a set of standards-based proposals that differed in important respects from the Proposal at issue here. For instance, the Staff chose to take no action on the exclusion of proposals that would have committed companies to "'full implementation' of the SA8000 Social Accountability Standards", the terms of which, unlike the standards at issue here, were not set forth in the proposals' text. See Kohls Corporation (March 13, 2001); H.J. Heinz Company (May 25, 2001); TJX Companies

(March 14, 2001); Revlon, Inc. (March 13, 2001); McDonald's Corporation (March 13, 2001). Equally distinguishable is AnnTaylor Stores Corporation (March 13, 2001), in which the Staff granted "no action" relief concerning a proposal seeking to commit the company to "full implementation" of "these human rights standards." In contrast to that language, which the Staff found vague and indefinite, the Proposal here contemplates specific action: the implementation of a code of conduct fashioned by the Company but based on the clearly articulated "aforementioned ILO human rights standards."

(2) The Proposal Does Not Exceed the 500-Word Limit on Shareholder Proposals.

Rule 14a-8 provides that a shareholder proposal may be excluded from a company's proxy statement if the proposal and any accompanying supporting statement exceed 500 words. The Proposal does not exceed this limit; while it includes references to specified ILO conventions, those documents themselves are not part of the Proposal.

The Company tries to argue that, by merely citing outside documents, the Proposal incorporates those documents for purposes of the 500-word limitation. The Company's argument cannot prevail; it would deny proponents of shareholder proposals the ability to direct fellow shareholders to sources to verify and expand upon the information presented in the resolution. See e.g., Electronic Data Systems Corporation (March 24, 2000).

Indeed, as the Company admits, in a nearly identical situation the Staff flatly refused to allow Eastman Kodak Company to exclude proposals requiring Kodak to endorse the environmental standards contained in the CERES Principles on the ground that the proposals and principles together exceeded 500 words. See Eastman Kodak Co. (January 7, 1993). The Company's effort to distinguish this Proposal on the ground that it seeks to have the Company "implement" a code of conduct based on certain standards rather than "endorse" them, utterly misses the point of the Commission's length restrictions on shareholder proposals. In adopting that restriction, the Commission noted that extremely long resolutions "constitute an unreasonable exercise of the right to submit proposals at the expense of other shareholders and tend to obscure other material matters in the proxy statements of issuers, thereby reducing the effectiveness of such documents." The distinction between implementation and endorsement is irrelevant to these concerns. Moreover, the length of the outside document is similarly irrelevant, notwithstanding the Company's argument to the contrary. The length of a proposal either meets the length restriction or it does not. The citation to the eight ILO Conventions neither raises the cost of the Proposal nor obscures other important matters.

Finally, the Company's reliance on statements by the Staff that proposal references to information posted on the internet may be false and misleading or violate the proxy process requirements are similarly misplaced. Websites are not static; their content can change hourly. The problems associated with references to a data source that is not fixed is not applicable to static documents like the ILO Conventions, or, for that matter, the CERES

Principles.[1]

B. The Proposal may Not be Excluded Under Rule 14a-8(i)(6) as it is Clear and Unambiguous and is Within the Company's Power to Effectuate.

As discussed in detail above, the Company's claims pursuant to Rule 14a-8(i)(3) that the Proposal is vague and indefinite are baseless. Thus, its allegation that it cannot discern what actions the Proposal requires must also be dismissed.

Moreover, the Company's further claim that the Proposal may be excluded because shareholders and the Company could disagree about what obligations the Proposal would place on the Company also lacks foundation. As the Company concedes, in Microsoft (September 14, 2000) and Oracle (August 15, 2000), the Staff recently refused to allow the omission of more voluminous and equally broad human rights proposals pursuant to Rule 14a-8(i)(6). Accordingly, the Proposal should not be excluded pursuant to Rule 14a-8(i)(6).

