NIKE INC

FORM 10-K
(Annual Report)

Filed 07/23/13 for the Period Ending 05/31/13

Address	ONE BOWERMAN DR BEAVERTON, OR 97005-6453
Telephone	5036713173
CIK	0000320187
Symbol	NKE
SIC Code	3021 - Rubber and Plastics Footwear
Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED May 31, 2013
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM TO .
Commission File No. 1-10635

NIKE, INC.

(Exact name of Registrant as specified in its charter)

OREGON	**93-0584541**
(State or other jurisdiction of incorporation)	*(IRS Employer Identification No.)*
One Bowerman Drive Beaverton, Oregon	**97005-6453**
(Address of principal executive offices)	*(Zip Code)*
(503) 671-6453	
(Registrant's Telephone Number, Including Area Code)	

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:	
Class B Common Stock	**New York Stock Exchange**
(Title of Each Class)	*(Name of Each Exchange on Which Registered)*

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
NONE

Indicate by check mark	**YES**	**NO**
• if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☑	☐
• if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
• whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
• whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).	☑	☐
• if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	☐	☑
• whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.		
Large accelerated filer ☑ / Accelerated filer ☐ / Non-accelerated file ☐	Smaller Reporting Company ☐	
• whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).	☐	☑

As of November 30, 2012, the aggregate market values of the Registrant's Common Stock held by non-affiliates were:

Class A	$	2,206,464,966
Class B	$	34,773,165,371
	$	36,979,630,337

As of July 19, 2013, the number of shares of the Registrant's Common Stock outstanding were:

Class A	177,957,876
Class B	712,394,590
	890,352,466

DOCUMENTS INCORPORATED BY REFERENCE:

Parts of Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on September 19, 2013 are incorporated by reference into Part III of this Report.

NIKE, INC.
ANNUAL REPORT ON FORM 10-K
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PART I

ITEM 1. Business

General

NIKE, Inc. was incorporated in 1968 under the laws of the state of Oregon. As used in this report, the terms “we,” “us,” “NIKE” and the “Company” refer to NIKE, Inc. and its predecessors, subsidiaries and affiliates, collectively, unless the context indicates otherwise. Our internet address is *www.nike.com.* On our NIKE Corporate website, located at *www.nikeinc.com,* we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended. All such filings on our NIKE Corporate website are available free of charge. Also available on the NIKE Corporate website are the charters of the committees of our board of directors, as well as our corporate governance guidelines and code of ethics; copies of any of these documents 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.

Our principal business activity is the design, development and worldwide marketing and selling of athletic footwear, apparel, equipment, accessories and services. NIKE is the largest seller of athletic footwear and athletic apparel in the world. We sell our products to retail accounts, through NIKE-owned retail stores and internet websites (which we refer to as our “Direct to Consumer” operations) and through a mix of independent distributors and licensees, in virtually all countries around the world. Virtually all of our products are manufactured by independent contractors. Virtually all footwear and apparel products are produced outside the United States, while equipment products are produced both in the United States and abroad.

Products

We focus our NIKE Brand and Brand Jordan product offerings in seven key categories: Running, Basketball, Football (Soccer), Men’s Training, Women’s Training, NIKE Sportswear (our sports-inspired lifestyle products), and Action Sports. We also market products designed for kids, as well as for other athletic and recreational uses such as baseball, cricket, golf, lacrosse, outdoor activities, football, tennis, volleyball, walking, and wrestling.

NIKE’s athletic footwear products are designed primarily for specific athletic use, although a large percentage of the products are worn for casual or leisure purposes. We place considerable emphasis on high quality construction and innovation in our products. NIKE Sportswear, Running, Basketball, Football (Soccer), and kids’ shoes are currently our top-selling footwear categories and we expect them to continue to lead in product sales in the near future.

We sell sports apparel and accessories covering most of the above-mentioned categories, which feature the same trademarks and are sold predominantly through the same marketing and distribution channels as athletic footwear. We often market footwear, apparel and accessories in “collections” of similar use or by category. We also market apparel with licensed college and professional team and league logos.

We sell a line of performance equipment under the NIKE Brand name, including bags, socks, sport balls, eyewear, timepieces, digital devices, bats, gloves, protective equipment, golf clubs, and other equipment designed for sports activities. We also sell small amounts of various plastic products to other manufacturers through our wholly-owned subsidiary, NIKE IHM, Inc.

Our wholly-owned subsidiary, Converse Inc. (“Converse”), headquartered in North Andover, Massachusetts, designs, distributes and licenses athletic and casual footwear, apparel and accessories under the Converse ®, Chuck Taylor ®, All Star ®, One Star ®, Star Chevron ® and Jack Purcell ® trademarks.

Our wholly-owned subsidiary, Hurley International LLC (“Hurley”), headquartered in Costa Mesa, California, designs and distributes a line of action sports and youth lifestyle apparel and accessories under the Hurley ® trademark.

In addition to the products we sell to our wholesale customers and directly to consumers through our Direct to Consumer operations, we have also entered into license agreements that permit unaffiliated parties to manufacture and sell certain apparel, digital devices and applications and other equipment designed for sports activities.

As part of our long-term growth strategy, we continually evaluate our portfolio of businesses to ensure we are investing in those businesses that are accretive to the NIKE Brand with the largest growth potential and highest returns. On February 1, 2013, and November 30, 2012, we completed the divestitures of the Cole Haan and Umbro businesses, respectively, allowing us to better focus our resources on driving growth in the NIKE, Jordan, Converse and Hurley brands.

Sales and Marketing

Financial information about geographic and segment operations appears in Note 18 — Operating Segments and Related Information of the accompanying Notes to the Consolidated Financial Statements.

We experience moderate fluctuations in aggregate sales volume during the year. Historically, revenues in the first and fourth fiscal quarters have slightly exceeded those in the second and third quarters. However, the mix of product sales may vary considerably as a result of changes in seasonal and geographic demand for particular types of footwear, apparel, and equipment.

Because NIKE is a consumer products company, the relative popularity of various sports and fitness activities and changing design trends affect the demand for our products. We must, therefore, respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, styles and categories, and influencing sports and fitness preferences through extensive marketing. Failure to respond in a timely and adequate manner could have a

material adverse effect on our sales and profitability. This is a continuing risk.

We report our NIKE Brand operations based on our internal geographic organization. Each NIKE Brand geography operates predominantly in one industry: the design, development, marketing and selling of athletic footwear, apparel, equipment, accessories, and services. Our reportable operating

segments for the NIKE Brand are: North America, Western Europe, Central & Eastern Europe, Greater China, Japan, and Emerging Markets. Our NIKE Brand Direct to Consumer operations are managed within each geographic segment.

United States Market

In fiscal 2013, sales in the United States, including U.S. sales of our Other Businesses, accounted for approximately 45% of total revenues, compared to 42% in both fiscal 2012 and fiscal 2011. Converse and Hurley, our affiliate brands, and NIKE Golf comprise our Other Businesses. We sell to thousands of retail accounts in the United States, including a mix of footwear stores, sporting goods stores, athletic specialty stores, department stores, skate, tennis and golf shops, and other retail accounts. During fiscal 2013, our three largest customers accounted for approximately 25% of sales in the United States.

We make substantial use of our futures ordering program, which allows retailers to order five to six months in advance of delivery with the commitment that their orders will be delivered within a set time period at a fixed price. In fiscal 2013, 87% of our U.S. wholesale footwear shipments (excluding our Other Businesses) were made under the futures program, compared to 86% in fiscal 2012 and 87% in fiscal 2011. In fiscal 2013, 67% of our U.S. wholesale apparel shipments (excluding our Other Businesses) were made under the futures program, compared to 64% in fiscal 2012 and 60% in fiscal 2011.

We utilize NIKE sales offices to solicit sales in the United States as well as independent sales representatives to sell specialty products for golf, skateboarding, and snowboarding. In addition, our Direct to Consumer operations sell NIKE Brand products to consumers through our internet website, *www.nike.com* , and through the following number of retail stores in the United States:

U.S. Retail Stores	Number
NIKE Brand factory stores	171
NIKE Brand in-line stores, including NIKETOWNs and employee-only stores	33
Converse stores (including factory stores)	72
Hurley stores (including factory and employee stores)	27
TOTAL	**303**

NIKE has five primary distribution centers in the United States located in Memphis, Tennessee, three of which are leased. NIKE Brand apparel and equipment products are also shipped from our Foothill Ranch, California distribution center. Converse and Hurley products are shipped primarily from Ontario, California.

International Markets

In fiscal 2013, non-U.S. sales including non-U.S. sales of our Other Businesses accounted for 55% of total revenues, compared to 58% in both fiscal 2012 and fiscal 2011. We sell our products to retail accounts, through our own Direct to Consumer operations, and through a mix of independent distributors, licensees, and sales representatives around the world. We sell to thousands of retail accounts and operate 16 distribution centers outside of the United States. In many countries and regions, including Canada, Asia, some Latin American countries, and Europe, we have a futures ordering program for retailers similar to the United States futures ordering program described above. During fiscal 2013, NIKE's three largest customers outside of the U.S. accounted for approximately 6% of total non-U.S. sales.

Our Direct to Consumer business operates the following number of retail stores outside the United States:

Non-U.S. Retail Stores	Number
NIKE Brand factory stores	388
NIKE Brand in-line stores, including NIKETOWNs and employee-only stores	59
Converse stores (including factory stores)	3
TOTAL	**450**

International branch offices and subsidiaries of NIKE are located in Argentina, Australia, Austria, Belgium, Bermuda, Brazil, Canada, Chile, China, Costa Rica, Croatia, Cyprus, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, the Netherlands, Norway, the Philippines, Poland, Portugal, Russia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uruguay and Vietnam.

Significant Customer

No customer accounted for 10% or more of our worldwide net sales during fiscal 2013.

Orders

Worldwide futures orders for NIKE Brand athletic footwear and apparel, scheduled for delivery from June through November 2013, were $12.1 billion compared to $11.2 billion for the same period last year. This futures orders amount is calculated based upon our forecast of the actual exchange rates under which our revenues will be translated during this period. Reported futures orders are not necessarily indicative of our expectation of revenues for this period. This is because the mix of orders can shift between futures and at-once orders and the fulfillment of certain of these futures orders may fall outside of the scheduled time period noted above. In addition, foreign currency exchange rate fluctuations as well as differing levels of discounts, order cancellations and returns can cause differences in the comparisons between futures orders and actual revenues. Moreover, a significant portion of our revenue is not derived from futures orders, including at-once and close-out sales of NIKE Brand footwear and apparel, sales of NIKE Brand equipment, sales from our Direct to Consumer operations, and sales from our Other Businesses.

Product Research and Development

We believe our research and development efforts are a key factor in our success. Technical innovation in the design and manufacturing process of footwear, apparel, and athletic equipment receive continued emphasis as NIKE strives to produce products that help to reduce injury, enhance athletic performance and maximize comfort.

In addition to NIKE's own staff of specialists in the areas of biomechanics, chemistry, exercise physiology, engineering, industrial design, sustainability, and related fields, we also utilize research committees and advisory boards made up of athletes, coaches, trainers, equipment managers, orthopedists, podiatrists, and other experts who consult with us and review designs, materials, concepts for product and manufacturing process improvements and compliance with product safety regulations around the world. Employee athletes, athletes engaged under sports marketing contracts and other athletes wear-test and evaluate products during the design and development process.

Manufacturing

Virtually all of our footwear is manufactured outside of the United States by independent contract manufacturers. In fiscal 2013, contract factories in Vietnam, China and Indonesia manufactured approximately 42%, 30%, and 26% of total NIKE Brand footwear, respectively. We also have manufacturing agreements with independent factories in Argentina, Brazil, India, and Mexico to manufacture footwear for sale primarily within those countries. The largest single footwear factory with which we have contracted accounted for approximately 6% of total fiscal 2013 NIKE Brand footwear production. Almost all of NIKE Brand apparel is manufactured outside of the United States by independent contract manufacturers located in 28 countries. Most of this apparel production occurred in China, Vietnam, Thailand, Indonesia, Sri Lanka, Pakistan, Malaysia, Turkey, Mexico, and Cambodia. The largest single apparel factory that we have contracted with accounted for approximately 6% of total fiscal 2013 apparel production.

The principal materials used in our footwear products are natural and synthetic rubber, plastic compounds, foam cushioning materials, nylon, leather, canvas, and polyurethane films used to make Air-Sole cushioning components. During fiscal 2013, NIKE IHM, Inc., a wholly-owned subsidiary of NIKE, Inc., with facilities in Beaverton, Oregon and St. Louis, Missouri, as well as independent contractors in China and Vietnam, were our largest suppliers of the Air-Sole cushioning components used in footwear. The principal materials used in our apparel products are natural and synthetic fabrics and threads, plastic and metal hardware, and specialized performance fabrics designed to repel rain and snow, retain heat, or efficiently wick moisture away from the body. NIKE's independent contractors and suppliers buy raw materials in bulk for the manufacturing of our footwear, apparel and equipment products. Most raw materials are available and purchased by those independent contractors and suppliers in the countries where manufacturing takes place. We have thus far experienced little difficulty in satisfying our raw material requirements.

Since 1972, Sojitz Corporation of America ("Sojitz America"), a large Japanese trading company and the sole owner of our redeemable preferred stock, has performed significant import-export financing services for us. During fiscal 2013, Sojitz America provided financing and purchasing services for NIKE Brand products sold in Argentina, Uruguay, Canada, Brazil, India, Indonesia, the Philippines, Malaysia, South Africa, Korea, and Thailand, excluding products produced and sold in the same country. Approximately 13% of NIKE Brand sales occurred in those countries. Any failure of Sojitz America to provide these services or any failure of Sojitz America's banks could disrupt our ability to acquire products from our suppliers and to deliver products to our customers in those markets. Such a disruption could result in canceled orders that would adversely affect sales and profitability. However, we believe that any such disruption would be short-term in duration due to the ready availability of alternative sources of financing at competitive rates. Our current agreements with Sojitz America expire on May 31, 2014.

International Operations and Trade

Our international operations and sources of supply are subject to the usual risks of doing business abroad, such as possible revaluation of currencies, export and import duties, anti-dumping measures, quotas, safeguard measures, trade restrictions, restrictions on the transfer of funds and, in certain parts of the world, political instability and terrorism. We have not, to date, been materially affected by any such risk, but cannot predict the likelihood of such material effects occurring in the future.

In recent years, uncertain global and regional economic conditions have affected international trade and caused a rise in protectionist actions around the world. These trends are affecting many global manufacturing and service sectors, and the footwear and apparel industries, as a whole, are not immune. Companies in our industry are facing trade protectionism in many different regions, and in nearly all cases we are working together with industry groups to address trade issues and reduce the impact to the industry, while observing applicable competition laws. Notwithstanding our efforts, such protectionist measures, if implemented, could result in increases in the cost of our products, which may in turn adversely affect our sales or profitability as well as the imported footwear and apparel industry as a whole.

We monitor protectionist trends and developments throughout the world that may materially impact our industry and engage in administrative and judicial processes to mitigate trade restrictions. In Brazil, we are actively monitoring for dumping investigations against products from China and other countries that may result in additional anti-dumping measures and could affect our industry. We are also monitoring for and advocating against other impediments that may increase customs clearance times for imports of footwear, apparel and equipment. Moreover, with respect to trade restrictions targeting China, which represents an important sourcing and consumer marketing country for us, we are working with a broad coalition of global businesses and trade associations representing a wide variety of sectors to help ensure that any legislation enacted and implemented (i) addresses legitimate and core concerns, (ii) is consistent with international trade rules, and (iii) reflects and considers China's domestic economy and the important role it has in the global economic community.

Where trade protection measures are implemented, we believe that we have the ability to develop, over a period of time, adequate alternative sources of supply for the products obtained from our present suppliers. If events prevented us from acquiring products from our suppliers in a particular country, our operations could be temporarily disrupted and we could experience an adverse financial impact. However, we believe we could abate any such disruption, and that much of the adverse impact on supply would, therefore, be of a short-term nature, although alternate sources of supply might not be as cost effective and could have an ongoing adverse impact on profitability.

Competition

The athletic footwear, apparel, and equipment industry is highly competitive in the United States and on a worldwide basis. We compete internationally with a significant number of athletic and leisure footwear companies, athletic and leisure apparel companies, sports equipment companies, and large companies having diversified lines of athletic and leisure footwear, apparel, and equipment, including adidas, V.F. Corp., Puma, Li Ning and Under Armour, among others. We also compete with a number of vertical retailers such as Lululemon and Uniqlo. The intense competition and the rapid changes in technology and consumer preferences in the markets for athletic and leisure footwear and apparel, and athletic equipment, constitute significant risk factors in our operations.

NIKE is the largest seller of athletic footwear, apparel, and equipment in the world. Important aspects of competition in this industry are:

- Product quality; performance and reliability; new product innovation and development; and consumer price/value;
- Consumer connection and affinity for brands and products, developed through marketing and promotion; customer support and service; identification with prominent and influential athletes, coaches, teams, colleges and sports leagues who endorse our brands and use our products; and active engagement through sponsored sporting events and clinics; and
- Effective distribution of products, with attractive merchandising and presentation at retail, in store and online.

We believe that we are competitive in all of these areas.

Trademarks and Patents

We utilize trademarks on nearly all of our products and believe having distinctive marks that are readily identifiable is an important factor in creating a market for our goods, in identifying our brands and the Company, and in distinguishing our goods from the goods of others. We consider our NIKE® and Swoosh Design® trademarks to be among our most valuable assets and we have registered these trademarks in almost 170 jurisdictions. In addition, we own many other trademarks that we utilize in marketing our products. We continue to vigorously protect our trademarks against infringement.

NIKE has an exclusive, worldwide license to make and sell footwear using patented “Air” technology. The process utilizes pressurized gas encapsulated in polyurethane. Some of the early NIKE AIR® patents have expired, which may enable competitors to use certain types of similar technology. Subsequent NIKE AIR® patents will not expire for several years.

We also file and maintain many U.S. and foreign utility patents, as well as many U.S. and foreign design patents covering components, manufacturing techniques and features used in various athletic and leisure footwear, apparel, athletic equipment, digital devices and golf products. These patents expire at various times, and patents issued for applications filed this year in the U.S. will last until 2027 for design patents and until 2033 for utility patents.

We believe our success depends primarily upon our capabilities in design, research and development, production, and marketing rather than exclusively upon our patent position. However, we have followed a policy of filing patent applications for the United States and foreign patents on inventions, designs, and improvements that we deem valuable.

Employees

As of May 31, 2013, we had approximately 48,000 employees worldwide, including retail and part-time employees. Management considers its relationship with employees to be excellent. None of our employees are represented by a union, except for certain employees in the Emerging Markets geography, where local law requires those employees to be represented by a trade union. Also, in some countries outside of the United States, local laws require employee representation by works councils (which may be entitled to information and consultation on certain Company decisions) or by organizations similar to a union. In certain European countries, we are required by local law to enter into and/or comply with industry-wide or national collective bargaining agreements. NIKE has never experienced a material interruption of operations due to labor disagreements.

Executive Officers of the Registrant

The executive officers of NIKE, Inc. as of July 19, 2013 are as follows:

Philip H. Knight, Chairman of the Board of Directors — Mr. Knight, 75, a director since 1968, is a co-founder of NIKE 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.

Mark G. Parker, President and Chief Executive Officer — Mr. Parker, 57, was appointed President and Chief Executive Officer in January 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 product 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.

David J. Ayre, Executive Vice President, Global Human Resources — Mr. Ayre, 53, joined NIKE as Vice President, Global Human Resources in 2007. Prior to joining NIKE, he held a number of senior human resource positions with PepsiCo, Inc. since 1990, most recently as head of Talent and Performance Rewards.

Donald W. Blair, Executive Vice President and Chief Financial Officer — Mr. Blair, 55, joined NIKE in November 1999. Prior to joining NIKE, he held a number of financial management positions with PepsiCo, Inc., including Vice President, Finance of Pepsi-Cola Asia, Vice President, Planning of PepsiCo’s Pizza Hut Division, and Senior Vice President, Finance of The Pepsi Bottling Group, Inc. Prior to joining PepsiCo, Mr. Blair was a certified public accountant with Deloitte, Haskins, and Sells.

Trevor A. Edwards, President, NIKE Brand — Mr. Edwards, 50, joined NIKE in 1992. He was appointed Marketing Manager, Strategic Accounts for Foot Locker in 1993, Director of Marketing for the Americas Region in 1995, Director of Marketing for Europe in 1997, Vice President, Marketing for the Europe, Middle East and Africa Region in 1999, and Vice President, U.S. Brand Marketing in 2000. Mr. Edwards was appointed corporate

Vice President, Global Brand Management in 2002, Vice President, Global Brand and Category Management in 2006 and President, NIKE Brand in 2013. Prior to NIKE, Mr. Edwards was with the Colgate-Palmolive Company.

Jeanne P. Jackson, President, Product and Merchandising — Ms. Jackson, 61, joined NIKE in 2009. She was appointed President, Direct to Consumer in 2009 and President, Product and Merchandising in 2013. Ms. Jackson also served as a member of the NIKE, Inc. Board of Directors from 2001 through 2009. She founded and served as Chief Executive Officer of MSP Capital, a private investment company, from 2002 to 2009. Ms. Jackson was Chief Executive Officer of Walmart.com from March 2000 to January 2002. She was with Gap, Inc., as President and Chief Executive Officer of Banana Republic from 1995 to 2000, also serving as Chief Executive Officer of Gap, Inc. Direct from 1998 to 2000. Since 1978, she has held various retail management positions with Victoria's Secret, The Walt Disney Company, Saks Fifth Avenue, and Federated Department Stores.

Hilary K. Krane, Executive Vice President, Chief Administrative Officer and General Counsel — Ms. Krane, 49, joined NIKE as Vice President and General Counsel in April 2010. In 2011, her responsibilities expanded and she became Vice President, General Counsel and Corporate Affairs. Ms. Krane was appointed to Executive Vice President, Chief Administrative Officer and General Counsel in 2013. Prior to joining NIKE, Ms. Krane was General Counsel and Senior Vice President for Corporate Affairs at Levi Strauss & Co. from 2006 to 2010. From 1996 to 2006, she was a partner and assistant general counsel at PricewaterhouseCoopers LLP.

Bernard F. Pliska, Vice President, Corporate Controller — Mr. Pliska, 51, joined NIKE as Corporate Controller in 1995. He was appointed Vice President, Corporate Controller in 2003. Prior to NIKE, Mr. Pliska was with Price Waterhouse from 1984 to 1995. Mr. Pliska is a certified public accountant.

John F. Slusher, Executive Vice President, Global Sports Marketing — Mr. Slusher, 44, has been employed by NIKE since 1998 with primary responsibilities in global sports marketing. Mr. Slusher was appointed Director of Sports Marketing for the Asia Pacific and Americas Regions in 2006, divisional Vice President of Asia Pacific & Americas Sports Marketing in September 2007 and Vice President, Global Sports Marketing in November 2007. Prior to joining NIKE, Mr. Slusher was an attorney at the law firm of O'Melveny & Myers from 1995 to 1998.

Eric D. Sprunk, Chief Operating Officer — Mr. Sprunk, 49, joined NIKE in 1993. He was appointed Finance Director and General Manager of the Americas Region in 1994, Finance Director for NIKE Europe in 1995, Regional General Manager of NIKE Europe Footwear in 1998, and Vice President & General Manager of the Americas Region in 2000. Mr. Sprunk was appointed corporate Vice President of Global Footwear in 2001, Vice President of Merchandising and Product in 2009 and Chief Operating Officer in 2013. Prior to joining NIKE, Mr. Sprunk was a certified public accountant with Price Waterhouse from 1987 to 1993.

ITEM 1A. Risk Factors

Special Note Regarding Forward-Looking Statements and Analyst Reports

Certain written and oral statements, other than purely historical information, including estimates, projections, statements relating to NIKE's business plans, objectives and expected operating results, and the assumptions upon which those statements are based, made or incorporated by reference from time to time by NIKE or its representatives in this report, other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," or words or phrases of similar meaning. Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in reports filed by NIKE with the Securities and Exchange Commission, including Forms 8-K, 10-Q, and 10-K, and include, among others, the following: international, national and local general economic and market conditions; the size and growth of the overall athletic footwear, apparel, and equipment markets; intense competition among designers, marketers, distributors and sellers of athletic footwear, apparel, and equipment for consumers and endorsers; demographic changes; changes in consumer preferences; popularity of particular designs, categories of products, and sports; seasonal and geographic demand for NIKE products; difficulties in anticipating or forecasting changes in consumer preferences, consumer demand for NIKE products, and the various market factors described above; difficulties in implementing, operating, and maintaining NIKE's increasingly complex information systems and controls, including, without limitation, the systems related to demand and supply planning, and inventory control; interruptions in data and information technology systems; data security; fluctuations and difficulty in forecasting operating results, including, without limitation, the fact that advance futures orders may not be indicative of future revenues due to changes in shipment timing, the changing mix of futures and at-once orders, and discounts, order cancellations and returns; the ability of NIKE to sustain, manage or forecast its growth and inventories; the size, timing and mix of purchases of NIKE's products; increases in the cost of materials, labor and energy used to manufacture products, new product development and introduction; the ability to secure and protect trademarks, patents, and other intellectual property; product performance and quality; customer service; adverse publicity; the loss of significant customers or suppliers; dependence on distributors and licensees; business disruptions; increased costs of freight and transportation to meet delivery deadlines; increases in borrowing costs due to any decline in our debt ratings; changes in business strategy or development plans; general risks associated with doing business outside the United States, including, without limitation, exchange rate fluctuations, import duties, tariffs, quotas, political and economic instability, and terrorism; changes in government regulations; the impact of, including business and legal developments relating to, climate change; natural disasters; liability and other claims asserted against NIKE; the ability to attract and retain qualified personnel; the effects of our decision to invest in or divest of businesses; and other factors referenced or incorporated by reference in this report and other reports.

