

NIKE INC  
Form DEF 14A  
July 25, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

NIKE, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

To Our Shareholders:

You are cordially invited to attend the annual meeting of shareholders of NIKE, Inc. to be held at the Tiger Woods Conference Center, One Bowerman Drive, Beaverton, Oregon 97005-6453, on Thursday, September 18, 2014, at 10:00 A.M. Pacific Time. Registration will begin at 9:00 A.M.

The meeting will consist of a brief presentation followed by the business items listed on the attached notice.

Whether or not you plan to attend, the prompt execution and return of your proxy card will both assure that your shares are represented at the meeting and minimize the cost of proxy solicitation.

Sincerely,

Philip H. Knight  
Chairman of the Board  
July 25, 2014

---

Notice of Annual Meeting  
of Shareholders

September 18, 2014

To the Shareholders of NIKE, Inc.

The annual meeting of shareholders of NIKE, Inc., an Oregon corporation, will be held on Thursday, September 18, 2014, at 10:00 A.M., at the Tiger Woods Conference Center, One Bowerman Drive, Beaverton, Oregon 97005-6453, for the following purposes:

1. To elect a Board of Directors for the ensuing year.
2. To approve executive compensation by an advisory vote.
3. To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm.
4. To transact such other business as may properly come before the meeting.

All shareholders are invited to attend the meeting. Shareholders of record at the close of business on July 18, 2014, the record date fixed by the Board of Directors, are entitled to notice of and to vote at the meeting. You must present your proxy, voter instruction card, or meeting notice for admission.

By Order of the Board of Directors,

John F. Coburn III

Vice President and Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders To Be Held on September 18, 2014. The proxy statement and NIKE, Inc.'s 2014 Annual Report to Shareholders is available electronically at [www.investorvote.com](http://www.investorvote.com) or [www.proxyvote.com](http://www.proxyvote.com), for registered and beneficial owners, respectively.

Whether or not you intend to be present at the meeting, please sign and date the enclosed proxy and return it in the enclosed envelope, or vote by telephone or online following the instructions on the proxy.

---

## CORPORATE GOVERNANCE

### Proxy Statement

#### Proxy Statement

We are furnishing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of those materials to each shareholder. The Company expects to provide notice and electronic delivery of this proxy statement and the enclosed proxy to shareholders on or about August 7, 2014. If you would prefer to receive a paper copy of our proxy materials, please follow the instructions included in the notice. If you have previously elected to receive our proxy materials electronically, you will continue to receive access to these materials electronically unless you elect otherwise.

The enclosed proxy is solicited by the Board of Directors of NIKE, Inc. (“NIKE” or the “Company”) for use at the annual meeting of shareholders to be held on September 18, 2014, and at any adjournment thereof (the “Annual Meeting”). Shareholders may submit a proxy via the Internet to vote at the annual meeting by following the instructions on the proxy card.

The Company will bear the cost of soliciting proxies. In addition to soliciting proxies by mail, certain officers and employees of the Company, without extra compensation, may also solicit proxies personally or by telephone. Copies of proxy solicitation materials will be furnished to fiduciaries, custodians and brokerage houses for forwarding to the beneficial owners of shares held in their names.

All valid proxies properly executed and received by the Company prior to the Annual Meeting will be voted in accordance with the instructions specified in such proxies. Where no instructions are given, shares will be voted “FOR” the election of each of the named nominees for director (Proposal No. 1), “FOR” the proposal regarding an advisory vote to approve executive compensation (Proposal No. 2), and “FOR” the ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm (Proposal No. 3).

A shareholder giving the enclosed proxy has the power to revoke it at any time before it is exercised by affirmatively electing to vote in person at the meeting or by delivering to John F. Coburn III, Vice President and Corporate Secretary of NIKE, either an instrument of revocation or an executed proxy bearing a later date.

#### Voting Securities

Holders of record of NIKE’s Class A Common Stock (“Class A Stock”) and holders of record of NIKE’s Class B Common Stock (“Class B Stock”) at the close of business on July 18, 2014 will be entitled to vote at the Annual Meeting. On that date, 177,557,876 shares of Class A Stock and 690,739,620 shares of Class B Stock were issued and outstanding. Neither class of Common Stock has cumulative voting rights.

Each share of Class A Stock and each share of Class B Stock is entitled to one vote on every matter submitted to the shareholders at the Annual Meeting. With regard to Proposal No. 1, the election of directors, the holders of Class A Stock and the holders of Class B Stock will vote separately. Holders of Class B Stock are currently entitled to elect 25 percent of the total Board, rounded up to the next whole number. Holders of Class A Stock are currently entitled to elect the remaining directors. Under this formula, holders of Class B Stock, voting separately, will elect four directors, and holders of Class A Stock, voting separately, will elect ten directors. Holders of Class A Stock and holders of Class B Stock will vote together as one class on Proposal Nos. 2 and 3.

## CORPORATE GOVERNANCE

### Board of Directors

The Board of Directors is currently composed of eleven independent directors, one outside director who is not independent, Philip H. Knight, Chairman of the Board, and Mark G. Parker, President and Chief Executive Officer.

There were five meetings of the Board of Directors during the last fiscal year. During the fiscal year ended May 31, 2014, all but one director attended at least 75 percent of the total number of meetings of the Board of Directors and committees on which he or she served. Orin C. Smith attended 65 percent of the meetings of the Board of Directors and committees (Audit and Finance) on which he served. Mr. Smith was excused from several meetings due to illness, which caused Mr. Smith's attendance to fall below 75 percent. The Company encourages all directors to attend each annual meeting of shareholders, and all directors serving at the time of the 2013 Annual Meeting attended the 2013 Annual Meeting.

#### Board Committees

The Board's current standing committees are an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Finance Committee, a Corporate Responsibility and Sustainability Committee and an Executive Committee. The Board may also appoint other committees from time to time. Each standing committee has a written charter; all such charters, as well as the Company's corporate governance guidelines, are available at the Company's corporate website (<http://investors.nikeinc.com>) and will be provided in print to any shareholder who submits a request in writing to NIKE Investor Relations, One Bowerman Drive, Beaverton, Oregon 97005-6453.

The Executive Committee is authorized to act on behalf of the Board on all corporate actions for which applicable law does not require participation by the full Board. In practice, the Executive Committee acts in place of the full Board only when emergency issues or scheduling conflicts make it difficult or impracticable to assemble the full Board. All actions taken by the Executive Committee must be reported at the next Board meeting. The Executive Committee held no formal meetings during the fiscal year ended May 31, 2014, but took actions from time to time pursuant to written consent resolutions.

NIKE, INC. 2014 Notice of Annual Meeting 1

---

## CORPORATE GOVERNANCE

## Board of Directors

The Audit Committee is responsible for the engagement or discharge of the independent registered public accountants, reviews and approves services provided by the independent registered public accountants, and reviews with the independent registered public accountants the scope and results of their annual audit of the Company's consolidated financial statements and any recommendations they may have. The Audit Committee also reviews the Company's procedures with respect to maintaining books and records, the adequacy and implementation of internal auditing, accounting, disclosure, and financial controls, and the Company's policies concerning financial reporting and business practices. The Board has determined that each member of the Audit Committee meets all applicable independence and financial literacy requirements under the New York Stock Exchange (the "NYSE") listing standards and applicable regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"). The Board has also determined that Mr. Graf is an "audit committee financial expert" as defined in regulations adopted by the SEC.

The Nominating and Corporate Governance Committee identifies individuals qualified to become Board members, recommends director nominees for election at each annual shareholder meeting, and develops and recommends corporate governance guidelines and standards for business conduct and ethics. The Committee also oversees the annual self-evaluations of the Board and its committees and makes recommendations to the Board concerning the structure and membership of the other Board committees. The Company's written policy requires the Nominating and Corporate Governance Committee to review any transaction or proposed transaction with a related person that would be required to be reported under Item 404(a) of Regulation S-K, and to determine whether to ratify or approve the transaction, with ratification or approval to occur only if the Committee determines that the transaction is fair to the Company or that approval or ratification of the transaction is in the interest of the Company. The Board has determined that each member of the Nominating and Corporate Governance Committee meets all applicable independence requirements under the NYSE listing standards.

The Finance Committee reviews the Company's annual operating budget and recommends approval to the Board, considers long-term financing options, long-range tax, financial regulatory and foreign currency issues facing the Company, and management recommendations concerning capital deployment strategy, major capital expenditures and material acquisitions or divestitures.

The Corporate Responsibility and Sustainability Committee reviews significant strategies, activities and policies regarding sustainability (including labor practices), community impact and charitable activities, and makes recommendations to the Board of Directors.

The Compensation Committee evaluates the performance of the Chief Executive Officer, oversees the performance evaluations of our other Named Executive Officers, and recommends their compensation for approval by the independent members of the Board of Directors (other than the incentive compensation approved solely by the Compensation Committee as described below). The Compensation Committee also grants equity incentive awards under the NIKE, Inc. 1990 Stock Incentive Plan, and determines targets and awards under the NIKE, Inc. Executive Performance Sharing Plan and the NIKE, Inc. Long-Term Incentive Plan. The Committee also makes recommendations to the Board regarding other executive incentive compensation arrangements and profit sharing plan contributions. The Board has determined that each member of the Compensation Committee meets all applicable independence requirements under the NYSE listing standards.

The table below provides information regarding membership of each standing Board committee as of May 31, 2014 and meetings held during fiscal 2014:

Director Name	Audit	Compensation	Nominating and Corporate Governance	Corporate Responsibility	Finance	Executive
Elizabeth J. Comstock		ü			ü	
John G. Connors	ü				ü	
Timothy D. Cook		Chair	ü			
Alan B. Graf, Jr.	Chair		Chair			
Douglas G. Houser			ü	ü		ü

Philip H. Knight							Chair
John C. Lechleiter		ü		ü			
Mark G. Parker							ü
Michelle A. Peluso	ü			ü			
Johnathan A. Rodgers		ü		ü			
Orin C. Smith	ü						Chair
John R. Thompson, Jr.				ü			
Phyllis M. Wise			ü	Chair			
Meetings in Fiscal 2014	13	5	5	5	5	5	-
Director Independence							

Pursuant to NYSE rules, in order for a director to qualify as “independent,” the Board of Directors must affirmatively determine that the director has no material relationship with the Company that would impair the director’s independence. The Board affirmatively determined that commercial or charitable relationships below the following thresholds will not be considered material relationships that impair a director’s independence: (i) if a NIKE director or immediate family member is an executive officer of another company that does business with NIKE and the annual sales to, or purchases from, NIKE are less than one percent of the annual revenues of the other company; and (ii) if a NIKE director or immediate family member serves as an officer, director or trustee of a charitable organization, and NIKE’s contributions to the organization are less than one percent of that organization’s total annual charitable receipts. After applying this categorical standard, the Board of Directors has determined that all directors have no material relationship with the Company and, therefore, are independent, except for Messrs. Knight, Parker, and Thompson. Mr. Knight and Mr. Parker are executive officers of the Company. Mr. Thompson is not independent pursuant to NYSE rules, because the Company has a contract with his son, who is the head basketball coach at Georgetown University, to provide endorsement and consulting services to the Company, under which the Company paid to him more than \$120,000 during the twelve-month period ending August 31, 2012.

## CORPORATE GOVERNANCE

### Board of Directors

#### Director Nominations

The Nominating and Corporate Governance Committee identifies potential director candidates through a variety of means, including recommendations from members of the Committee or the Board, suggestions from Company management, and shareholder recommendations. The Committee also may, in its discretion, engage director search firms to identify candidates. Michelle A. Peluso and John J. Donahoe II, were appointed as directors on April 17, 2014 and June 19, 2014, respectively. Ms. Peluso and Mr. Donahoe were identified by a director search firm, which also provided information about each directors' qualifications and experience. Shareholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee by submitting a written recommendation to the Committee, c/o John F. Coburn III, Vice President and Corporate Secretary, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005-6453. The recommendation should include the candidate's name, age, qualifications (including principal occupation and employment history), and written consent to be named as a nominee in the Company's proxy statement and to serve as a director, if elected.

The Board of Directors has adopted qualification standards for the selection of independent nominees for director, which can be found at our corporate website: <http://investors.nikeinc.com>. As provided in these standards and the Company's Corporate Governance Guidelines, nominees for director are selected on the basis of, among other things, distinguished business experience or other non-business achievements; education; significant knowledge of international business, finance, marketing, technology, law, or other fields which are complementary to, and balance the knowledge of, other Board members; a desire to represent the interests of all shareholders; independence; character; ethics; good judgment; diversity; and ability to devote substantial time to discharge Board responsibilities. The Nominating and Corporate Governance Committee identifies qualified potential candidates without regard to their age, gender, race, national origin, sexual orientation, or religion. While the Board has no policy regarding Board member diversity, the Nominating and Corporate Governance Committee considers and discusses diversity in selecting director nominees and in the re-nomination of an incumbent director. The Committee views diversity broadly, including gender, ethnicity, differences of viewpoint, geographic location, skills, education, and professional and industry experience, among others. The Board believes that a variety and balance of perspectives on the Board can result in more thoughtful deliberations.

In considering the re-nomination of an incumbent director, the Nominating and Corporate Governance Committee reviews the director's overall service to the Company during his or her term, including the number of meetings attended, level of participation and quality of performance, as well as any special skills, experience or diversity that such director brings to the Board. All potential new director candidates, whether recommended by shareholders or identified by other means, are initially screened by the Chair of the Nominating and Corporate Governance Committee, who may seek additional information about the background and qualifications of the candidate, and who may determine that a candidate does not have qualifications that merit further consideration by the full Committee. With respect to new director candidates who pass the initial screening, the Nominating and Corporate Governance Committee meets to discuss and consider each candidate's qualifications and potential contributions to the Board, and determines by majority vote whether to recommend such candidates to the Board of Directors. The final decision to either appoint a candidate to fill a vacancy between Annual Meetings or include a candidate on the slate of nominees proposed at an Annual Meeting is made by the Board of Directors.

It is the general policy of the Board of Directors that directors first elected after the fiscal year ended May 31, 1993 will not stand for re-election after reaching the age of 72. Given Mr. Smith's outstanding contributions to the Board of Directors, his extensive knowledge of the Company and his subject matter expertise, the Board has decided not to apply this policy to Mr. Smith this year to allow time to effectively transition his knowledge and experience to our newly appointed directors.

#### Shareholder Communications with Directors



Shareholders or interested parties desiring to communicate directly with the Board of Directors, with the non-management directors or with any individual director may do so in writing addressed to the intended recipient or recipients, c/o John F. Coburn III, Vice President and Corporate Secretary, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005-6453. All such communications will be reviewed, compiled as necessary, and then forwarded to the designated recipient or recipients in a timely manner.

#### Board Leadership Structure

NIKE's governance documents provide the Board with flexibility to select the appropriate leadership structure of the Company. In determining the leadership structure, the Board considers many factors, including the specific needs of the business, fulfilling the duties of the Board, and the best interests of the Company's shareholders. In 2004, the Board of Directors chose to separate the position of Chairman of the Board from the position of President and Chief Executive Officer ("CEO"), although this is not a permanent policy of the Board. The Chairman, Mr. Knight, presides over meetings of the Board of Directors and shareholders. The CEO, Mr. Parker, is in charge of the general supervision, direction, and control of the business and affairs of the Company, subject to the overall direction and supervision of the Board of Directors and its committees.

The Board believes this leadership structure is appropriate for the Company because it separates the leadership of the Board from the duties of day-to-day leadership of the Company. In particular, it permits Mr. Parker to focus his full time and attention to the business, the supervision of which has become increasingly more complex as the Company has grown. In addition, the structure permits Mr. Knight to direct his attention to the broad strategic issues considered by the Board of Directors. Further, with his significant Company experience and ownership of Common Stock, Mr. Knight is particularly well-suited as Chairman, helping to align the Board with the interests of shareholders. The chairs of Board committees play an active role in the leadership structure of the Board. The Nominating and Corporate Governance Committee and the Board endeavor to select independent committee chairs who will provide strong leadership to guide the important work of the Board committees. Committee chairs work with senior executives to ensure the committees are discussing the key strategic risks and opportunities for the Company.