C. The Proposal Raises Substantial Policy Issues and May Not be Excluded Pursuant to Rule 14a-8(i)(7).

Stride Rite next argues that the Proposal raises matters that are within the scope of ordinary business; accordingly, the Company urges that the Proposal be excluded under Rule 14a-8(i)(7). However, as the Commission has written, proposals that involve matters of ordinary business must nevertheless be included in the proxy statement if they deal with matters with "significant policy, economic or other implications inherent in them." Release Number 34-12999. The Proposal raises issues that are at the forefront of international discourse concerning globalization and free trade. The Proposal can, by no means, be deemed devoid of policy significance.

Last year, the Staff flatly refused to grant "no action" relief to a company seeking to exclude from its proxy statement a provision similar to the one at issue here. See American Eagle Outfitters, Inc., (March 20, 2001). Indeed, the Commission has often recognized the overarching significance of human rights issues when dealing with resolutions involving, e.g., the Sullivan Principles and the MacBride Principles. Recently, the Commission rejected arguments similar to those raised by Stride Rite in the Warnaco, Oracle and Microsoft cases. The resolutions at issue in those cases asked the companies to endorse a set of principles similar to those advanced by the Proposal.

The Company has argued that any reference to labor relations brings the Proposal within the ambit of ordinary business; that cannot be the case. The "ordinary business" exclusion is designed to guard against proposals that seek to micro-manage a company. The

[1] For these reasons, the Company's statement that it need not provide 14 days written notice of failure to comply with Rule 14a-8(d) because such notice was futile is baseless. There is no legitimate basis for arguing that the text of the ILO Conventions should have been included in the Proposal, and thus no basis for excusing the Company from its obligations under the Rules.

Commission has specifically acknowledged this policy in its refusal to grant no-action relief in the Microsoft case. At issue in that case was a resolution that called upon Microsoft's Board of Directors to adopt the U.S. Business Principles for Human Rights of Workers in China. The second one of those principles deals directly with labor matters; the principle provides that "facilities and suppliers shall adhere to wages that meet workers' basic needs, fair and decent working hours, and at a minimum, to the wage and hour guidelines provided by China's national labor laws." The Proposal addresses labor relations in an equally global sense, setting forth a general prohibition against discrimination, a broad recognition of the freedom to unionize and a basic bar against forced or child labor. Such general direction in no way interferes with the management's ability to run the Company.

The remainder of the Company's arguments rely on its repeated assertion that a plethora of irrelevant ILO Conventions that are cited nowhere in the text of the Proposal would impose onerous burdens on the Company's daily operations if the Proposal were adopted. That flawed premise is addressed above. Accordingly, the Proposal should not be excluded pursuant to Rule 14a-8(i)(7).

Conclusion

For the reasons stated above, the Funds respectfully submit that Stride Rite's request for no-action relief should be denied. Should you have any questions or require any additional information, please contact me.

Thank you for your time and consideration.

Very truly yours,

Sara C. Kay

Sara C. Kay
Senior Counsel

cc: Enrique G. Colbert, Esq.

January 16, 2002

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: The Stride Rite Corporation
Incoming letter dated December 5, 2001

The proposal requests that the board commit to the implementation of a code of conduct based on ILO human rights standards.

We are unable to concur in your view that Stride Rite may exclude the proposal under rule 14a-8(d). Accordingly, we do not believe that Stride Rite may omit the proposal from its proxy materials in reliance on rule 14a-8(d).

We are unable to concur in your view that Stride Rite may exclude the proposal under rule 14a-8(i)(3). Accordingly, we do not believe that Stride Rite may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(3).

We are unable to concur in your view that Stride Rite may exclude the proposal under rule 14a-8(i)(6). Accordingly, we do not believe that Stride Rite may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(6).

We are unable to concur in your view that Stride Rite may exclude the proposal under rule 14a-8(i)(7). Accordingly, we do not believe that Stride Rite may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Grace K. Lee
Attorney-Advisor