The risks included here are not exhaustive. Other sections of this report may include additional factors which could adversely affect NIKE's business and financial performance. Moreover, NIKE operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on NIKE's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Investors should also be aware that while NIKE does, from time to time, communicate with securities analysts, it is against NIKE's policy to disclose to them any material non-public information or other confidential commercial information. Accordingly, shareholders should not assume that NIKE agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, NIKE has a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of NIKE.

Our products face intense competition.

NIKE is a consumer products company and the relative popularity of various sports and fitness activities and changing design trends affect the demand for our products. The athletic footwear, apparel, and equipment industry is highly competitive in the United States and on a worldwide basis. We compete internationally with a significant number of athletic and leisure footwear companies, athletic and leisure apparel companies, sports equipment companies, and large companies having diversified lines of athletic and leisure footwear, apparel, and equipment. We also compete with other companies for the production capacity of independent manufacturers that produce our products and for import quota capacity.

Our competitors' product offerings, technologies, marketing expenditures (including expenditures for advertising and endorsements), pricing, costs of production, and customer service are areas of intense competition. This, in addition to rapid changes in technology and consumer preferences in the markets for athletic and leisure footwear and apparel, and athletic equipment, constitute significant risk factors in our operations. If we do not adequately and timely anticipate and respond to our competitors, our costs may increase or the consumer demand for our products may decline significantly.

Failure to maintain our reputation and brand image could negatively impact our business.

Our iconic brands have worldwide recognition, and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brands will depend on our design and marketing efforts, including advertising and consumer campaigns, product innovation and product quality. Our commitment to product innovation and quality and our continuing investment in design (including materials) and marketing may not have the desired impact on our brand image and reputation. We could be adversely impacted if we fail to achieve any of these objectives or if the reputation or image of any of our brands is tarnished or receives negative publicity. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine consumer confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

In addition, our success in maintaining, extending and expanding our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. Negative posts or comments about us on social networking websites could seriously damage our reputation and brand image. If we do not maintain, extend and expand our brand image, then our product sales, financial condition and results of operations could be materially and adversely affected.

If we are unable to anticipate consumer preferences and develop new products, we may not be able to maintain or increase our net revenues and profits.

Our success depends on our ability to identify, originate and define product trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. However, long lead times for many of our products may make it more difficult for us to respond rapidly to new or changing product trends or consumer preferences. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of performance products or away from these types of products altogether, and our future success depends in part on our ability to anticipate and respond to these changes. If we fail to anticipate accurately and respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, designs, styles and categories, and influencing sports and fitness preferences through aggressive marketing, we could experience lower sales, excess inventories and lower profit margins, any of which could have an adverse effect on our results of operations and financial condition. In addition, we market our products globally through a diverse spectrum of advertising and promotional programs and campaigns, including social media and online advertising. If we do not successfully market our products or if advertising and promotional costs increase, these factors could have an adverse effect on our business, financial condition and results of operation.

We rely on technical innovation and high quality products to compete in the market for our products.

Technical innovation and quality control in the design and manufacturing process of footwear, apparel, and athletic equipment is essential to the commercial success of our products. Research and development plays a key role in technical innovation. We rely upon specialists in the fields of biomechanics, exercise physiology, engineering, industrial design and related fields, as well as research committees and advisory boards made up of athletes, coaches, trainers, equipment managers, orthopedists, podiatrists, and other experts to develop and test cutting edge performance products. While we strive to produce products that help to reduce injury, enhance athletic performance and maximize comfort, if we fail to introduce technical innovation in our products, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial expense to remedy the problems.

Failure to continue to obtain high quality endorsers of our products could harm our business.

We establish relationships with professional athletes, sports teams and leagues to evaluate, promote, and establish product authenticity with consumers. If certain endorsers were to stop using our products contrary to their endorsement agreements, our business could be adversely affected. In addition, actions taken by athletes, teams or leagues associated with our products that harm the reputations of those athletes, teams or leagues, or negative posts or comments about our sports marketing endorsements on social networking websites, could also seriously harm our brand image with consumers and, as a result, could have an adverse effect on our sales and financial condition. In addition, poor performance by our endorsers, a failure to continue to correctly identify promising athletes to use and endorse our products, or a failure to enter into cost effective endorsement arrangements with prominent athletes and sports organizations could adversely affect our brand and result in decreased sales of our products.

Global capital and credit market conditions, and resulting declines in consumer confidence and spending, could have a material adverse effect on our business, operating results, and financial condition.

The uncertain state of the global economy continues to impact businesses around the world. Continuing volatility and disruption in the global capital and credit markets have led to fluctuations in the availability of business credit and capital liquidity, a contraction of consumer credit, business failures, higher unemployment, and declines in consumer confidence and spending in many parts of the world. If global economic and financial market conditions deteriorate or remain weak for an extended period of time, the following factors could have a material adverse effect on our business, operating results, and financial condition:

- Slower consumer spending may result in reduced demand for our products, reduced orders from retailers for our products, order cancellations, lower revenues, higher discounts, increased inventories, and lower gross margins.
- We may be unable to find suitable investments that are safe, liquid, and provide a reasonable return. This could result in lower interest income or longer investment horizons. Disruptions to capital markets or the banking system may also impair the value of investments or bank deposits we currently consider safe or liquid.
- In the future, we may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so.
- The failure of financial institution counterparties to honor their obligations to us under credit and derivative instruments could jeopardize our ability to rely on and benefit from those instruments. Our ability to replace those instruments on the same or similar terms may be limited under poor market conditions.
- We conduct transactions in various currencies, which increase our exposure to fluctuations in foreign currency exchange rates relative to the U.S. Dollar. Continued volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies could have a significant impact on our reported financial results and condition.
- Continued volatility and availability in the markets and prices for commodities and raw materials we use in our products and in our supply chain (such as cotton or petroleum derivatives) could have a material adverse effect on our costs, gross margins, and profitability.
- If retailers of our products experience declining revenues, or retailers experience difficulty obtaining financing in the capital and credit markets to purchase our products, this could result in reduced orders for our products, order cancellations, inability of retailers to timely meet their payment obligations to us, extended payment terms, higher accounts receivable, reduced cash flows, greater expense associated with collection efforts, and increased bad debt expense.
- If retailers of our products experience severe financial difficulty, some may become insolvent and cease business operations, which could reduce the availability of our products to consumers.
- If contract manufacturers of our products or other participants in our supply chain experience difficulty obtaining financing in the capital and credit markets to purchase raw materials or to finance general working capital needs, it may result in delays or non-delivery of shipments of our products.

Our business is affected by seasonality, which could result in fluctuations in our operating results and stock price.

We experience moderate fluctuations in aggregate sales volume during the year. Historically, revenues in the first and fourth fiscal quarters have slightly exceeded those in the second and third fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand for particular types of footwear, apparel and equipment. In addition, our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice. As a result, we may not be able to accurately predict our quarterly sales. Accordingly, our results of operations are likely to fluctuate significantly from period to period. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer preferences, weather conditions, availability of import quotas and currency exchange rate fluctuations, could adversely affect our business and cause our results of operations to fluctuate. Our operating margins are also sensitive to a number of factors that are beyond our control, including manufacturing and transportation costs, shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which we expect to continue. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

Futures orders may not be an accurate indication of our future revenues.

We make substantial use of our futures ordering program, which allows retailers to order five to six months in advance of delivery with the commitment that their orders will be delivered within a set period of time at a fixed price. Our futures ordering program allows us to minimize the amount of products we hold in inventory, purchasing costs, the time necessary to fill customer orders, and the risk of non-delivery. We report changes in futures orders in our periodic financial reports. Although we believe futures orders are an important indicator of our future revenues, reported futures orders are not necessarily indicative of our expectation of changes in revenues for any future period. This is because the mix of orders can shift between futures and at-once orders. In addition, foreign currency exchange rate fluctuations, order cancellations, shipping timing, returns, and discounts can cause differences in the comparisons between futures orders and actual revenues. Moreover, a significant portion of our revenue is not derived from futures orders, including at-once and close-out sales of NIKE Brand footwear and apparel, sales of NIKE brand equipment, sales from our Direct to Consumer operations, and sales from our Other Businesses.

Our futures ordering program does not prevent excess inventories or inventory shortages, which could result in decreased operating margins and harm to our business.

We purchase products from manufacturers outside of our futures ordering program and in advance of customer orders, which we hold in inventory and resell to customers. There is a risk we may be unable to sell excess products ordered from manufacturers. Inventory levels in excess of customer demand may result in inventory write-downs, and the sale of excess inventory at discounted prices could significantly impair our brand image and have an adverse effect on our operating results and financial condition. Conversely, if we underestimate consumer demand for our products or if our manufacturers fail to supply products we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay shipments to customers, negatively impact retailer and distributor relationships, and diminish brand loyalty.

The difficulty in forecasting demand also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely affect our net revenues and net income, and we are unlikely to forecast such effects with any certainty in advance.

We may be adversely affected by the financial health of our retailers.

We extend credit to our customers based on an assessment of a customer's financial condition, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers the ability to place orders five to six months ahead of delivery under our futures ordering program. These advance orders may be canceled, and the risk of cancellation may increase when dealing with financially ailing retailers or retailers struggling with economic uncertainty. In the past, some customers have experienced financial difficulties, which have had an adverse effect on our business. When the retail economy weakens, retailers may be more cautious with orders. A slowing economy in our key markets could adversely affect the financial health of our customers, which in turn could have an adverse effect on our results of operations and financial condition. In addition, product sales are dependent in part on high quality merchandising and an appealing store environment to attract consumers, which requires continuing investments by retailers. Retailers who experience financial difficulties may fail to make such investments or delay them, resulting in lower sales and orders for our products.

Consolidation of retailers or concentration of retail market share among a few retailers may increase and concentrate our credit risk, and impair our ability to sell our products.

The athletic footwear, apparel, and equipment retail markets in some countries are dominated by a few large athletic footwear, apparel, and equipment retailers with many stores. These retailers have in the past increased their market share and may continue to do so in the future by expanding through acquisitions and construction of additional stores. These situations concentrate our credit risk with a relatively small number of retailers, and, if any of these retailers were to experience a shortage of liquidity, it would increase the risk that their outstanding payables to us may not be paid. In addition, increasing market share concentration among one or a few retailers in a particular country or region increases the risk that if any one of them substantially reduces their purchases of our products, we may be unable to find a sufficient number of other retail outlets for our products to sustain the same level of sales and revenues.

Our Direct to Consumer operations have required and will continue to require a substantial investment and commitment of resources and are subject to numerous risks and uncertainties.

Our Direct to Consumer locations have required substantial fixed investment in equipment and leasehold improvements, information systems, inventory and personnel. We have entered into substantial operating lease commitments for retail space. Certain stores have been designed and built to serve as high-profile venues to promote brand awareness and marketing activities. Because of their unique design elements, locations and size, these stores require substantially more investment than certain of our other stores. Due to the high fixed-cost structure associated with our Direct to Consumer operations, a decline in sales or the closure or poor performance of individual or multiple stores could result in significant lease termination costs, write-offs of equipment and leasehold improvements, and employee-related costs.

Many factors unique to retail operations, some of which are beyond the Company's control, pose risks and uncertainties. Risks include, but are not limited to: credit card fraud; mismanagement of existing retail channel partners; and inability to manage costs associated with store construction and operation. Risks specific to our e-commerce business also include diversion of sales from our brick and mortar stores, difficulty in recreating

the in-store experience through direct channels and liability for online content. Our failure to successfully respond to these risks might adversely affect sales in our e-commerce business, as well as damage our reputation and brands.

Failure to adequately protect or enforce our intellectual property rights could adversely affect our business.

We utilize trademarks on nearly all of our products and believe that having distinctive marks that are readily identifiable is an important factor in creating a market for our goods, in identifying us, and in distinguishing our goods from the goods of others. We consider our NIKE® and Swoosh Design® trademarks to be among our most valuable assets and we have registered these trademarks in almost 170 jurisdictions. In addition, we own many other trademarks that we utilize in marketing our products. In addition, we own many other trademarks that we utilize on or in the marketing of our products.

We believe that our trademarks, patents, trade secrets and other intellectual property rights are important to our brand, our success, and our competitive position. We periodically discover products that are counterfeit reproductions of our products or that otherwise infringe on our intellectual property rights. If we are unsuccessful in challenging a party's products on the basis of trade secret misappropriation or trademark, copyright, design patent, utility patent, or other intellectual property infringement, continued sales of these products could adversely affect our sales and our brand and result in the shift of consumer preference away from our products.

The actions we take to establish and protect trademarks, copyrights, trade secrets, patents, and other intellectual property rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as violations of proprietary rights.

We may be subject to liability if third parties successfully claim that we infringe on their trademarks, copyrights, patents, or other intellectual property rights. Defending infringement claims could be expensive and time-consuming and might result in our entering into costly license agreements. We also may be subject to significant damages or injunctions against development, use, importation and/or sale of certain products.

We take various actions to prevent confidential information from unauthorized use and/or disclosure. Such actions include contractual measures such as entering into non-disclosure agreements and providing confidential information awareness training. Our controls and efforts to prevent unauthorized use and/or disclosure of confidential information might not always be effective. Confidential information that is related to business strategy, new technologies, mergers and acquisitions, unpublished financial results or personal data could be prematurely or inadvertently used and/or disclosed resulting in a loss of reputation, a decline in our stock price, a negative impact on our market position, and could lead to damages, fines, penalties, or injunctions.

In addition, the laws of certain foreign countries may not protect or allow enforcement of intellectual property rights to the same extent as the laws of the United States. We may face significant expenses and liability in connection with the protection of our intellectual property rights outside the United States, and if we are unable to successfully protect our rights or resolve intellectual property conflicts with others, our business or financial condition may be adversely affected.

We are subject to periodic litigation and other regulatory proceedings, which could result in unexpected expense of time and resources.

From time to time we are called upon to defend ourselves against lawsuits and regulatory actions relating to our business. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse impact on our business, financial condition and results of operations. In addition, any significant litigation in the future, regardless of its merits, could divert management's attention from our operations and result in substantial legal fees.

Failure of our contractors or our licensees' contractors to comply with our code of conduct, local laws, and other standards could harm our business.

We work with hundreds of contractors outside of the United States to manufacture our products, and we also have license agreements that permit unaffiliated parties to manufacture or contract for the manufacture of products using our trademarks. We impose, and require the contractors that directly manufacture our products and our licensees the contract with manufacturers to make products bearing our trademarks, a code of conduct and other environmental, health, and safety standards for the benefit of workers. We also require these contractors to comply with applicable standards for product safety. Notwithstanding their contractual obligations, from time to time contractors may not comply with such standards or applicable local law or our licensees may fail to enforce such standards or applicable local law on their contractors. Significant or continuing noncompliance with such standards and laws by one or more contractors could harm our reputation or result in a product recall and, as a result, could have an adverse effect on our sales and financial condition.

Our international operations involve inherent risks which could result in harm to our business.

Virtually all of our athletic footwear and apparel is manufactured outside of the United States, and the majority of our products are sold outside of the United States. Accordingly, we are subject to the risks generally associated with global trade and doing business abroad, which include foreign laws and regulations, varying consumer preferences across geographic regions, political unrest, disruptions or delays in cross-border shipments, and changes in economic conditions in countries in which we manufacture or sell products. In addition, disease outbreaks, terrorist acts and military conflict have increased the risks of doing business abroad. These factors, among others, could affect our ability to manufacture products or procure materials, our ability to import products, our ability to sell products in international markets, and our cost of doing business. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business could be adversely affected. In addition, many of our imported products are subject to duties, tariffs, or quotas that affect the cost and quantity of various types of goods imported into the United States and other countries. Any country in which our products are produced or sold may eliminate, adjust or impose new quotas, duties, tariffs, safeguard measures, anti-dumping duties, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, climate change legislation, product safety regulations or other charges or restrictions, any of which could have an adverse effect on our results of operations and financial condition.

Changes in tax laws and unanticipated tax liabilities could adversely affect our effective income tax rate and profitability.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Increases in income tax rates could reduce our after-tax income from affected jurisdictions. We earn a substantial portion of our income in foreign countries. If our capital or financing needs in the United States require us to repatriate earnings from foreign jurisdictions above our current levels, our effective income tax rates for the affected periods could be negatively impacted. Current economic and political conditions make tax rules in any jurisdiction, including the United States, subject to

significant change. There have been proposals to reform U.S. tax laws that could significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form these proposals will pass, several of the proposals being considered, if enacted into law, could have an adverse impact on our income tax expense and cash flows.

Our effective income tax rate in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, the outcome of income tax audits in various jurisdictions around the world, and any repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes. The Company is also subject to the examination of its tax returns by the Internal Revenue Service and other tax authorities. We regularly assess all of these matters to determine the adequacy of our tax provision, which is subject to significant discretion. Although we believe our tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or related disputes could have an adverse effect on our financial statements for the period or periods for which the applicable final determinations are made.

Currency exchange rate fluctuations could result in lower revenues, higher costs and decreased margins and earnings.

A majority of our products are sold outside of the United States. As a result, we conduct transactions in various currencies, which increase our exposure to fluctuations in foreign currency exchange rates relative to the U.S. Dollar. Our international revenues and expenses generally are derived from sales and operations in foreign currencies, and these revenues and expenses could be affected by currency fluctuations, including amounts recorded in foreign currencies and translated into U.S. Dollars for consolidated financial reporting. Currency exchange rate fluctuations could also disrupt the business of the independent manufacturers that produce our products by making their purchases of raw materials more expensive and more difficult to finance. Foreign currency fluctuations could have an adverse effect on our results of operations and financial condition.

We may hedge certain foreign currency exposures to lessen and delay, but not to completely eliminate, the effects of foreign currency fluctuations on our financial results. Since the hedging activities are designed to lessen volatility, they not only reduce the negative impact of a stronger U.S. Dollar, but they also reduce the positive impact of a weaker U.S. Dollar. Our future financial results could be significantly affected by the value of the U.S. Dollar in relation to the foreign currencies in which we conduct business. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities.

If one or more of our counterparty financial institutions default on their obligations to us or fail, we may incur significant losses.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, which may include forward contracts, commodity futures contracts, option contracts, collars and swaps, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

Our products are subject to risks associated with overseas sourcing, manufacturing, and financing.

The principal materials used in our apparel products — natural and synthetic fabrics and threads, plastic and metal hardware, and specialized performance fabrics designed to repel rain or snow, retain heat, or efficiently wick moisture away from the body — are available in countries where our manufacturing takes place. The principal materials used in our footwear products — natural and synthetic rubber, plastic compounds, foam cushioning materials, nylon, leather, canvas and polyurethane films — are also locally available to manufacturers. Both our apparel and footwear products are dependent upon the ability of our unaffiliated contract manufacturers' to locate, train and employ adequate personnel. NIKE contractors and suppliers buy raw materials in bulk and are subject to wage rates that are oftentimes regulated by the governments of the countries in which our products are manufactured.

There could be a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, we might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price, or at all. Further, there may be wage increases, whether government mandated or otherwise, that affect our unaffiliated contract manufacturers. In addition, we cannot be certain that our unaffiliated manufacturers will be able to fill our orders in a timely manner. If we experience significant increases in demand, or reductions in the availability of materials, or need to replace an existing manufacturer, there can be no assurance that additional supplies of fabrics or raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements. In addition, even if we are able to expand existing or find new manufacturing or sources of materials, we may encounter delays in production and added costs as a result of the time it takes to train suppliers and manufacturers in our methods, products, quality control standards, and labor, health and safety standards. Any delays, interruption or increased costs in labor or wages, or the supply of materials or manufacture of our products could have an adverse effect on our ability to meet retail customer and consumer demand for our products and result in lower revenues and net income both in the short and long-term.

Because independent manufacturers manufacture a majority of our products outside of our principal sales markets, our products must be transported by third parties over large geographic distances. Delays in the shipment or delivery of our products due to the availability of transportation, work stoppages, port strikes, infrastructure congestion, or other factors, and costs and delays associated with consolidating or transitioning between manufacturers, could adversely impact our financial performance. In addition, manufacturing delays or unexpected demand for our products may require us to use faster, but more expensive, transportation methods such as air freight, which could adversely affect our profit margins. The cost of oil is a significant component in manufacturing and transportation costs, so increases in the price of petroleum products can adversely affect our profit margins.

In addition, Sojitz America performs significant import-export financing services for most of the NIKE Brand products sold outside of the United States, Europe, Middle East, Africa, and Japan, excluding products produced and sold in the same country. Any failure of Sojitz America to provide these services or any failure of Sojitz America's banks could disrupt our ability to acquire products from our suppliers and to deliver products to our customers outside of the United States, Europe, Middle East, Africa, and Japan. Such a disruption could result in canceled orders that would adversely affect sales and profitability.

Our success depends on our global distribution facilities.

We distribute our products to customers directly from the factory and through distribution centers located throughout the world. Our ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies and growth, particularly in emerging markets, depends on the proper operation of our distribution facilities, the development or expansion of additional distribution capabilities, and the timely performance of services by third parties (including those involved in shipping product to and from our distribution facilities). Our distribution facilities could be interrupted by information technology problems and disasters such as earthquakes or fires. Any significant failure in our distribution facilities could result in an adverse effect on our business. We maintain business interruption insurance, but it may not adequately protect us from adverse effects that could be caused by significant disruptions in our distribution facilities.

We rely significantly on information technology to operate our business, including our supply chain and retail operations, and any failure, inadequacy, breach, interruption or security failure of that technology or any misappropriation of any data could harm our reputation or our ability to effectively operate our business.

We are heavily dependent on information technology systems and networks, including the Internet and third-party hosted services ("information technology systems"), across our supply chain, including product design, production, forecasting, ordering, manufacturing, transportation, sales, and distribution, as well as for processing financial information for external and internal reporting purposes, retail operations and other business activities. Our ability to effectively manage and maintain our inventory and to ship products to customers on a timely basis depends significantly on the reliability of these information technology systems. Over a number of years, we have implemented information technology systems in all of the geographical regions in which we operate. Our work to integrate and enhance these systems and related processes in our global operations is ongoing. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, or a breach in security of these systems could cause delays in product fulfillment and reduced efficiency of our operations, could require significant capital investments to remediate the problem, and may have an adverse effect on our results of operations and financial condition.

We also use information technology systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. If our information technology systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, which could result in lost revenues and profits, as well as reputational damage.

In addition, hackers and data thieves are increasingly sophisticated and operate large scale and complex automated attacks. Any breach of our network may result in the loss of valuable business data, our customers' or employees' personal information or a disruption of our business, which could give rise to unwanted media attention, damage our customer relationships and reputation and result in lost sales, fines or lawsuits. In addition, we must comply with increasingly complex regulatory standards enacted to protect this business and personal data. An inability to maintain compliance with these regulatory standards could subject us to legal risks.

Furthermore, we depend on information technology systems and personal data collection and use for digital marketing, digital commerce and the marketing and use of our Digital Sport products. We also engage in electronic communications throughout the world between and among our employees as well as with other third parties, including customers, suppliers, vendors and consumers. Our information technology systems are critical to many of our operating activities and our business processes and may be negatively impacted by any service interruption or shutdown. Misuse or leakage of personal information could result in a violation of data privacy laws and regulations and damage our reputation and credibility and have a negative impact on revenues and profits.

The market for prime real estate is competitive.

Our ability to effectively obtain real estate to open new retail stores and otherwise conduct our operations, both domestically and internationally, depends on the availability of real estate that meets our criteria for traffic, square footage, co-tenancies, lease economics, demographics, and other factors. We also must be able to effectively renew our existing real estate leases. In addition, from time to time, we seek to downsize, consolidate, reposition, or close some of our real estate locations, which may require modification of an existing lease. Failure to secure adequate new locations or successfully modify leases for existing locations, or failure to effectively manage the profitability of our existing fleet of retail stores, could have an adverse effect on our operating results and financial condition.

Additionally, the economic environment may at times make it difficult to determine the fair market rent of real estate properties domestically and internationally. This could impact the quality of our decisions to exercise lease options at previously negotiated rents and the quality of our decisions to renew expiring leases at negotiated rents. Any adverse effect on the quality of these decisions could impact our ability to retain real estate locations adequate to meet our targets or efficiently manage the profitability of our existing fleet of stores and could have an adverse effect on our operating results and financial condition.

Natural disasters could negatively impact our operating results and financial condition.

Natural disasters such as earthquakes, hurricanes, tsunamis or other adverse weather and climate conditions, whether occurring in the U.S. or abroad, and the consequences and effects thereof, including energy shortages and public health issues, could disrupt our operations, or the operations of our vendors and other suppliers, or result in economic instability that may negatively impact our operating results and financial condition.

Our financial results may be adversely affected if substantial investments in businesses and operations fail to produce expected returns.

From time to time, we may invest in business infrastructure, acquisitions of new businesses, product offering and manufacturing innovation, and expansion of existing businesses, such as our retail operations, which require substantial cash investments and management attention. We believe cost effective investments are essential to business growth and profitability. However, significant investments are subject to typical risks and uncertainties inherent in acquiring or expanding a business. The failure of any significant investment to provide their expected returns or profitability could have a material adverse effect on our financial results and divert management attention from more profitable business operations.

We depend on key personnel, the loss of whom would harm our business.

Our future success will depend in part on the continued service of key executive officers and personnel. The loss of the services of any key individual could harm our business. Our future success also depends on our ability to recruit, retain and motivate our personnel sufficiently, both to maintain our current business and to execute our strategic initiatives. Competition for employees in our industry is intense and we may not be successful in attracting and retaining such personnel.