## CORPORATE GOVERNANCE

### Board of Directors

The Nominating and Corporate Governance Committee has determined that given the separation of the positions of Chairman and CEO, and the strong leadership of experienced chairs of each of the Board committees, a lead director would not improve the effectiveness of the Board at this time. A presiding director is appointed to chair executive sessions of non-management directors (consisting of all directors other than Messrs. Knight and Parker). The position of presiding director is rotated among the chairs of the various Board committees, other than the Executive Committee. The current presiding director at the executive sessions is Mr. Graf. Executive sessions are regularly scheduled and held at least once each year. For all of these reasons, the Board believes this leadership structure is optimal and has worked well for many years.

### The Board's Role in Risk Oversight

While the Company's management is responsible for day-to-day management of the various risks facing the Company, the Board of Directors takes an active role in the oversight of the management of critical business risks. The Board does not view risk in isolation. Risks are considered in virtually every business decision and as part of NIKE's business strategy. The Board recognizes it is neither possible nor prudent to eliminate all risk. Purposeful and appropriate risk-taking is essential for the Company to be competitive on a global basis and to achieve its strategic objectives. The Board implements its risk oversight function both as a whole and through committees, which play a significant role in carrying out risk oversight. While the Audit Committee is responsible for oversight of management's risk management policies, oversight responsibility for particular areas of risk is allocated among the Board committees according to the committee's area of responsibility as reflected in the committee charters. In particular:

The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting, and legal matters. The Committee oversees the internal audit function, reviews a risk-based plan of internal audits, and reviews a risk-based integrated audit of internal controls over financial reporting. The Committee meets separately with each of the Vice President of Corporate Audit, representatives of the independent registered public accountants, and senior management.

The Compensation Committee oversees risks and rewards associated with the Company's compensation philosophy and programs, management succession plans, and executive development.

The Finance Committee oversees financial matters and risks relating to budgeting, investments, access to capital, capital deployment, acquisitions and divestitures, currency risk and hedging programs, and significant capital projects. The Corporate Responsibility and Sustainability Committee oversees issues that involve reputational risk to the Company, including community engagement, and sustainability innovation relating to the Company's products, its supply chain and the environment.

The Nominating and Corporate Governance Committee oversees risks associated with company governance, including NIKE's code of business conduct and ethics, compliance programs, and the structure and performance of the Board and its committees.

Each committee chair works with the senior executive assigned to assist the committee to develop agendas for the year and for each meeting, paying particular attention to areas of business risk identified by management, Board members, internal and external auditors, and in their committee charter, and to schedule agenda topics, presentations, and discussions periodically regarding business risks within their area of responsibility. At meetings, the committees discuss areas of business risk, the potential impact, and management's initiatives to manage business risk, often within the context of important business decisions. Through this process key business risk areas are reviewed at appropriate times, with some topics reviewed on several occasions throughout the year. At every Board meeting each committee chair provides a report to the full Board outlining its discussions and actions, including those affecting the oversight of various risks.

The Company believes its leadership structure, discussed in detail above, supports the risk oversight function of the Board. Strong directors chair the various committees involved in risk oversight, there is open communication between

management and directors, and all directors are involved in the risk oversight function.

#### Code of Business Conduct and Ethics

The NIKE Code of Ethics (“Code”) is available at the Company’s corporate website (<http://investors.nikeinc.com>) and will be provided in print without charge to any shareholder who submits a request in writing to NIKE Investor Relations, One Bowerman Drive, Beaverton, Oregon 97005-6453. The Code applies to all of the Company’s employees and directors, including our chief executive officer, senior financial officers, and all other officers. The Code provides that any waiver of the Code may be made only by the Board. Any such waiver in favor of a director or executive officer will be publicly disclosed. The Company plans to disclose amendments to, and waivers from, the Code on the Company’s corporate website: <http://investors.nikeinc.com>.

#### Proposal 1 Election of Directors

A Board of 14 directors will be elected at the Annual Meeting. All of the nominees other than Ms. Peluso and Mr. Donahoe were elected at the 2013 annual meeting of shareholders. Directors will hold office until the next annual meeting of shareholders or until their successors are elected and qualified.

NIKE, INC. 2014 Notice of Annual Meeting 4

---

## CORPORATE GOVERNANCE

Alan B. Graf, Jr., John C. Lechleiter, Michelle A. Peluso, and Phyllis M. Wise are nominated by the Board of Directors for election by the holders of Class B Stock. The other ten nominees are nominated by the Board of Directors for election by the holders of Class A Stock.

Under Oregon law, if a quorum of each class of shareholders is present at the Annual Meeting, the ten director nominees who receive the greatest number of votes cast by holders of Class A Stock and the four director nominees who receive the greatest number of votes cast by holders of Class B Stock will be elected directors. Abstentions and broker non-votes will have no effect on the results of the vote. Unless otherwise instructed, proxy holders will vote the proxies they receive for the nominees listed below. If any nominee becomes unable to serve, the holders of the proxies may, in their discretion, vote the shares for a substitute nominee or nominees designated by the Board of Directors. The Bylaws and the Corporate Governance Guidelines of the Company provide that any nominee for director in an uncontested election who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Committee will recommend to the Board the action to be taken with respect to the resignation. The Board will publicly disclose its decision within 90 days of the certification of the election results.

Background information on the nominees as of July 18, 2014, including some of the attributes that led to their selection, appears below. The Nominating and Corporate Governance Committee has determined that each director meets the qualification standards described in the section entitled “Director Nominations” above. In addition, the Board firmly believes that the experience, attributes, and skills of any single director should not be viewed in isolation, but rather in the context of the experience, attributes, and skills that all director nominees bring to the Board as a whole, each of which contributes to the function of an effective Board.

### Nominees for Election by Class A Shareholders

#### Elizabeth J. Comstock

Ms. Comstock, 53, a director since 2011, is Senior Vice President and Chief Marketing Officer of General Electric Company (“GE”). Ms. Comstock oversees GE sales, GE ventures equity investing and internal start-up programs, sales and licensing. At GE, she was appointed Vice President, Communications, NBC News Communications in 1994, Senior Vice President, NBC Corporate Communications in 1996, Vice President of Corporate Communications in 1998, Corporate Vice President and Chief Marketing Officer in 2003, President, NBC Universal Integrated Media in 2006, and Senior Vice President and Chief Marketing Officer in 2008. Prior to joining GE in 1994, Ms. Comstock held a succession of positions at NBC, CBS, and Turner Broadcasting. Ms. Comstock is a trustee of the Smithsonian’s Cooper-Hewitt National Design Museum and serves on the board of directors of Quirky. Ms. Comstock was selected to serve on the Board because her broad experience in, and understanding of, media, marketing and innovation aligns well with the Company’s business model, which involves a great deal of each.

#### John G. Connors

Mr. Connors, 55, a director since 2005, is a partner in Ignition Partners LLC, a Seattle-area venture capital firm. Mr. Connors served as Senior Vice President and Chief Financial Officer of Microsoft Corporation from December 1999 to May 2005. He joined Microsoft in 1989 and held various management positions, including Corporate Controller from 1994 to 1996, Vice President, Worldwide Enterprise Group in 1999, and Chief Information Officer from 1996 to 1999. Mr. Connors is currently a member of the board of directors of Chef, Inc., Motif Investing, Inc., FiREapps, Inc., Xamarin, Inc., DataSphere Technologies, Inc., Splunk, Inc., the Washington Policy Center, and the University of Washington Tyee Club. Mr. Connors was selected to serve on the Board because his experience and skills in accounting, financial leadership, venture capital, technology, and international operations enable him to make valuable contributions to NIKE’s Audit Committee and Finance Committee.



CORPORATE GOVERNANCE  
PROPOSAL 1

Timothy D. Cook

Mr. Cook, 53, a director since 2005, is the Chief Executive Officer of Apple, Inc. Mr. Cook joined Apple in March 1998 as Senior Vice President of Worldwide Operations, also served as its Executive Vice President, Worldwide Sales and Operations and its Chief Operating Officer. Mr. Cook was Vice President, Corporate Materials for Compaq Computer Corporation from 1997 to 1998. Previous to his work at Compaq, Mr. Cook served in the positions of Senior Vice President Fulfillment and Chief Operating Officer of the Reseller Division at Intelligent Electronics from 1994 to 1997. Mr. Cook also worked for International Business Machines Corporation from 1983 to 1994, most recently as Director of North American Fulfillment. Mr. Cook is currently a member of the board of directors of the National Football Foundation and Apple, Inc. Mr. Cook was selected to serve on the Board because his operational executive experience and his knowledge of technology, marketing, and international business allow him to provide the Board with valuable perspectives and insights.

John J. Donahoe II

Mr. Donahoe, 54, a director since June 2014, is President and Chief Executive Officer of eBay, Inc. ("eBay"), provider of the global eBay.com online marketplace and PayPal digital payments platform. Mr. Donahoe joined eBay in 2005 as President of eBay Marketplaces, responsible for eBay's global e-Commerce businesses, and was appointed President and Chief Executive Officer in 2008. He has also served on eBay's board of directors since 2008. Prior to joining eBay, Mr. Donahoe was the CEO and Worldwide Managing Director of Bain & Company from 1999 to 2005, and a Managing Director from 1982 to 1999. Mr. Donahoe also serves on the board of directors of Intel Corporation and is a member of the President's Export Council. Mr. Donahoe was selected to serve on the Board because of his experience in executive and financial management, strategic planning, branding, technology, and digital commerce, which allow him to provide valued perspectives on each of these areas of the Company's business.

Douglas G. Houser

Mr. Houser, 79, a director since 1970, has been a partner and Senior Counsel in the Portland, Oregon, law firm of Bullivant, Houser, Bailey since 1965. Mr. Houser is a Life Trustee of Willamette University, a Fellow in the American College of Trial Lawyers, has served as a member of the Board of Governors and Treasurer of the Oregon State Bar Association, and as a director of the Rand Corporation, Institute for Civil Justice Board of Overseers, and the National Judicial College Foundation Board. Mr. Houser was selected to serve on the Board because his knowledge of NIKE and its Board, together with his experience as a principal of a significant law firm, allow him to provide beneficial contributions regarding legal issues, corporate responsibility, and board governance.

CORPORATE GOVERNANCE

Philip H. Knight

Mr. Knight, 76, a director since 1968, is Chairman of the Board of Directors of NIKE, Inc. Mr. Knight is a co-founder of the Company and, except for the period from June 1983 through September 1984, served as its President from 1968 to 1990, and from June 2000 to December 2004. Prior to 1968, Mr. Knight was a certified public accountant with Price Waterhouse and Coopers & Lybrand and was an Assistant Professor of Business Administration at Portland State University. Mr. Knight led NIKE from a small partnership founded on a handshake to the world's largest athletic footwear, apparel, and equipment company. He has extensive knowledge of and experience in Company operations, sports marketing, manufacturing, management, accounting, and financial matters, which make him uniquely qualified to serve as Chairman of the Board.

Mark G. Parker

Mr. Parker, 58, has been President and Chief Executive Officer and a director since 2006. He has been employed by NIKE since 1979 with primary responsibilities in product research, design and development, marketing, and brand management. Mr. Parker was appointed divisional Vice President in charge of development in 1987, corporate Vice President in 1989, General Manager in 1993, Vice President of Global Footwear in 1998, and President of the NIKE Brand in 2001. He has extensive knowledge and experience of Company operations, sports marketing, manufacturing, research, design, development, and management, and is an effective leader of NIKE. His position as Chief Executive Officer makes his participation on the Board critical.

Johnathan A. Rodgers

Mr. Rodgers, 68, a director since 2006, retired as the President and Chief Executive Officer of TV One, LLC in July 2011. Prior to joining TV One, LLC in March 2003, Mr. Rodgers was President, Discovery Networks US for Discovery Communications, Inc. from 1996 to 2003. Prior to his work at Discovery Communications, Mr. Rodgers had a 20-year career at CBS, Inc. where he held a variety of executive positions, including President, CBS Television Stations. Mr. Rodgers is currently a member of the board of directors of Procter & Gamble Company, and a Trustee of the University of California — Berkeley. Mr. Rodgers previously served as a director of Comcast Corporation. Mr. Rodgers was selected to serve on the Board because his experience and knowledge in media, broadcasting, and telecommunications, his skills in executive leadership, and knowledge of multicultural media allow him to provide valuable insights to the Board regarding corporate responsibility, diversity, compensation, and marketing.

CORPORATE GOVERNANCE  
PROPOSAL 1

Orin C. Smith

Mr. Smith, 72, a director since 2004, was President and Chief Executive Officer of Starbucks Corporation from 2000 to 2005. He joined Starbucks as Vice President and Chief Financial Officer in 1990, became President and Chief Operating Officer in 1994, and became a director of Starbucks in 1996. Prior to joining Starbucks, Mr. Smith spent a total of 14 years with Deloitte & Touche. He was later the Executive Vice President and Chief Financial Officer of two transportation companies. Between these assignments, he was Chief Policy and Finance Officer in the administrations of two Washington State Governors. Mr. Smith is currently the independent Lead Director of the board of directors of The Walt Disney Company and serves on the Board of Regents of the University of Washington, and previously served on the Board of Directors of Washington Mutual, Inc. until March 2012. Mr. Smith was selected to serve on the Board because his experience and skills in accounting, financial leadership, marketing, international and retail operations enable him to make valuable contributions to NIKE's Audit Committee and Finance Committee.

John R. Thompson, Jr.

Mr. Thompson, 72, a director since 1991, was head coach of the Georgetown University men's basketball team from 1972 until 1998. Mr. Thompson was head coach of the 1988 United States Olympic basketball team. He hosted a sports radio talk show in Washington, D.C. for 13 years, and he is a nationally broadcast sports analyst for Turner Network Television (TNT) and Dial Global, Inc. He serves as Assistant to the President of Georgetown University for Urban Affairs, and he is a past President of the National Association of Basketball Coaches and presently serves on its Board of Governors. Mr. Thompson has honorary doctorate degrees from Wheeling Jesuit University, Georgetown University, University of the District of Columbia, and St. Peter's College. Mr. Thompson was selected to serve on the Board because his extensive experience and knowledge of education, college and professional sports, media, broadcasting, and knowledge of urban issues allow him to provide valuable insights to the Board regarding sports marketing, corporate responsibility and diversity.

Board Recommendation

The Board of Directors recommends that the Class A Shareholders vote FOR the election of nominees above to the Board of Directors.



## CORPORATE GOVERNANCE

### Nominees for Election by Class B Shareholders

#### Alan B. Graf, Jr.

Mr. Graf, 60, a director since 2002, is the Executive Vice President and Chief Financial Officer of FedEx Corporation, a position he has held since 1998, and is a member of FedEx Corporation's Executive Committee. Mr. Graf joined FedEx Corporation in 1980 and was Senior Vice President and Chief Financial Officer for FedEx Express, FedEx's predecessor, from 1991 to 1998. He previously served on the boards of directors of Kimball International Inc., Storage USA, Inc. and Arkwright Mutual Insurance Co., and he is currently a director of Mid-America Apartment Communities, Inc., Methodist Le Bonheur Healthcare, and the Indiana University Foundation. Mr. Graf was selected to serve on the Board because his experience and skills in auditing, accounting, financial management, executive leadership, and international operations enable him to effectively lead NIKE's Audit Committee, serving as its Chair and financial expert, and the Nominating and Corporate Governance Committee.

#### John C. Lechleiter

Dr. Lechleiter, 60, a director since 2009, is Chairman of the Board, President, and Chief Executive Officer of Eli Lilly and Company ("Lilly"). He has served as President and Chief Executive Officer since April 1, 2008. He has been a member of Lilly's board of directors since 2005 and was named Chairman on January 1, 2009. Dr. Lechleiter began work at Lilly as a senior organic chemist in Lilly's process research and development division in 1979. He is a member of the American Chemical Society and Business Roundtable. He serves on the board of Pharmaceutical Research and Manufacturers of America, as President of the International Federation of Pharmaceutical Manufacturers & Associations, as Chairman of the U.S. - Japan Business Council and of United Way Worldwide, and on the boards of the Life Sciences Foundation, the Central Indiana Corporate Partnership, and Ford Motor Company. Dr. Lechleiter was selected to serve on NIKE's Board because his operational executive experience and his knowledge of science, marketing, management, and international business allow him to provide the Board with significant contributions in those strategic areas.

#### Michelle A. Peluso

Ms. Peluso, 42, a director since April 2014, is Chief Executive Officer of online shopping destination Gilt. Prior to joining Gilt in 2013, she served as Global Consumer Chief Marketing and Internet Officer of Citigroup Inc. from 2009 to 2013, and from 2002 to 2009, Ms. Peluso held senior management positions at Travelocity.com LP, being appointed Chief Operating Officer in 2003, and President and Chief Executive Officer in December 2003. Prior to joining Travelocity, in 1999 she founded Site59, an online travel site, serving as its Chief Executive Officer until its acquisition by Travelocity in 2002. Ms. Peluso has been a director of Gilt since 2009, and was also a director of OpenTable, Inc. from 2008 to 2012. Ms. Peluso was selected to serve on the Board because of her extensive experience in, and understanding of, online retail, marketing, branding, and digital connections with consumers, which are integral components of the Company's growth strategy.

CORPORATE GOVERNANCE  
PROPOSAL 1

Phyllis M. Wise

Dr. Wise, 69, a director since 2009, is Chancellor of the University of Illinois, at Urbana-Champaign. She joined the University of Maryland School of Medicine as an assistant professor in 1976, was appointed associate professor in 1982, and professor in 1987. Dr. Wise was appointed a professor and chair of the department of physiology at the University of Kentucky in 1993, and was appointed dean of the division of biological sciences and distinguished professor of neurobiology at the University of California-Davis in 2002. In 2005, she was appointed Provost and Vice President for Academic Affairs at the University of Washington, and served as Provost and Executive Vice President from 2007 to 2010, and interim President until July 2011, where she was also professor of physiology and biophysics, biology, and obstetrics and gynecology. During her tenure, she led the establishment of the College of the Environment, the mission of which is to provide solutions to developing a sustainable healthy environment through research and teaching. Dr. Wise has a doctorate in zoology from the University of Michigan and an honorary doctorate from Swarthmore College, and she is an elected member of the Institute of Medicine and the American Academy of Arts and Sciences. Dr. Wise is currently a member of the board of directors of RAND Health. Dr. Wise was selected to serve on the Board because her extensive experience in medical science, health, higher education, and societal issues allow her to provide valuable contributions to the Board's deliberations of strategic importance.

## Board Recommendation

The Board of Directors recommends that the Class B Shareholders vote FOR the election of nominees above to the Board of Directors.

## Director Compensation for Fiscal 2014

Name	Fees Earned or Paid in Cash (\$)	Stock Award <sup>(1)</sup> (\$)	Option Awards <sup>(2)</sup> (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total (\$)
Elizabeth J. Comstock	85,000	—	116,060	—	15,125	216,185
John G. Connors	90,000	—	116,060	—	20,125	226,185
Timothy D. Cook	95,000	—	116,060	—	20,125	231,185
Alan B. Graf, Jr.	115,000	—	116,060	—	125	231,185
Douglas G. Houser	85,000	—	132,640	13,524	20,125	251,289
John C. Lechleiter	85,000	—	116,060	—	19,795	220,855
Michelle A. Peluso <sup>5</sup>	10,389	160,053	—	—	5,000	175,442
Johnathan A. Rodgers	85,000	—	116,060	—	12,625	213,685
Orin C. Smith	75,000	—	116,060	—	20,125	211,185
John R. Thompson, Jr.	67,000	—	116,060	—	22,821	205,881
Phyllis M. Wise	95,000	—	116,060	—	20,125	231,185

(1)

Represents the grant date fair value of restricted stock awards granted in fiscal 2014 computed in accordance with accounting guidance applicable to stock-based compensation. The grant date fair value is based on the closing market price of our Class B Stock on the grant date. As of May 31, 2014, Ms. Peluso held 2,162 shares of unvested restricted stock.

Represents the grant date fair value of annual director options granted in fiscal 2014 computed in accordance with accounting guidance applicable to stock-based compensation. The grant date fair value of the options was (2) estimated using the Black-Scholes option pricing model. On September 19, 2013, each director elected at the 2013 Annual Meeting other than Mr. Houser was granted an option for 7,000 shares with an exercise price of \$69.50 per share. On September 19, 2013, Mr. Houser was granted an option for 8,000 shares with

CORPORATE GOVERNANCE

an exercise price of \$69.50 per share. The assumptions made in determining the grant date fair values of options under applicable accounting guidance are disclosed in Note 11 of Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended May 31, 2014. As of May 31, 2014, non-employee directors held outstanding options for the following numbers of shares of our Class B Stock: Ms. Comstock, 45,000; Mr. Connors, 121,000; Mr. Cook, 85,000; Mr. Graf, 101,000; Mr. Houser, 52,000; Dr. Lechleiter, 63,000; Mr. Rodgers, 89,000; Mr. Smith, 101,000; Mr. Thompson, 45,000; and Dr. Wise, 55,000.

Represents above-market earnings credited during fiscal 2014 to the account of Mr. Houser under our prior Executive Deferred Compensation Plan adopted in 1983 (the "1983 DCP"). While deferrals under the 1983 DCP (3) were discontinued in 1990, earnings have continued to accrue on the 1983 DCP account balances. Under the terms of the 1983 DCP, Mr. Houser received a guaranteed return equal to the current monthly rate of Moody's seasoned corporate bonds index, plus 4%, which paid an average interest rate of 8.74% in fiscal 2014.

Includes medical and life insurance premiums paid by us of \$22,696 for Mr. Thompson. Also includes matched contributions to charities in the following amounts: Ms. Comstock, \$15,000; Messrs Connors, Cook, Houser, and Smith, \$20,000; Dr. Lechleiter, \$19,670; Ms. Peluso, \$5,000; Mr. Rodgers, \$12,500; and Dr. Wise, \$20,000. Also (4) includes sample and test products we provided to directors during the fiscal year, the value of which we estimate at \$125 for Ms. Comstock, Messrs. Connors, Cook, Graf, Houser, Rodgers, Smith, Thompson, and Drs. Lechleiter and Wise based on our incremental cost.

Ms. Peluso was elected a director on April 17, 2014. In addition to the matching contribution described above, her (5) compensation includes an initial restricted stock award valued at \$160,053 and a pro-rated retainer fee of \$10,389 for six weeks of Board service in fiscal 2014.

Director Fees and Arrangements

Under our standard director compensation program in effect for fiscal 2014, non-employee directors annually receive:

- An annual retainer of \$85,000 per year.

- An option to purchase 7,000 shares of our Class B Stock, granted on the date of each annual meeting of shareholders.

- The option has a term of ten years and an exercise price equal to the closing market price of our Class B Stock on the grant date. The option becomes exercisable in full on the date of the next annual meeting of shareholders.

- For chairs of board committees (other than the Executive Committee), an annual retainer of \$10,000 for each committee chaired (\$15,000 for the chair of the Audit Committee).

- For Audit Committee members, an additional annual retainer of \$5,000 per year.

- Payment or reimbursement of travel and other expenses incurred in attending board meetings.

- Matching charitable contributions under the NIKE Matching Gift Program, under which directors are eligible to contribute to qualified charitable organizations and we provide a matching contribution to the charities in an equal amount, up to \$20,000 in the aggregate for each director annually.

- If a director does not attend 75% of the total fiscal year board and committee meetings, the fourth quarter payment of the annual retainers is forfeited.

Mses. Comstock and Peluso, Messrs. Connors, Cook, Donahoe, Graf, Rodgers and Smith, and Drs. Lechleiter and Wise participate in our standard director compensation program.

Mr. Houser also participates in our standard program, except that, in exchange for electing in fiscal 2000 to participate in the standard program when it was first instituted, he receives an annual option to purchase 8,000 shares of our Class B Stock, instead of 7,000 shares.

Mr. Thompson does not participate in our standard director compensation program. Pursuant to his election made in fiscal 2000, Mr. Thompson received an annual retainer of \$67,000 per year (instead of the \$85,000 annual retainer fee paid under our standard program). Pursuant to his election, Mr. Thompson also received medical insurance and

\$500,000 of life insurance coverage paid for by the Company. Additionally, on the date of each annual meeting of shareholders, Mr. Thompson receives an annual option to purchase 7,000 shares of our Class B Stock on the same terms as apply to the options granted pursuant to our standard program.

Philip H. Knight, as the Chairman of our Board of Directors, is one of our executive officers, but is not a Named Executive Officer. Mr. Knight does not receive any additional compensation for services provided as a director.

Effective for fiscal 2015 we are changing the annual equity award included in our standard director compensation program by replacing the option to purchase 7,000 shares of our Class B Stock with a restricted stock award valued at \$160,000 on the date of grant. In addition to his restricted stock award, Mr. Houser will receive an annual option to purchase 1,000 shares. The restricted stock award will be granted on the date of each annual meeting of shareholders and will be subject to forfeiture in the event that service as a director terminates prior to the next annual meeting.

Effective April 17, 2014, we also changed the initial equity award included in our standard director compensation program. Upon election to the Board, a newly appointed non-employee director is now granted a restricted stock award valued at \$160,000 on the date of grant. The restricted stock award is subject to forfeiture in the event that service as a director terminates prior to the first anniversary of the grant. Prior to April 17, 2014, newly appointed non-employee directors received initial awards of stock options to purchase 7,000 shares of our Class B Stock.

We made the changes to our director equity awards to maintain the competitiveness of NIKE's director compensation program and to reinforce our directors' ability to meet our stock ownership guidelines described below. All other components of our standard director compensation program remain unchanged.

#### Stock Ownership Guidelines for Directors

NIKE, INC. 2014 Notice of Annual Meeting 11

---

CORPORATE GOVERNANCE  
PROPOSAL 1

On June 20, 2013, the Board of Directors adopted stock ownership guidelines for all non-employee directors. Under these guidelines, directors are required to hold NIKE stock valued at five times their annual cash retainer. Directors elected prior to June 20, 2013 are required to attain these ownership levels by June 20, 2018 and new directors within five years of their election to the Board.

NIKE, INC. 2014 Notice of Annual Meeting 12

---

## CORPORATE GOVERNANCE

## Director Participation in Deferred Compensation Plan

Under our Deferred Compensation Plan, non-employee directors may elect in advance to defer up to 100 percent of the director fees paid by us. For a description of the plan, see “Non-Qualified Deferred Compensation in Fiscal 2014” below. In addition, in fiscal 2000, Messrs. Houser and Thompson received credits to a fully vested NIKE stock account under the Deferred Compensation Plan in exchange for their waiver of rights to future payments under a former non-employee director retirement program. The Class B Stock credited to these directors’ accounts is distributed to them upon their retirement from the Board, and the accounts are credited with quarterly dividends until distributed.

## Stock Holdings of Certain Owners and Management

The following table sets forth the number of shares of each class of NIKE securities beneficially owned, as of June 30, 2014, by (i) each person known to the Company to be the beneficial owner of more than 5 percent of any class of the Company’s securities, (ii) each of the directors and nominees for director, (iii) each executive officer listed in the Summary Compensation Table (“Named Officers”), and (iv) all nominees, Named Officers, and other executive officers as a group. Because Class A Stock is convertible into Class B Stock on a share-for-share basis, each beneficial owner of Class A Stock is deemed by the SEC to be a beneficial owner of the same number of shares of Class B Stock. Therefore, in indicating a person’s beneficial ownership of shares of Class B Stock in the table, it has been assumed that such person has converted into Class B Stock all shares of Class A Stock of which such person is a beneficial owner. For these reasons the table contains substantial duplications in the numbers of shares and percentages of Class A and Class B Stock shown for Mr. Knight and for all directors and officers as a group. In addition, unless otherwise indicated, all persons named below can be reached at c/o John F. Coburn III, Vice President and Corporate Secretary, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005.

	Title of Class	Shares Beneficially Owned <sup>(1)</sup>		Percent of Class <sup>(2)</sup>	
Elizabeth J. Comstock	Class B	38,000	(3)	—	
John G. Connors	Class B	126,920	(3)	—	
Timothy D. Cook	Class B	78,000	(3)	—	
John J. Donahoe II	Class B	2,116		—	
Alan B. Graf, Jr	Class B	153,123	(3)	—	
Douglas G. Houser	Class B	375,276	(3)(4)	—	
Philip H. Knight	Class A	133,276,410	(5)	75.1	%
One Bowerman Drive, Beaverton, Oregon 97005	Class B	133,291,890	(5)	16.2	%
John C. Lechleiter	Class B	63,500	(3)	—	
Mark G. Parker (6)	Class B	2,841,439	(3)(7)	0.4	%
Michelle A. Peluso	Class B	2,162		—	
Johnathan A. Rodgers	Class B	82,000	(3)	—	
Orin C. Smith	Class B	99,400	(3)	—	
John R. Thompson, Jr	Class B	69,829	(3)(4)	—	
Phyllis M. Wise	Class B	48,000	(3)	—	
Donald W. Blair (6)	Class B	837,847	(3)(7)	0.1	%
Trevor A. Edwards <sup>(6)</sup>	Class B	1,078,056	(3)(7)	0.2	%
Eric D. Sprunk (6)	Class B	756,450	(3)(7)	0.1	%
Jeanne P. Jackson <sup>(6)</sup>	Class B	401,524	(3)(7)	—	
Sojitz Corporation of America	Preferred (8)	300,000		100.0	%

Edgar Filing: NIKE INC - Form DEF 14A

1211 S.W. 5th Ave, Pacwest Center, Ste. 2220, Portland,  
OR 97204

The Vanguard Group

100 Vanguard Blvd., Malvern, PA 19355

BlackRock, Inc.

40 East 57th Street, New York, NY 10022

All directors and executive officers as a group (22 persons)

Class B	41,214,248	(9)	6.0	%
Class B	39,973,612	(10)	5.8	%
Class A	133,276,410		75.1	%
Class B	141,586,252	(3)	17.2	%

A person is considered to beneficially own any shares: (a) over which the person exercises sole or shared voting or investment power, or (b) of which the person has the right to acquire beneficial ownership at any time within (1) 60 days (such as through conversion of securities or exercise of stock options). Unless otherwise indicated, voting and investment power relating to the above shares is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children.

(2) Omitted if less than 0.1 percent.

These amounts include the right to acquire, pursuant to the exercise of stock options, within 60 days after June 30, 2014, the following numbers of shares: 38,000 shares for Ms. Comstock, 114,000 shares for Mr. Connors, 78,000 (3) shares for Mr. Cook, 94,000 shares for Mr. Graf, 44,000 shares for Mr. Houser, 56,000 shares for Dr. Lechleiter, 2,403,750 shares for Mr. Parker, 82,000 shares for Mr. Rodgers,

NIKE, INC. 2014 Notice of Annual Meeting 13

---



CORPORATE GOVERNANCE  
PROPOSAL 1

94,000 shares for Mr. Smith, 38,000 shares for Mr. Thompson, 48,000 shares for Dr. Wise, 685,750 shares for Mr. Blair, 949,750 shares for Mr. Edwards, 723,750 shares for Mr. Sprunk, 369,750 shares for Ms. Jackson, and 6,935,625 shares for the executive officer and director group.