The sale of a large number of shares held by our Chairman could depress the market price of our common stock.

Philip H. Knight, Co-founder and Chairman of our Board of Directors, beneficially owns over 75.6% of our Class A Common Stock. If all of his Class A Common Stock were converted into Class B Common Stock, Mr. Knight would own over 15.8% of our Class B Common Stock. These shares are available for resale, subject to the requirements of the U.S. securities laws. The sale or prospect of the sale of a substantial number of these shares could have an adverse effect on the market price of our common stock.

Changes in our credit ratings or macroeconomic conditions may affect our liquidity, increasing borrowing costs and limiting our financing options.

Our long-term debt is currently rated investment grade by Standard & Poor's and Moody's Investors Service. If our credit ratings are lowered, borrowing costs for future long-term debt or short-term credit facilities may increase and our financing options, including our access to the unsecured credit market, could be limited. We may also be subject to restrictive covenants that would reduce our flexibility. In addition, macroeconomic conditions, such as increased volatility or disruption in the credit markets, could adversely affect our ability to refinance existing debt or obtain additional financing to support operations or to fund new initiatives.

Anti-takeover provisions may impair an acquisition of the Company or reduce the price of our common stock.

There are provisions of our articles of incorporation and Oregon law that are intended to protect shareholder interests by providing the Board of Directors a means to attempt to deny coercive takeover attempts or to negotiate with a potential acquirer in order to obtain more favorable terms. Such provisions include a control share acquisition statute, a freeze-out statute, two classes of stock that vote separately on certain issues, and the fact that holders of Class A Common Stock elect three-quarters of the Board of Directors rounded down to the next whole number. However, such provisions could discourage, delay or prevent an unsolicited merger, acquisition or other change in control of our company that some shareholders might believe to be in their best interests or in which shareholders might receive a premium for their common stock over the prevailing market price. These provisions could also discourage proxy contests for control of the Company.

We may fail to meet market expectations, which could cause the price of our stock to decline.

Our Class B Common Stock is traded publicly, and at any given time various securities analysts follow our financial results and issue reports on us. These reports include information about our historical financial results as well as analysts' estimates of our future performance. Analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our operating results are below the estimates or expectations of public market analysts and investors, our stock price could decline. In the past, securities class action litigation has been brought against NIKE and other companies following a decline in the market price of their securities. If our stock price is volatile, we may become involved in this type of litigation in the future. Any litigation could result in substantial costs and a diversion of management's attention and resources that are needed to successfully run our business.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

The following is a summary of principal properties owned or leased by NIKE.

The NIKE World Campus, owned by NIKE and located near Beaverton, Oregon, USA, is a 250-acre facility of 35 buildings which functions as our world headquarters and is occupied by almost 8,000 employees engaged in management, research, design, development, marketing, finance, and other administrative functions serving nearly all of our divisions. We also lease various office facilities in the surrounding metropolitan area. We lease a similar, but smaller, administrative facility in Hilversum, the Netherlands, which serves as the headquarters for the Western Europe and Central & Eastern Europe geographies. In the United States, there are five significant distribution centers in Memphis, Tennessee; two are owned and three are leased. NIKE Brand apparel and equipment are also shipped from our Foothill Ranch, California distribution center, which we lease. Smaller leased distribution facilities for non-NIKE Brand businesses are located in various parts of the United States. We also own or lease distribution and customer service facilities outside the United States. The most significant are the distribution facilities located in Tomisato, Japan; Laakdal, Belgium; and Taicang, China; all of these facilities are owned.

We manufacture Air-Sole cushioning materials and components at NIKE IHM, Inc. manufacturing facilities located in Beaverton, Oregon and St. Charles, Missouri; these facilities are owned. We also manufacture and sell small amounts of various other plastic products to other manufacturers through NIKE IHM, Inc.

Aside from the principal properties described above, we lease over 110 sales offices and approximately 90 administrative offices worldwide. We lease more than 750 retail stores worldwide, which consist primarily of factory outlet stores. See “United States Market” and “International Markets” in Part 1 of this Report. Our leases expire at various dates through the year 2033.

ITEM 3. Legal Proceedings

There are no material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or of which any of our property is the subject.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

NIKE's Class B Common Stock is listed on the New York Stock Exchange and trades under the symbol NKE. At July 19, 2013, there were 30,586 holders of record of our Class B Common Stock and 19 holders of record of our Class A Common Stock. These figures do not include beneficial owners who hold shares in nominee name. The Class A Common Stock is not publicly traded but each share is convertible upon request of the holder into one share of Class B Common Stock. The following tables set forth, for each of the quarterly periods indicated, the high and low sales prices for the Class B Common Stock as reported on the New York Stock Exchange Composite Tape and dividends declared on the Class A and Class B Common Stock. All share and per share amounts presented are reflective of the two-for-one stock split that began trading at the split adjusted price on December 26, 2012.

Fiscal 2013 (June 1, 2012 — May 31, 2013)	High	Low	Dividends Declared
First Quarter	$ 54.32	$ 43.89	$ 0.18
Second Quarter	50.42	45.30	0.21
Third Quarter	55.55	48.46	0.21
Fourth Quarter	65.91	53.49	0.21

Fiscal 2012 (June 1, 2011 — May 31, 2012)	High	Low	Dividends Declared
First Quarter	$ 46.83	$ 39.29	$ 0.16
Second Quarter	48.38	41.25	0.18
Third Quarter	53.96	46.69	0.18
Fourth Quarter	57.20	52.17	0.18

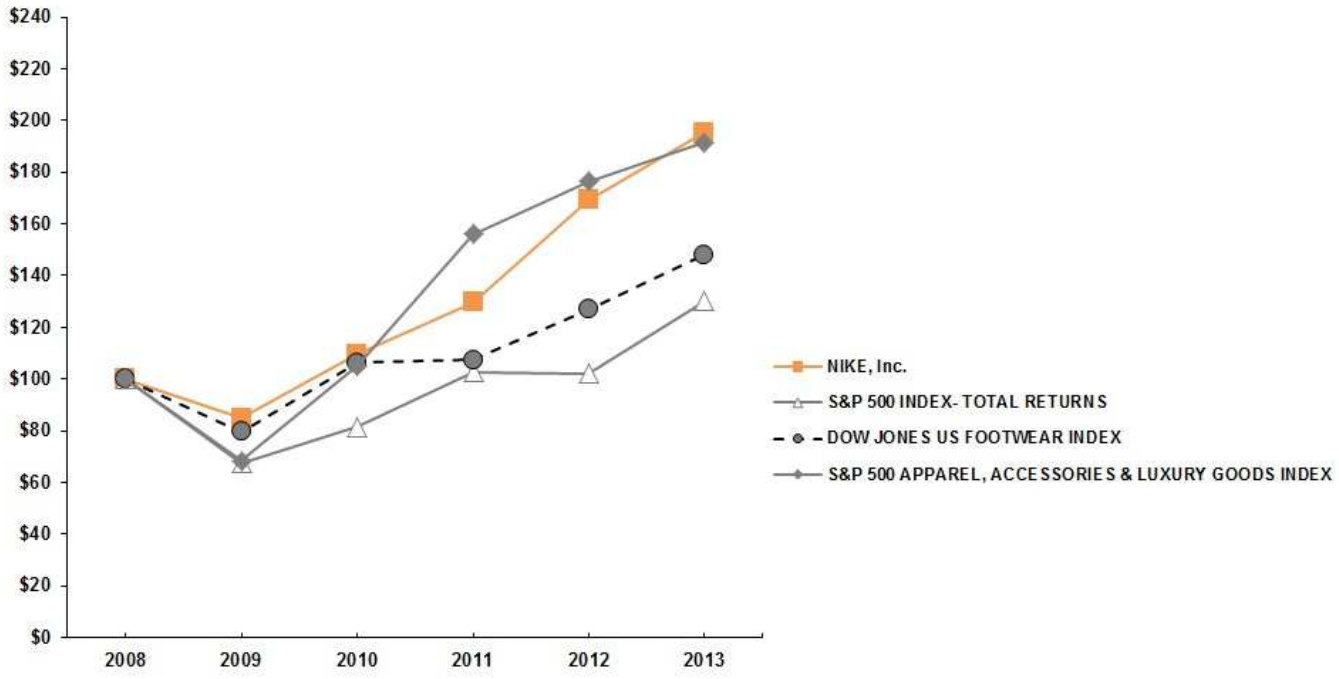
The following table presents a summary of share repurchases made by NIKE during the quarter ended May 31, 2013 . During the second quarter of fiscal 2013, the Company completed the previous four-year, $5 billion share repurchase program approved by our Board of Directors in September 2008. During the prior program, the Company purchased a total of 118.8 million shares at an average price of $42.08 per share. Following the completion of this program, the Company began repurchases under the four-year, $8 billion share repurchase program approved by the Board in September 2012.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs *(In millions)*
March 1 — March 31, 2013	2,198,417	$ 54.51	2,198,417	$ 7,333
April 1 — April 30, 2013	1,573,111	$ 59.30	1,573,111	$ 7,239
May 1 — May 31, 2013	450,000	$ 63.18	450,000	$ 7,211
	4,221,528	**$ 57.22**	**4,221,528**	

Performance Graph

The following graph demonstrates a five-year comparison of cumulative total returns for NIKE's Class B Common Stock, the Standard & Poor's 500 Stock Index, the Standard & Poor's Apparel, Accessories & Luxury Goods Index, and the Dow Jones U.S. Footwear Index. The graph assumes an investment of $100 on May 31, 2008 in each of our Class B Common Stock, and the stocks comprising the Standard & Poor's 500 Stock Index, the Standard & Poor's Apparel, Accessories & Luxury Goods Index, and the Dow Jones U.S. Footwear Index. Each of the indices assumes that all dividends were reinvested.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN AMONG NIKE, INC.; S&P 500 INDEX; S&P APPAREL, ACCESSORIES & LUXURY GOODS INDEX; AND THE DOW JONES U.S. FOOTWEAR INDEX



The Dow Jones U.S. Footwear Index consists of NIKE, Deckers Outdoor Corp., Wolverine World Wide, Inc., Iconix Brand Group, Inc., Crocs, Inc., and Steven Madden, Ltd. Because NIKE is part of the Dow Jones U.S. Footwear Index, the price and returns of NIKE stock have a substantial effect on this index. The Standard & Poor's Apparel, Accessories & Luxury Goods Index consists of V.F. Corp., Coach, Inc., Polo Ralph Lauren Corporation, and Fossil Group, Inc. The Dow Jones U.S. Footwear Index and the Standard & Poor's Apparel, Accessories, and Luxury Goods Index include companies in two major lines of business in which the Company competes. The indices do not encompass all of the Company's competitors, nor all product categories and lines of business in which the Company is engaged.

The stock performance shown on the performance graph above is not necessarily indicative of future performance. The Company will not make nor endorse any predictions as to future stock performance.

The performance graph above is being furnished solely to accompany this Report pursuant to Item 201(e) of Regulation S-K, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 6. Selected Financial Data

Unless otherwise indicated, the following disclosures reflect the Company's continuing operations; refer to Note 15 — Discontinued Operations for additional information regarding discontinued operations. All per share amounts are reflective of the two-for-one stock split that began trading at the split-adjusted price on December 26, 2012.

	Financial History				
(Dollars in millions, except per share data and financial ratios)	**2013**	**2012**	**2011**	**2010**	**2009**
Year Ended May 31,					
Revenues	$ 25,313	$ 23,331	$ 20,117	$ 18,324	$ 18,528
Gross profit	11,034	10,148	9,202	8,498	8,324
Gross margin %	43.6%	43.5%	45.7%	46.4%	44.9%
Restructuring charges	—	—	—	—	195
Net income from continuing operations	2,464	2,269	2,172	1,923	1,754
Net income (loss) from discontinued operations	21	(46)	(39)	(16)	(267)
Net income	2,485	2,223	2,133	1,907	1,487
Earnings per share from continuing operations:					
Basic earnings per common share	2.75	2.47	2.28	1.98	1.81
Diluted earnings per common share	2.69	2.42	2.24	1.95	1.79
Earnings per share from discontinued operations:					
Basic earnings per common share	0.02	(0.05)	(0.04)	(0.02)	(0.28)
Diluted earnings per common share	0.02	(0.05)	(0.04)	(0.02)	(0.27)
Weighted average common shares outstanding	897.3	920.0	951.1	971.0	969.8
Diluted weighted average common shares outstanding	916.4	939.6	971.3	987.8	981.4
Cash dividends declared per common share	0.81	0.70	0.60	0.53	0.49
Cash flow from operations, inclusive of discontinued operations	3,027	1,899	1,812	3,164	1,736
Price range of common stock:					
High	65.91	57.20	46.15	39.28	35.14
Low	43.89	39.29	33.61	25.08	19.12
At May 31,					
Cash and equivalents	$ 3,337	$ 2,317	$ 1,955	$ 3,079	$ 2,291
Short-term investments	2,628	1,440	2,583	2,067	1,164
Inventories	3,434	3,222	2,611	1,942	2,254
Working capital, excluding assets and liabilities of discontinued operations [(1)(2)]	9,718	7,518	7,266	7,511	6,390
Total assets, excluding assets of discontinued operations [(1)]	17,584	14,850	14,438	13,889	12,716
Long-term debt	1,210	228	276	446	437
Capital Lease Obligations	81	—	—	—	—
Redeemable Preferred Stock	0.3	0.3	0.3	0.3	0.3
Shareholders' equity	11,156	10,381	9,843	9,754	8,693
Year-end stock price	61.66	54.09	42.23	36.19	28.53
Market capitalization	55,124	49,546	39,523	35,032	27,698
Financial Ratios:					
Return on equity	22.9%	22.4%	22.2%	20.8%	21.2%
Return on assets	15.2%	15.5%	15.3%	14.5%	14.6%
Inventory turns	4.3	4.5	4.8	4.7	4.5
Current ratio at May 31	3.5	3.0	2.9	3.3	3.0
Price/Earnings ratio at May 31	22.9	22.4	18.9	18.6	15.9

(1) Assets of discontinued operations were $0 million, $615 million, $560 million, $530 million, and $534 million for the years ended May 31, 2013, 2012, 2011, 2010, and 2009, respectively.

(2) Liabilities of discontinued operations were $18 million, $170 million, $184 million, $182 million, and $176 million for the years ended May 31, 2013, 2012, 2011, 2010, and 2009, respectively.

Selected Quarterly Financial Data

(Unaudited) *(Dollars in millions, except per share data)*	1st Quarter [1]		2nd Quarter		3rd Quarter		4th Quarter	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues	$ 6,474	$ 5,893	$ 5,955	$ 5,546	$ 6,187	$ 5,656	$ 6,697	$ 6,236
Gross profit	2,828	2,618	2,530	2,376	2,736	2,485	2,940	2,669
Gross margin %	43.7%	44.4%	42.5%	42.8%	44.2%	43.9%	43.9%	42.8%
Net income from continuing operations	585	661	521	480	662	569	696	559
Net income (loss) from discontinued operations	(18)	(16)	(137)	(11)	204	(9)	(28)	(10)
Net income	567	645	384	469	866	560	668	549
Earnings per share from continuing operations:								
Basic earnings per common share	0.65	0.72	0.58	0.52	0.74	0.62	0.78	0.61
Diluted earnings per common share	0.63	0.70	0.57	0.51	0.73	0.61	0.76	0.60
Earnings per share from discontinued operations:								
Basic earnings per common share	(0.03)	(0.02)	(0.15)	(0.01)	0.23	(0.01)	(0.03)	(0.01)
Diluted earnings per common share	(0.02)	(0.02)	(0.15)	(0.01)	0.22	(0.01)	(0.03)	(0.01)
Weighted average common shares outstanding	905.6	930.0	897.0	918.5	893.9	915.1	892.6	916.3
Diluted weighted average common shares outstanding	922.8	948.6	913.1	936.9	911.7	934.6	913.4	936.3
Cash dividends declared per common share	0.18	0.16	0.21	0.18	0.21	0.18	0.21	0.18
Price range of common stock								
High	54.32	46.83	50.42	48.38	55.55	53.96	65.91	57.20
Low	43.89	39.29	45.30	41.25	48.46	46.69	53.49	52.17

(1) Amounts presented have been adjusted from what was previously filed in our Form 10-Q to exclude the results of discontinued operations.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

NIKE designs, develops, markets and sells athletic footwear, apparel, equipment, accessories and services worldwide. We are the largest seller of athletic footwear and apparel in the world. We sell our products to retail accounts, through NIKE-owned retail stores and internet websites, which we refer to as our "Direct to Consumer" operations, and through a mix of independent distributors, licensees and sales representatives in virtually all countries around the world. Our goal is to deliver value to our shareholders by building a profitable global portfolio of branded footwear, apparel, equipment, accessories and service businesses. Our strategy is to achieve long-term revenue growth by creating innovative, "must have" products, building deep personal consumer connections with our brands, and delivering compelling consumer experiences at retail and online.

In addition to achieving long-term, sustainable revenue growth, we continue to strive to deliver shareholder value by driving operational excellence in several key areas:

- Expanding gross margin by:
  - Making our supply chain a competitive advantage;
  - Reducing product costs through a continued focus on manufacturing efficiency, product design and innovation; and
  - Delivering innovative, premium products that command higher prices while maintaining a strong consumer price-to-value proposition.
- Improving selling and administrative expense productivity by focusing on investments that drive economic returns in the form of incremental revenue and gross profit, and leveraging existing infrastructure across our portfolio of businesses to eliminate duplicative costs;
- Improving working capital efficiency; and
- Deploying capital effectively.

Through execution of this strategy, our long-term financial goals continue to be:

- High single-digit revenue growth,
- Mid-teens earnings per share growth,
- Increased return on invested capital and accelerated cash flows, and
- Consistent results through effective management of our diversified portfolio of businesses.

Over the past ten years, we have achieved or exceeded all of these financial goals. During this time, revenues and earnings per share for NIKE, Inc., inclusive of both continuing and discontinued operations, have grown 9% and 15%, respectively, on an annual compounded basis. Our return on invested capital has increased from 18% to 24% and we expanded gross margins by approximately 260 basis points.

On November 15, 2012, we announced a two-for-one stock split of both Class A and Class B Common shares. The stock split was in the form of a 100 percent stock dividend payable on December 24, 2012 to shareholders of record at the close of business December 10, 2012. Common stock began trading at the split-adjusted price on December 26, 2012. All share numbers and per share amounts presented reflect the stock split.

Our fiscal 2013 results from continuing operations demonstrated the power of the NIKE, Inc. portfolio to deliver consistent growth in revenues, earnings, and cash returns to shareholders, while investing for long-term growth. Despite the ongoing challenges in the global economy, we delivered record revenues and earnings per share in fiscal 2013. Our revenues grew 8% to $25.3 billion, net income from continuing operations increased 9% to $2.5 billion, and we delivered diluted earnings per share of $2.69, an 11% increase from fiscal 2012.

Earnings before interest and income taxes for continuing operations increased 8% for fiscal 2013, driven by revenue growth and improved gross margin, which more than offset higher selling and administrative expense as a percentage of revenue. The increase in revenues was driven by growth across most NIKE Brand geographies, key categories and product types. This growth was primarily fueled by:

- Innovative performance and sportswear products, incorporating proprietary technology platforms such as NIKE Air, Lunar, Shox, FREE, Flywire, Dri-F.I.T, FlyKnit, NIKE +, and NIKE Fuel;
- Deep brand connections to consumers through a category lens, reinforced by investments in endorsements by high profile athletes and teams (such as the NFL, FC Barcelona, Michael Jordan), high impact marketing around global sporting events (such as the Olympics, European Football Championships and NBA Finals) and digital marketing; and
- Strong category retail presentation online and at NIKE owned and retail partner stores.

Revenues also improved for each of our Other Businesses (Converse, NIKE Golf and Hurley).

Our gross margins improved largely due to the positive impact of higher average selling prices, partially offset by higher product input costs, primarily labor cost inflation, and foreign currency headwinds.

For fiscal 2013, the growth of our net income from continuing operations was positively affected by a year-over-year decrease in our effective tax rate. In addition, diluted earnings per share grew at a higher rate than net income due to a 2% decrease in the weighted average number of diluted common shares outstanding, as a result of share repurchases during fiscal 2013.

On May 31, 2012, we announced our intention to divest of the Cole Haan and Umbro businesses, which would allow us to better focus our resources on driving growth in the NIKE, Jordan, Converse and Hurley brands. During the second quarter of fiscal 2013 we completed the sale of certain assets of the Umbro brand and recorded a loss on the sale of these assets of $107 million, net of tax. During the third quarter of fiscal 2013 we completed the sale of Cole Haan and recorded a gain on sale of $231 million, net of tax. As of May 31, 2013 the Company had substantially completed all transition services related to the sale of both businesses. Unless otherwise indicated, the following disclosures reflect the Company's continuing operations; refer to our "Discontinued Operations" section for additional information regarding our discontinued operations.

While we expect to face continued macroeconomic uncertainties in the global economy, we continue to see opportunities to drive future growth and remain committed to effectively managing our business to achieve our financial goals over the long-term, by executing against the operational strategies outlined above.

Results of Operations

Unless otherwise indicated, the following disclosures reflect the Company's continuing operations.

(Dollars in millions, except per share data)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	Fiscal 2011	FY12 vs. FY11 % Change
Revenues	$ 25,313	$ 23,331	8%	$ 20,117	16%
Cost of sales	14,279	13,183	8%	10,915	21%
Gross profit	11,034	10,148	9%	9,202	10%
Gross margin %	43.6%	43.5%		45.7%	
Demand creation expense	2,745	2,607	5%	2,344	11%
Operating overhead expense	5,035	4,458	13%	4,017	11%
Total selling and administrative expense	7,780	7,065	10%	6,361	11%
% of Revenues	30.7%	30.3%		31.6%	
Interest (income) expense, net	(3)	4	—	4	—
Other (income) expense, net	(15)	54	—	(25)	—
Income before income taxes	3,272	3,025	8%	2,862	6%
Income tax expense	808	756	7%	690	10%
Effective tax rate	24.7%	25.0%		24.1%	
Net income from continuing operations	**2,464**	**2,269**	**9%**	**2,172**	**4%**
Net income (loss) from discontinued operations	**21**	**(46)**	**—**	**(39)**	**—**
Net income	**$ 2,485**	**$ 2,223**	**12%**	**$ 2,133**	**4%**
Diluted earnings per share - Continuing Operations	$ 2.69	$ 2.42	11%	$ 2.24	8%
Diluted earnings per share - Discontinued Operations	$ 0.02	$ (0.05)	—	$ (0.04)	—

Consolidated Operating Results

Revenues

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes [2]	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes [2]
NIKE, Inc. Revenues [1]:							
NIKE Brand Revenues by:							
Footwear	$ 14,539	$ 13,428	8 %	11%	$ 11,519	17%	15%
Apparel	6,820	6,336	8 %	10%	5,516	15%	13%
Equipment	1,405	1,204	17 %	20%	1,022	18%	16%
Global Brand Divisions	117	111	5 %	8%	96	16%	13%
Total NIKE Brand	**22,881**	**21,079**	**9 %**	**11%**	**18,153**	**16%**	**15%**
Other Businesses	2,500	2,298	9 %	9%	2,041	13%	12%
Corporate [3]	(68)	(46)	—	—	(77)	—	—
TOTAL NIKE, INC. REVENUES	**$ 25,313**	**$ 23,331**	**8 %**	**11%**	**$ 20,117**	**16%**	**15%**
Supplemental NIKE Brand Revenues Details:							
NIKE Brand Revenues by:							
Sales to Wholesale Customers	$ 18,438	$ 17,438	6 %	8%	$ 15,181	15%	14%
Sales Direct to Consumer	4,326	3,530	23 %	24%	2,876	23%	21%
Global Brand Divisions	117	111	5 %	8%	96	16%	13%
TOTAL NIKE BRAND REVENUES	**$ 22,881**	**$ 21,079**	**9 %**	**11%**	**$ 18,153**	**16%**	**15%**
NIKE Brand Revenues on a Wholesale Equivalent Basis: [4]							
Sales to Wholesale Customers	$ 18,438	$ 17,438	6 %	8%	$ 15,181	15%	14%
Sales from our Wholesale Operations to Direct to Consumer Operations	2,450	1,986	23 %	25%	1,603	24%	22%
NIKE BRAND WHOLESALE EQUIVALENT REVENUES	**$ 20,888**	**$ 19,424**	**8 %**	**10%**	**$ 16,784**	**16%**	**14%**
NIKE Brand Wholesale Equivalent Revenues by Category: [4]							
Running	$ 4,274	$ 3,696	16 %	18%	$ 2,789	33%	31%
Basketball	2,627	2,169	21 %	22%	1,863	16%	16%
Football (Soccer)	1,931	1,862	4 %	9%	1,667	12%	10%
Men's Training	2,380	2,064	15 %	17%	1,752	18%	17%
Women's Training	1,067	1,011	6 %	8%	840	20%	19%
Action Sports	495	497	0 %	2%	446	11%	2%
Sportswear	5,637	5,741	-2 %	1%	5,293	8%	7%
Others [5]	2,477	2,384	4 %	6%	2,134	12%	11%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	**$ 20,888**	**$ 19,424**	**8 %**	**10%**	**$ 16,784**	**16%**	**14%**

(1) Certain prior year amounts have been reclassified to conform to fiscal 2013 presentation.

(2) Results have been restated using actual exchange rates in use during the comparative period to enhance the visibility of the underlying business trends by excluding the impact of translation arising from foreign currency exchange rate fluctuations.

(3) Corporate revenues primarily consist of intercompany revenue eliminations and foreign currency revenue-related hedge gains and losses generated by entities within the NIKE Brand geographic operating segments and certain Other Businesses through our centrally managed foreign exchange risk management program.