(4) Includes shares credited to accounts under the NIKE, Inc. Deferred Compensation Plan in the following amounts: 20,528 for Mr. Houser, and 15,829 for Mr. Thompson.

Does not include: (a) 260,896 shares of Class A Stock that are owned by Mr. Knight's spouse, (b) 35,701,191 shares of Class A Stock held by seven grantor annuity trusts for the benefit of Mr. Knight's children, (c) 2,880,290 shares of Class B Stock held by the Knight Foundation, a charitable foundation in which Mr. Knight and his spouse are directors, and (d) 1,689,263 shares of Class B Stock held by Jasper Ridge Strategic Partners, L.P., a limited partnership in which a company owned by Mr. Knight is a limited partner. Mr. Knight has disclaimed ownership of all such shares.

(6) Executive officer listed in the Summary Compensation Table.

(7) Includes shares held in accounts under the NIKE, Inc. 401(k) and Profit Sharing Plan for Messrs. Parker, Blair, Edwards, Sprunk, and Ms. Jackson in the amounts of 17,088, 5,773, 9,033, 557 and 834 shares, respectively.

(8) Preferred Stock does not have general voting rights except as provided by law, and under certain circumstances as provided in the Company's Restated Articles of Incorporation, as amended.

(9) Information provided as of February 6, 2014 in Schedule 13G filed by the shareholder.

(10) Information provided as of February 6, 2014 in Schedule 13G filed by the shareholder.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than 10 percent shareholders are required by the regulations of the SEC to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended May 31, 2014 all Section 16(a) filing requirements applicable to its officers, directors and greater than 10 percent beneficial owners were complied with, except that the annual stock option grants to non-employee directors in September 2013 covering a total of 71,000 shares were reported late due to administrative error.

Transactions with Related Persons

Effective July 1, 2013, Mr. Knight terminated an arrangement whereby he made his airplane available to the Company for business use for no charge. During the course of the arrangement NIKE operated and maintained the aircraft.

Mr. Knight reimbursed the Company \$96,835 for NIKE's operating costs related to his personal use of this aircraft during fiscal 2014, determined based on the cost of fuel and other variable costs associated with the flights under FAR 91-501(d). In connection with the termination of the airplane arrangement, the Company sold a tug and power cart, purchased for Mr. Knight's plane, to a company owned by Mr. Knight for \$110,000.

Mr. Howard S. Slusher, the father of John Slusher, Executive Vice President of Sports Marketing, and the Company are parties to a Consulting Agreement pursuant to which Howard Slusher manages the planning, design, and construction of new buildings at, and improvements to, NIKE's World Headquarters. Howard Slusher was selected due to his deep history and experience with the Company, as he has managed several significant construction projects for the Company, including the original World Headquarters construction and later expansions. In addition, Howard Slusher's previous engagement with the Company garnered the trust of management and makes him uniquely qualified to oversee the project. During fiscal 2014, the Company paid Howard Slusher \$1,525,000 for these services.

Pursuant to the terms of a past consulting agreement with the Company, the Company agreed to pay for health and life insurance policies for Howard Slusher following expiration of the agreement. During fiscal 2014, the Company paid \$129,801 for health and life insurance premiums.

Three of Mr. Parker's siblings are employed by the Company in non-executive roles. Bob Parker is a Marketplace Director, and has been employed by the Company for over 30 years; Stephen Parker is Vice President & General Manager, Converse Asia-Pacific, and has been employed by the Company for over 26 years; and Ann Parker is an Executive Talent Scout, and has been employed by the Company for over 24 years. During fiscal year 2014, the Company paid aggregate compensation to each of Bob Parker, Stephen Parker and Ann Parker in the amounts of \$384,637, \$514,215, \$277,678, respectively. The compensation was consistent with compensation paid to other employees holding similar positions, and was composed of salary, bonuses, the grant date fair value of stock options granted during the fiscal year estimated using the Black-Scholes pricing model, profit sharing and matching contributions to Company-sponsored retirement plans.

Mr. Thompson's son, John Thompson III, head basketball coach at Georgetown University, and the Company are parties to a contract pursuant to which Mr. Thompson III provides certain endorsement and consulting services to the Company. The terms of this agreement, effective August 2014 through August 2019, provide for annual base compensation of \$200,000, and up to \$112,000 per year of product and merchandise, for use by him, the basketball staff and team. In addition, there are annual incentive payments based upon his team's performance of up to \$100,000.

#### Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors during the fiscal year ended May 31, 2014 were Timothy D. Cook, Elizabeth J. Comstock, John C. Lechleiter, and Johnathan A. Rodgers. The Committee is composed solely of independent, non-employee directors. No member of the Compensation Committee has been an executive officer of the Company, and no member of the Compensation

## CORPORATE GOVERNANCE

Committee had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain relationships and related-party transactions. None of the Company's executive officers served as a director or member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director or member of the Compensation Committee of the Company during the fiscal year ended May 31, 2014.

## COMPENSATION DISCUSSION AND ANALYSIS

## Executive Summary

This Compensation Discussion and Analysis explains our compensation philosophy, summarizes our compensation programs and reviews compensation decisions for the executives identified as Named Executive Officers in the Summary Compensation Table on page 23. The Named Executive Officers for fiscal 2014 were:

• Mark G. Parker, President and Chief Executive Officer

• Donald W. Blair, Executive Vice President and Chief Financial Officer

• Trevor A. Edwards, President, NIKE Brand

• Eric D. Sprunk, Chief Operating Officer

• Jeanne P. Jackson, President, Product and Merchandising

Messrs. Edwards and Sprunk and Ms. Jackson were promoted to their current positions effective July 1, 2013. Ms. Jackson is a new Named Executive Officer for fiscal 2014.

The Compensation Committee of the Board of Directors (the "Committee") is comprised of Timothy D. Cook (Chairman), Elizabeth J. Comstock, John C. Lechleiter, and Johnathan A. Rodgers, each of whom is an independent director under applicable NYSE listing standards.

Our executive compensation program, similar to our non-executive compensation programs, is aligned with our business strategy and culture to attract and retain top talent, reward business results and individual performance, and most importantly, maximize shareholder returns. Our total compensation program for the Named Executive Officers is highly incentive-based and competitive in the marketplace, with Company performance determining a significant portion of total compensation.

## Executive Compensation Governance Practices

To achieve the objectives of our executive compensation program and emphasize pay-for-performance principles, the Compensation Committee has continued to employ strong governance practices, including:

## We Do

- Base a majority of total compensation on performance and retention incentives
- Set annual and long-term incentive targets based on clearly disclosed, objective performance measures
- Mitigate undue risk associated with compensation by using multiple performance targets, caps on potential incentive payments and a clawback policy
- Require executive officers & non-employee directors to hold NIKE stock through published stock ownership guidelines
- Vest equity awards over time to promote retention
- Provide double-trigger change-in-control equity acceleration
- Require executive officers and directors to obtain pre-approval to pledge NIKE stock

## We Don't Do

- Retirement acceleration for restricted stock or RSUs
- Repricing of options without shareholder approval
- Hedging transactions or short sales by executive officers or directors
- Dividends or dividend equivalents on unearned RSUs
- Significant perquisites
- Tax gross-ups for perquisites
- Pension or supplemental executive retirement plan (SERP)
- Employment contracts
- Cash-based change-in-control benefits
- Excise tax gross-ups upon change of control

- ü Mitigate potential dilutive effect of equity awards through robust share repurchase program
- ü Conduct annual “say-on-pay” advisory votes

#### Consideration of Say-on-Pay Vote Results

The non-binding advisory proposal regarding compensation of the Named Executive Officers submitted to shareholders at our 2013 Annual Meeting was approved by over 98% of the votes cast. The Committee believes this favorable outcome conveyed our shareholders' support of our executive compensation program and the Committee's decisions. After considering the shareholder vote and other factors in its annual review of our total executive compensation programs, the Committee made no material changes in the structure of our compensation programs. The Committee will continue to consider the outcome of the Company's say-on-pay votes when conducting its regular practice of evaluating the program and making future compensation decisions for the Named Executive Officers.

#### Financial Highlights under Incentive Plans

NIKE delivered strong performance in fiscal 2014. The charts below set forth certain key financial results that were used in determining payouts under our incentive compensation plans for fiscal 2014. In fiscal 2013, NIKE divested the Cole Haan and Umbro businesses. As a result, the measures below vary from NIKE's comparable publicly reported financial results from continuing operations. These results have been adjusted appropriately to account for the divestitures of the businesses as described in the footnotes to the charts below and in “Elements of our Compensation Program.”

<sup>1</sup> For purposes of the fiscal 2012-2014 long-term incentive award payout, fiscal 2013 and 2014 revenues are adjusted to extrapolate Cole Haan and Umbro revenues through the divestiture dates of February 1, 2013 and November 30, 2012, respectively, for the full performance period. Fiscal 2013 and 2014 EPS are adjusted to extrapolate Cole Haan and Umbro operating income through the respective divestiture dates for the full performance period. Fiscal 2013 and 2014 also exclude divestiture-related charges and gains. All periods restated to reflect the December 24, 2012 two-for-one stock split.

<sup>2</sup> For purposes of the annual incentive award payouts, fiscal 2013 and 2014 exclude all Cole Haan and Umbro revenues and expenses, all divestiture-related charges and gains, and any amounts associated with the transfer of Umbro sports marketing sponsorships to NIKE.

#### Executive Compensation Highlights

The total compensation for each of the Named Executive Officers is shown in the Summary Compensation Table on page 23. While we describe executive compensation in greater detail throughout this Compensation Discussion and Analysis, actions the Committee took in fiscal 2014 are highlighted below:

• **Base Salary.** Based on the recommendation by the Committee, which was approved by the independent members of the Board, base salaries remained the same as it was determined that they were appropriately aligned with the market.

• **Performance-Based Annual Incentive Plan.** Target awards remained the same, except in the case of Messrs. Parker and Edwards, who received target increases to 170% and 100% of base salary, respectively. The Committee established an increased target award for Mr. Parker to align with market and for Mr. Edwards in connection with his promotion to President, NIKE Brand. For fiscal 2014, the payout was 95.02% of target.

• **Performance-Based Long-Term Incentive Plan.** The target awards for the fiscal 2014-2016 performance period for Messrs. Parker and Blair remained the same. The target awards for Messrs. Edwards and Sprunk were increased to \$900,000 and \$750,000, respectively. The Committee set these increased targets in connection with Mr. Edwards' promotion to President, NIKE Brand and Mr. Sprunk's promotion to Chief Operating Officer. The Committee set Ms. Jackson's target award at \$750,000 based on competitive market data and internal pay equity. For the fiscal 2012-2014 performance period, the payout was 134.48% of target.

• **Stock Options.** Mr. Parker was granted an option for 165,000 shares. Messrs. Blair, Edwards, and Sprunk and Ms. Jackson each received an option for 75,000 shares. Each award vests equally over four years.

Restricted Stock. Mr. Parker received an award in the amount of \$3,500,000. Mr. Edwards received an award in the amount of \$750,000. Messrs. Blair and Sprunk and Ms. Jackson each received an award in the amount of \$625,000. Each award vests equally over three years.

Peer Group. For purposes of setting executive compensation in fiscal 2014, the companies in the peer group were unchanged from fiscal 2013.

## COMPENSATION DISCUSSION AND ANALYSIS

## Operation of the Compensation Committee

The Compensation Committee of the Board of Directors (the “Committee”) evaluates the performance of the CEO against goals and objectives set by the Committee. Based on the evaluation, the Committee Chair discusses the CEO's performance and recommended compensation with the independent members of the Board of Directors. The CEO's base salary and the base salaries of the other Named Executive Officers are approved by the independent members of the Board of Directors. The Committee has sole responsibility for all other elements of Named Executive Officer compensation. The Committee also oversees the performance evaluation of those officers and the administration of our executive compensation programs. The Committee receives recommendations from the CEO as to compensation of other Named Executive Officers, and the CEO participates in Committee discussions regarding the compensation of those officers. The Committee meets in executive session without the CEO to determine his compensation. The Committee is comprised of Timothy D. Cook (Chairman), Elizabeth J. Comstock, John C. Lechleiter, and Johnathan A. Rodgers, each of whom is an independent director under applicable NYSE listing standards. The Committee operates pursuant to a written charter that is available on our website at: <http://investors.nikeinc.com>.

Each year, the Committee reviews our executive total compensation program to ensure it continues to reflect the Committee's commitment to align the objectives and rewards of our executive officers with the creation of value for our shareholders. Similar to our non-executive compensation programs, the program has been designed to reinforce our pay-for-performance philosophy by delivering total compensation that motivates and rewards short-and long-term financial performance to maximize shareholder value, and to be externally competitive to attract and retain outstanding and diverse executive talent. This is done much in the same way our human resources staff designs our non-executive compensation programs, by ensuring they are market competitive, offer performance-based financial incentives, and provide opportunities to share in total Company success through competitive benefits, stock purchase discount programs, and broad-based profit sharing. In conducting its annual review, the Committee considers information provided by our human resources staff. Our human resources staff retains independent compensation consulting firms to provide surveys and reports containing competitive market data. These consultants do not formulate executive compensation strategies for NIKE or recommend individual executive compensation. The human resources staff uses the surveys and reports to make recommendations to the Committee concerning executive compensation. The Committee has the authority, in its sole discretion, to retain compensation consultants to assist the Committee in evaluating the compensation of executive officers, but chose to not retain any such consultants in fiscal 2014. The Committee relies on its collective experience and judgment along with the recommendations prepared by our human resources staff to set executive compensation.

## Use of Market Survey Data

To help establish competitive ranges of base salary, incentive compensation opportunities, and target total compensation for the purpose of making recommendations to the Committee, our human resources staff uses competitive market data from surveys and reports prepared by Aon Hewitt Associates and Towers Watson. We consider market survey data from a peer group of companies which have similar revenue size, have similar products or markets, or reflect the companies with which we compete for executive talent. In addition, we consider market data across many industries, focusing on companies with revenues of \$10 billion or more.

For purposes of setting executive compensation for fiscal 2014, the companies in our peer group were unchanged from fiscal 2013 and consisted of the following:

Company	Reported Fiscal Year	Revenue (in millions)
The Coca-Cola Company	12/13	\$46,854.0
Colgate-Palmolive Company	12/13	17,420.0
FedEx Corp.	05/14	45,567.0

Gap Inc.	01/14	16,148.0
General Mills Inc.	05/14	17,909.6
Google Inc.	12/13	59,825.0
J.C. Penny Company Inc.	01/14	11,859.0
Kellogg Co.	12/13	14,792.0
Kimberly-Clark Corporation	12/13	21,152.0
Limited Brands Inc.	01/14	10,773.0
Macy's, Inc.	01/14	27,931.0
McDonald's Corporation	12/13	28,105.7
PepsiCo, Inc.	12/13	66,415.0
Starbucks Corp.	09/13	14,892.2
Time Warner Inc.	12/13	29,795.0
The Walt Disney Company	09/13	45,041.0

The surveys that our human resources staff reviews show percentile compensation levels for various executive positions with comparable job responsibilities. The staff also analyzes market data regarding compensation mix among base salary, annual incentive and long-term incentives such as performance-based cash awards, stock options, restricted stock and restricted stock unit awards. The Committee reviews this mix analysis when evaluating the separate compensation elements for each executive. The Committee does not endeavor to set executive compensation at or

## COMPENSATION DISCUSSION AND ANALYSIS

near any particular percentile, and it considers target total compensation to be competitive if it is generally within the 50<sup>th</sup> to 75<sup>th</sup> percentiles. Market data is one of many factors that the Committee considers in the determination of executive compensation levels. Other factors include internal pay equity, level of responsibility, the individual's performance, expectations regarding the individual's future potential contributions, succession planning and retention strategies, budget considerations, and our performance.

In November 2013, we conducted our regular periodic review of our peer group. Based on the criteria described above, we determined that for purposes of setting executive compensation in fiscal 2015, the peer group above should be refined to include eBay Inc., Kohl's Corp., and Mondelez International, Inc. and to remove General Mills Inc. and J.C. Penney Company Inc.

### Objectives and Elements of Our Compensation Program

As noted in the Executive Summary, our executive compensation program is aligned with our business strategy and culture to attract and retain top talent, reward business results and individual performance, and most importantly, maximize shareholder returns. Our total compensation program for the Named Executive Officers is highly incentive-based and competitive in the marketplace, with Company performance determining a significant portion of total compensation. Our program consists of the following elements:

- Base salary that reflects the executive's accountabilities, skills, experience, performance, and future potential

- Annual performance-based incentive cash bonus based on Company financial results under our Executive

- Performance Sharing Plan

- A portfolio approach to long-term incentive compensation to provide a balanced mix of performance-based cash incentives and equity, including:

- Performance-based long-term incentive cash awards based on Company financial results to encourage attainment of long-term Company financial objectives

- Stock options to align the interests of executives with those of shareholders

- Restricted stock awards and restricted stock unit retention awards to provide incentives consistent with shareholder returns, and to provide strong retention incentives

- Benefits

- Profit sharing contributions to defined contribution retirement plans

- Post-termination payments under non-competition agreements

Executives are generally eligible for the same competitive benefits as other employees in the U.S., including medical, dental, and vision insurance, paid time off, 401(k) plan, and Company-provided life and disability insurance.

Employees outside of the U.S. are offered locally competitive benefits.

- Employee Stock Purchase Plan

In determining the award levels for each of the elements in our total compensation program, our philosophy is to "pay for performance." As a result, we place relatively greater emphasis on the incentive components of compensation (annual incentive award, long-term incentive award, and stock options) to align the interests of our executives with shareholders, and motivate them to maximize shareholder returns. This is balanced with retention incentives provided by base salary, restricted stock awards, and restricted stock unit awards.

We look to the experience and judgment of the Committee to determine what it believes to be the appropriate target compensation mix for each Named Executive Officer. We do not apply fixed ratios or formulas, or rely solely on market data or quantitative measures. In allocating compensation among the various elements, the Committee considers market data, Company performance and budget, the impact of the executive's position in the Company, individual past performance, expectations for future performance, experience in the position, any anticipated increase in the individual's responsibilities, internal pay equity for comparable positions, and retention incentives for succession planning. As shown in the charts below, incentive components accounted for 89% of the CEO's target compensation and approximately 80% of the other Named Executive Officers' target compensation in fiscal 2014.





## COMPENSATION DISCUSSION AND ANALYSIS

## Elements of Our Compensation Program

## Base Salary

When making recommendations to the Committee concerning base salary levels for our Named Executive Officers, our human resources staff follows a similar process to how they evaluate non-executive base salary levels. We consider the individual's performance in the prior year, expectations regarding the individual's future performance, experience in the position, any anticipated increase in the individual's responsibilities, internal pay equity for comparable positions, succession planning strategies, our annual salary budget, other elements of the individual's compensation, and the market data described in "Use of Market Survey Data." The Committee reviews these factors each year and adjusts base salary levels to ensure that we are appropriately rewarding performance.

The Committee generally reviews base salaries of the Named Executive Officers annually based on a review of individual performance at a meeting in June, with salary adjustments becoming effective for the first pay period ending in August. During the salary review in June 2013, the Committee recommended, and the independent members of the Board approved, maintaining the base salaries for Messrs. Parker, Blair, Edwards, and Sprunk and Ms. Jackson at \$1,550,000, \$850,000, \$935,000, \$935,000, and \$885,000, respectively, based on the determination that the base salaries were appropriately aligned with comparable positions in the market.

In setting a Named Executive Officer's overall compensation package, the Committee places a relatively greater emphasis on the incentive components of compensation described below.

## Performance-Based Annual Incentive Bonus

Annual awards are paid to the Named Executive Officers under our Executive Performance Sharing Plan ("PSP"). Our "pay for performance" philosophy for awards is simple and applies to all global employees who are eligible to share in the Company's success through incentive bonuses: if we exceed our financial objectives, we will pay more; if we fail to reach them, we will pay less or nothing at all. The PSP for all executives is based 100% on overall corporate performance each year against a target based on the Company's annual financial objective, as measured by income before income taxes excluding the effect of any acquisitions, divestitures or accounting changes ("PTI"). Basing our annual incentive award program for all executives on overall corporate performance is intended to foster teamwork and send the message to each executive that his or her role is to help ensure overall organizational success and maximize shareholder returns.

Each year the Committee establishes a PSP target award for each Named Executive Officer based on its judgment of the impact of the position in the Company and what it believes to be competitive against market data as described in "Use of Market Survey Data," while considering internal pay equity for comparable positions. The fiscal 2014 target awards were:

Named Executive Officer	Fiscal 2014 PSP Target Award (% of base salary)
Mr. Parker	170%
Mr. Edwards	100%
Mr. Blair	90%
Mr. Sprunk	90%
Ms. Jackson	90%

The Committee increased Mr. Parker's target from 150% to 170% to align with market. Mr. Edwards' target was increased from 90% to 100% in recognition of the expanded responsibilities associated with his promotion to President, NIKE Brand on July 1, 2013. The targets for Messrs. Blair and Sprunk remained unchanged. Ms. Jackson's target was set based on competitive market data and internal pay equity considerations.

## COMPENSATION DISCUSSION AND ANALYSIS

The table below summarizes the fiscal 2014 PSP performance goals established by the Committee. In June 2014, NIKE achieved a PTI of \$3,535 million in fiscal 2014, an 8.0% increase over fiscal 2013 publicly reported continuing operations PTI. This achievement was below the target performance goal established by the Committee. As a result, each executive officer's award was paid out at 95.02% of the target award. (Dollars in millions)

Fiscal 2014

PSP Performance Goal	Threshold Performance	Threshold % Payout	Target Performance	Target % Payout	Maximum Performance	Maximum % Payout	Actual Performance	Actual % Payout
PTI <sup>1</sup>	\$3,278 <sup>2</sup>	50%	\$3,563 <sup>3</sup>	100%	\$3,848 <sup>4</sup>	150%	\$3,535	95.02% <sup>5</sup>

<sup>1</sup> Excludes all charges and gains related to the divestitures of Cole Haan and Umbro.

<sup>2</sup> Threshold payout approximates publicly reported continuing operations PTI for 2013. For threshold, target, and maximum award payouts, increases over fiscal 2013 publicly reported continuing operations PTI results are not uniform percentages, but were established by the Committee based on its evaluation of our business plan and prospects for the year.

<sup>3</sup> Target payout represents 8.9% increase above fiscal 2013 publicly reported continuing operations PTI.

<sup>4</sup> Maximum payout represents 17.6% increase above fiscal 2013 publicly reported continuing operations PTI.

<sup>5</sup> Prorated for performance between payout levels.

## Performance-Based Long-Term Incentive Plan

The first component in our long-term portfolio mix is performance-based awards payable in cash under our Long-Term Incentive Plan ("LTIP"). As with the performance-based annual incentive, the LTIP follows our "pay for performance" philosophy. If we exceed our targets, we will pay more; if we fall short, we will pay less or nothing at all. This program focuses executives on overall, long-term financial performance, and is intended to reward them for delivering revenue growth and diluted earnings per share ("EPS") growth over a three-year performance period. At the beginning of each fiscal year, the Committee establishes performance goals and potential cash payouts for the next three fiscal years for all executives under the LTIP. LTIP measures for all executives are based 50% on cumulative revenues for the three-year performance period and 50% on cumulative EPS for the period, in each case excluding generally the effect of acquisitions, divestitures and accounting changes.

During the compensation review in June 2013, the Committee approved LTIP target awards for all Named Executive Officers for the fiscal 2014-2016 performance period. The Committee set these targets based on its judgment of what it believes to be a desirable mix of long-term compensation, the impact of the position in the Company, and what it finds to be competitive against market data as described in "Use of Market Survey Data," while maintaining internal pay equity for comparable positions. For the fiscal 2014-2016 performance period, the Committee maintained the targets for Messrs. Parker and Blair. Mr. Edwards' target was increased from \$500,000 to \$900,000 in recognition of the expanded responsibilities associated with his promotion to President, NIKE Brand on July 1, 2013. Mr. Sprunk's target award was increased from \$500,000 to \$750,000 in recognition of the expanded responsibilities associated with his promotion to Chief Operating Officer on July 1, 2013. The Committee set Ms. Jackson's target based on competitive market data and internal pay equity considerations. The target awards for the fiscal 2014-2016 performance period are:

Named Executive Officer	Fiscal 2014-2016 LTIP Award Target (\$)
Mr. Parker	\$3,500,000
Mr. Edwards	900,000
Mr. Sprunk	750,000
Ms. Jackson	750,000
Mr. Blair	500,000

In June 2013, the Committee established measures for the fiscal 2014-2016 LTIP. The Committee considered our long-term financial goals of high single-digit revenue growth and mid-teens EPS growth in setting performance goals

for the target award payout level. The total payout percentage will be the average of the payout percentages determined for cumulative revenues and cumulative EPS, respectively. Payout below the threshold payout level may occur if either the revenue or EPS related percentage achievement is less than 50%. If both revenue and EPS fall below the threshold level, there is no payment. The table below summarizes the fiscal 2014-2016 LTIP performance goals.

(Dollars in millions, except per share data)

Fiscal 2014-2016 Performance Goals	Threshold Performance <sup>1</sup>	Threshold % Payout	Target Performance <sup>2</sup>	Target % Payout	Maximum Performance <sup>3</sup>	Maximum % Payout
Revenue	\$85,422	50%	\$88,750	100%	\$95,666	200%
EPS	\$9.61	50%	\$10.36	100%	\$11.96	200%

<sup>1</sup> Threshold payout for revenue requires cumulative revenue corresponding to a 6% compound annual growth rate (“CAGR”) from fiscal 2013 continuing operations revenue of \$25,313 million. Threshold payout for EPS requires cumulative EPS corresponding to a 9% CAGR from fiscal 2013 continuing operations EPS of \$2.69.

<sup>2</sup> Target revenue payout requires an 8% CAGR and target EPS payout requires a 13% CAGR.

<sup>3</sup> Maximum revenue payout requires a 12% CAGR and maximum EPS payout requires a 21% CAGR.

## COMPENSATION DISCUSSION AND ANALYSIS

Our executive officers were eligible to receive LTIP award payouts based on performance targets set in June 2011 covering the fiscal 2012-14 performance period. For this performance period, award terms provide for the extrapolation of divested business results for the post-divestiture portion of the related performance period, as well as the exclusion of divestiture-related charges or gains. In June 2014, the Committee determined a payout of 134.48% under these awards was earned based on the average of the payout percentages for cumulative adjusted revenues and cumulative adjusted EPS for the performance period shown in the table below:

(Dollars in millions, except per share data)

Fiscal 2012-2014 Performance Goals	Threshold Performance	Threshold % Payout	Target Performance	Target % Payout	Maximum Performance	Maximum % Payout	Actual Performance	Actual % Payout
Revenue	\$69,458	50%	\$73,145	100%	\$78,116	200%	\$78,805 <sup>1</sup>	200%
EPS	\$7.67	50%	\$8.45	100%	\$9.34	200%	\$7.96 <sup>2</sup>	68.96%
								Total Payout 134.48%

<sup>1</sup> Cumulative revenues for fiscal 2012, fiscal 2013 and fiscal 2014. Fiscal 2013 and 2014 revenues are adjusted to extrapolate Cole Haan and Umbro revenues through the divestiture dates of February 1, 2013 and November 30, 2012, respectively, for the full performance period.

<sup>2</sup> Cumulative EPS for fiscal 2012, fiscal 2013 and fiscal 2014. Fiscal 2013 and 2014 EPS are adjusted to extrapolate Cole Haan and Umbro operating income through the respective divestiture dates for the full performance period. Fiscal 2013 and 2014 also exclude divestiture-related charges and gains. All periods restated to reflect December 24, 2012 two-for-one stock split.

## Stock Options

The second component in our long-term portfolio mix is stock options. Stock options are designed to align the interests of the Company's executives with those of shareholders by encouraging executives to enhance the value of the Company and, hence, the price of the Class B Stock. This is true "pay for performance": executives are rewarded only if the market price of our stock rises, and they get nothing if the price does not rise. When determining the grants, the Committee generally focuses on the number of shares, while considering the value for accounting purposes. Our approach is based on our desire to carefully control annual share usage and avoid fluctuations in grant levels due to share price changes. The Committee awards stock options to each executive based on its judgment. The Committee considers a number of factors including the individual's performance, management succession, competitive market data as described in "Use of Market Survey Data," internal pay equity for comparable positions, and a desirable mix of long-term incentives. Our human resources staff periodically tests the reasonableness of our stock option grants against competitive market data and may make recommendations to the Committee. Options are generally granted annually to selected employees, including the Named Executive Officers, in July of each year under our shareholder-approved Stock Incentive Plan. Stock options for fiscal 2014 were granted by the Committee on July 19, 2013 with an exercise price equal to the closing market price of our stock on that date.

In July 2013, the Committee granted options to Mr. Parker for 165,000 shares, the same number of stock options granted to him in July 2012 before adjustment for our December 24, 2012 two-for-one stock split. Messrs. Blair, Edwards, and Sprunk each received 75,000 shares, an increase of 15,000 shares to each of them from July 2012 (pre-stock split). Ms. Jackson also received 75,000 shares. The Committee, in its judgment, set these award levels based on the factors described above.

Options we grant generally vest over a four-year period, and are forfeited if the employee leaves before vesting occurs, to promote executive retention. All options granted since July 2010 provide for a limited retirement provision designed to encourage employees to delay retirement, thus enhancing retention. Only those employees with a minimum of five years of service who are age 55 and above at the time of termination of employment are eligible for the provision. Under the provision, only unvested stock options that have been granted for at least one full year to employees between the ages of 55 to 59 at the time of termination of employment will continue to vest, and may be exercised for up to four years after termination. If an employee is age 60 or older and has at least five years of service at termination, unvested stock options that have been granted for at least one full year will receive accelerated vesting

and may be exercised for up to four years after termination. The features related to accelerated vesting are described in “Potential Payments upon Termination or Change-in-Control.” Based on their ages and years of service, as of May 31, 2014, Messrs. Parker and Blair could terminate employment at any time and receive continued vesting of their options granted in July 2010, 2011, and 2012. As of May 31, 2014, Ms. Jackson could terminate employment at any time and receive accelerated vesting of her options granted in July 2010, 2011, and 2012.

#### Restricted Stock Awards

The third component in our long-term portfolio mix is restricted stock awards. Stock ownership and stock-based incentive awards align the interests of our Named Executive Officers with the interests of our shareholders, as the value of this incentive rises and falls with the stock price, consistent with shareholder returns. Restricted stock awards are generally granted annually to selected employees, including the Named Executive Officers, in July at the same meeting at which stock options are granted under our shareholder-approved Stock Incentive Plan. Awards generally vest in three equal installments on each of the first three anniversaries of the grant date. The awards promote executive retention, as unvested shares held at the time the executive's employment is terminated are forfeited. Award recipients receive dividends on the full number of restricted shares awarded at the same time dividends are paid to others shareholders.