(4) References to NIKE Brand wholesale equivalent revenues are intended to provide context as to the total size of our NIKE Brand market footprint if we had no Direct to Consumer operations. NIKE Brand wholesale equivalent revenues consist of (1) sales to external wholesale customers and (2) internal sales from our wholesale operations to our Direct to Consumer operations which are charged at prices that are comparable to prices charged to external wholesale customers.

(5) Others include all other categories and certain adjustments that are not allocated at the category level.

Fiscal 2013 Compared to Fiscal 2012

On a currency neutral basis, revenues from our NIKE, Inc. continuing operations grew 11% for fiscal 2013, driven by increases in revenues for both the NIKE Brand and our Other Businesses. Every NIKE Brand geography except Greater China delivered higher revenues for fiscal 2013. North America contributed 7 percentage points of the increase in NIKE, Inc. revenues, while Emerging Markets contributed 2 percentage points and Western and Central and Eastern Europe each contributed 1 percentage point. Greater China ' s results reduced NIKE, Inc. revenue growth by 1 percentage point. Revenues for our Other Businesses contributed 1 percentage point to our consolidated revenue growth.

Excluding the effects of changes in currency exchange rates, NIKE Brand footwear and apparel revenue increased 11% and 10%, respectively, while NIKE Brand equipment revenues increased 20% during fiscal 2013. The increase in NIKE Brand footwear revenue for fiscal 2013 was attributable to growth across our Running, Basketball, Football (Soccer), and Sportswear categories. The growth of NIKE footwear revenues continued to be fueled by increased demand for performance products, including Running models with NIKE FREE and Lunar technologies, NIKE and Brand Jordan Basketball styles, and performance Football (soccer) products. In fiscal 2013, unit sales of footwear increased approximately 7% and the average selling price per pair increased approximately 4%, driven equally by price increases and a shift in mix to higher priced products.

For NIKE Brand apparel, the increase in revenue for fiscal 2013 was driven by our Men ' s Training category (which includes the NFL licensed business), in addition to strong demand for Running and Basketball products. Apparel unit sales in fiscal 2013 increased approximately 7% and the average selling price per unit increased approximately 3%, reflecting a favorable mix of higher priced products, such as performance Running, Basketball, and NFL licensed apparel, and to a lesser extent, higher selling prices .

While wholesale revenues remain the largest component of overall NIKE Brand revenues, we continue to expand Direct to Consumer revenues. Our NIKE Brand Direct to Consumer operations include NIKE owned in-line and factory stores, as well as online sales through NIKE owned websites. For fiscal 2013, Direct to Consumer revenues represented approximately 19% of our total NIKE Brand revenues compared to 17% in fiscal 2012. On a currency neutral basis, Direct to Consumer revenues grew 24% for fiscal 2013, as comparable store sales grew 14% and we continue to expand our store network and e-commerce business. Comparable store sales include revenues from NIKE owned in-line and factory stores for which all three of the following requirements have been met: (1) the store has been open at least one year, (2) square footage has not changed by more than 15% within the past year, and (3) the store has not been permanently repositioned within the past year.

Revenues for our Other Businesses are comprised of results from Converse, Hurley and NIKE Golf. Excluding the impact of currency changes, revenues for these businesses increased 9% in fiscal 2013, reflecting growth across all businesses.

Fiscal 2012 Compared to Fiscal 2011

On a currency neutral basis, revenues for NIKE, Inc.'s continuing operations grew 15% for fiscal 2012, driven by increases in revenues for both the NIKE Brand and our Other Businesses. Excluding the effects of changes in currency exchange rates, revenues for the NIKE Brand increased 15%, as every NIKE Brand geography delivered higher revenues for fiscal 2012. North America contributed approximately 7 percentage points to the NIKE Brand revenue increase, while the Emerging Markets and Greater China geographies contributed approximately 4 and 2 percentage points to the NIKE Brand revenue growth, respectively. Revenues for our Other Businesses grew 12% during fiscal 2012, contributing 1 percentage point of our consolidated revenue growth.

Excluding the effects of changes in currency exchange rates, NIKE Brand footwear and apparel revenue increased 15% and 13%, respectively, while NIKE Brand equipment revenues increased 16% during fiscal 2012. Continuing to fuel the growth of our NIKE Brand footwear business was the increased demand for performance products, including the NIKE Lunar and FREE technologies. The increase in NIKE Brand footwear revenue for fiscal 2012 was attributable to double-digit percentage growth in unit sales along with a low-single-digit percentage increase in average selling price per pair, primarily reflecting the favorable impact from product price increases, partially offset by higher discounts on close-out sales. The overall increase in footwear sales was driven by growth across all key categories, notably Running, Sportswear and Basketball. For NIKE Brand apparel, the increase in revenue for fiscal 2012 was driven by mid-single-digit percentage increases in both unit sales and average selling prices. The increase in average selling prices was primarily driven by product price increases, partially offset by a higher mix of close-out sales. The overall increase in apparel sales was reflective of increased demand across most key categories.

For fiscal 2012, Direct to Consumer channels represented approximately 17% of our total NIKE Brand revenues compared to 16% in fiscal 2011. On a currency neutral basis, Direct to Consumer revenues grew 21% for fiscal 2012, as comparable store sales grew 13% and we continue to expand our store network and e-commerce business.

Revenues for our Other Businesses consisted of results from our affiliate brands; Converse, Hurley and NIKE Golf. Excluding the impact of currency changes, revenues for these businesses increased by 12% in fiscal 2012, reflecting growth across all businesses except Hurley, which was down slightly for the fiscal year.

Futures Orders

Futures orders for NIKE Brand footwear and apparel scheduled for delivery from June through November 2013 were 8% higher than the orders reported for the comparable prior year period. The U.S. Dollar futures order amount is calculated based upon our internal forecast of the currency exchange rates under which our revenues will be translated during this period. Excluding the impact of currency changes, futures orders also increased 8%, as unit orders contributed approximately 5 percentage points of growth and average selling price per unit contributed approximately 3 percentage points of growth.

By geography, futures orders growth was as follows:

	Reported Futures Orders Growth	Futures Orders Excluding Currency Changes [1]
North America	12 %	12%
Western Europe	2 %	0%
Central & Eastern Europe	14 %	12%
Greater China	3 %	0%
Japan	-17 %	6%
Emerging Markets	12 %	12%
Total NIKE Brand Futures Orders	8 %	8%

(1) Growth rates have been restated using constant exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.

The reported futures orders growth is not necessarily indicative of our expectation of revenue growth during this period. This is due to year-over-year changes in shipment timing, because the mix of orders can shift between futures and at-once orders, and the fulfillment of certain orders may fall outside of the schedule noted above. In addition, exchange rate fluctuations as well as differing levels of order cancellations and discounts can cause differences in the comparisons between futures orders and actual revenues. Moreover, a significant portion of our revenue is not derived from futures orders, including at-once and close-out sales of NIKE Brand footwear and apparel, sales of NIKE Brand equipment, sales from our Direct to Consumer operations, and sales from our Other Businesses.

Gross Margin

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	Fiscal 2011	FY12 vs. FY11 % Change
Gross Profit	$ 11,034	$ 10,148	9%	$ 9,202	10%
Gross Margin %	43.6%	43.5%	10 bps	45.7%	(220) bps

Fiscal 2013 Compared to Fiscal 2012

For fiscal 2013, our consolidated gross margin was 10 basis points higher than fiscal 2012, primarily driven by higher net average selling prices (approximately 160 basis points) that were attributable to higher prices and a favorable sales mix. The positive benefit of higher net average selling prices was largely offset by higher product costs (approximately 110 basis points), primarily due to higher factory labor costs, and unfavorable foreign currency exchange rate movements (approximately 40 basis points).

In addition, we have seen significant shifts in the mix of revenues from higher to lower margin segments of our business. While growth in these lower gross margin segments delivers incremental revenue and profits, it has a negative effect on our consolidated gross margin.

Fiscal 2012 Compared to Fiscal 2011

For fiscal 2012, our consolidated gross margin was 220 basis points lower than the prior year period, primarily driven by higher product input costs, including materials and labor, across most businesses. Also contributing to the decrease in gross margin were higher customs duty charges, discounts on close-out sales and an increase in investments in our digital business and infrastructure. Together, these factors decreased consolidated gross margin by approximately 390 basis points. Partially offsetting this decrease were positive impacts from product price increases, lower air freight costs, the growth of our NIKE Brand Direct to Consumer business, and benefits from our ongoing product cost reduction initiatives.

Selling and Administrative Expense

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	Fiscal 2011	FY12 vs. FY11 % Change
Demand creation expense [1]	$ 2,745	$ 2,607	5%	$ 2,344	11%
Operating overhead expense	5,035	4,458	13%	4,017	11%
Selling and administrative expense	$ 7,780	$ 7,065	10%	$ 6,361	11%
% of Revenues	30.7%	30.3%	40 bps	31.6%	(130) bps

(1) Demand creation consists of advertising and promotion expenses, including costs of endorsement contracts.

Fiscal 2013 Compared to Fiscal 2012

Demand creation expense increased 5% compared to the prior year, mainly driven by an increase in sports marketing expense, marketing support for key product initiatives, including the NIKE Fuelband and NFL launch, as well as an increased level of marketing spending around global sporting events such as the European Football Championships and London Summer Olympics. Excluding the effects of changes in foreign currency exchange rates, demand creation expense increased 8%.

Compared to the prior year, operating overhead expense increased 13%, primarily attributable to increased investments in our Direct to Consumer operations, higher personnel costs, and corporate initiatives to support the growth of our overall business. Excluding the effects of changes in foreign currency exchange rates, the growth in operating overhead expense was 15%.

Fiscal 2012 Compared to Fiscal 2011

Overall, selling and administrative expense grew at a slower rate than revenues for fiscal 2012.

Demand creation expense increased 11% compared to the prior year, mainly driven by an increase in sports marketing expense, marketing support for key product initiatives, including the NIKE Fuelband and NFL launch, as well as an increased level of brand event spending in advance of the European Football Championships and London Summer Olympics. For fiscal 2012, changes in currency exchange rates increased the growth of demand creation expense by 1 percentage point.

Compared to the prior year, operating overhead expense increased 11%, primarily attributable to increased investments in our Direct to Consumer operations, higher personnel costs as well as travel expenses to support the growth of our overall business. For fiscal 2012, changes in currency exchange rates increased the growth of operating overhead expense by 1 percentage point.

Other (Income) Expense, net

(In millions)	Fiscal 2013	Fiscal 2012	Fiscal 2011
Other (income) expense, net	$ (15)	$ 54	$ (25)

Other (income) expense, net is comprised of foreign currency conversion gains and losses from the re-measurement of monetary assets and liabilities denominated in non-functional currencies, the impact of certain foreign currency derivative instruments, as well as unusual or non-operating transactions that are outside the normal course of business.

Fiscal 2013 Compared to Fiscal 2012

For fiscal 2013, other (income), net increased $69 million compared to the prior year. This change was primarily driven by a $48 million decrease in foreign currency net losses in the current year as well as the recognition of a $24 million restructuring charge for NIKE Brand ' s Western Europe operations in the prior year. These positive impacts were partially offset by smaller net gains from non-operating items.

We estimate the combination of the translation of foreign currency-denominated profits from our international businesses and the year-over-year change in foreign currency related gains and losses included in other (income) expense, net had an unfavorable impact on our income before income taxes of $56 million for fiscal 2013.

Fiscal 2012 Compared to Fiscal 2011

For fiscal 2012, other expense, net increased $79 million compared to the prior year. This change was primarily driven by a $77 million change in foreign currency net gains in the prior year to net losses in the current year. These impacts, together with a $24 million charge recognized during the fourth quarter of fiscal 2012 for the restructuring of NIKE Brand ' s Western Europe operations, were partially offset by certain net gains related to non-operating items.

We estimate the combination of translation of foreign currency-denominated profits from our international businesses and the year-over-year change in foreign currency related gains and losses included in other expense, net did not have a significant impact on our income before income taxes for fiscal 2012.

Income Taxes

	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	Fiscal 2011	FY12 vs. FY11 % Change
Effective tax rate	24.7%	25.0%	(30) bps	24.1%	90 bps

Fiscal 2013 Compared to Fiscal 2012

The 30 basis point decrease in our effective tax rate for the fiscal year was primarily driven by the U.S. legislative retroactive reinstatement of the research and development tax credit and a reduction of tax reserves on foreign operations, partially offset by an increase in the percentage of earnings in higher tax jurisdictions.

Fiscal 2012 Compared to Fiscal 2011

Our effective tax rate for fiscal 2012 was 90 basis points higher than the effective tax rate for fiscal 2011 primarily due to changes in estimates of uncertain tax positions. This impact was partially offset by a reduction in the effective tax rate on operations outside of the United States as a result of changes in geographical mix of foreign earnings.

Discontinued Operations

The Company continually evaluates its existing portfolio of businesses to ensure resources are invested in those businesses that are accretive to the NIKE Brand and represent the largest growth potential and highest returns. On May 31, 2012, the Company announced its intention to divest of Umbro and Cole Haan, allowing it to focus its resources on driving growth in the NIKE, Jordan, Converse and Hurley brands.

On February 1, 2013, the Company completed the sale of Cole Haan to Apax Partners for an agreed upon purchase price of $570 million and received at closing $561 million, net of $9 million of purchase price adjustments. The transaction resulted in a gain on sale of $231 million, net of $137 million in tax expense; this gain is included in the net income (loss) from discontinued operations line item on the consolidated statements of income.

Beginning November 30, 2012, we classified the Cole Haan disposal group as held-for-sale and presented the results of Cole Haan's operations in the net income (loss) from discontinued operations line item on the consolidated statements of income. From this date until the sale, the assets and liabilities of Cole Haan were recorded as assets and liabilities of discontinued operations on the consolidated balance sheets of NIKE, Inc. Previously, these amounts were reported in our segment presentation as "Other Businesses."

Under the sale agreement, we agreed to provide certain transition services to Cole Haan for an expected period of 3 to 9 months from the date of sale. We will also license NIKE proprietary Air and Lunar technologies to Cole Haan for a transition period. The continuing cash flows related to these items are not expected to be significant to Cole Haan and we will have no significant continuing involvement with Cole Haan beyond the transition services. Additionally, preexisting guarantees of certain Cole Haan lease payments remain in place after the sale; the maximum exposure under the guarantees is $44 million at May 31, 2013. The fair value of these guarantees is not material.

On November 30, 2012, we completed the sale of certain assets of Umbro to Iconix Brand Group ("Iconix") for $225 million. The results of Umbro's operations and Umbro's financial position are presented as discontinued operations on the consolidated statements of income and balance sheets, respectively. Previously, these amounts were reported in our segment presentation as "Other Businesses." Upon meeting the held-for-sale criteria, we recorded a loss of $107 million, net of tax, on the sale of Umbro. The loss on sale was calculated as the net sales price less the Umbro assets of $248 million, including intangibles, goodwill, and fixed assets, other miscellaneous charges of $22 million, and the release of the associated cumulative translation adjustment of $129 million, offset by a $67 million tax benefit on the loss.

Under the sale agreement, we provided transition services to Iconix while certain markets were transitioned to Iconix-designated licensees. These transition services are substantially complete and we have wound down the remaining operations of Umbro.

For the year ended May 31, 2013 , net income (loss) from discontinued operations included, for both businesses, the net gain or loss on sale, net operating losses, tax expenses, and approximately $ 20 million in wind down costs.

Operating Segments

The Company's reportable operating segments are based on our internal geographic organization. Each NIKE Brand geography operates predominantly in one industry: the design, development, marketing and selling of athletic footwear, apparel, and equipment. Our reportable operating segments for the NIKE Brand are: North America, Western Europe, Central & Eastern Europe, Greater China, Japan, and Emerging Markets. Our NIKE Brand Direct to Consumer operations are managed within each geographic segment.

As part of our centrally managed foreign exchange risk management program, standard foreign currency rates are assigned twice per year to each NIKE Brand entity in our geographic operating segments and certain Other Businesses. These rates are set approximately nine months in advance of the future selling season based on average market spot rates in the calendar month preceding the date they are established. Inventories and cost of sales for geographic operating segments and certain Other Businesses reflect use of these standard rates to record non-functional currency product purchases into the entity's functional currency. Differences between assigned standard foreign currency rates and actual market rates are included in Corporate together with foreign currency hedge gains and losses generated from our centrally managed foreign exchange risk management program.

Certain prior year amounts have been reclassified to conform to fiscal 2013 presentation.

The breakdown of revenues is as follows:

(Dollars in millions)	Fiscal 2013	Fiscal 2012 (1)	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes (2)	Fiscal 2011 (1)	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes (2)
North America	$ 10,387	$ 8,839	18 %	18 %	$ 7,579	17%	17%
Western Europe	4,128	4,144	0 %	5 %	3,868	7%	4%
Central & Eastern Europe	1,287	1,200	7 %	12 %	1,040	15%	17%
Greater China	2,453	2,539	-3 %	-5 %	2,060	23%	18%
Japan	791	835	-5 %	1 %	773	8%	1%
Emerging Markets	3,718	3,411	9 %	16 %	2,737	25%	26%
Global Brand Divisions	117	111	5 %	8 %	96	16%	13%
Total NIKE Brand Revenues	**22,881**	**21,079**	**9 %**	**11 %**	**18,153**	**16%**	**15%**
Other Businesses	2,500	2,298	9 %	9 %	2,041	13%	12%
Corporate (3)	(68)	(46)	—	—	(77)	—	—
TOTAL NIKE, INC. REVENUES	**$ 25,313**	**$ 23,331**	**8 %**	**11 %**	**$ 20,117**	**16%**	**15%**

(1) Certain prior year amounts have been reclassified to conform to fiscal 2013 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

(2) Results have been restated using actual exchange rates in use during the comparative period to enhance the visibility of the underlying business trends by excluding the impact of translation arising from foreign currency exchange rate fluctuations.

(3) Corporate revenues primarily consist of certain intercompany revenue eliminations and foreign currency hedge gains and losses related to revenues generated by entities within the NIKE Brand geographic operating segments and certain Other Businesses but managed through our central foreign exchange risk management program.

The primary financial measure used by the Company to evaluate performance of individual operating segments is earnings before interest and taxes (commonly referred to as "EBIT") which represents net income before interest (income) expense, net and income taxes in the consolidated statements of income. As discussed in Note 18 — Operating Segments and Related Information in the accompanying notes to the consolidated financial statements, certain corporate costs are not included in EBIT of our operating segments.

The breakdown of earnings before interest and taxes is as follows:

(Dollars in millions)	Fiscal 2013	Fiscal 2012 [1]	FY13 vs. FY12 % Change	Fiscal 2011 [1]	FY12 vs. FY11 % Change
North America	$ 2,534	$ 2,030	25 %	$ 1,736	17 %
Western Europe	640	597	7 %	730	-18 %
Central & Eastern Europe	259	234	11 %	244	-4 %
Greater China	809	911	-11 %	777	17 %
Japan	133	136	-2 %	114	19 %
Emerging Markets	1,011	853	19 %	688	24 %
Global Brand Divisions	(1,396)	(1,200)	-16 %	(971)	-24 %
Total NIKE Brand	**3,990**	**3,561**	**12 %**	**3,318**	**7 %**
Other Businesses	456	385	18 %	353	9 %
Corporate	(1,177)	(917)	-28 %	(805)	-14 %
TOTAL CONSOLIDATED EARNINGS BEFORE INTEREST AND TAXES	**$ 3,269**	**$ 3,029**	**8 %**	**$ 2,866**	**6 %**
Interest (income) expense, net	(3)	4	—	4	—
TOTAL CONSOLIDATED INCOME BEFORE INCOME TAXES	**$ 3,272**	**$ 3,025**	**8 %**	**$ 2,862**	**6 %**

(1) Certain prior year amounts have been reclassified to conform to fiscal 2013 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

North America

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 6,687	$ 5,887	14%	14%	$ 5,111	15%	15%
Apparel	3,028	2,482	22%	22%	2,103	18%	18%
Equipment	672	470	43%	43%	365	29%	29%
TOTAL REVENUES	**$ 10,387**	**$ 8,839**	**18%**	**18%**	**$ 7,579**	**17%**	**17%**
Revenues by:							
Sales to Wholesale Customers	$ 7,838	$ 6,720	17%	17%	$ 5,801	16%	16%
Sales Direct to Consumer	2,549	2,119	20%	20%	1,778	19%	19%
TOTAL REVENUES	**$ 10,387**	**$ 8,839**	**18%**	**18%**	**$ 7,579**	**17%**	**17%**
EARNINGS BEFORE INTEREST AND TAXES	**$ 2,534**	**$ 2,030**	**25%**		**$ 1,736**	**17%**	

Fiscal 2013 Compared to Fiscal 2012

Our category offense continued to deliver innovative products, deep brand connections, and compelling retail experiences to consumers in North America, driving increased demand for NIKE Brand products across all key categories except Action Sports. Our Basketball, Men's Training, Running, and Sportswear categories drove the revenue growth in fiscal 2013. North America ' s Direct to Consumer revenue growth for fiscal 2013 was fueled by 15% growth in comparable store sales as well as the addition of new stores and rapid growth in online sales.

North America footwear revenue growth was driven by higher demand in all seven key categories, most notably Basketball, Running, and Sportswear. Both unit sales and average selling price per pair increased 7% in fiscal 2013. The increase in average selling price per pair was driven approximately equally by price increases and a favorable mix of higher priced products.

Apparel revenue growth in North America was driven by higher demand in our Men ' s Training category, reflecting the addition of the NFL licensed business, as well as Basketball, Women ' s Training, and Running. Unit sales increased 10% while average selling price per unit increased 12%, largely driven by a favorable mix of higher priced products.

North America EBIT increased faster than revenue due to gross margin expansion and selling and administrative expense leverage. Gross margin increased 50 basis points for fiscal 2013, reflecting the favorable impact of selling price increases, partially offset by higher product costs, an unfavorable mix of lower margin products and royalties for the NFL business. Selling and administrative expenses increased versus fiscal 2012, though at a rate slower than revenue; the growth was largely driven by higher demand creation expense for the Olympics in the first quarter of fiscal 2013 as well as key product initiatives, including the NFL launch, and higher operating overhead costs to support the expansion of our Direct to Consumer business and overall growth of the business.

Fiscal 2012 Compared to Fiscal 2011

Revenues for North America increased 17% for fiscal 2012, driven by growth in both wholesale and Direct to Consumer revenues. Our category offense continued to deliver innovative products, deep brand connections and compelling retail experiences to consumers, driving demand for NIKE Brand products across all seven key categories. North America's Direct to Consumer revenues grew 19% for fiscal 2012, driven by 15% growth in comparable store sales.

For fiscal 2012, footwear revenue in North America increased 15%, driven by an increase in both unit sales and average selling prices. Unit sales rose at a double-digit rate while average selling price per pair grew at a mid-single-digit rate, reflective of product price increases, partially offset by higher discounts on close-out sales. The overall increase in footwear sales was driven by growth in all key categories, most notably Running, Basketball, Women's Training and Sportswear.

Compared to the prior year, apparel revenue for North America increased 18%, primarily driven by a low-double-digit percentage growth in average selling price per unit and a mid-single-digit percentage growth in unit sales. The increase in average selling price per unit was reflective of product price increases and a greater mix of higher price point products. The overall increase in apparel sales was driven by double-digit percentage growth across most key categories, including Men's Training, Running and Basketball.

For fiscal 2012, EBIT for North America increased 17% as revenue growth and improved selling and administrative expense leverage more than offset a decline in gross margin. Gross margin decreased 90 basis points during fiscal 2012, primarily due to higher product input costs and lower gross margins on close-out sales, which more than offset the favorable impact of selling price increases, lower air freight costs and the growth of our Direct to Consumer business. Selling and administrative expense as a percentage of revenue decreased by 70 basis points for fiscal 2012, as both demand creation and operating overhead expense grew at a slower rate than revenues.

Western Europe

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 2,646	$ 2,526	5 %	10 %	$ 2,345	8 %	5%
Apparel	1,261	1,377	-8 %	-4 %	1,303	6 %	2%
Equipment	221	241	-8 %	-3 %	220	10 %	5%
TOTAL REVENUES	**$ 4,128**	**$ 4,144**	**0 %**	**5 %**	**$ 3,868**	**7 %**	**4%**
Revenues by:							
Sales to Wholesale Customers	$ 3,416	$ 3,556	-4 %	1 %	$ 3,385	5 %	2%
Sales Direct to Consumer	712	588	21 %	27 %	483	22 %	18%
TOTAL REVENUES	**$ 4,128**	**$ 4,144**	**0 %**	**5 %**	**$ 3,868**	**7 %**	**4%**
EARNINGS BEFORE INTEREST AND TAXES	**$ 640**	**$ 597**	**7 %**		**$ 730**	**-18 %**	

Fiscal 2013 Compared to Fiscal 2012

On a currency neutral basis, most territories in Western Europe reported revenue growth for fiscal 2013, which more than offset revenue declines of 17% and 18% in Italy and Iberia, respectively, reflecting poor economic conditions in Southern Europe. Revenues for the U.K. & Ireland and AGS (Austria, Germany, and Switzerland) territories, the largest markets in Western Europe, increased 8% and 12%, respectively. The growth in Direct to Consumer revenues reflected 17% growth in comparable store sales, the addition of 19 net new factory stores and strong growth in online sales. On a category basis, Western Europe ' s revenue growth was largely driven by growth in our Running and Basketball categories.

Constant currency footwear revenue growth in Western Europe was primarily driven by growth in Running, Sportswear, and Basketball. Unit sales increased 7% and average selling price per pair increased 3%, the latter primarily the result of price increases.

The constant currency decrease in Western Europe apparel revenues was due to a decline in Sportswear, partially offset by growth in Running, Men ' s Training, and Basketball. Unit sales in fiscal 2013 decreased 1% while average selling price per unit decreased 3%, as higher discounts on close-out sales more than offset selling price increases.

The EBIT growth in fiscal 2013 was driven by a 200 basis point increase in gross margin, partially offset by higher selling and administrative expenses. The gross margin increase was primarily driven by favorable standard foreign currency exchange rates; higher net average selling prices were mostly offset by higher product costs. The increase in selling and administrative expense was mainly driven by an increased level of demand creation spending around the European Football Championships and Olympics in the first quarter of fiscal 2013, as well as higher sports marketing expense. Additionally, operating overhead costs increased to support the expansion of our Direct to Consumer business and overall growth of the business. Fiscal 2013 EBIT growth for Western Europe was also increased by a $24 million, one-time restructuring charge that was recorded in other (income) expense, net, in the fourth quarter of fiscal 2012.

Fiscal 2012 Compared to Fiscal 2011

On a currency neutral basis, revenues for Western Europe increased 4% for fiscal 2012, as most territories reported revenue growth, which more than offset revenue declines in the U.K. & Ireland and Italy. Revenues for the U.K. & Ireland, the largest market in Western Europe, declined 3% for the fiscal 2012 period. Western Europe's Direct to Consumer revenues grew 18% for fiscal 2012, including 8% growth in comparable store sales.

Excluding changes in currency exchange rates, footwear revenue in Western Europe increased 5% for fiscal 2012, primarily driven by a low-single-digit percentage growth in both unit sales and average selling price per pair, primarily reflective of product price increases, partially offset by higher discounts on in-line and close-out sales. The overall increase in footwear sales was driven by growth in Running, Basketball and Football (Soccer), which more than offset a decline in Action Sports.

Excluding changes in currency exchange rates, apparel revenue in Western Europe increased 2% for fiscal 2012. The year-over-year change was primarily driven by a mid-single-digit percentage increase in average selling price per unit, reflective of higher product prices. Partially offsetting the increase in average selling price per unit was a mid-single-digit percentage decline in unit sales. The overall increase in apparel sales was driven by growth in Football (Soccer) and Running, which more than offset a decline in Sportswear.

On a reported basis, revenues for Western Europe increased 7% for fiscal 2012. However, EBIT fell 18%, primarily driven by a 350 basis point decline in gross margin and higher selling and administrative expense as a percentage of revenues. The decline in gross margin was driven by higher product input costs and the negative impact from changes in standard currency rates, which more than offset the favorable impact of product price increases and the growth of our Direct to Consumer business. The increase in selling and administrative expense as a percentage of revenues was mainly driven by an increased level of demand creation spending around the European Football Championships and London Summer Olympics. Also reflected in Western Europe's fiscal 2012 results was a $24 million charge relating to the restructuring of its operations.

Central & Eastern Europe

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 714	$ 671	6%	11%	$ 605	11 %	13%
Apparel	483	441	10%	14%	359	23 %	24%
Equipment	90	88	2%	9%	76	16 %	17%
TOTAL REVENUES	**$ 1,287**	**$ 1,200**	**7%**	**12%**	**$ 1,040**	**15 %**	**17%**
EARNINGS BEFORE INTEREST AND TAXES	**$ 259**	**$ 234**	**11%**		**$ 244**	**-4 %**	

Fiscal 2013 Compared to Fiscal 2012

On a currency neutral basis, Central & Eastern Europe revenues for fiscal 2013 were driven by growth across most territories, particularly Russia and Turkey, which grew 28% and 19%, respectively. Revenue growth in Central & Eastern Europe was driven by growth in all key categories, most notably Running, Football (Soccer), and Sportswear.

Constant currency footwear revenue growth in fiscal 2013 was primarily driven by growth in Running, Football (Soccer), and Basketball, partially offset by lower revenues in Sportswear. Unit sales increased 6% while average selling price per pair increased 5%, primarily driven by price increases.

Constant currency apparel revenue growth in fiscal 2013 was driven by growth in nearly all categories, most notably Sportswear, Football (Soccer), and Running. Unit sales increased 16%, while average selling price per unit decreased 2%, as an unfavorable mix of lower priced products more than off-set higher selling prices.

EBIT for Central & Eastern Europe grew faster than revenue primarily due to gross margin improvement and selling and administrative expense leverage. Gross margin increased 30 basis points, largely driven by price increases and the favorable impact of our higher margin Direct to Consumer business, more than offsetting higher product costs and unfavorable standard foreign currency exchange rates.

Fiscal 2012 Compared to Fiscal 2011

Excluding the changes in currency exchange rates, revenues for Central & Eastern Europe increased 17% for fiscal 2012, driven by growth across most territories, including double-digit growth in Russia and Turkey, which more than offset lower revenues in Greece.

Excluding changes in currency exchange rates, Central & Eastern Europe's footwear revenue grew 13%, primarily driven by double-digit percentage growth in unit sales and a low-single-digit percentage increase in average selling price per pair. The increase in average selling price per pair was reflective of product price increases which more than offset the negative impact of higher discounts on in-line and close-out sales. The overall increase in footwear sales was driven by growth across all key categories, most notably Running, Sportswear and Football (Soccer).

Excluding changes in currency exchange rates, Central & Eastern Europe's apparel revenues grew 24%, mainly driven by double-digit percentage growth in unit sales, offset by a slight decrease in average price per unit, mainly due to less favorable product mix and higher discounts on in-line sales, which more than offset the impact from product price increases. The overall increase in apparel sales was primarily driven by growth in Football (Soccer), Sportswear and Running.

On a reported basis, revenues for Central & Eastern Europe increased 15% for fiscal 2012. However, EBIT fell 4%, primarily driven by a 420 basis point decline in gross margin. The decline in gross margin was primarily due to higher product input costs as well as higher discounts on in-line and close-out products, which more than offset the favorable impact from product price increases. Selling and administrative expense as a percentage of revenues remained relatively flat compared to the prior period.

Greater China

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 1,493	$ 1,518	-2 %	-3 %	$ 1,164	30%	25%
Apparel	829	896	-7 %	-9 %	789	14%	9%
Equipment	131	125	5 %	3 %	107	17%	12%
TOTAL REVENUES	**$ 2,453**	**$ 2,539**	**-3 %**	**-5 %**	**$ 2,060**	**23%**	**18%**
EARNINGS BEFORE INTEREST AND TAXES	**$ 809**	**$ 911**	**-11 %**		**$ 777**	**17%**	

Fiscal 2013 Compared to Fiscal 2012

On a currency neutral basis, Greater China revenue decreased in fiscal 2013, driven by lower futures orders as well as increased discounts, product returns and proactive cancellation of orders to manage inventory levels at retail. These downsides were partially offset by 33% growth in our Direct to Consumer business driven by comparable store sales growth of 13% and the addition of 29 net new factory stores. Fiscal 2013 revenues for most key categories were lower than in fiscal 2012.

For fiscal 2013, constant currency footwear revenue growth for Greater China declined, driven by lower sales across most key categories, most notably Sportswear and Men ' s and Women ' s Training, and increased reserves for product discounts and returns. Unit sales decreased 1%, while average selling price per pair decreased 2%, reflecting a higher mix of close-out sales and higher discounts.

The decrease in constant currency apparel revenue for fiscal 2013 was driven by lower revenues in Sportswear and Men ' s and Women ' s Training, partially offset by higher revenues in Basketball. Apparel unit sales in fiscal 2013 were 3% lower than the prior year while average selling price per unit was down 6%, reflecting a higher mix of close-out sales and higher discounts.

Fiscal 2013 EBIT for Greater China decreased at a faster rate than revenue, driven by lower gross margin and selling and administrative expense deleverage. Fiscal 2013 gross margin decreased 50 basis points due to a lower average selling price per unit driven by higher discounts and close-out mix partially offset by favorable standard foreign currency exchange rates. Selling and administrative expense increased as a percent of revenues, driven primarily by the increased investment in our Direct to Consumer business and the decrease in revenues.

Our results in Greater China have been adversely impacted by sluggish macroeconomic growth and slow product sell-through at retail, leading to high levels of inventory in the marketplace. Our strategy to return to sustained, profitable growth in Greater China focuses on extending our brand leadership position with consumers; expanding the offering of product styles and fits designed for the Chinese consumer; and working with our retail partners to create more differentiated, productive, and profitable retail stores.

Despite the challenges we have seen in China, there are indications that our strategies are taking hold in the marketplace. Comparable store sales are growing in our NIKE-owned Direct to Consumer doors and our wholesale customers are reporting comparable store growth and declining inventory levels. While we are making progress, we will continue to work with our retailers to optimize inventory, accelerate sell-through, and improve retail productivity. While China futures orders for the next six months are in line with last year, we expect revenues for the first half of the fiscal year will be below last year as we continue to manage the amount of product we ship into the market. We believe our revenue in China will stabilize around prior year levels in the second half of this fiscal year.

Fiscal 2012 Compared to Fiscal 2011

Excluding changes in currency exchange rates, Greater China revenues increased 18% for fiscal 2012, driven by continued expansion in the number of both NIKE mono-branded stores owned by our wholesale customers and NIKE owned stores, as well as higher comparable store sales.

Excluding changes in currency exchange rates, the growth in Greater China's footwear revenue for fiscal 2012 was primarily driven by double-digit percentage growth in unit sales and a mid-single-digit growth in average unit price per pair, reflective of product price increases. The overall increase in footwear sales was driven by double-digit percentage growth across most key categories, led by Running and Sportswear.

Excluding changes in currency exchange rates, the growth in Greater China's apparel revenues for fiscal 2012 was mainly driven by a high-single-digit growth in the average selling price per unit and a low-single-digit percentage increase in unit sales. The increase in average selling price was reflective of product price increases, partially offset by higher discounts on in-line and close-out products to accelerate the sales of slower moving apparel inventories.

On a reported basis, revenues for Greater China increased 23% for fiscal 2012, while EBIT grew 17%, as revenue growth was partially offset by a decline in gross margin and an increase in selling and administrative expense as a percentage of revenues. Gross margin decreased 150 basis points for fiscal 2012, primarily attributable to higher product input costs and discounts on close-out products, which more than offset the favorable impact of product price increases. Selling and administrative expense as a percentage of revenues increased 50 basis points, driven by an increase in operating overhead expense.

Japan

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 429	$ 439	-2 %	5 %	$ 397	11%	3 %
Apparel	301	325	-7 %	-1 %	305	7%	-1 %
Equipment	61	71	-14 %	-9 %	71	0%	-5 %
TOTAL REVENUES	**$ 791**	**$ 835**	**-5 %**	**1 %**	**$ 773**	**8%**	**1 %**
EARNINGS BEFORE INTEREST AND TAXES	**$ 133**	**$ 136**	**-2 %**		**$ 114**	**19%**	

Fiscal 2013 Compared to Fiscal 2012

Excluding changes in currency exchange rates, the revenue increase for Japan was driven by higher revenues in Running, Football (Soccer) and Basketball, partially offset by lower revenues in Sportswear and Men ' s and Women ' s Training.

Fiscal 2013 EBIT for Japan decreased as a result of lower revenues, partially offset by gross margin improvement and lower selling and administrative expense. The decrease in selling and administrative expense in fiscal 2013 was attributable to lower operating overhead and demand creation spending.

Fiscal 2012 Compared to Fiscal 2011

During fiscal 2012, the macroeconomic environment in Japan remained uncertain as the market continued to recover from the effects of the earthquake and tsunami that occurred in March 2011. On a currency neutral basis, footwear revenue in Japan increased 3% for fiscal 2012, as growth in Running and Football (Soccer) more than offset a decline in Sportswear.

Excluding changes in currency exchange rates, apparel revenue decreased 1% for fiscal 2012, as the decline in Sportswear more than offset the growth in Running and Football (Soccer).

On a reported basis, EBIT for Japan grew at a faster rate than revenue as a result of improved gross margin and leverage of selling and administrative expenses. The increase in Japan's gross margin was mainly driven by the favorable impact from the year-over-year change in standard currency rates, a decrease in inventory obsolescence expense as well as a lower mix of close-out sales. These favorable impacts were partially offset by higher product input costs.

Emerging Markets

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues by:							
Footwear	$ 2,570	$ 2,387	8%	15%	$ 1,897	26%	27%
Apparel	918	815	13%	19%	657	24%	25%
Equipment	230	209	10%	17%	183	14%	15%
TOTAL REVENUES	**$ 3,718**	**$ 3,411**	**9%**	**16%**	**$ 2,737**	**25%**	**26%**
EARNINGS BEFORE INTEREST AND TAXES	**$ 1,011**	**$ 853**	**19%**		**$ 688**	**24%**	

Fiscal 2013 Compared to Fiscal 2012

For fiscal 2013, constant currency revenue growth for the Emerging Markets geography was driven by growth in every key category and every territory, led by Argentina, Brazil, and Mexico.

Constant currency footwear revenue growth for fiscal 2013 was driven by growth in most key categories, most notably Running, Football (Soccer), and Women ' s Training. Unit sales increased approximately 9% and average selling price per pair increased 6%, primarily driven by selling price increases.

Fiscal 2013 constant currency apparel revenue was driven by growth in every key category, led by Football (Soccer), Running, Sportswear, and Men ' s Training. Unit sales increased approximately 10% and average selling price per unit increased 9%, largely attributable to price increases.

Fiscal 2013 Emerging Markets EBIT grew faster than revenue primarily driven by gross margin improvement, partially offset by higher selling and administrative expense as a percent of revenue. Gross margin increased 260 basis points due largely to the favorable impact of price increases, the anniversary of a one-time custom duty charge in fiscal 2012, and favorable standard foreign currency exchange rates, which more than offset the unfavorable impact of higher product costs. As a percent of revenue, selling and administrative expense was higher due to higher operating overhead costs to support the expansion of our Direct to Consumer business and overall growth of the business.

Fiscal 2012 Compared to Fiscal 2011

Excluding the changes in currency exchange rates, revenues for the Emerging Markets increased 26% for fiscal 2012 as all territories in the geography reported double-digit revenue growth, led by Argentina, Brazil, Mexico and Korea.

For fiscal 2012, revenue growth for both footwear and apparel in the Emerging Markets was driven by double-digit percentage growth in unit sales and mid-single-digit percentage growth in average selling price per unit, primarily reflective of product price increases. The overall increase in Emerging Markets' footwear and apparel sales was driven by strong demand in nearly all key categories, led by Running and Sportswear.

The increase in Emerging Markets' EBIT for fiscal 2012 was primarily the result of revenue growth and selling and administrative expense leverage, which more than offset a lower gross margin. Gross margin declined 150 basis points for the fiscal year, primarily due to higher product input costs, customs duty charges and inventory obsolescence expense. These factors were partially offset by the favorable impact of changes in standard currency exchange rates and product price increases. Selling and administrative expense as a percentage of revenues decreased 140 basis points, as both demand creation expense and operating overhead grew at a slower rate than revenues.

Global Brand Divisions

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues	$ 117	$ 111	5%	8%	$ 96	16%	13%
(Loss) Before Interest and Taxes	(1,396)	(1,200)	16%		(971)	24%	

Global Brand Divisions primarily represent demand creation, operating overhead, and product creation and design expenses that are centrally managed for the NIKE Brand. Revenues for the Global Brand Divisions are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

Fiscal 2013 Compared to Fiscal 2012

For fiscal 2013, Global Brand Divisions ' loss before interest and taxes increased $196 million, primarily driven by increased investments and marketing support for our digital business, product creation and design initiatives and higher demand creation spending in the first quarter of fiscal 2013 around the Olympics and European Football Championships.

Fiscal 2012 Compared to Fiscal 2011

For fiscal 2012, Global Brand Divisions' loss before interest and taxes increased $229 million, primarily driven by increased investments in our digital business and infrastructure for our Direct to Consumer operations, higher sports marketing expense as well as higher personnel costs to support our global brand functions.

Other Businesses

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	FY13 vs. FY12 % Change Excluding Currency Changes	Fiscal 2011	FY12 vs. FY11 % Change	FY12 vs. FY11 % Change Excluding Currency Changes
Revenues							
Converse	$ 1,449	$ 1,324	9%	9%	$ 1,131	17 %	17 %
NIKE Golf	791	726	9%	10%	658	10 %	9 %
Hurley	260	248	5%	5%	252	-2 %	-1 %
TOTAL REVENUES	**$ 2,500**	**$ 2,298**	**9%**	**9%**	**$ 2,041**	**13 %**	**12 %**
EARNINGS BEFORE INTEREST AND TAXES	**$ 456**	**$ 385**	**18%**		**$ 353**	**9 %**	

Fiscal 2013 Compared to Fiscal 2012

Our Other Businesses are comprised of Converse, NIKE Golf, and Hurley.

Other Businesses revenue growth in fiscal 2013 reflects growth in each of our Other Businesses. Revenue growth at Converse was primarily driven by increased sales in the UK as well as in China, as we transitioned that market to direct distribution in the second half of fiscal 2012. The increase in fiscal 2013 revenue for NIKE Golf was driven by double-digit growth in each of our apparel, footwear, and club businesses.

The fiscal 2013 increase in EBIT for our Other Businesses was driven by improved profits for all of our Other Businesses.

Fiscal 2012 Compared to Fiscal 2011

For fiscal 2012, revenues for our Other Businesses increased 12%, reflecting growth across most businesses, led by Converse. The revenue growth at Converse was primarily driven by increased sales in North America and China, as well as increased revenues in the U.K. as we transitioned that market to direct distribution in the second half of fiscal 2011. Excluding changes in currency exchange rates, revenues for NIKE Golf increased 9% for fiscal 2012, driven by double-digit percentage growth in our apparel business, partially offset by a single-digit percentage decline in our club business.

On a reported basis, revenues for our Other Businesses increased 13% for fiscal 2012, while EBIT grew 9%, as earnings growth at Converse was partially off-set by losses at Hurley. Higher selling and administrative expense as a percentage of revenues negatively affected profitability and lower gross margins contributed to the decline in Hurley's earnings.

Corporate

(Dollars in millions)	Fiscal 2013	Fiscal 2012	FY13 vs. FY12 % Change	Fiscal 2011	FY12 vs. FY11 % Change
Revenues	$ (68)	$ (46)	—	$ (77)	—
(Loss) Before Interest and Taxes	(1,177)	(917)	28%	(805)	14%

Corporate revenues primarily consist of certain intercompany revenue eliminations and foreign currency hedge gains and losses related to revenues generated by entities within the NIKE Brand geographic operating segments and certain Other Businesses but managed through our central foreign exchange risk management program.

Corporate loss before interest and taxes consists largely of unallocated general and administrative expenses, including expenses associated with centrally managed departments; depreciation and amortization related to our corporate headquarters; unallocated insurance, benefit and compensation programs, including stock-based compensation; certain foreign currency gains and losses, including certain hedge gains and losses; certain intercompany eliminations and other items.

In addition to the foreign currency gains and losses recognized in Corporate revenues, foreign currency results included in gross margin are gains and losses resulting from the difference between actual foreign currency rates and standard rates used to record non-functional currency denominated product purchases within the NIKE Brand geographic operating segments and certain Other Businesses and related foreign currency hedge results. All other foreign currency related results, including conversion gains and losses arising from re-measurement of monetary assets and liabilities in non-functional currencies and certain foreign currency derivative instruments, are included in other (income) expense, net.

Fiscal 2013 Compared to Fiscal 2012

For fiscal 2013, Corporate's loss before interest and taxes increased by $260 million primarily due to the following:

- A $165 million increase in foreign exchange losses related to the difference between actual foreign currency exchange rates and standard foreign currency exchange rates assigned to the NIKE Brand geographic operating segments and certain Other Businesses, net of hedge gains; these losses are reported as a component of consolidated gross margin.
- A $48 million decrease in foreign currency net losses, reported as a component of consolidated other (income) expense, net.
- A $143 million increase in corporate overhead expense related to corporate initiatives to support the growth of the business and performance-based compensation .

Fiscal 2012 Compared to Fiscal 2011

For fiscal 2012, Corporate's loss before interest and taxes grew $112 million, mainly due to an increase of $49 million in performance-based compensation and a year-over-year net increase of $73 million from foreign currency impacts. These foreign currency impacts were driven by a year-over-year increase in foreign currency net losses, arising from certain Euro/U.S. Dollar foreign currency hedges and the re-measurement of monetary assets and liabilities in various non-functional currencies, net of related undesignated forward instruments, as a variety of foreign currencies weakened against the U.S. Dollar year-over-year. The above impacts were partially offset by a slight decrease in centrally managed operating overhead expenses.

Foreign Currency Exposures and Hedging Practices

Overview

As a global company with significant operations outside the United States, in the normal course of business we are exposed to risk arising from changes in currency exchange rates. Our primary foreign currency exposures arise from the recording of transactions denominated in non-functional currencies and the translation of foreign currency denominated results of operations, financial position and cash flows into U.S. Dollars.

Our foreign exchange risk management program is intended to lessen both the positive and negative effects of currency fluctuations on our consolidated results of operations, financial position and cash flows. We manage global foreign exchange risk centrally on a portfolio basis to address those risks that are material to NIKE, Inc. We manage these exposures by taking advantage of natural offsets and currency correlations that exist within the portfolio and where practical and material, by hedging a portion of the remaining exposures using derivative instruments such as forward contracts and options. As described below, the implementation of the NIKE Trading Company ("NTC") and our foreign currency adjustment program enhanced our ability to manage our foreign exchange risk by increasing the natural offsets and currency correlation benefits that exist within our portfolio of foreign exchange exposures. Our hedging policy is designed to partially or entirely offset the impact of exchange rate changes

on the underlying net exposures being hedged. Where exposures are hedged, our program has the effect of delaying the impact of exchange rate movements on our consolidated financial statements; the length of the delay is dependent upon hedge horizons. We do not hold or issue derivative instruments for trading or speculative purposes.

Transactional exposures

We conduct business in various currencies and have transactions which subject us to foreign currency risk. Our most significant transactional foreign currency exposures are:

- Product Costs — NIKE's product costs are exposed to fluctuations in foreign currencies in the following ways:
  1. Product purchases denominated in currencies other than the functional currency of the transacting entity:
     a. Certain NIKE entities purchase product from the NTC, a wholly-owned sourcing hub that buys NIKE branded products from third party factories, predominantly in U.S. Dollars. The NTC, whose functional currency is the U.S. Dollar, then sells the products to NIKE entities in their respective functional currencies. When the NTC sells to a NIKE entity with a different functional currency, the result is a foreign currency exposure for the NTC.
     b. Other NIKE entities purchase product directly from third-party factories in U.S. Dollars. These purchases generate a foreign currency exposure for those NIKE entities with a functional currency other than the U.S. Dollar.

     In both purchasing scenarios, a weaker U.S. Dollar reduces the inventory cost incurred by NIKE whereas a stronger U.S. Dollar increases its cost.
  2. Factory input costs: In January 2012, NIKE implemented a foreign currency adjustment program with certain factories. The program is designed to more effectively manage foreign currency risk by assuming certain of the factories' foreign currency exposures, some of which are natural offsets to our existing foreign currency exposures. Under this program, our payments to these factories are adjusted for rate fluctuations in the basket of currencies ("factory currency exposure index") in which the labor, materials and overhead costs incurred by the factories in the production of NIKE branded products ("factory input costs") are denominated.

     For the currency within the factory currency exposure indices that is the local or functional currency of the factory, the currency rate fluctuation affecting the product cost is recorded within inventories and is recognized in cost of sales when the related product is sold to a third-party. All currencies within the indices, excluding the U.S. Dollar and the local or functional currency of the factory, are recognized as embedded derivative contracts and are recorded at fair value through other (income) expense, net . Refer to Note 17 — Risk Management and Derivatives for additional detail.

     As an offset to the impacts of the fluctuating U.S. Dollar on our non-functional currency denominated product purchases described above, a strengthening U.S. Dollar against the foreign currencies within the factory currency exposure indices decreases NIKE's U.S. Dollar inventory cost. Conversely, a weakening U.S. Dollar against the indexed foreign currencies increases our inventory cost.
- Non-Functional Currency Denominated External Sales — A portion of our Western Europe and Central & Eastern Europe geography revenues are earned in currencies other than the Euro (e.g. British Pound) but are recognized at a subsidiary that uses the Euro as its functional currency. These sales generate a foreign currency exposure.
- Other Costs — Non-functional currency denominated costs, such as endorsement contracts, intercompany royalties and other intercompany charges, also generate foreign currency risk though to a lesser extent.
- Non-Functional Currency Denominated Monetary Assets and Liabilities — Our global subsidiaries have various assets and liabilities, primarily receivables and payables, denominated in currencies other than their functional currencies. These balance sheet items are subject to re-measurement, which may create fluctuations in other (income) expense, net within our consolidated results of operations.

Managing transactional exposures

Transactional exposures are managed on a portfolio basis within our foreign currency risk management program. We manage these exposures by taking advantage of natural offsets and currency correlations that exist within the portfolio and may also elect to use currency forward and option contracts to hedge the remaining effect of exchange rate fluctuations on probable forecasted future cash flows, including certain product cost exposures, non-functional currency denominated external sales and other costs described above. Generally, these are accounted for as cash flow hedges in accordance with the accounting standards for derivatives and hedging, except for hedges of the embedded derivatives component of the product cost exposures as discussed below..

Certain currency forward contracts used to manage the foreign exchange exposure of non-functional currency denominated monetary assets and liabilities subject to re-measurement and the embedded derivative contracts discussed above are not formally designated as hedging instruments under the accounting standards for derivatives and hedging. Accordingly, changes in fair value of these instruments are immediately recognized in other (income) expense, net and are intended to offset the foreign currency impact of the re-measurement of the related non-functional currency denominated asset or liability or the embedded derivative contract being hedged.