The Committee, in its judgment, sets these award levels based on several factors, including what the Committee believes to be a desirable mix of long-term compensation, their determination of an appropriate weighting of potential future contribution to the Company, retention incentives, and competitive grants based on competitive market data. In July 2013, the Committee granted a restricted stock award to Mr. Parker valued at \$3,500,000, representing 55,249 shares of our Class B Stock, based on the closing price of our stock on the grant date. This was the same value of restricted stock granted to Mr. Parker in July 2012. Mr. Edwards received an award valued at \$750,000, representing 11,839 shares of our Class B Stock. The Committee increased his award by \$125,000 relative to his award in July 2012 in recognition of the expanded

## COMPENSATION DISCUSSION AND ANALYSIS

responsibilities associated with his promotion to President, NIKE Brand on July 1, 2013. Messrs. Blair and Sprunk and Ms. Jackson each received an award valued at \$625,000, representing 9,866 shares based on the closing price of our stock on the grant date. This was the same value granted to Messrs. Blair and Sprunk in July 2012.

## Restricted Stock Unit (RSU) Retention Awards

From time to time, the Committee also grants restricted stock units (“RSUs”) that vest based on continued service through a future service date with the Company specifically to further promote retention. These RSU awards accumulate dividend equivalents that are only paid in cash upon full vesting. The awards have no value to the executive unless the executive remains employed with the Company for the full vesting period, and will be canceled if the executive terminates or retires within the vesting period. None of our Named Executive Officers received RSUs in fiscal 2014.

## Profit Sharing and Retirement Plans

The NIKE 401(k) Savings and Profit Sharing Plan is our U.S. tax qualified retirement savings plan pursuant to which all our U.S. employees who work at least 1,000 hours in a year, including the Named Executive Officers, are able to make pre-tax contributions from their cash compensation. We make matching contributions for all participants each year equal to 100% of their elective deferrals up to 5% of their total eligible compensation. We also make annual profit sharing contributions to the accounts of our eligible U.S. employees under the 401(k) Savings and Profit Sharing Plan. The contributions are allocated among eligible employees based on a percentage of their total salary and annual incentive award for the year. The total profit sharing contribution and the percentage of salary and annual incentive award contributed for each employee is determined each year by the Board of Directors. For fiscal 2014, the Board of Directors approved a profit sharing contribution for each employee equal to 3.89% of the employee's total eligible salary and annual incentive award.

The Internal Revenue Code limits the amount of compensation that can be deferred under the 401(k) Savings and Profit Sharing Plan, and also limits the amount of salary and annual incentive award (\$255,000 for fiscal 2014) with respect to which matching contributions and profit sharing contributions can be made under that plan. Accordingly, we provide our executive officers and other highly compensated employees with the opportunity to defer their compensation, including amounts in excess of the tax law limit, under our nonqualified Deferred Compensation Plan. We also make profit sharing contributions under the Deferred Compensation Plan with respect to salary and annual incentive award of any employee that exceeds the tax law limit, and for fiscal 2014 these contributions were equal to 3.89% of the total salary and annual incentive award of each Named Executive Officer in excess of \$255,000. These contributions under the Deferred Compensation Plan allow our Named Executive Officers and other highly compensated employees to receive profit sharing retirement contributions in the same percentage as our other employees. We do not match executive deferrals to the Deferred Compensation Plan. Executive officer balances in the Deferred Compensation Plan are unsecured and at-risk, meaning the balances may be forfeited in the event of the Company's financial distress such as bankruptcy. Our matching and profit sharing contributions for fiscal 2014 to the accounts of the Named Executive Officers under the qualified and nonqualified plans are included in the All Other Compensation column in the Summary Compensation Table on page 23.

## Employee Stock Purchase Plan

Our Employee Stock Purchase Plan allows all employees who work at least 20 hours per week in the United States and in many countries outside of the United States to purchase NIKE Class B Stock through payroll deductions at a 15% discount to the market price on the first or last trading day of the six-month purchase period, dependent on which day the stock price was lower. No plan participant is allowed to purchase more than \$25,000 in market value of our stock under the plan in any calendar year. In fiscal 2014, all Named Executive Officers participated in our Employee Stock Purchase Plan, with the exception of Mr. Parker.

## Post-termination Payments under Non-competition Agreements

In exchange for non-competition agreements from all of our Named Executive Officers, we have agreed to provide, during the non-competition period, the monthly payments described in “Potential Payments upon Termination or Change-in-Control,” some of which are at the election of the Company. We believe that it is appropriate to compensate individuals to refrain from working with competitors following termination, and that compensation enhances the enforceability of such agreements.

#### Stock Ownership Guidelines

On June 20, 2013, the Board of Directors adopted stock ownership guidelines for executive officers. These guidelines are designed to further align the long-term interests of our executive officers with those of our shareholders. Under the guidelines, the CEO and other executive officers are required to hold NIKE stock valued at the following multiple of their annual base salary:

Position	Ownership Level
Chief Executive Officer	6X Base Salary
Named Executive Officers	3X Base Salary
Other Executive Officers	2X Base Salary

Current executive officers are required to attain these ownership levels by June 20, 2018 and new officers within five years of their appointment.

#### Hedging and Pledging

The Company's black-out and pre-clearance policy (which supplements our insider trading policy) prohibits directors, executive officers and other designated insiders from engaging in transactions involving hedging, monetization or short sales of NIKE stock, including zero-cost collars and forward sale contracts. The policy also requires directors, executive officers and designated insiders to obtain pre-approval from the Company's Corporate Secretary before pledging NIKE stock. Before granting approval of any pledge, the Corporate Secretary considers the size of the pledge relative to the individual's other holdings, both direct and indirect, and NIKE's shares outstanding; the risk of foreclosure given the nature of the associated transaction; protections against the appearance of insider trading, including prohibitions on sales during black-out windows; and the ability to timely report sales on Form 4.

#### Change-in-Control Provisions

All unvested stock option, restricted stock, and restricted stock unit awards are subject to accelerated change-in-control vesting only when two events (a “double trigger”) occur. Vesting of grants is generally accelerated only if there is a change in control of the Company and either the acquiring entity fails to assume the awards or the employee's employment is terminated by the acquirer without cause or by the employee for good reason within two years following a change in control. This double trigger was adopted to encourage executive retention through a period of uncertainty and a subsequent integration with an acquirer. The Committee believes that this approach will enhance shareholder value in the context of an acquisition, and align executives with the interests of investors. The effects of change-in-control transactions on stock option, restricted stock, and restricted stock unit awards are described further in “Potential Payments Upon Termination or Change-in-Control.”

#### Clawback Policy

In June 2010, the Committee and Board of Directors approved a policy for recoupment of incentive compensation (the “clawback policy”). The Board of Directors adopted the clawback policy to prevent executives involved in certain wrongful conduct from unjustly benefiting from that conduct, and to remove potential financial incentives to engage in that conduct. The clawback policy generally requires an executive officer who is involved in wrongful conduct that results in a restatement of the Company's financial statements to repay to the Company up to the full amount of any incentive compensation based on the financial statements that were subsequently restated. Incentive compensation



includes the annual PSP award, LTIP payout, profit sharing contributions to the Deferred Compensation Plan, and excess proceeds from sales of stock acquired under stock option, restricted stock, and restricted stock unit awards that occurred prior to the restatement.

#### Risk Assessment

At the Committee's request, in fiscal 2014 management prepared and discussed with the Committee an assessment of potential risk associated with the Company's compensation programs, including any risk that would be reasonably likely to have a material adverse effect on the Company. This included an assessment of risks associated with each element of employee compensation. The assessment considered certain design features of the compensation programs that reduce the likelihood of excessive risk taking, such as reasonable performance targets, capped payouts of incentive compensation, a balance of short- and long-term incentives, a balance of cash and equity incentives, vesting of awards over time, and the potential for clawback of incentive compensation. In addition, for equity compensation, in recent years the Committee and the Board have adopted stock ownership guidelines, limited accelerated vesting of stock options upon termination of employment, and implemented double-trigger accelerated vesting for all equity awards upon change in control (each as described above).

NIKE, INC. 2014 Notice of Annual Meeting 21

---

## Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for annual compensation over \$1 million paid to their chief executive officer and the next three most highly compensated executive officers (other than the principal financial officer). The Internal Revenue Code generally excludes from the calculation of the \$1 million cap compensation that is based on the attainment of pre-established, objective performance goals established under a shareholder-approved plan. We consider the impact of this exclusion when developing and implementing our executive compensation programs. Annual awards under our Executive Performance Sharing Plan, long-term incentive awards under our Long-Term Incentive Plan and stock options under our 1990 Stock Incentive Plan generally are designed to meet the requirements under the exclusion. We also believe that it is important to preserve flexibility in administering compensation programs in a manner designed to promote varying corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m). Amounts paid under any of our compensation programs, including salaries, annual incentive awards, performance awards and grants of restricted stock and restricted stock units, may not qualify as performance-based compensation that is excluded from the Section 162(m) limitation on deductibility. In fiscal 2014, a portion of the compensation paid to Messrs. Parker, Edwards, and Sprunk and Ms. Jackson was not deductible.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors (the “Committee”) has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on the review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

### Members of the Compensation Committee:

☛ Timothy D. Cook, Chairman  
 ☛ Elizabeth J. Comstock  
 ☛ John C. Lechleiter  
 ☛ Johnathan A. Rodgers

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth compensation for fiscal 2012-2014 paid to or earned by our Chief Executive Officer, our Chief Financial Officer and our next three most highly compensated executive officers who were serving as executive officers on May 31, 2014. These individuals are referred to throughout this proxy statement as the “Named Executive Officers.”

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)
Mark G. Parker	2014	1,550,000	3,500,024	2,451,174	6,538,177	638,974	14,678,349
President and Chief Executive Officer	2013	1,609,615	3,500,087	4,199,250	5,522,466	594,190	15,425,608
Donald W. Blair	2012	1,550,000	23,500,076	3,648,150	6,205,960	308,492	35,212,678
Executive Vice President	2014	850,000	625,011	1,114,170	1,399,303	158,219	4,146,703
	2013	882,692	3,625,093	1,527,000	1,584,715	138,932	7,758,432

Edgar Filing: NIKE INC - Form DEF 14A

and Chief Financial Officer	2012	850,000	550,017	1,105,500	1,725,832	117,676	4,349,025
Trevor A. Edwards	2014	935,000	750,001	1,114,170	1,560,837	204,920	4,564,928
President, NIKE Brand	2013	961,346	5,625,103	1,527,000	1,660,430	169,552	9,943,431
	2012	878,269	600,085	1,105,500	1,749,972	109,316	4,443,142
Eric D. Sprunk	2014	935,000	625,011	1,114,170	1,471,993	203,559	4,349,733
Chief Operating Officer	2013	961,346	5,625,103	1,527,000	1,660,430	170,055	9,943,934
	2012	878,269	600,085	1,105,500	1,749,972	114,438	4,448,264
Jeanne P. Jackson	2014	885,000	625,011	1,114,170	1,429,234	159,979	4,213,394
President, Product and Merchandising							

NIKE, INC. 2014 Notice of Annual Meeting 22

---

## EXECUTIVE COMPENSATION

(1) Reflects 26 pay periods during fiscal 2014 and fiscal 2012 and 27 pay periods during fiscal 2013.

Represents the grant date fair value of restricted stock and restricted stock unit awards granted in the applicable (2) year computed in accordance with accounting guidance applicable to stock-based compensation. The grant date fair value is based on the closing market price of our Class B Stock on the grant date.

Represents the grant date fair value of options granted in the applicable year computed in accordance with accounting guidance applicable to stock-based compensation. The grant date fair value of the options was (3) estimated using the Black-Scholes option pricing model. The assumptions made in determining the grant date fair values of options under applicable accounting guidance are disclosed in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended May 31, 2014.

(4) Non-Equity Incentive Plan Compensation consists of the following:

Name	Fiscal Year	Annual Incentive Compensation (\$)	Long-Term Incentive Compensation (\$)	Total (\$)
Mark G. Parker	2014	2,503,777	4,034,400	6,538,177
	2013	2,582,466	2,940,000	5,522,466
	2012	2,205,960	4,000,000	6,205,960
Donald W. Blair	2014	726,903	672,400	1,399,303
	2013	849,715	735,000	1,584,715
	2012	725,832	1,000,000	1,725,832
Trevor A. Edwards	2014	888,437	672,400	1,560,837
	2013	925,430	735,000	1,660,430
	2012	749,972	1,000,000	1,749,972
Eric D. Sprunk	2014	799,593	672,400	1,471,993
	2013	925,430	735,000	1,660,430
	2012	749,972	1,000,000	1,749,972
Jeanne P. Jackson	2014	756,834	672,400	1,429,234

Amounts shown in the Annual Incentive Compensation column were earned for performance in the applicable fiscal year under our Executive Performance Sharing Plan. Amounts shown in the Long-Term Incentive Compensation column were earned for performance during the three -year period ending with the applicable fiscal year under our Long-Term Incentive Plan.

For fiscal 2014 for each of the Named Executive Officers, this includes profit-sharing contributions by us to the 401(k) Savings and Profit Sharing Plan in the amount of \$9,931 and matching contributions by us to the 401(k) Savings and Profit Sharing Plan in the amount of \$12,750 for Messrs. Parker, Blair, Edwards and Sprunk, and Ms. Jackson. Also includes profit-sharing contributions by us to the Deferred Compensation Plan in the following (5) amounts: \$151,006 for Mr. Parker, \$56,264 for Mr. Blair, \$62,523 for Messrs. Edwards and Sprunk, and \$58,989 for Ms. Jackson. Includes dividends paid on restricted stock and dividend equivalents credited (but not paid) on unvested restricted stock units in the following amounts: \$465,287 for Mr. Parker, \$79,274 for Mr. Blair, \$119,716 for Mr. Edwards, \$118,355 for Mr. Sprunk, and \$78,309 for Ms. Jackson.

## EXECUTIVE COMPENSATION

## Grants of Plan-Based Awards in Fiscal 2014

The following table contains information concerning the long-term incentive bonus opportunities, annual incentive bonus opportunities, restricted stock and restricted stock unit awards and stock options granted to the Named Executive Officers in fiscal 2014.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock <sup>(3)</sup>	All Other Option Awards: Number of Shares Underlying Options <sup>(4)</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(5)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)				
Mark	6/19/2013	1,317,500 <sup>(1)</sup>	2,635,000 <sup>(1)</sup>	3,952,500 <sup>(1)</sup>				
G. Parker	6/19/2013	1,750,000 <sup>(2)</sup>	3,500,000 <sup>(2)</sup>	7,000,000 <sup>(2)</sup>				
	7/19/2013				55,249		3,500,024	
	7/19/2013					165,000	2,451,174	
Donald	6/19/2013	382,500 <sup>(1)</sup>	765,000 <sup>(1)</sup>	1,147,500 <sup>(1)</sup>				
W. Blair	6/19/2013	250,000 <sup>(2)</sup>	500,000 <sup>(2)</sup>	1,000,000 <sup>(2)</sup>				
	7/19/2013				9,866		625,011	
	7/19/2013					75,000	1,114,170	
Trevor	6/19/2013	467,500 <sup>(1)</sup>	935,000 <sup>(1)</sup>	1,402,500 <sup>(1)</sup>				
A.	6/19/2013	450,000 <sup>(2)</sup>	900,000 <sup>(2)</sup>	1,800,000 <sup>(2)</sup>				
Edwards	7/19/2013				11,839		750,001	
	7/19/2013					75,000	1,114,170	
Eric	6/19/2013	420,750 <sup>(1)</sup>	841,500 <sup>(1)</sup>	1,262,250 <sup>(1)</sup>				
D.	6/19/2013	375,000 <sup>(2)</sup>	750,000 <sup>(2)</sup>	1,500,000 <sup>(2)</sup>				
Sprunk	7/19/2013				9,866		625,011	
	7/19/2013					75,000	1,114,170	
Jeanne	6/19/2013	398,250 <sup>(1)</sup>	796,500 <sup>(1)</sup>	1,194,750 <sup>(1)</sup>				
P.	6/19/2013	375,000 <sup>(2)</sup>	750,000 <sup>(2)</sup>	1,500,000 <sup>(2)</sup>				
Jackson	7/19/2013				9,866		625,011	
	7/19/2013					75,000	1,114,170	

These amounts represent the potential bonuses payable for performance during fiscal 2014 under our Executive Performance Sharing Plan. Under this plan, the Compensation Committee approved target awards for fiscal 2014 based on a percentage of the executive's base salary paid during fiscal 2014 as follows: Mr. Parker, 170%; Mr. Blair, 90%; Mr. Edwards, 100%; Mr. Sprunk, 90%; and Ms. Jackson, 90%. The Committee also established a series of performance targets based on our income before income taxes ("PTI") for fiscal 2014 (excluding the effect of acquisitions, divestitures and accounting changes) corresponding to award payouts ranging from 50% to 150% of the target awards. The PTI for fiscal 2014 required to earn the target award payout was \$3,563 million. The PTI for fiscal 2014 required to earn the 150% maximum payout was \$3,848 million. The PTI for fiscal 2014 required to earn the 50% threshold payout was \$3,278 million. Participants receive a payout at the percentage level at which the performance target is met, subject to the Committee's discretion to reduce or eliminate any award based on Company or individual performance. Actual award payouts earned in fiscal 2014 and paid in fiscal 2015 are shown in footnote 4 to the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

These amounts represent the potential long-term incentive awards payable for performance during the three-year period consisting of fiscal 2014-2016 under our Long-Term Incentive Plan. Under this plan, the Compensation Committee approved target awards for the performance period and also established a series of performance targets based on our cumulative revenues and cumulative diluted earnings per common share (“EPS”) for the performance period (excluding the effect of acquisitions, divestitures and accounting changes not reflected in our business plan at the time of approval of the target awards) corresponding to award payouts ranging from 50% to 200% of the target awards. Participants will receive a payout at the average of the percentage levels at which the two

(2) performance targets are met, subject to the Committee’s discretion to reduce or eliminate any award based on Company or individual performance. For cumulative revenues over the performance period, the target payout requires revenues of \$88,750 million, the 50% threshold payout requires revenues of \$85,422 million, and the 200% maximum payout requires revenues of \$95,666 million. For cumulative EPS over the performance period, the target payout requires EPS of \$10.36, the 50% threshold payout requires EPS of \$9.61, and the 200% maximum payout requires EPS of \$11.96. Under the terms of the awards, on the first payroll period ending in August 2016 we will issue the award payout to each participant, provided that the participant is employed by us on the last day of the performance period.

All amounts reported in this column represent grants of restricted stock under our 1990 Stock Incentive Plan.

(3) Restricted stock generally vests in three equal installments on the first three anniversaries of the grant date. Vesting will be accelerated in certain circumstances as described below under “Potential Payments Upon Termination or Change-in-Control.” Dividends are payable on restricted stock at the same rate paid on all other outstanding shares of our Class B Stock.

All amounts reported in this column represent options granted under our 1990 Stock Incentive Plan. Options generally become exercisable for option shares in four equal installments on the first four anniversaries of the grant (4) date. Options will become fully exercisable in certain circumstances as described below under “Potential Payments Upon Termination or Change-in-Control.” Each option has a maximum term of 10 years, subject to earlier termination in the event of the optionee’s termination of employment.

EXECUTIVE COMPENSATION

(5) For stock awards, represents the value of restricted shares granted based on the closing market price of our Class B Stock on the grant date. For option awards, represents the grant date fair value of options granted based on a value of \$14.8556 per share calculated using the Black-Scholes option pricing model. These are the same values for these equity awards used under accounting guidance applicable to stock-based compensation. The assumptions made in determining option values are disclosed in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended May 31, 2014.

## EXECUTIVE COMPENSATION

## Outstanding Equity Awards at May 31, 2014

The following table sets forth information concerning outstanding stock options and unvested restricted stock and restricted stock units held by the Named Executive Officers at May 31, 2014.

Name	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#) <sup>(1)</sup>	Option Exercise Price (\$)	Option Expiration Date	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested (\$)
Mark G. Parker	280,000	—	21.9000	7/15/2015		
	500,000	—	21.0700	2/16/2016		
	270,000	—	29.2600	7/20/2017		
	270,000	—	29.1000	7/18/2018		
	300,000	—	26.2200	7/17/2019		
	247,500	82,500	(2) 34.4800	7/16/2020		
	165,000	165,000	(3) 45.8500	7/15/2021		
	82,500	247,500	(4) 46.5400	7/20/2022		
—	165,000	(5) 63.3500	7/19/2023	510,195 <sup>(6)</sup>	39,239,097	
Donald W. Blair	132,000	—	19.6900	7/14/2016		
	100,000	—	29.2600	7/20/2017		
	100,000	—	29.1000	7/18/2018		
	100,000	—	26.2200	7/17/2019		
	75,000	25,000	(2) 34.4800	7/16/2020		
	50,000	50,000	(3) 45.8500	7/15/2021		
	30,000	90,000	(4) 46.5400	7/20/2022		
	—	75,000	(5) 63.3500	7/19/2023	87,279 <sup>(7)</sup>	6,712,628
Trevor A. Edwards	132,000	—	18.3000	7/16/2014		
	132,000	—	21.9000	7/15/2015		
	132,000	—	19.6900	7/14/2016		
	100,000	—	29.2600	7/20/2017		
	100,000	—	29.1000	7/18/2018		
	100,000	—	26.2200	7/17/2019		
	75,000	25,000	(2) 34.4800	7/16/2020		
	50,000	50,000	(3) 45.8500	7/15/2021		
	30,000	90,000	(4) 46.5400	7/20/2022		
	—	75,000	(5) 63.3500	7/19/2023	132,590 <sup>(8)</sup>	10,197,497
Eric D. Sprunk	132,000	—	21.9000	7/15/2015		
	72,000	—	19.6900	7/14/2016		
	66,000	—	29.2600	7/20/2017		
	100,000	—	29.1000	7/18/2018		
	100,000	—	26.2200	7/17/2019		
	75,000	25,000	(2) 34.4800	7/16/2020		
	50,000	50,000	(3) 45.8500	7/15/2021		
	30,000	90,000	(4) 46.5400	7/20/2022		
	—	75,000	(5) 63.3500	7/19/2023	130,617 <sup>(9)</sup>	10,045,753
Jeanne P. Jackson	8,000	—	28.1600	9/17/2017		



Edgar Filing: NIKE INC - Form DEF 14A

8,000	—		31.5800	9/22/2018		
34,000	—		21.2800	3/4/2019		
66,000	—		26.2200	7/17/2019		
75,000	25,000	(2)	34.4800	7/16/2020		
50,000	50,000	(3)	45.8500	7/15/2021		
30,000	90,000	(4)	46.5400	7/20/2022		
—	75,000	(5)	63.3500	7/19/2023	86,559 <sup>(10)</sup>	6,657,253

(1) Stock options generally become exercisable for option shares in four equal installments on each of the first four anniversaries of the grant date.

(2) 100% of these shares vested on July 16, 2014.

(3) 50% of these shares vested on July 15, 2014 and 50% will vest on July 15, 2015.

NIKE, INC. 2014 Notice of Annual Meeting 26

---

## EXECUTIVE COMPENSATION

- (4) 33.3% of these shares vested on July 20, 2014, 33.3% will vest on July 20, 2015, and 33.3% will vest on July 20, 2016.
- (5) 25% of these shares vested on July 19, 2014, 25% will vest on July 19, 2015, 25% will vest on July 19, 2016, and 25% will vest on July 19, 2017.
- (6) 18,417 of these shares vested on July 19, 2014, 18,416 of these shares will vest on July 19, 2015, and 18,416 of these shares will vest on July 19, 2016. 25,069 of these shares vested on July 20, 2014 and 25,068 of these shares will vest on July 20, 2015. 25,445 of these shares vested on July 15, 2014. 379,364 of these shares will vest on May 18, 2017.
- (7) 3,289 of these shares vested on July 19, 2014, 3,289 of these shares will vest on July 19, 2015, and 3,288 of these shares will vest on July 19, 2016. 4,477 of these shares vested on July 20, 2014 and 4,476 of these shares will vest on July 20, 2015. 3,998 of these shares vested on July 15, 2014. 64,462 of these shares will vest on July 20, 2015.
- (8) 3,947 of these shares vested on July 19, 2014, 3,946 of these shares will vest on July 19, 2015, and 3,946 of these shares will vest on July 19, 2016. 4,477 of these shares vested on July 20, 2014 and 4,476 of these shares will vest on July 20, 2015. 4,362 of these shares vested on July 15, 2014. 107,436 of these shares will vest on July 20, 2017.
- (9) 3,289 of these shares vested on July 19, 2014, 3,289 of these shares will vest on July 19, 2015, and 3,288 of these shares will vest on July 19, 2016. 4,477 of these shares vested on July 20, 2014 and 4,476 of these shares will vest on July 20, 2015. 4,362 of these shares vested on July 15, 2014. 107,436 of these shares will vest on July 20, 2017.
- (10) 3,289 of these shares vested on July 19, 2014, 3,289 of these shares will vest on July 19, 2015, and 3,288 of these shares will vest on July 19, 2016. 4,298 of these shares vested on July 20, 2014 and 4,298 of these shares will vest on July 20, 2015. 3,635 of these shares vested on July 15, 2014. 64,462 of these shares will vest on July 20, 2017.

## Option Exercises and Stock Vested During Fiscal 2014

The following table provides information concerning stock option exercises and vesting of restricted stock during fiscal 2014 for each of the Named Executive Officers on an aggregated basis.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Mark G. Parker	240,000	12,007,500	84,350	5,351,715
Donald W. Blair	165,000	8,870,400	13,309	844,405
Trevor A. Edwards	—	—	13,673	867,580
Eric D. Sprunk	—	—	13,673	867,580
Jeanne P. Jackson	—	—	11,799	748,630

## Equity Compensation Plans

The following table summarizes equity compensation plans approved by shareholders and equity compensation plans that were not approved by the shareholders as of May 31, 2014.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(3)</sup>	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by shareholders	65,069,019 <sup>(1)</sup>	\$39.28	39,991,048

Edgar Filing: NIKE INC - Form DEF 14A

Equity compensation plans not approved by shareholders <sup>(2)</sup>	—	—	378,356
Total	65,069,019	\$39.28	40,369,404

(1) Includes 65,069,019 shares subject to awards of options, restricted stock units and stock appreciation rights outstanding under the 1990 Stock Incentive Plan. Includes 38,623,890 shares available for future issuance under the 1990 Stock Incentive Plan, and 1,367,158 shares available for future issuance under the Employee Stock Purchase Plan.

(2) Includes 378,356 shares available for future issuance under the Foreign Subsidiary Employee Stock Purchase Plan, pursuant to which shares are offered and sold to employees of selected non-U.S. subsidiaries of the Company on substantially the same terms as those offered to U.S. employees under the shareholder-approved Employee Stock Purchase Plan.

(3) These weighted-average exercise prices do not reflect the shares that will be issued upon the payment of outstanding awards of restricted stock units.

## EXECUTIVE COMPENSATION

## Non-Qualified Deferred Compensation in Fiscal 2014

Name	Plan Name	Executive Contributions in Fiscal 2014 <sup>(1)</sup>	NIKE Contributions in Fiscal 2014 <sup>(1)</sup>	Aggregate Earnings in Fiscal 2014	Aggregate Withdrawals/ Distributions in Fiscal 2014	Aggregate Balance at 5/31/2014 <sup>(1)</sup>
Mark G. Parker	DCP	\$1,197,993	\$143,346	\$156,401	—	\$9,271,375
Donald W. Blair	DCP	1,363,366	54,616	1,486,525	—	11,074,902
Trevor A. Edwards	DCP	1,312,072	58,749	1,301,238	—	11,189,568
Eric D. Sprunk	DCP	598,858	58,749	779,146	—	5,817,384
Jeanne Jackson	DCP	—	57,048	129,488	—	1,068,815

All amounts reported in the Executive Contributions column are also included in amounts reported in the Summary Compensation Table. The amounts reported in the NIKE Contributions column represent profit sharing contributions made by us in early fiscal 2014 based on fiscal 2013 results; these amounts are also included in (1) amounts reported for fiscal 2013 in the All Other Compensation column of the Summary Compensation Table. Of the amounts reported in the Aggregate Balance column, the following amounts have been reported in the Summary Compensation Tables in this proxy statement or in prior year proxy statements: Mr. Parker, \$8,457,554; Mr. Blair, \$7,367,494; Mr. Edwards, \$4,958,517; Mr. Sprunk, \$1,554,164; and Ms. Jackson, \$57,048.

## Non-Qualified Deferred Compensation Plans

The Named Executive Officers are eligible to participate in our Deferred Compensation Plan (the “DCP”). Participants in the DCP may elect in advance to defer up to 100 percent of their annual base salary, bonus and long-term incentive payments.

Each year, we share profits with our employees in the form of profit sharing contributions to defined contribution retirement plans. The contributions are allocated among eligible employees based on a percentage of their total salary and bonus for the year. To the fullest extent permitted under Internal Revenue Code limitations, these contributions are made to employees’ accounts under our qualified 401(k) Savings and Profit Sharing Plan. Contributions based on salary and bonus in excess of the tax law limit (\$255,000 for fiscal 2014) are made as NIKE contributions under the DCP.

Amounts deferred under the DCP are credited to a participant’s account under the DCP. Each participant may allocate his or her account among any combination of the investment funds available under the DCP. Participants’ accounts are adjusted to reflect the investment performance of the funds selected by the participants. Participants can change the allocation of their account balances daily. The funds available under the DCP consist of 16 mutual funds with a variety of investment objectives. The investment funds had annual returns in fiscal 2014 ranging from -0.15% to 24.51%. Amounts credited to participants’ accounts are invested by us in actual investments matching the investment options selected by the participants to ensure that we do not bear any investment risk related to participants’ investment choices.

The portion of a participant’s account attributable to elective deferrals, including investment returns, is fully vested at all times. The portion of a participant’s account attributable to NIKE contributions, including investment returns, is fully vested after the participant has been employed by us for five years. All of the Named Executive Officers are fully vested in their NIKE contributions.

Each time they elect to defer compensation, participants make an election regarding distribution of the compensation deferred under the election (as adjusted to reflect investment performance). A participant may elect for distribution to

be made in a lump sum at the beginning of a predetermined year while the participant is still employed or in service (but no sooner than the fourth year after the year in which the distribution election is submitted). Alternatively, a participant may elect for distribution to be made in a lump sum or in annual installments over five, ten or fifteen years after termination of employment or service. Participants have limited rights to change their distribution elections. Participants may make a hardship withdrawal under certain circumstances. Subject to certain limitations, a participant may also at any time request to withdraw amounts from his or her account balance that were vested as of December 31, 2004 (and any subsequent investment returns on such amount). If such request is approved, the participant may withdraw 90% of the amount requested, and the remaining 10% will be permanently forfeited.

#### Potential Payments Upon Termination or Change-in-Control

##### Change-in-Control Compensation — Acceleration of Equity Awards

All unvested stock option, restricted stock, and restricted stock unit ("RSU") awards are subject to accelerated vesting upon the occurrence of two events (a "double trigger"): there is a "change in control" and the Named Executive Officer's employment is terminated by us without "cause" or by the Named Executive Officer for "good reason," in each case on or before the second anniversary of the change in control. In addition, for stock options granted since July 2010, the standard period for exercising options following termination of employment is extended from three months to four years, but not beyond each option's original 10-year term. A double trigger with respect to vesting of stock options and RSUs will also occur if we are acquired and the acquiring company does not assume the outstanding options or RSUs. In our agreements, "change in control" is generally defined to include:

- the acquisition by any person of 50% or more of our outstanding Class A Stock or, if the Class A Stock no longer elects a majority of directors, the acquisition by any person of 30% or more of our total outstanding Common Stock, the nomination (and subsequent election) in a two-year period of a majority of our directors by persons other than the incumbent directors, and a sale of all or substantially all of our assets, or an acquisition of NIKE through a merger, consolidation or share exchange.