Refer to Note 6 — Fair Value Measurements and Note 17 – Risk Management and Derivatives in the accompanying Notes to the Consolidated Financial Statements for additional description of how the above financial instruments are valued and recorded as well as the fair value of outstanding derivatives at period end.

Translational exposures

Many of our foreign subsidiaries operate in functional currencies other than the U.S. Dollar. Fluctuations in currency exchange rates create volatility in our reported results as we are required to translate the balance sheets, operational results and cash flows of these subsidiaries into U.S. Dollars for consolidated reporting. The translation of foreign subsidiaries' non-U.S. Dollar denominated balance sheets into U.S. Dollars for consolidated reporting results in a cumulative translation adjustment to OCI within shareholders' equity. In the translation of our consolidated statements of income, a weaker U.S. Dollar in relation to foreign functional currencies benefits our consolidated earnings whereas a stronger U.S. Dollar reduces our consolidated earnings. The impact of foreign exchange rate fluctuations on the translation of our consolidated revenues was a benefit (detriment) of approximately $(605) million and $268 million for the years ended May 31, 2013 and 2012, respectively. The impact of foreign exchange rate

fluctuations on the translation of our income before income taxes was a benefit (detriment) of approximately $(104) million and $74 million for the years ended May 31, 2013 and 2012, respectively.

Managing translational exposures

To minimize the impact of translating foreign currency denominated revenues and expenses into U.S. Dollars for consolidated reporting, certain foreign subsidiaries use excess cash to purchase U.S. Dollar denominated available-for-sale investments. The variable future cash flows associated with the purchase and subsequent sale of these U.S. Dollar denominated securities at non-U.S. Dollar functional currency subsidiaries creates a foreign currency exposure that qualifies for hedge accounting under the accounting standards for derivatives and hedging. We utilize forward contracts and/or options to mitigate the variability of the forecasted future purchases and sales of these U.S. Dollar investments. The combination of the purchase and sale of the U.S. Dollar investment and the hedging instrument has the effect of partially offsetting the year-over-year foreign currency translation impact on net earnings in the period the investments are sold. Hedges of available-for-sale investments are accounted for as cash flow hedges.

Refer to Note 6 — Fair Value Measurements and Note 17 — Risk Management and Derivatives in the accompanying Notes to the Consolidated Financial Statements for additional description of how the above financial instruments are valued and recorded as well as the fair value of outstanding derivatives at period end.

We estimate the combination of translation of foreign currency-denominated profits from our international businesses and the year-over-year change in foreign currency related gains and losses included in other (income) expense, net had an unfavorable impact of approximately $56 million on our income before income taxes for the year ended May 31, 2013 and had an insignificant impact for the year ended May 31, 2012.

Net investments in foreign subsidiaries

We are also exposed to the impact of foreign exchange fluctuations on our investments in wholly-owned foreign subsidiaries denominated in a currency other than the U.S. Dollar, which could adversely impact the U.S. Dollar value of these investments and therefore the value of future repatriated earnings. We have hedged and may, in the future, hedge net investment positions in certain foreign subsidiaries to mitigate the effects of foreign exchange fluctuations on these net investments. In accordance with the accounting standards for derivatives and hedging, the effective portion of the change in fair value of the forward contracts designated as net investment hedges is recorded in the cumulative translation adjustment component of accumulated other comprehensive income. Any ineffective portion is immediately recognized in earnings as a component of other (income) expense, net . The impact of ineffective hedges was not material for any period presented. To minimize credit risk, we have structured these net investment hedges to be generally less than six months in duration. Upon maturity, the hedges are settled based on the current fair value of the forward contracts with the realized gain or loss remaining in OCI. There were no outstanding net investment hedges as of May 31, 2013 and 2012. Cash flows from net investment hedge settlements totaled $22 million for the year ended May 31, 2012.

Liquidity and Capital Resources

Cash Flow Activity

Cash provided by operations was $3.0 billion for fiscal 2013 compared to $1.9 billion for fiscal 2012 . Our primary source of operating cash flow for fiscal 2013 was net income of $2.5 billion . Our fiscal 2013 change in working capital was a net cash outflow of $42 million , which is exclusive of working capital amounts sold as part of the divestitures of Umbro and Cole Haan, as compared to a net cash outflow of $799 million for fiscal 2012 . Our investments in working capital decreased due to slowing growth in inventory and reductions in accounts receivable compared to the prior year. During fiscal 2013 , inventory for continuing operations increased 7% compared to a 23% increase for fiscal 2012 ; the slowing growth was driven by our continued focus on increasing inventory productivity. The reduction in accounts receivable was primarily driven by the collection of receivables related to discontinued operations.

Cash used by investing activities was $1,067 million during fiscal 2013 , compared to a $514 million source of cash for fiscal 2012 . A major driver of the change was the swing from net sales/maturities of short-term investments in fiscal 2012 to net purchases of short-term investments in fiscal 2013, reflective of the additional purchases of short-term investments made with the proceeds from the issuance of long term debt in April 2013. In fiscal 2012, there were $1,124 million of net sales/maturities of short-term investments (net of purchases), while in fiscal 2013 we made $1,203 million in net purchases of short-term investments (net of sales/maturities). This impact was partially offset by $786 million in proceeds from the sale of Umbro and Cole Haan in fiscal 2013.

Cash used by financing activities was $1,040 million for fiscal 2013 compared to $2,118 million for fiscal 2012 . The decrease in cash used by financing activities was primarily due to $986 million in proceeds from the issuance of long-term debt in April 2013. Also contributing to the decrease were lower payments of long-term debt and notes payable and lower repurchases of common stock, which were partially offset by a reduction in the proceeds from the exercise of stock options.

In fiscal 2013 , we purchased 33.5 million shares of NIKE's class B common stock for $1.7 billion , an average price of $49.50. During the year, we completed the four-year, $5 billion share repurchase program approved by our Board of Directors in September 2008. Under that program, we purchased a total of 118.8 million shares at an average price of $42.08 . Subsequently, we began repurchases under a four-year, $8 billion program approved by the Board in September 2012. As of the end of fiscal 2013 , we had repurchased 15.3 million shares at a cost of $789 million under this current program. We continue to expect funding of share repurchases will come from operating cash flow, excess cash, and/or debt. The timing and the amount of shares purchased will be dictated by our capital needs and stock market conditions.

Capital Resources

On April 23, 2013, we filed a shelf registration statement (the "Shelf") with the SEC which permits us to issue an unlimited amount of debt securities. The Shelf expires on April 23, 2017. On April 23, 2013, we issued $1.0 billion of senior notes with tranches maturing in 2023 and 2043. The 2023 senior notes were issued in an initial aggregate principal amount of $500 million at a 2.25% fixed, annual interest rate and will mature on May 1, 2023. The 2043 senior notes were issued in an initial aggregate principal amount of $500 million at a 3.625% fixed, annual interest rate and will mature on May 1, 2043. Interest on the senior notes is payable semi-annually on May 1 and November 1 of each year. The issuance resulted in gross proceeds before expenses of $998 million. We will use the net proceeds for general corporate purposes, which may include, but are not

limited to, discharging or refinancing debt, working capital, capital expenditures, share repurchases, as yet unplanned acquisitions of assets or businesses and investments in subsidiaries.

On November 1, 2011, we entered into a committed credit facility agreement with a syndicate of banks which provides for up to $1 billion of borrowings with the option to increase borrowings to $1.5 billion with lender approval. The facility matures November 1, 2016, with a one-year extension option prior to both the second and third anniversary of the closing date, provided that extensions shall not extend beyond November 1, 2018. As of and for the year ended May 31, 2013 , we had no amounts outstanding under our committed credit facility.

We currently have long-term debt ratings of A+ and A1 from Standard and Poor's Corporation and Moody's Investor Services, respectively. If our long-term debt rating were to decline, the facility fee and interest rate under our committed credit facility would increase. Conversely, if our long-term debt rating were to improve, the facility fee and interest rate would decrease. Changes in our long-term debt rating would not trigger acceleration of maturity of any then-outstanding borrowings or any future borrowings under the committed credit facility. Under this committed revolving credit facility, we have agreed to various covenants. These covenants include limits on our disposal of fixed assets, the amount of debt secured by liens we may incur, as well as a minimum capitalization ratio. In the event we were to have any borrowings outstanding under this facility and failed to meet any covenant, and were unable to obtain a waiver from a majority of the banks in the syndicate, any borrowings would become immediately due and payable. As of May 31, 2013 , we were in full compliance with each of these covenants and believe it is unlikely we will fail to meet any of these covenants in the foreseeable future.

Liquidity is also provided by our $1 billion commercial paper program. During the year ended May 31, 2013 , we issued and subsequently repaid commercial paper borrowings of $505 million . As of May 31, 2013 , there were no outstanding borrowings under this program. We may continue to issue commercial paper or other debt securities during fiscal 2014 depending on general corporate needs. We currently have short-term debt ratings of A1 and P1 from Standard and Poor's Corporation and Moody's Investor Services, respectively.

As of May 31, 2013 , we had cash, cash equivalents and short-term investments totaling $6.0 billion , of which $3.5 billion was held by our foreign subsidiaries. Cash equivalents and short-term investments consist primarily of deposits held at major banks, money market funds, Tier-1 commercial paper, corporate notes, U.S. Treasury obligations, U.S. government sponsored enterprise obligations, and other investment grade fixed income securities. Our fixed income investments are exposed to both credit and interest rate risk. All of our investments are investment grade to minimize our credit risk. While individual securities have varying durations, as of May 31, 2013 the average duration of our short-term investments and cash equivalents portfolio is 98 days.

Despite recent uncertainties in the financial markets, to date we have not experienced difficulty accessing the credit markets or incurred higher interest costs. Future volatility in the capital markets, however, may increase costs associated with issuing commercial paper or other debt instruments or affect our ability to access those markets. We believe that existing cash, cash equivalents, short-term investments and cash generated by operations, together with access to external sources of funds as described above, will be sufficient to meet our domestic and foreign capital needs in the foreseeable future.

We utilize a variety of tax planning and financing strategies to manage our worldwide cash and deploy funds to locations where they are needed. We routinely repatriate a portion of our foreign earnings for which U.S. taxes have previously been provided. We also indefinitely reinvest a significant portion of our foreign earnings, and our current plans do not demonstrate a need to repatriate these earnings. Should we require additional capital in the U.S., we may elect to repatriate indefinitely reinvested foreign funds or raise capital in the U.S. through debt. If we were to repatriate indefinitely reinvested foreign funds, we would be required to accrue and pay additional U.S. taxes less applicable foreign tax credits. If we elect to raise capital in the U.S. through debt, we would incur additional interest expense .

Off-Balance Sheet Arrangements

In connection with various contracts and agreements, we routinely provide indemnifications relating to the enforceability of intellectual property rights, coverage for legal issues that arise and other items where we are acting as the guarantor. Currently, we have several such agreements in place. However, based on our historical experience and the estimated probability of future loss, we have determined that the fair value of such indemnifications is not material to our financial position or results of operations.

Contractual Obligations

Our significant long-term contractual obligations as of May 31, 2013 and significant endorsement contracts entered into through the date of this report are as follows:

Description of Commitment	**Cash Payments Due During the Year Ending May 31,**						
(In millions)	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Operating Leases	$ 403	$ 340	$ 304	$ 272	$ 225	$ 816	$ 2,360
Capital Leases	23	28	21	9	—	—	81
Long-term Debt	98	46	145	79	56	1,525	1,949
Endorsement Contracts [(1)]	909	790	586	450	309	559	3,603
Product Purchase Obligations [(2)]	3,273	—	—	—	—	—	3,273
Other [(3)]	304	89	52	82	4	18	549
TOTAL	**$ 5,010**	**$ 1,293**	**$ 1,108**	**$ 892**	**$ 594**	**$ 2,918**	**$ 11,815**

(1) The amounts listed for endorsement contracts represent approximate amounts of base compensation and minimum guaranteed royalty fees we are obligated to pay athlete and sport team endorsers of our products. Actual payments under some contracts may be higher than the amounts listed as these contracts provide for bonuses to be paid to the endorsers based upon athletic achievements and/or royalties on product sales in future periods. Actual payments under some contracts may also be lower as these contracts include provisions for reduced payments if athletic performance declines in future periods.

In addition to the cash payments, we are obligated to furnish our endorsers with NIKE product for their use. It is not possible to determine how much we will spend on this product on an annual basis as the contracts generally do not stipulate a specific amount of cash to be spent on the product. The amount of product provided to the endorsers will depend on many factors, including general playing conditions, the number

of sporting events in which they participate, and our own decisions regarding product and marketing initiatives. In addition, the costs to design, develop, source, and purchase the products furnished to the endorsers are incurred over a period of time and are not necessarily tracked separately from similar costs incurred for products sold to customers.

(2) We generally order product at least 4 to 5 months in advance of sale based primarily on futures orders received from customers. The amounts listed for product purchase obligations represent agreements (including open purchase orders) to purchase products in the ordinary course of business that are enforceable and legally binding and that specify all significant terms. In some cases, prices are subject to change throughout the production process. The reported amounts exclude product purchase liabilities included in accounts payable on the consolidated balance sheet as of May 31, 2013 .

(3) Other amounts primarily include service and marketing commitments made in the ordinary course of business. The amounts represent the minimum payments required by legally binding contracts and agreements that specify all significant terms, including open purchase orders for non-product purchases. The reported amounts exclude those liabilities included in accounts payable or accrued liabilities on the consolidated balance sheet as of May 31, 2013 .

The total liability for uncertain tax positions was $447 million , excluding related interest and penalties, at May 31, 2013 . We are not able to reasonably estimate when or if cash payments of the long-term liability for uncertain tax positions will occur.

We also have the following outstanding short-term debt obligations as of May 31, 2013 . Refer to Note 7 — Short-Term Borrowings and Credit Lines for further description and interest rates related to the short-term debt obligations listed below.

(In millions)	**Outstanding as of May 31, 2013**
Notes payable, due at mutually agreed-upon dates within one year of issuance or on demand	$ 121
Payable to Sojitz America for the purchase of inventories, generally due 60 days after shipment of goods from a foreign port	55

As of May 31, 2013 , letters of credit of $149 million were outstanding, which were generally issued for the purchase of inventory and as guarantees of the Company's performance under certain self-insurance and other programs.

Recently Adopted Accounting Standards

In July 2012, the Financial Accounting Standards Board ("FASB") issued an accounting standards update intended to simplify how an entity tests indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. This accounting standard update will be effective for us beginning June 1, 2013, and early adoption is permitted. We early adopted this standard and the adoption did not have a material impact on our consolidated financial position or results of operations.

In September 2011, the FASB issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This new guidance was effective for us beginning June 1, 2012. The adoption did not have a material effect on our consolidated financial position or results of operations.

In June 2011, the FASB issued guidance on the presentation of comprehensive income. This new guidance eliminates the current option to report other comprehensive income and its components in the statement of shareholders' equity. Companies are now required to present the components of net income and other comprehensive income in either one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. This requirement was effective for us beginning June 1, 2012. As this guidance only amended the presentation of the components of comprehensive income, the adoption did not have an impact on our consolidated financial position or results of operations. Further, this guidance required companies to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. This requirement will be effective for us beginning June 1, 2013. As this guidance only amends the presentation of the components of comprehensive income, we do not anticipate the adoption will have an impact on our consolidated financial position or results of operations.

Recently Issued Accounting Standards

In December 2011, the FASB issued guidance enhancing disclosure requirements surrounding the nature of an entity's right to offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to master netting arrangements. This new guidance is effective for us beginning June 1, 2013. As this guidance only requires expanded disclosures, we do not anticipate the adoption will have an impact on our consolidated financial position or results of operations.

Critical Accounting Policies

Our previous discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Because of the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies. Certain of these critical accounting policies affect working capital account balances, including the policies for revenue recognition, the allowance for uncollectible accounts receivable, inventory reserves, and contingent payments under endorsement contracts. These policies require that we make estimates in the preparation of our financial statements as of a given date. However, since our business cycle is relatively short, actual results related to these estimates are generally known within the

six-month period following the financial statement date. Thus, these policies generally affect only the timing of reported amounts across two to three fiscal quarters.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Revenue Recognition

We record wholesale revenues when title passes and the risks and rewards of ownership have passed to the customer, based on the terms of sale. Title passes generally upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Retail store revenues are recorded at the time of sale.

In some instances, we ship product directly from our supplier to the customer and recognize revenue when the product is delivered to and accepted by the customer. Our revenues may fluctuate in cases when our customers delay accepting shipment of product for periods of up to several weeks.

In certain countries outside of the U.S., precise information regarding the date of receipt by the customer is not readily available. In these cases, we estimate the date of receipt by the customer based upon historical delivery times by geographic location. On the basis of our tests of actual transactions, we have no indication that these estimates have been materially inaccurate historically.

As part of our revenue recognition policy, we record estimated sales returns, discounts and miscellaneous claims from customers as reductions to revenues at the time revenues are recorded. Our post invoice sales discounts consist of contractual programs with certain customers or discretionary discounts that are expected to be granted to certain customers at a later date. We base our estimates on historical rates of product returns, discounts and claims, specific identification of outstanding claims and outstanding returns not yet received from customers, and estimated returns, discounts and claims expected but not yet finalized with our customers. Actual returns, discounts and claims in any future period are inherently uncertain and thus may differ from our estimates. If actual or expected future returns, discounts and claims were significantly greater or lower than the reserves we had established, we would record a reduction or increase to net revenues in the period in which we made such determination.

Allowance for Uncollectible Accounts Receivable

We make ongoing estimates relating to the ability to collect our accounts receivable and maintain an allowance for estimated losses resulting from the inability of our customers to make required payments. In determining the amount of the allowance, we consider our historical level of credit losses and make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. Since we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, a larger allowance might be required. In the event we determine that a smaller or larger allowance is appropriate, we would record a credit or a charge to selling and administrative expense in the period in which such a determination is made.

Inventory Reserves

We also make ongoing estimates relating to the net realizable value of inventories based upon our assumptions about future demand and market conditions. If we estimate that the net realizable value of our inventory is less than the cost of the inventory recorded on our books, we record a reserve equal to the difference between the cost of the inventory and the estimated net realizable value. This reserve is recorded as a charge to cost of sales. If changes in market conditions result in reductions in the estimated net realizable value of our inventory below our previous estimate, we would increase our reserve in the period in which we made such a determination and record a charge to cost of sales.

Contingent Payments under Endorsement Contracts

A significant portion of our demand creation expense relates to payments under endorsement contracts. In general, endorsement payments are expensed uniformly over the term of the contract. However, certain contract elements may be accounted for differently, based upon the facts and circumstances of each individual contract.

Some of the contracts provide for contingent payments to endorsers based upon specific achievements in their sports (e.g., winning a championship). We record selling and administrative expense for these amounts when the endorser achieves the specific goal.

Some of the contracts provide for payments based upon endorsers maintaining a level of performance in their sport over an extended period of time (e.g., maintaining a top ranking in a sport for a year). These amounts are reported in selling and administrative expense when we determine that it is probable that the specified level of performance will be maintained throughout the period. In these instances, to the extent that actual payments to the endorser differ from our estimate due to changes in the endorser's athletic performance, increased or decreased selling and administrative expense may be reported in a future period.

Some of the contracts provide for royalty payments to endorsers based upon a predetermined percentage of sales of particular products. We expense these payments in cost of sales as the related sales occur. In certain contracts, we offer minimum guaranteed royalty payments. For contractual obligations for which we estimate we will not meet the minimum guaranteed amount of royalty fees through sales of product, we record the amount of the guaranteed payment in excess of that earned through sales of product in selling and administrative expense uniformly over the remaining guarantee period.

Property, Plant and Equipment and Definite-Lived Assets

Property, plant and equipment, including buildings, equipment, and computer hardware and software are recorded at cost (including, in some cases, the cost of internal labor) and are depreciated over the estimated useful life. Changes in circumstances (such as technological advances or changes to our business operations) can result in differences between the actual and estimated useful lives. In those cases where we determine that the useful life of a long-lived asset should be shortened, we increase depreciation expense over the remaining useful life to depreciate the asset's net book value to its salvage value.

We review the carrying value of long-lived assets or asset groups to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant

adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we would assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies that would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group's carrying amount and its estimated fair value.

Goodwill and Indefinite-Lived Intangible Assets

We perform annual impairment tests on goodwill and intangible assets with indefinite lives in the fourth quarter of each fiscal year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit or an intangible asset with an indefinite life below its carrying value. Events or changes in circumstances that may trigger interim impairment reviews include significant changes in business climate, operating results, planned investments in the reporting unit, planned divestitures or an expectation that the carrying amount may not be recoverable, among other factors. We may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events and circumstances, we determine that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, the two-step impairment test is unnecessary. The two-step impairment test requires us to estimate the fair value of our reporting units. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and we proceed to step two of the impairment analysis. In step two of the analysis, we measure and record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value, if any.

We generally base our measurement of the fair value of a reporting unit on a blended analysis of the present value of future discounted cash flows and the market valuation approach. The discounted cash flows model indicates the fair value of the reporting unit based on the present value of the cash flows that we expect the reporting unit to generate in the future. Our significant estimates in the discounted cash flows model include: our weighted average cost of capital; long-term rate of growth and profitability of the reporting unit's business; and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison of the reporting unit to comparable publicly traded companies in similar lines of business. Significant estimates in the market valuation approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting unit.

Indefinite-lived intangible assets primarily consist of acquired trade names and trademarks. We may first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, we determine that it is more likely than not that the indefinite-lived intangible asset is not impaired, no quantitative fair value measurement is necessary. If a quantitative fair value measurement calculation is required for these intangible assets, we utilize the relief-from-royalty method. This method assumes that trade names and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

Fair Value Measurements

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine the fair values of our financial instruments. This pricing methodology applies to our Level 1 investments, including U.S. Treasury securities.

In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data, including quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. This pricing methodology applies to our Level 2 investments such as commercial paper and bonds, U.S. agency securities and money market funds. Level 3 investments are valued using internally developed models with unobservable inputs. Assets and liabilities measured using unobservable inputs are an immaterial portion of our portfolio.

A majority of our available-for-sale securities are priced by pricing vendors and are generally Level 1 or Level 2 investments, as these vendors either provide a quoted market price in an active market or use observable inputs without applying significant adjustments in their pricing. Observable inputs include broker quotes, interest rates and yield curves observable at commonly quoted intervals, volatilities and credit risks. Our fair value processes include controls that are designed to ensure appropriate fair values are recorded. These controls include an analysis of period-over-period fluctuations and comparison to another independent pricing vendor.

Hedge Accounting for Derivatives

We use forward and option contracts to hedge certain anticipated foreign currency exchange transactions as well as certain non-functional currency monetary assets and liabilities. When the specific criteria to qualify for hedge accounting has been met, changes in the fair value of contracts hedging probable forecasted future cash flows are recorded in other comprehensive income, rather than net income, until the underlying hedged transaction affects net income. In most cases, this results in gains and losses on hedge derivatives being released from other comprehensive income into net income some time after the maturity of the derivative. One of the criteria for this accounting treatment is that the forward and option contracts amount should not be in excess of specifically identified anticipated transactions. By their very nature, our estimates of anticipated transactions may fluctuate over time and may ultimately vary from actual transactions. When anticipated transaction estimates or actual transaction amounts decline below hedged levels, or if it is no longer probable that a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time thereafter, we are required to reclassify the cumulative changes in fair values of the over-hedged portion of the related hedge contract from other comprehensive income to other (income) expense, net during the quarter in which such changes occur.

We have used and may, in the future, use forward contracts to hedge our investment in the net assets of certain international subsidiaries to offset foreign currency translation related to our net investment in those subsidiaries. The change in fair value of the forward contracts hedging our net investments is reported in the cumulative translation adjustment component of accumulated other comprehensive income within shareholders' equity, to the extent effective, to offset the foreign currency translation adjustments on those investments. As the value of our underlying net

investments in wholly-owned international subsidiaries is known at the time a hedge is placed, the designated hedge is matched to the portion of our net investment at risk. Accordingly, the variability involved in net investment hedges is substantially less than that of other types of hedge transactions and we do not expect any material ineffectiveness. We consider, on a quarterly basis, the need to redesignate existing hedge relationships based on changes in the underlying net investment. Should the level of our net investment decrease below hedged levels, the cumulative change in fair value of the over-hedged portion of the related hedge contract would be reported directly to earnings in the period in which changes occur.

Stock-based Compensation

We account for stock-based compensation by estimating the fair value of stock-based compensation on the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions including volatility. Expected volatility is estimated based on implied volatility in market traded options on our common stock with a term greater than one year, along with other factors. Our decision to use implied volatility was based on the availability of actively traded options on our common stock and our assessment that implied volatility is more representative of future stock price trends than historical volatility. If factors change and we use different assumptions for estimating stock-based compensation expense in future periods, stock-based compensation expense may differ materially in the future from that recorded in the current period.

Taxes

We record valuation allowances against our deferred tax assets, when necessary. Realization of deferred tax assets (such as net operating loss carry-forwards) is dependent on future taxable earnings and is therefore uncertain. At least quarterly, we assess the likelihood that our deferred tax asset balance will be recovered from future taxable income. To the extent we believe that recovery is not likely, we establish a valuation allowance against our net deferred tax asset, which increases our income tax expense in the period when such determination is made.

In addition, we have not recorded U.S. income tax expense for foreign earnings that we have determined to be indefinitely reinvested outside the U.S., thus reducing our overall income tax expense. The amount of earnings designated as indefinitely reinvested offshore is based upon the actual deployment of such earnings in our offshore assets and our expectations of the future cash needs of our U.S. and foreign entities. Income tax considerations are also a factor in determining the amount of foreign earnings to be indefinitely reinvested offshore.

We carefully review all factors that drive the ultimate disposition of foreign earnings determined to be reinvested offshore and apply stringent standards to overcome the presumption of repatriation. Despite this approach, because the determination involves our future plans and expectations of future events, the possibility exists that amounts declared as indefinitely reinvested offshore may ultimately be repatriated. For instance, the actual cash needs of our U.S. entities may exceed our current expectations, or the actual cash needs of our foreign entities may be less than our current expectations. This would result in additional income tax expense in the year we determined that amounts were no longer indefinitely reinvested offshore. Conversely, our approach may also result in a determination that accumulated foreign earnings (for which U.S. income taxes have been provided) will be indefinitely reinvested offshore. In this case, our income tax expense would be reduced in the year of such determination.

On an interim basis, we estimate what our effective tax rate will be for the full fiscal year. This estimated annual effective tax rate is then applied to the year-to-date pre-tax income excluding infrequently occurring or unusual items, to determine the year-to-date tax expense. The income tax effects of infrequent or unusual items are recognized in the interim period in which they occur. As the fiscal year progresses, we continually refine our estimate based upon actual events and earnings by jurisdiction during the year. This continual estimation process periodically results in a change to our expected effective tax rate for the fiscal year. When this occurs, we adjust the income tax provision during the quarter in which the change in estimate occurs.

On a quarterly basis, we reevaluate the probability that a tax position will be effectively sustained and the appropriateness of the amount recognized for uncertain tax positions based on factors including changes in facts or circumstances, changes in tax law, settled audit issues and new audit activity. Changes in our assessment may result in the recognition of a tax benefit or an additional charge to the tax provision in the period our assessment changes. We recognize interest and penalties related to income tax matters in income tax expense.

Other Contingencies

In the ordinary course of business, we are involved in legal proceedings regarding contractual and employment relationships, product liability claims, trademark rights, and a variety of other matters. We record contingent liabilities resulting from claims against us, including related legal costs, when a loss is assessed to be probable and the amount of the loss is reasonably estimable. Assessing probability of loss and estimating probable losses requires analysis of multiple factors, including in some cases judgments about the potential actions of third-party claimants and courts. Recorded contingent liabilities are based on the best information available and actual losses in any future period are inherently uncertain. If future adjustments to estimated probable future losses or actual losses exceed our recorded liability for such claims, we would record additional charges as other (income) expense, net during the period in which the actual loss or change in estimate occurred. In addition to contingent liabilities recorded for probable losses, we disclose contingent liabilities when there is a reasonable possibility that the ultimate loss will materially exceed the recorded liability. While we cannot predict the outcome of pending legal matters with certainty, we do not believe any currently identified claim, proceeding or litigation, either individually or in aggregate, will have a material impact on our results of operations, financial position or cash flows.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business and consistent with established policies and procedures, we employ a variety of financial instruments to manage exposure to fluctuations in the value of foreign currencies and interest rates. It is our policy to utilize these financial instruments only where necessary to finance our business and manage such exposures; we do not enter into these transactions for trading or speculative purposes.

We are exposed to foreign currency fluctuations, primarily as a result of our international sales, product sourcing and funding activities. Our foreign exchange risk management program is intended to lessen both the positive and negative effects of currency fluctuations on our consolidated results of operations, financial position and cash flows. We use forward exchange contracts and options to hedge certain anticipated but not yet firmly committed transactions as well as certain firm commitments and the related receivables and payables, including third-party and intercompany transactions. We have, and may in the future, also use forward contracts to hedge our investment in the net assets of certain international subsidiaries to offset foreign currency translation adjustments related to our net investment in those subsidiaries. Where exposures are hedged, our program has the effect of delaying the impact of exchange rate movements on our consolidated financial statements.

The timing for hedging exposures, as well as the type and duration of the hedge instruments employed, are guided by our hedging policies and determined based upon the nature of the exposure and prevailing market conditions. Generally, hedged transactions are expected to be recognized within 12 to 18 months. When intercompany loans are hedged, it is typically for their expected duration. Hedged transactions are principally denominated in Euros, British Pounds and Japanese Yen. See section “Foreign Currency Exposures and Hedging Practices” under Item 7 for additional detail.

Our earnings are also exposed to movements in short- and long-term market interest rates. Our objective in managing this interest rate exposure is to limit the impact of interest rate changes on earnings and cash flows and to reduce overall borrowing costs. To achieve these objectives, we maintain a mix of commercial paper, bank loans and fixed rate debt of varying maturities and have entered into receive-fixed, pay-variable interest rate swaps for a portion of our fixed rate debt.

Market Risk Measurement

We monitor foreign exchange risk, interest rate risk and related derivatives using a variety of techniques including a review of market value, sensitivity analysis, and Value-at-Risk (“VaR”). Our market-sensitive derivative and other financial instruments are foreign currency forward contracts, foreign currency option contracts, interest rate swaps, intercompany loans denominated in non-functional currencies, fixed interest rate U.S. Dollar denominated debt, and fixed interest rate Japanese Yen denominated debt.

We use VaR to monitor the foreign exchange risk of our foreign currency forward and foreign currency option derivative instruments only. The VaR determines the maximum potential one-day loss in the fair value of these foreign exchange rate-sensitive financial instruments. The VaR model estimates assume normal market conditions and a 95% confidence level. There are various modeling techniques that can be used in the VaR computation. Our computations are based on interrelationships between currencies and interest rates (a “variance/co-variance” technique). These interrelationships are a function of foreign exchange currency market changes and interest rate changes over the preceding one year period. The value of foreign currency options does not change on a one-to-one basis with changes in the underlying currency rate. We adjust the potential loss in option value for the estimated sensitivity (the “delta” and “gamma”) to changes in the underlying currency rate. This calculation reflects the impact of foreign currency rate fluctuations on the derivative instruments only and does not include the impact of such rate fluctuations on non-functional currency transactions (such as anticipated transactions, firm commitments, cash balances, and accounts and loans receivable and payable), including those which are hedged by these instruments.

The VaR model is a risk analysis tool and does not purport to represent actual losses in fair value that we will incur nor does it consider the potential effect of favorable changes in market rates. It also does not represent the full extent of the possible loss that may occur. Actual future gains and losses will differ from those estimated because of changes or differences in market rates and interrelationships, hedging instruments and hedge percentages, timing and other factors.

The estimated maximum one-day loss in fair value on our foreign currency sensitive derivative financial instruments, derived using the VaR model, was $34 million and $21 million at May 31, 2013 and 2012, respectively. The VaR increased year-over-year as a result of an increase in the total notional value of our foreign currency derivative portfolio combined with a longer average duration on our outstanding trades at May 31, 2013. Such a hypothetical loss in the fair value of our derivatives would be offset by increases in the value of the underlying transactions being hedged. The average monthly change in the fair values of foreign currency forward and foreign currency option derivative instruments was $49 million and $87 million during fiscal 2013 and fiscal 2012, respectively.

The instruments not included in the VaR are intercompany loans denominated in non-functional currencies, fixed interest rate Japanese Yen denominated debt, fixed interest rate U.S. Dollar denominated debt and interest rate swaps. Intercompany loans and related interest amounts are eliminated in consolidation. Furthermore, our non-functional currency intercompany loans are substantially hedged against foreign exchange risk through the use of forward contracts, which are included in the VaR calculation above. Therefore, we consider the interest rate and foreign currency market risks associated with our non-functional currency intercompany loans to be immaterial to our consolidated financial position, results from operations and cash flows.

Details of third-party debt and interest rate swaps are provided in the table below. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. Weighted average interest rates for the fixed rate swapped to floating rate debt reflect the effective interest rates at May 31, 2013.

	Expected Maturity Date Year Ending May 31,							
(Dollars in millions)	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**	**Fair Value**
Foreign Exchange Risk								
Japanese Yen Functional Currency								
Long-term Japanese Yen debt — Fixed rate								
Principal payments	$ 7	$ 7	$ 7	$ 7	$ 7	$ 14	$ 49	$ 52
Average interest rate	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	
Interest Rate Risk								
Japanese Yen Functional Currency								
Long-term Japanese Yen debt — Fixed rate								
Principal payments	$ 7	$ 7	$ 7	$ 7	$ 7	$ 14	$ 49	$ 52
Average interest rate	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	
U.S. Dollar Functional Currency								
Long-term U.S. Dollar debt — Fixed rate swapped to Floating rate								
Principal payments	$ —	$ —	$ 100	$ —	$ —	$ —	$ 100	$ 110
Average interest rate	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.4%	
Long-term U.S. Dollar debt — Fixed rate								
Principal payments	$ 51	$ 1	$ 1	$ 38	$ 18	$ 1,000	$ 1,109	$ 1,057
Average interest rate	4.7%	6.4%	6.4%	6.2%	6.8%	2.9%	3.2%	

The fixed interest rate Japanese Yen denominated debt instruments were issued by and are accounted for by one of our Japanese subsidiaries. Accordingly, the monthly translation of these instruments, which varies due to changes in foreign exchange rates, is recognized in accumulated other comprehensive income upon the consolidation of this subsidiary.

ITEM 8. Financial Statements and Supplemental Data

Management of NIKE, Inc. is responsible for the information and representations contained in this report. The financial statements have been prepared in conformity with the generally accepted accounting principles we considered appropriate in the circumstances and include some amounts based on our best estimates and judgments. Other financial information in this report is consistent with these financial statements.

Our accounting systems include controls designed to reasonably assure assets are safeguarded from unauthorized use or disposition and provide for the preparation of financial statements in conformity with generally accepted accounting principles. These systems are supplemented by the selection and training of qualified financial personnel and an organizational structure providing for appropriate segregation of duties.

An Internal Audit department reviews the results of its work with the Audit Committee of the Board of Directors, presently consisting of three outside directors. The Audit Committee is responsible for the appointment of the independent registered public accounting firm and reviews with the independent registered public accounting firm, management and the internal audit staff, the scope and the results of the annual examination, the effectiveness of the accounting control system and other matters relating to the financial affairs of NIKE as the Audit Committee deems appropriate. The independent registered public accounting firm and the internal auditors have full access to the Committee, with and without the presence of management, to discuss any appropriate matters.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company that could have a material effect on the financial statements.

While "reasonable assurance" is a high level of assurance, it does not mean absolute assurance. Because of its inherent limitations, internal control over financial reporting may not prevent or detect every misstatement and instance of fraud. Controls are susceptible to manipulation, especially in instances of fraud caused by the collusion of two or more people, including our senior management. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of May 31, 2013 .

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited (1) the consolidated financial statements and (2) the effectiveness of our internal control over financial reporting as of May 31, 2013 , as stated in their report herein.

Mark G. Parker	**Donald W. Blair**
President and Chief Executive Officer	*Chief Financial Officer*

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NIKE, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of NIKE, Inc. and its subsidiaries at May 31, 2013 and 2012 , and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the appendix appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2013 , based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ PRICEWATERHOUSECOOPERS LLP

Portland, Oregon
July 23, 2013

NIKE, Inc. Consolidated Statements Of Income

	Year Ended May 31,		
(In millions, except per share data)	**2013**	**2012**	**2011**
Income from continuing operations:			
Revenues	$ 25,313	$ 23,331	$ 20,117
Cost of sales	14,279	13,183	10,915
Gross profit	11,034	10,148	9,202
Demand creation expense	2,745	2,607	2,344
Operating overhead expense	5,035	4,458	4,017
Total selling and administrative expense	7,780	7,065	6,361
Interest (income) expense, net (Notes 6, 7 and 8)	(3)	4	4
Other (income) expense, net (Note 17)	(15)	54	(25)
Income before income taxes	3,272	3,025	2,862
Income tax expense (Note 9)	808	756	690
NET INCOME FROM CONTINUING OPERATIONS	**2,464**	**2,269**	**2,172**
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**21**	**(46)**	**(39)**
NET INCOME	**$ 2,485**	**$ 2,223**	**$ 2,133**
Earnings per share from continuing operations:			
Basic earnings per common share (Notes 1 and 12)	$ 2.75	$ 2.47	$ 2.28
Diluted earnings per common share (Notes 1 and 12)	$ 2.69	$ 2.42	$ 2.24
Earnings per share from discontinued operations:			
Basic earnings per common share (Notes 1 and 12)	$ 0.02	$ (0.05)	$ (0.04)
Diluted earnings per common share (Notes 1 and 12)	$ 0.02	$ (0.05)	$ (0.04)
Dividends declared per common share	$ 0.81	$ 0.70	$ 0.60

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, Inc. Consolidated Statements of Comprehensive Income

	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**
Net income	$ 2,485	$ 2,223	$ 2,133
Other comprehensive income (loss), net of tax:			
Foreign currency translation and other [1]	30	(295)	263
Net gain (loss) on cash flow hedges [2]	117	255	(242)
Net gain (loss) on net investment hedges [3]	—	45	(57)
Reclassification to net income of previously deferred (gains) losses related to hedge derivative instruments [4]	(105)	49	(84)
Release of cumulative translation loss related to Umbro [5] (Notes 14 and 15)	83	—	—
Total other comprehensive income, net of tax	125	54	(120)
TOTAL COMPREHENSIVE INCOME	**$ 2,610**	**$ 2,277**	**$ 2,013**

(1) Net of tax (expense) benefit of $(12) million , $0 million , and $(121) million , respectively.
(2) Net of tax (expense) benefit of $(22) million , $(8) million , and $66 million , respectively.
(3) Net of tax benefit of $0 million , $0 million , and $28 million , respectively.
(4) Net of tax (benefit) expense of $0 million , $(14) million , and $24 million , respectively.
(5) Net of tax (benefit) of $(47) million , $0 million , and $0 million , respectively.

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, Inc. Consolidated Balance Sheets

(In millions)	May 31, 2013	May 31, 2012
ASSETS		
Current assets:		
Cash and equivalents	$ 3,337	$ 2,317
Short-term investments (Note 6)	2,628	1,440
Accounts receivable, net (Note 1)	3,117	3,132
Inventories (Notes 1 and 2)	3,434	3,222
Deferred income taxes (Note 9)	308	262
Prepaid expenses and other current assets (Notes 6 and 17)	802	857
Assets of discontinued operations (Note 15)	—	615
Total current assets	13,626	11,845
Property, plant and equipment, net (Note 3)	2,452	2,209
Identifiable intangible assets, net (Note 4)	382	370
Goodwill (Note 4)	131	131
Deferred income taxes and other assets (Notes 6, 9 and 17)	993	910
TOTAL ASSETS	**$ 17,584**	**$ 15,465**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt (Note 8)	$ 57	$ 49
Notes payable (Note 7)	121	108
Accounts payable (Note 7)	1,646	1,549
Accrued liabilities (Notes 5, 6 and 17)	1,986	1,941
Income taxes payable (Note 9)	98	65
Liabilities of discontinued operations (Note 15)	18	170
Total current liabilities	3,926	3,882
Long-term debt (Note 8)	1,210	228
Deferred income taxes and other liabilities (Notes 6, 9 and 17)	1,292	974
Commitments and contingencies (Note 16)	—	—
Redeemable Preferred Stock (Note 10)	—	—
Shareholders' equity:		
Common stock at stated value (Note 11):		
Class A convertible — 178 and 180 shares outstanding	—	—
Class B — 716 and 736 shares outstanding	3	3
Capital in excess of stated value	5,184	4,641
Accumulated other comprehensive income (Note 14)	274	149
Retained earnings	5,695	5,588
Total shareholders' equity	11,156	10,381
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 17,584**	**$ 15,465**

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, Inc. Consolidated Statements of Cash Flows

	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**
Cash provided by operations:			
Net income	$ 2,485	$ 2,223	$ 2,133
Income charges (credits) not affecting cash:			
Depreciation	438	373	335
Deferred income taxes	21	(60)	(76)
Stock-based compensation (Note 11)	174	130	105
Amortization and other	75	32	23
Net gain on divestitures	(124)	—	—
Changes in certain working capital components and other assets and liabilities:			
Decrease (increase) in accounts receivable	142	(323)	(273)
(Increase) in inventories	(197)	(805)	(551)
(Increase) in prepaid expenses and other current assets	(28)	(141)	(35)
Increase in accounts payable, accrued liabilities and income taxes payable	41	470	151
Cash provided by operations	3,027	1,899	1,812
Cash (used) provided by investing activities:			
Purchases of short-term investments	(3,702)	(2,705)	(7,616)
Maturities of short-term investments	1,501	2,585	4,313
Sales of short-term investments	998	1,244	2,766
Additions to property, plant and equipment	(636)	(597)	(432)
Disposals of property, plant and equipment	14	2	1
Proceeds from divestitures	786	—	—
Increase in other assets, net of other liabilities	(28)	(37)	(30)
Settlement of net investment hedges	—	22	(23)
Cash (used) provided by investing activities	(1,067)	514	(1,021)
Cash used by financing activities:			
Net proceeds from long-term debt issuance	986	—	—
Long-term debt payments, including current portion	(49)	(203)	(8)
Increase (decrease) in notes payable	15	(65)	41
Proceeds from exercise of stock options and other stock issuances	313	468	345
Excess tax benefits from share-based payment arrangements	72	115	64
Repurchase of common stock	(1,674)	(1,814)	(1,859)
Dividends — common and preferred	(703)	(619)	(555)
Cash used by financing activities	(1,040)	(2,118)	(1,972)
Effect of exchange rate changes	100	67	57
Net increase (decrease) in cash and equivalents	1,020	362	(1,124)
Cash and equivalents, beginning of year	2,317	1,955	3,079
CASH AND EQUIVALENTS, END OF YEAR	**$ 3,337**	**$ 2,317**	**$ 1,955**
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized interest	$ 20	$ 29	$ 32
Income taxes	702	638	736
Dividends declared and not paid	188	165	145

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, Inc. Consolidated Statements of Shareholders' Equity

	Common Stock							
	Class A		Class B		Capital in Excess of Stated Value	Accumulated Other Comprehensive Income	Retained Earnings	Total
(In millions, except per share data)	Shares	Amount	Shares	Amount				
Balance at May 31, 2010	**180**	**$ —**	**788**	**$ 3**	**$ 3,441**	**$ 215**	**$ 6,095**	**$ 9,754**
Stock options exercised			14		368			368
Repurchase of Class B Common Stock			(48)		(14)		(1,857)	(1,871)
Dividends on Common stock ($0.60 per share)							(569)	(569)
Issuance of shares to employees			2		49			49
Stock-based compensation (Note 11)					105			105
Forfeiture of shares from employees			—		(5)		(1)	(6)
Net income							2,133	2,133
Other Comprehensive Income						(120)		(120)
Balance at May 31, 2011	**180**	**$ —**	**756**	**$ 3**	**$ 3,944**	**$ 95**	**$ 5,801**	**$ 9,843**
Stock options exercised			18		528			528
Repurchase of Class B Common Stock			(40)		(12)		(1,793)	(1,805)
Dividends on Common stock ($0.70 per share)							(639)	(639)
Issuance of shares to employees			2		57			57
Stock-based compensation (Note 11)					130			130
Forfeiture of shares from employees			—		(6)		(4)	(10)
Net income							2,223	2,223
Other comprehensive income						54		54
Balance at May 31, 2012	**180**	**$ —**	**736**	**$ 3**	**$ 4,641**	**$ 149**	**$ 5,588**	**$ 10,381**
Stock options exercised			10		322			322
Conversion to Class B Common Stock	(2)		2					—
Repurchase of Class B Common Stock			(34)		(10)		(1,647)	(1,657)
Dividends on Common stock ($0.81 per share)							(727)	(727)
Issuance of shares to employees			2		65			65
Stock-based compensation (Note 11)					174			174
Forfeiture of shares from employees			—		(8)		(4)	(12)
Net income							2,485	2,485
Other comprehensive income						125		125
Balance at May 31, 2013	**178**	**$ —**	**716**	**$ 3**	**$ 5,184**	**$ 274**	**$ 5,695**	**$ 11,156**

The accompanying notes to consolidated financial statements are an integral part of this statement.

Notes to Consolidated Financial Statements

NOTE 1 — Summary of Significant Accounting Policies

Description of Business

NIKE, Inc. is a worldwide leader in the design, development and worldwide marketing and selling of athletic footwear, apparel, equipment, accessories and services. Wholly-owned NIKE, Inc. subsidiaries include Converse Inc., which designs, markets and distributes casual footwear, apparel and accessories and Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories.

Basis of Consolidation

The consolidated financial statements include the accounts of NIKE, Inc. and its subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated.

The Company completed the sale of Cole Haan during the third quarter ended February 28, 2013 and completed the sale of Umbro during the second quarter ended November 30, 2012. As a result, the Company reports the operating results of Cole Haan and Umbro in the net income (loss) from discontinued operations line in the consolidated statements of income for all periods presented. In addition, the assets and liabilities associated with these businesses are reported as assets of discontinued operations and liabilities of discontinued operations, as appropriate, in the consolidated balance sheets (refer to Note 15 — Discontinued Operations). Unless otherwise indicated, the disclosures accompanying the consolidated financial statements reflect the Company's continuing operations.

On November 15, 2012, the Company announced a two -for-one split of both NIKE Class A and Class B Common shares. The stock split was a 100 percent stock dividend payable on December 24, 2012 to shareholders of record at the close of business December 10, 2012. Common stock began trading at the split-adjusted price on December 26, 2012. All share numbers and per share amounts presented reflect the stock split.

Recognition of Revenues

Wholesale revenues are recognized when title and the risks and rewards of ownership have passed to the customer, based on the terms of sale. This occurs upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Retail store revenues are recorded at the time of sale. Provisions for post-invoice sales discounts, returns and miscellaneous claims from customers are estimated and recorded as a reduction to revenue at the time of sale. Post-invoice sales discounts consist of contractual programs with certain customers or discretionary discounts that are expected to be granted to certain customers at a later date. Estimates of discretionary discounts, returns and claims are based on historical rates, specific identification of outstanding claims and outstanding returns not yet received from customers, and estimated discounts, returns and claims expected but not yet finalized with customers. As of May 31, 2013 and 2012 , the Company's reserve balances for post-invoice sales discounts, returns and miscellaneous claims were $531 million and $455 million , respectively.

Cost of Sales

Cost of sales consists primarily of inventory costs, as well as warehousing costs (including the cost of warehouse labor), third party royalties, certain foreign currency hedge gains and losses, and research, design and development costs.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and included in cost of sales.

Operating Overhead Expense

Operating overhead expense consists primarily of payroll and benefit related costs, rent, depreciation and amortization, professional services, and meetings and travel.

Demand Creation Expense

Demand creation expense consists of advertising and promotion costs, including costs of endorsement contracts, television, digital and print advertising, brand events, and retail brand presentation. Advertising production costs are expensed the first time an advertisement is run. Advertising placement costs are expensed in the month the advertising appears, while costs related to brand events are expensed when the event occurs. Costs related to retail brand presentation are expensed when the presentation is completed and delivered.

A significant amount of the Company's promotional expenses result from payments under endorsement contracts. Accounting for endorsement payments is based upon specific contract provisions. Generally, endorsement payments are expensed on a straight-line basis over the term of the contract after giving recognition to periodic performance compliance provisions of the contracts. Prepayments made under contracts are included in prepaid expenses or other assets depending on the period to which the prepayment applies.

Some of the contracts provide for contingent payments to endorsers based upon specific achievements in their sports (e.g., winning a championship). The Company records selling and administrative expense for these amounts when the endorser achieves the specific goal.

Some of the contracts provide for payments based upon endorsers maintaining a level of performance in their sport over an extended period of time (e.g., maintaining a top ranking in a sport for a year). These amounts are recorded in selling and administrative expense when the Company determines that it is probable that the specified level of performance will be maintained throughout the period. In these instances, to the extent that actual payments to the endorser differ from our estimate due to changes in the endorser's athletic performance, increased or decreased selling and administrative expense may be recorded in a future period.

Some of the contracts provide for royalty payments to endorsers based upon a predetermined percentage of sales of particular products. The Company expenses these payments in cost of sales as the related sales occur. In certain contracts, the Company offers minimum guaranteed royalty payments. For contractual obligations for which the Company estimates it will not meet the minimum guaranteed amount of royalty fees through sales of product, the Company records the amount of the guaranteed payment in excess of that earned through sales of product in selling and administrative expense uniformly over the remaining guarantee period.

Through cooperative advertising programs, the Company reimburses retail customers for certain costs of advertising the Company's products. The Company records these costs in selling and administrative expense at the point in time when it is obligated to its customers for the costs, which is when the related revenues are recognized. This obligation may arise prior to the related advertisement being run.

Total advertising and promotion expenses were $2,745 million , $2,607 million , and $2,344 million for the years ended May 31, 2013 , 2012 and 2011 , respectively. Prepaid advertising and promotion expenses recorded in prepaid expenses and other current assets totaled $386 million and $281 million at May 31, 2013 and 2012 , respectively.

Cash and Equivalents

Cash and equivalents represent cash and short-term, highly liquid investments, including commercial paper, U.S. treasury, U.S. agency, and corporate debt securities with maturities of three months or less at date of purchase.

Short-Term Investments

Short-term investments consist of highly liquid investments, including commercial paper, U.S. treasury, U.S. agency, and corporate debt securities, with maturities over three months from the date of purchase. Debt securities that the Company has the ability and positive intent to hold to maturity are carried at amortized cost. At May 31, 2013 and 2012 , the Company did not hold any short-term investments that were classified as trading or held-to-maturity.

At May 31, 2013 and 2012 , short-term investments consisted of available-for-sale securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses reported, net of tax, in other comprehensive income, unless unrealized losses are determined to be other than temporary. Realized gains and losses on the sale of securities are determined by specific identification. The Company considers all available-for-sale securities, including those with maturity dates beyond 12 months, as available to support current operational liquidity needs and therefore classifies all securities with maturity dates beyond three months at the date of purchase as current assets within short-term investments on the consolidated balance sheets.

Refer to Note 6 — Fair Value Measurements for more information on the Company's short-term investments.