## EXECUTIVE COMPENSATION

In our agreements, “cause” generally includes willful and continued failure to substantially perform assigned duties and willful engagement in illegal conduct materially injurious to us. In our agreements, “good reason” generally includes a material diminution in position or duties, a salary reduction or material reduction in other benefits, and a home office relocation of over 50 miles.

The following table shows the estimated benefits that would have been received by the Named Executive Officers if a double trigger had occurred on May 31, 2014, when the most recent closing price of our Class B Stock was \$76.91 per share.

Name	Stock Award Acceleration <sup>(1)</sup>	Stock Option Acceleration <sup>(2)</sup>	Total
Mark G. Parker	\$39,239,097.00	\$19,538,175	\$58,777,272
Donald W. Blair	6,712,628	6,876,897	13,589,525
Trevor A. Edwards	10,197,497	6,876,897	17,074,394
Eric D. Sprunk	10,045,753	6,876,897	16,922,650
Jeanne P. Jackson	6,657,253	6,876,897	13,534,150

Information regarding unvested restricted stock and restricted stock units held by each Named Executive Officer is set forth in the Outstanding Equity Awards table above. The award agreements provide that all shares will (1) immediately vest upon the occurrence of a double trigger. The amounts in the table above represent the number of unvested restricted shares multiplied by the closing price of our Class B Stock as of May 31, 2014.

Information regarding outstanding unexercisable options held by each Named Executive Officer is set forth in the Outstanding Equity Awards table above. The agreements governing unvested stock options provide that upon the occurrence of a double trigger all unexercisable options will immediately become fully exercisable and the standard three-month period for exercising options following termination of employment will be extended to four years, but not beyond each option’s original 10-year term. Amounts in the table above represent the sum of (i) for each Named Executive Officer’s outstanding unexercisable options, the aggregate value as of May 31, 2014 of (2) those options assuming a four-year remaining term and otherwise calculated using the Black-Scholes option pricing model with assumptions consistent with those used by us for valuing our options under accounting guidance applicable to stock-based compensation, plus (ii) for each Named Executive Officer’s outstanding exercisable options granted since July 2010, the increase in value of those options resulting from the extension of the post-termination exercise period from three months to four years, with the option values for three-month and four-year remaining terms calculated using the Black-Scholes option pricing model with assumptions consistent with those used for valuing our options under accounting guidance applicable to stock-based compensation.

## Benefits Triggered on Certain Employment Terminations

## Stock Option Acceleration and Extension

As of May 31, 2014, each Named Executive Officer held options to purchase Class B Stock as listed in the Outstanding Equity Awards table above. Under the terms of the stock options granted to each Named Executive Officer before July 2010, upon the death or disability of the officer, the standard three-month period for exercising options following termination of employment is extended to 12 months, but not beyond each option’s original 10-year term. Under the terms of the stock options granted to each Named Executive Officer since July 2010, upon the death or disability of the officer, all unexercisable options become fully exercisable and the standard three-month period for exercising options following termination of employment is extended to four years, but not beyond each option’s original 10-year term. If death or disability of a Named Executive Officer had occurred on May 31, 2014, the sum of (i) for outstanding unexercisable options that would have become exercisable, the aggregate value as of May 31, 2014 of those options assuming a four-year remaining term, in the case of options granted since July 2010, and otherwise calculated using the Black-Scholes option pricing model with assumptions consistent with those used by us for valuing our options under accounting guidance applicable to stock-based compensation, plus (ii) for outstanding exercisable options, the increase in value, if any, of those options resulting from the extension of the post-termination exercise period from three months to 12 months, in the case of options granted before July 2010, and from three months to four years, in the case of options granted since July 2010, with the option values as of May 31, 2014 for

three-month, 12-month and four-year remaining terms calculated using the Black-Scholes option pricing model with assumptions consistent with those used by us for valuing our options under accounting guidance applicable to stock-based compensation, is \$19,501,568 for Mr. Parker, and \$6,865,804 for Messrs. Blair, Sprunk, and Edwards, and Ms. Jackson.

Under the terms of the unvested stock options granted to Named Executive Officers since July 2010, vesting of options that have been outstanding for at least one year will be accelerated if the holder retires after reaching age 60 with at least 5 years of service, and vesting of options that have been outstanding for at least one year will continue notwithstanding termination of employment if the holder retires after reaching age 55 with at least 5 years of service. In addition, for any holder who retires after reaching age 55 with at least 5 years of service, the standard three-month period for exercising these options following termination of employment will be extended to four years, but not beyond the option's original 10-year term. If termination of employment of a Named Executive Officer (other than due to death or disability) had occurred on May 31, 2014, the sum of (i) for outstanding unexercisable options that would have become exercisable, the aggregate value as of May 31, 2014 of those options assuming a four-year remaining term and otherwise calculated using the Black-Scholes option pricing model with assumptions consistent with those used by us for valuing our options under accounting guidance applicable to stock-based compensation, plus (ii) for outstanding exercisable options granted since July 2010, the increase in value, if any, of those options resulting from the extension of the post-termination exercise period from three months to four years, with the option values as of May 31, 2014 for three-month and four-year remaining terms calculated using the Black-Scholes option pricing model with assumptions consistent with those used by us for valuing our options under accounting guidance applicable to stock-based compensation, is \$16,233,748 for Mr. Parker, \$5,380,431 for Mr. Blair, and \$5,380,431 for Ms. Jackson. The value for Messrs. Sprunk and Edwards is zero because neither has reached age 55.

#### Stock Award Acceleration

NIKE, INC. 2014 Notice of Annual Meeting 29

---

## EXECUTIVE COMPENSATION

As of May 31, 2014, each Named Executive Officer held unvested restricted stock and restricted stock units as set forth in the Outstanding Equity Awards table above. Under the terms of their award agreements, all unvested restricted shares and restricted stock units will immediately vest upon the death or disability of the officer. The value of the unvested restricted shares and restricted stock units held by each Named Executive Officer as of May 31, 2014 that would have become vested if death or disability had occurred on that date is as set forth in the “Stock Award Acceleration” column of the Change-in-Control Compensation — Acceleration of Equity Awards table above.

## Payments Under Noncompetition Agreements

We have an agreement with Mr. Parker that contains a covenant not to compete that extends for two years following the termination of his employment with us. The agreement provides that if Mr. Parker's employment is terminated by us, we will make monthly payments to him during the two-year noncompetition period in an amount equal to one-twelfth of his then current annual salary and target Performance Sharing Plan bonus (“Annual NIKE Income”). The agreement provides further that if Mr. Parker voluntarily resigns, we will make monthly payments to him during the two-year noncompetition period in an amount equal to one-twenty-fourth of his then current Annual NIKE Income. However, commencement of the above-described monthly payments will be delayed until after the six-month period following Mr. Parker's separation from service, and all payments that he would otherwise have received during that period will be paid in a lump sum promptly following the end of the period, together with interest at the prime rate. If employment is terminated without cause, the parties may mutually agree to waive the covenant not to compete, and if employment is terminated for cause, we may unilaterally waive the covenant. If the covenant is waived, we will not be required to make the payments described above for the months as to which the waiver applies. If the employment of Mr. Parker had been terminated by us on May 31, 2014 and assuming the covenant is not waived, we would have been required to pay Mr. Parker \$348,750 per month for the 24-month period ending May 31, 2016. If Mr. Parker had voluntarily resigned on May 31, 2014 and assuming the covenant is not waived, we would have been required to pay Mr. Parker \$174,375 per month for the 24-month period ending May 31, 2016.

We have noncompetition agreements with Messrs. Blair, Sprunk and Edwards, and Ms. Jackson on the same terms, except that the noncompetition period is one year instead of two years, the six-month delay for commencement of payments does not apply and we may unilaterally waive the covenant in all cases including termination without cause. In addition, for Messrs. Blair, Sprunk and Edwards, and Ms. Jackson, the monthly payments are one-twelfth or one-twenty-fourth of their current annual salaries, instead of their Annual NIKE Income. If the employment of these officers had been terminated by us on May 31, 2014 and assuming the covenant is not waived, we would have been required to pay Mr. Blair \$70,833 per month, Messrs. Sprunk and Edwards \$77,917 per month, and Ms. Jackson \$73,750 for the 12-month period ending May 31, 2015. If these officers had voluntarily resigned on May 31, 2014 and assuming the covenant is not waived, we would have been required to pay Mr. Blair \$35,417 per month, Messrs. Sprunk and Edwards \$38,959 per month, and Ms. Jackson \$36,875 for the 12-month period ending May 31, 2015.

Proposal 2                      Shareholder Advisory Vote to Approve  
Executive Compensation

We are submitting to shareholders our annual "say-on-pay proposal," an advisory vote to approve the compensation of our Named Executive Officers as described in this proxy statement

At the Company's 2013 annual meeting of shareholders, 98% of the votes cast on the say-on-pay proposal were voted in favor of the proposal. The Compensation Committee believes this affirms shareholders' support of the Company's approach to executive compensation.

As discussed in the Compensation Discussion and Analysis, our compensation philosophy is designed to attract and retain highly talented individuals, provide rewards for strong business results and individual performance, and motivate executives to maximize long-term shareholder returns. The program is competitive in the marketplace, highly incentive-based to align interests of executives with those of shareholders, and balanced across incentives to appropriately mitigate risk.



To achieve the objectives of our executive compensation program and emphasize pay-for-performance principles, the Compensation Committee has continued to employ the strong governance practices described in “Executive Compensation Governance Practices” on page 14, including:

- basing a majority of total compensation on performance and retention incentives;
- setting annual and long-term incentive targets based on clearly disclosed, objective performance measures and the Company's performance goals;
- mitigating undue risk associated with compensation by using multiple performance targets, caps on potential incentive payments and a clawback policy; and
- requiring executive officers and non-employee directors to hold NIKE stock through published stock ownership guidelines.

Because your vote is advisory, it will not be binding on the Board. However, the Board values shareholder opinions, and the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

#### Board Recommendation

The Board of Directors recommends that shareholders vote FOR approval of the compensation paid to the Named Executive Officers as disclosed pursuant to the SEC's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosures that accompany the compensation tables).

## PROPOSAL 3

Proposal 3                      Ratification of Independent Registered Public  
Accounting Firm

The Audit Committee of the Board of Directors has sole authority to retain, with shareholder ratification, the Company's independent registered public accounting firm. The Audit Committee directly oversees the firm's work with respect to the annual audit of the Company's consolidated financial statements and internal control over financial reporting and approves all audit engagement fees and terms. At least annually, the Audit Committee evaluates the independent registered public accounting firm's qualifications, performance, and independence, including a review and evaluation of its lead partner. The Audit Committee is also involved in the selection of the new lead engagement partner following mandated rotation of the firm's lead partner, and is responsible for considering the benefits of rotation of the Company's independent registered public accounting firm.

The Audit Committee has appointed PricewaterhouseCoopers LLP to audit the Company's consolidated financial statements and internal control over financial reporting for the fiscal year ending May 31, 2015 and to render other professional services as required.

PricewaterhouseCoopers LLP has served as the Company's independent registered public accounting firm for many years. The Audit Committee and the Board of Directors believe that the continued retention of PricewaterhouseCoopers LLP as the independent registered public accounting firm is in the best interests of the Company and its shareholders.

Accordingly, the Audit Committee is submitting the appointment of PricewaterhouseCoopers LLP to shareholders for ratification. If the appointment is not ratified by our shareholders, the Audit Committee may reconsider whether it should appoint another independent registered public accounting firm.

Representatives of PricewaterhouseCoopers LLP will be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to questions.

Aggregate fees billed by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, for audit services related to the most recent two fiscal years, and for other professional services incurred in the most recent two fiscal years, were as follows:

Type of Service	2014		2013	
Audit Fees <sup>(1)</sup>	\$13.0	million	\$12.9	million
Audit-Related Fees <sup>(2)</sup>	0.1	million	0.2	million
Tax Fees <sup>(3)</sup>	2.1	million	2.5	million
All Other Fees <sup>(4)</sup>	0.7	million	0.3	million
Total	\$15.9	million	\$15.9	million

(1) Comprises the audits of the Company's annual financial statements and internal controls over financial reporting, and reviews of the Company's quarterly financial statements, as well as statutory audits of Company subsidiaries, attest services and consents to SEC filings. The amounts shown for fiscal 2013 include audit services related to the divestiture of Cole Haan and Umbro and have been revised to reflect actual fees paid.

(2) Comprises employee benefit plan audits and consultations regarding financial accounting and reporting.

(3) Comprises services for tax compliance, tax planning, and tax advice. Tax compliance includes services for compliance related tax advice, as well as the preparation and review of both original and amended tax returns for the Company and its consolidated subsidiaries. Tax compliance related fees represented \$1.7 million and \$1.8 million of the tax fees for fiscal 2014 and 2013, respectively. The remaining tax fees primarily include tax advice.

(4) Comprises other miscellaneous services.

In accordance with the Sarbanes-Oxley Act of 2002, the Audit Committee established policies and procedures under which all audit and non-audit services performed by the Company's independent registered public accounting firm must be approved in advance by the Audit Committee. During fiscal 2014 and fiscal 2013, all such services were

approved in advance.

Board Recommendation

The Board of Directors recommends that shareholders vote FOR ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2015.

Report of the Audit Committee

The Audit Committee has:

NIKE, INC. 2014 Notice of Annual Meeting 31

---

Reviewed and discussed the audited financial statements with management.

Discussed with the independent auditors the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Statement on Auditing Standards No. 16 Communications with Audit Committees.

Received the written disclosures and the letter from the independent accountants required by applicable requirements of the PCAOB regarding the independent accountants' communications concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions above, recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.

Members of the Audit Committee:

Alan B. Graf, Jr., Chairman

John G. Connors

Michelle A. Peluso

Orin C. Smith

Other Matters

As of the time this proxy statement was printed, management was unaware of any proposals to be presented for consideration at the Annual Meeting other than those set forth herein, but if other matters do properly come before the Annual Meeting, the persons named in the proxy will vote the shares represented by such proxy according to their best judgment.

#### Shareholder Proposals

A proposal by a shareholder for inclusion in the Company's proxy statement and form of proxy for the 2015 annual meeting of shareholders must be received by John F. Coburn III, Vice President and Corporate Secretary of NIKE, at One Bowerman Drive, Beaverton, Oregon 97005-6453, on or before April 9, 2015 to be eligible for inclusion. Rules under the Securities Exchange Act of 1934 describe standards as to the submission of shareholder proposals. In addition, the Company's bylaws require that any shareholder wishing to make a nomination for Director, or wishing to introduce a proposal or other business at a shareholder meeting must give the Company at least 60 days' advance written notice, which for the 2015 annual meeting of shareholders is July 20, 2015, and that notice must meet certain other requirements described in the bylaws.

For the Board of Directors,

John F. Coburn III

Vice President and Corporate Secretary

ANNUAL  
MEETING  
AND  
PROXY STATEMENT  
September 18, 2014  
Beaverton, Oregon

---

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on September 18, 2014.

Vote by Internet

- Go to [www.investorvote.com](http://www.investorvote.com)
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write x outside the designated areas.

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed, and a vote for FOR Proposals 2 and 3.

---

1. Class A director nominees: To elect a Board of Directors for the ensuing year.

	For	Withhold		For	Withhold		For	Withhold	»
01 - Elizabeth J. Comstock	..	..	02 - John G. Connors	..	..	03 - Timothy D. Cook	..	..	
04 - John J. Donahoe II	..								