Allowance for Uncollectible Accounts Receivable

Accounts receivable consists primarily of amounts receivable from customers. The Company makes ongoing estimates relating to the collectability of its accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In determining the amount of the allowance, the Company considers historical levels of credit losses and makes judgments about the creditworthiness of significant customers based on ongoing credit evaluations. Accounts receivable with anticipated collection dates greater than 12 months from the balance sheet date and related allowances are considered non-current and recorded in other assets. The allowance for uncollectible accounts receivable was $104 million and $91 million at May 31, 2013 and 2012 , respectively, of which $54 million and $45 million , respectively, was classified as long-term and recorded in other assets.

Inventory Valuation

Inventories are stated at lower of cost or market and valued primarily on an average cost basis. Inventory costs primarily consist of product cost from our suppliers, as well as freight, import duties, taxes, insurance and logistics and other handling fees.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are recorded at cost. Depreciation for financial reporting purposes is determined on a straight-line basis for buildings and leasehold improvements over 2 to 40 years and for machinery and equipment over 2 to 15 years.

Depreciation and amortization of assets used in manufacturing, warehousing and product distribution are recorded in cost of sales. Depreciation and amortization of other assets are recorded in selling and administrative expense.

Software Development Costs

Internal Use Software . Expenditures for major software purchases and software developed for internal use are capitalized and amortized over a 2 to 10 year period on a straight-line basis. The Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

Computer Software to be Sold, Leased or Otherwise Marketed . Development costs of computer software to be sold, leased, or otherwise marketed as an integral part of a product are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. In most instances, the Company's products are released soon after technological feasibility has been established. Therefore, costs incurred subsequent to achievement of technological feasibility are usually not significant, and generally most software development costs have been expensed as incurred.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets or asset groups to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, the Company would assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds

the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, the Company will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group's carrying amount and its estimated fair value.

Identifiable Intangible Assets and Goodwill

The Company performs annual impairment tests on goodwill and intangible assets with indefinite lives in the fourth quarter of each fiscal year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit or an intangible asset with an indefinite life below its carrying value. Events or changes in circumstances that may trigger interim impairment reviews include significant changes in business climate, operating results, planned investments in the reporting unit, planned divestitures or an expectation that the carrying amount may not be recoverable, among other factors. The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events and circumstances, the Company determines that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, the two-step impairment test is unnecessary. The two-step impairment test first requires the Company to estimate the fair value of its reporting units. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and the Company proceeds to step two of the impairment analysis. In step two of the analysis, the Company measures and records an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value, if any.

The Company generally bases its measurement of the fair value of a reporting unit on a blended analysis of the present value of future discounted cash flows and the market valuation approach. The discounted cash flows model indicates the fair value of the reporting unit based on the present value of the cash flows that the Company expects the reporting unit to generate in the future. The Company's significant estimates in the discounted cash flows model include: its weighted average cost of capital; long-term rate of growth and profitability of the reporting unit's business; and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison of the reporting unit to comparable publicly traded companies in similar lines of business. Significant estimates in the market valuation approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting unit.

Indefinite-lived intangible assets primarily consist of acquired trade names and trademarks. The Company may first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, the C ompany determines that it is more likely than not that the indefinite-lived intangible asset is not impaired, no quantitative fair value measurement is necessary. If a quantitative fair value measurement calculation is required for these intangible assets, the Company utilizes the relief-from-royalty method. This method assumes that trade names and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires the Company to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

Operating Leases

The Company leases retail store space, certain distribution and warehouse facilities, office space, and other non-real estate assets under operating leases. Operating lease agreements may contain rent escalation clauses, rent holidays or certain landlord incentives, including tenant improvement allowances. Rent expense for non-cancelable operating leases with scheduled rent increases or landlord incentives are recognized on a straight-line basis over the lease term, beginning with the effective lease commencement date, which is generally the date in which the Company takes possession of or controls the physical use of the property. Certain leases also provide for contingent rents, which are determined as a percentage of sales in excess of specified levels. A contingent rent liability is recognized together with the corresponding rent expense when specified levels have been achieved or when the Company determines that achieving the specified levels during the period is probable.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including derivatives and available-for-sale securities. Fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The Company uses a three-level hierarchy established by the Financial Accounting Standards Board ("FASB") that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach).

The levels of hierarchy are described below:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs for which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Financial assets and liabilities are classified in their entirety based on the most conservative level of input that is significant to the fair value measurement.

Pricing vendors are utilized for certain Level 1 and Level 2 investments. These vendors either provide a quoted market price in an active market or use observable inputs without applying significant adjustments in their pricing. Observable inputs include broker quotes, interest rates and yield curves observable at commonly quoted intervals, volatilities and credit risks. The Company's fair value processes include controls that are designed to ensure appropriate fair values are recorded. These controls include an analysis of period-over-period fluctuations and comparison to another independent pricing vendor.

Refer to Note 6 — Fair Value Measurements for additional information.

Foreign Currency Translation and Foreign Currency Transactions

Adjustments resulting from translating foreign functional currency financial statements into U.S. Dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income in shareholders' equity.

The Company's global subsidiaries have various assets and liabilities, primarily receivables and payables, which are denominated in currencies other than their functional currency. These balance sheet items are subject to remeasurement, the impact of which is recorded in other (income) expense, net, within the consolidated statements of income.

Accounting for Derivatives and Hedging Activities

The Company uses derivative financial instruments to reduce its exposure to changes in foreign currency exchange rates and interest rates. All derivatives are recorded at fair value on the balance sheet and changes in the fair value of derivative financial instruments are either recognized in other comprehensive income (a component of shareholders' equity), debt or net income depending on the nature of the underlying exposure, whether the derivative is formally designated as a hedge, and, if designated, the extent to which the hedge is effective. The Company classifies the cash flows at settlement from derivatives in the same category as the cash flows from the related hedged items. For undesignated hedges and designated cash flow hedges, this is within the cash provided by operations component of the consolidated statements of cash flows. For designated net investment hedges, this is generally within the cash provided or used by investing activities component of the cash flow statement. As our fair value hedges are receive-fixed, pay-variable interest rate swaps, the cash flows associated with these derivative instruments are periodic interest payments while the swaps are outstanding. These cash flows are reflected within the cash provided by operations component of the cash flow statement.

Refer to Note 17 — Risk Management and Derivatives for more information on the Company's risk management program and derivatives.

Stock-Based Compensation

The Company estimates the fair value of options and stock appreciation rights granted under the NIKE, Inc. 1990 Stock Incentive Plan (the "1990 Plan") and employees' purchase rights under the Employee Stock Purchase Plans ("ESPPs") using the Black-Scholes option pricing model. The Company recognizes this fair value, net of estimated forfeitures, as selling and administrative expense in the consolidated statements of income over the vesting period using the straight-line method.

Refer to Note 11 — Common Stock and Stock-Based Compensation for more information on the Company's stock programs.

Income Taxes

The Company accounts for income taxes using the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The Company records a valuation allowance to reduce deferred tax assets to the amount management believes is more likely than not to be realized. United States income taxes are provided currently on financial statement earnings of non-U.S. subsidiaries that are expected to be repatriated. The Company determines annually the amount of undistributed non-U.S. earnings to invest indefinitely in its non-U.S. operations.

The Company recognizes a tax benefit from uncertain tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by relevant tax authorities. The Company recognizes interest and penalties related to income tax matters in income tax expense.

Refer to Note 9 — Income Taxes for further discussion.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per common share is calculated by adjusting weighted average outstanding shares, assuming conversion of all potentially dilutive stock options and awards.

Refer to Note 12 — Earnings Per Share for further discussion.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently Adopted Accounting Standards

In July 2012, the FASB issued an accounting standards update intended to simplify how an entity tests indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. This accounting standard update will be effective for the Company beginning June 1, 2013, and early adoption is permitted. The Company early adopted this standard and the adoption did not have a material impact on its consolidated financial position or results of operations.

In September 2011, the FASB issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This new guidance was effective for the Company beginning June 1, 2012 and the adoption did not have a material effect on its consolidated financial position or results of operations.

In June 2011, the FASB issued guidance on the presentation of comprehensive income. This new guidance eliminates the current option to report other comprehensive income and its components in the statement of shareholders' equity. Companies are now required to present the components

of net income and other comprehensive income in either one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. This requirement was effective for the Company beginning June 1, 2012. As this guidance only amended the presentation of the components of comprehensive income, the adoption did not have an impact on the Company's consolidated financial position or results of operations. Further, this guidance required companies to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. This requirement will be effective for the Company beginning June 1, 2013. As this guidance only amends the presentation of the components of comprehensive income, the Company does not anticipate the adoption will have an impact on the Company's consolidated financial position or results of operations.

Recently Issued Accounting Standards

In December 2011, the FASB issued guidance enhancing disclosure requirements surrounding the nature of an entity's right to offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to master netting arrangements. This new guidance is effective for the Company beginning June 1, 2013. As this guidance only requires expanded disclosures, the Company does not anticipate the adoption will have an impact on its consolidated financial position or results of operations.

NOTE 2 — Inventories

Inventory balances of $3,434 million and $3,222 million at May 31, 2013 and 2012 , respectively, were substantially all finished goods.

NOTE 3 — Property, Plant and Equipment

Property, plant and equipment included the following:

	As of May 31,	
(In millions)	**2013**	**2012**
Land	$ 268	$ 252
Buildings	1,174	1,158
Machinery, equipment and internal-use software	2,985	2,654
Leasehold improvements	945	883
Construction in process	128	110
Total property, plant and equipment, gross	5,500	5,057
Less accumulated depreciation	3,048	2,848
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**$ 2,452**	**$ 2,209**

Capitalized interest was not material for the years ended May 31, 2013 , 2012 , and 2011 . The Company had $81 million in capital lease obligations as of May 31, 2013 included in machinery, equipment, and internal-use software; there were no capital lease obligations as of May 31, 2012 .

NOTE 4 — Identifiable Intangible Assets and Goodwill

The following table summarizes the Company's identifiable intangible asset balances as of May 31, 2013 and 2012 :

	As of May 31, 2013			As of May 31, 2012		
(In millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Amortized intangible assets:						
Patents	$ 119	$ (35)	$ 84	$ 99	$ (29)	$ 70
Trademarks	43	(32)	11	40	(26)	14
Other	20	(16)	4	19	(16)	3
TOTAL	**$ 182**	**$ (83)**	**$ 99**	**$ 158**	**$ (71)**	**$ 87**
Unamortized intangible assets — Trademarks			283			283
IDENTIFIABLE INTANGIBLE ASSETS, NET			**$ 382**			**$ 370**

Amortization expense, which is included in selling and administrative expense, was $14 million , $14 million , and $13 million for the years ended May 31, 2013 , 2012 , and 2011 , respectively. The estimated amortization expense for intangible assets subject to amortization for each of the years ending May 31, 2014 through May 31, 2018 are as follows: 2014 : $13 million ; 2015 : $9 million ; 2016 : $9 million ; 2017 : $7 million ; 2018 : $6 million .

Goodwill was $131 million at May 31, 2013 and May 31, 2012 , respectively, and is included in the Company's "Other" category for segment reporting purposes. There were no accumulated impairment balances for goodwill as of either period end.

NOTE 5 — Accrued Liabilities

Accrued liabilities included the following:

(In millions)	As of May 31, 2013	As of May 31, 2012
Compensation and benefits, excluding taxes	$ 713	$ 691
Endorsement compensation	264	288
Taxes other than income taxes	192	169
Dividends payable	188	165
Import and logistics costs	111	133
Advertising and marketing	77	94
Fair value of derivatives	34	55
Other [1]	407	346
TOTAL ACCRUED LIABILITIES	**$ 1,986**	**$ 1,941**

(1) Other consists of various accrued expenses with no individual item accounting for more than 5% of the balance at May 31, 2013 and 2012 .

NOTE 6 — Fair Value Measurements

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of May 31, 2013 and 2012 , and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value. Refer to Note 1 – Summary of Significant Accounting Policies for additional detail regarding the Company's fair value measurement methodology.

	As of May 31, 2013				
	Fair Value Measurements Using				
(In millions)	Level 1	Level 2	Level 3	Assets/Liabilities at Fair Value	Balance Sheet Classification
ASSETS					
Derivatives:					
Foreign exchange forwards and options	$ —	$ 278	$ —	$ 278	Other current assets and other long-term assets
Interest rate swap contracts	—	11	—	11	Other current assets and other long-term assets
Total derivatives	—	289	—	289	
Available-for-sale securities:					
U.S. Treasury securities	425	—	—	425	Cash and equivalents
U.S. Agency securities	—	20	—	20	Cash and equivalents
Commercial paper and bonds	—	1,035	—	1,035	Cash and equivalents
Money market funds	—	836	—	836	Cash and equivalents
U.S. Treasury securities	1,583	—	—	1,583	Short-term investments
U.S. Agency securities	—	401	—	401	Short-term investments
Commercial paper and bonds	—	644	—	644	Short-term investments
Non-marketable preferred stock	—	—	5	5	Other long-term assets
Total available-for-sale securities	2,008	2,936	5	4,949	
TOTAL ASSETS	**$ 2,008**	**$ 3,225**	**$ 5**	**$ 5,238**	
LIABILITIES					
Derivatives:					
Foreign exchange forwards and options	$ —	$ 34	$ —	$ 34	Accrued liabilities and other long-term liabilities
TOTAL LIABILITIES	**$ —**	**$ 34**	**$ —**	**$ 34**	

	As of May 31, 2012				
	Fair Value Measurements Using			Assets / Liabilities at Fair Value	
(In millions)	Level 1	Level 2	Level 3		Balance Sheet Classification
ASSETS					
Derivatives:					
Foreign exchange forwards and options	$ —	$ 265	$ —	$ 265	Other current assets and other long-term assets
Embedded derivatives	—	1	—	1	Other current assets
Interest rate swap contracts	—	15	—	15	Other current assets and other long-term assets
Total derivatives	—	281	—	281	
Available-for-sale securities:					
U.S. Treasury securities	226	—	—	226	Cash and equivalents
U.S. Agency securities	—	254	—	254	Cash and equivalents
Commercial paper and bonds	—	159	—	159	Cash and equivalents
Money market funds	—	770	—	770	Cash and equivalents
U.S. Treasury securities	927	—	—	927	Short-term investments
U.S. Agency securities	—	230	—	230	Short-term investments
Commercial paper and bonds	—	283	—	283	Short-term investments
Non-marketable preferred stock	—	—	3	3	Other long-term assets
Total available-for-sale securities	1,153	1,696	3	2,852	
TOTAL ASSETS	**$ 1,153**	**$ 1,977**	**$ 3**	**$ 3,133**	
LIABILITIES					
Derivatives:					
Foreign exchange forwards and options	$ —	$ 55	$ —	$ 55	Accrued liabilities and other long-term liabilities
TOTAL LIABILITIES	**$ —**	**$ 55**	**$ —**	**$ 55**	

Derivative financial instruments include foreign exchange forwards and options, embedded derivatives and interest rate swap contracts. The fair value of derivative contracts is determined using observable market inputs such as the daily market foreign currency rates, forward pricing curves, currency volatilities, currency correlations and interest rates, and considers nonperformance risk of the Company and that of its counterparties. Adjustments relating to these nonperformance risks were not material at May 31, 2013 or 2012 . Refer to Note 17 — Risk Management and Derivatives for additional detail.

Available-for-sale securities comprise investments in U.S. Treasury and Agency securities, money market funds, corporate commercial paper and bonds. These securities are valued using market prices on both active markets (Level 1) and less active markets (Level 2). Pricing vendors are utilized for certain Level 1 or Level 2 investments. These vendors either provide a quoted market price in an active market or use observable inputs without applying significant adjustments in their pricing. Observable inputs include broker quotes, interest rates and yield curves observable at commonly quoted intervals, volatilities and credit risks. The carrying amounts reflected in the consolidated balance sheets for short-term investments and cash and equivalents approximate fair value.

The Company's Level 3 assets comprise investments in certain non-marketable preferred stock. These investments are valued using internally developed models with unobservable inputs. These Level 3 investments are an immaterial portion of our portfolio. Changes in Level 3 investment assets were immaterial during the years ended May 31, 2013 and 2012.

No transfers among the levels within the fair value hierarchy occurred during the years ended May 31, 2013 or 2012 .

As of May 31, 2013 and 2012 , the Company had no assets or liabilities that were required to be measured at fair value on a non-recurring basis.

Short-Term Investments

As of May 31, 2013 and 2012 , short-term investments consisted of available-for-sale securities. As of May 31, 2013 , the Company held $2,229 million of available-for-sale securities with maturity dates within one year from the purchase date and $399 million with maturity dates over one year and less than five years from the purchase date within short-term investments. As of May 31, 2012 , the Company held $ 1,129 million of available-for-sale securities with maturity dates within one year from purchase date and $ 311 million with maturity dates over one year and less than five years from purchase date within short-term investments.

Short-term investments classified as available-for-sale consist of the following at fair value:

(In millions)	As of May 31, 2013	As of May 31, 2012
Available-for-sale investments:		
U.S. treasury and agencies	$ 1,984	$ 1,157
Commercial paper and bonds	644	283
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	**$ 2,628**	**$ 1,440**

Included in interest (income) expense, net was interest income related to cash and equivalents and short-term investments of $26 million , $27 million , and $28 million for the years ended May 31, 2013 , 2012 , and 2011 , respectively.

For fair value information regarding notes payable and long-term debt, refer to Note 7 — Short-Term Borrowings and Credit Lines and Note 8 — Long-Term Debt.

NOTE 7 — Short-Term Borrowings and Credit Lines

Notes payable and interest-bearing accounts payable to Sojitz Corporation of America ("Sojitz America") as of May 31, 2013 and 2012 , are summarized below:

	As of May 31,			
	2013		2012	
(In millions)	**Borrowings**	**Interest Rate**	**Borrowings**	**Interest Rate**
Notes payable:				
U.S. operations	$ 20	0.00% (1)	$ 30	5.50% (1)
Non-U.S. operations	101	4.77% (1)	78	9.46% (1)
TOTAL NOTES PAYABLE	**$ 121**		**$ 108**	
Interest-Bearing Accounts Payable:				
Sojitz America	$ 55	0.99%	$ 75	1.10%

(1) Weighted average interest rate includes non-interest bearing overdrafts.

The carrying amounts reflected in the consolidated balance sheets for notes payable approximate fair value.

The Company purchases through Sojitz America certain athletic footwear, apparel and equipment it acquires from non-U.S. suppliers. These purchases are for the Company's operations outside of the United States, Europe and Japan. Accounts payable to Sojitz America are generally due up to 60 days after shipment of goods from the foreign port. The interest rate on such accounts payable is the 60-day London Interbank Offered Rate ("LIBOR") as of the beginning of the month of the invoice date, plus 0.75% .

As of May 31, 2013 and 2012 , the Company had no amounts outstanding under its commercial paper program.

In November 2011, the Company entered into a committed credit facility agreement with a syndicate of banks which provides for up to $1 billion of borrowings pursuant to a revolving credit facility with the option to increase borrowings to $1.5 billion with lender approval. The facility matures on November 1, 2016 , with a one -year extension option prior to both the second and third anniversary of the closing date, provided that extensions shall not extend beyond November 1, 2018 . Based on the Company's current long-term senior unsecured debt ratings of A+ and A1 from Standard and Poor's Corporation and Moody's Investor Services, respectively, the interest rate charged on any outstanding borrowings would be the prevailing LIBOR plus 0.56% . The facility fee is 0.065% of the total commitment. Under this committed credit facility, the Company must maintain, among other things, certain minimum specified financial ratios with which the Company was in compliance at May 31, 2013 . No amounts were outstanding under this facility as of May 31, 2013 or 2012 .

NOTE 8 — Long-Term Debt

Long-term debt, net of unamortized premiums and discounts and swap fair value adjustments, comprises the following:

Scheduled Maturity (Dollars in millions)	Original Principal	Interest Rate	Interest Payments	Book Value Outstanding As of May 31, 2013	Book Value Outstanding As of May 31, 2012
Corporate Bond Payables: [4]					
July 23, 2012 [1]	$ 25	5.66%	Semi-Annually	$ —	$ 25
August 7, 2012 [1]	$ 15	5.40%	Semi-Annually	—	15
October 1, 2013	$ 50	4.70%	Semi-Annually	50	50
October 15, 2015 [1]	$ 100	5.15%	Semi-Annually	111	115
May 1, 2023 [5]	$ 500	2.25%	Semi-Annually	499	—
May 1, 2043 [5]	$ 500	3.63%	Semi-Annually	499	—
Promissory Notes: [2]					
April 1, 2017	$ 40	6.20%	Monthly	40	—
January 1, 2018	$ 19	6.79%	Monthly	19	—
Japanese Yen Notes:					
August 20, 2001 through November 20, 2020 [3]	¥ 9,000	2.60%	Quarterly	34	50
August 20, 2001 through November 20, 2020 [3]	¥ 4,000	2.00%	Quarterly	15	22
Total				1,267	277
Less current maturities				57	49
TOTAL LONG-TERM DEBT				**$ 1,210**	**$ 228**

(1) The Company has entered into interest rate swap agreements whereby the Company receives fixed interest payments at the same rate as the note and pays variable interest payments based on the six-month LIBOR plus a spread. The swaps have the same notional amount and maturity date as the corresponding note. At May 31, 2013 , the interest rates payable on these swap agreements ranged from approximately 0.3% to 0.4% .

(2) The Company assumed a total of $59 million in bonds payable on May 30, 2013 as part of its agreement to purchase certain Corporate properties, which was treated as a non-cash financing transaction. The property serves as collateral for the debt. The purchase of these properties was accounted for as a business combination where the total consideration of $85 million was allocated to the land and buildings acquired; no other tangible or intangible assets or liabilities resulted from the purchase. The bonds mature in 2017 and 2018 and the Company does not have the ability to re-negotiate the terms of the debt agreements and would incur significant financial penalties if the notes are paid off prior to maturity.

(3) NIKE Logistics YK assumed a total of ¥13.0 billion in loans as part of its agreement to purchase a distribution center in Japan, which serves as collateral for the loans. These loans mature in equal quarterly installments during the period August 20, 2001 through November 20, 2020 .

(4) Senior unsecured obligations rank equally with our other unsecured and unsubordinated indebtedness.

(5) The bonds carry a make whole call provision and are redeemable at any time prior to maturity. The bonds also feature a par call provision payable 3 months and 6 months prior to the scheduled maturity date for the bonds maturing on May 1, 2023 and May 1, 2043, respectively.

The scheduled maturity of long-term debt in each of the years ending May 31, 2014 through 2018 are $57 million , $7 million , $108 million , $45 million and $25 million , respectively, at face value.

The fair value of the Company's long-term debt, including the current portion, was approximately $1,219 million at May 31, 2013 and $283 million at May 31, 2012 . The fair value of long-term debt is estimated based upon quoted prices of similar instruments (level 2).

NOTE 9 — Income Taxes

Income before income taxes is as follows:

(In millions)	Year Ended May 31, 2013	Year Ended May 31, 2012	Year Ended May 31, 2011
Income before income taxes:			
United States	$ 1,240	$ 804	$ 1,040
Foreign	2,032	2,221	1,822
TOTAL INCOME BEFORE INCOME TAXES	**$ 3,272**	**$ 3,025**	**$ 2,862**

The provision for income taxes is as follows:

	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**
Current:			
United States			
Federal	$ 434	$ 289	$ 298
State	69	51	57
Foreign	398	488	435
Total	901	828	790
Deferred:			
United States			
Federal	1	(48)	(62)
State	(4)	5	—
Foreign	(90)	(29)	(38)
Total	(93)	(72)	(100)
TOTAL INCOME TAX EXPENSE	**$ 808**	**$ 756**	**$ 690**

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate is as follows:

	Year Ended May 31,		
	2013	**2012**	**2011**
Federal income tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal benefit	1.4 %	1.3 %	1.3 %
Foreign earnings	-11.8 %	-11.9 %	-11.4 %
Other, net	0.1 %	0.6 %	-0.8 %
EFFECTIVE INCOME TAX RATE	**24.7 %**	**25.0 %**	**24.1 %**

The effective tax rate from continuing operations for the year ended May 31, 2013 was 30 basis points lower than the effective tax rate from continuing operations for the year ended May 31, 2012 primarily due to tax benefits received from the intercompany sale of intellectual property rights outside of the U.S., the retroactive reinstatement of the research and development credit and the intra-period allocation of tax expense between continuing operations, discontinued operations, and other comprehensive income. The decrease in the effective tax rate was partially offset by a higher effective tax rate on operations as a result of an increase in earnings in higher tax jurisdictions. The effective tax rate from continuing operations for the year ended May 31, 2012 was 90 basis points higher than the effective tax rate from continuing operations for the year ended May 31, 2011 primarily due to the changes in uncertain tax positions partially offset by a reduction in the effective rate related to a decrease in earnings in higher tax jurisdictions.

Deferred tax assets and (liabilities) comprise the following:

	As of May 31,	
(In millions)	**2013**	**2012**
Deferred tax assets:		
Allowance for doubtful accounts	$ 20	$ 17
Inventories	40	37
Sales return reserves	101	84
Deferred compensation	197	186
Stock-based compensation	140	126
Reserves and accrued liabilities	66	66
Foreign loss carry-forwards	19	35
Foreign tax credit carry-forwards	106	216
Undistributed earnings of foreign subsidiaries	162	82
Other	47	62
Total deferred tax assets	898	911
Valuation allowance	(5)	(27)
Total deferred tax assets after valuation allowance	893	884
Deferred tax liabilities:		
Property, plant and equipment	(241)	(191)
Intangibles	(96)	(98)
Other	(20)	(22)
Total deferred tax liability	(357)	(311)
NET DEFERRED TAX ASSET	**$ 536**	**$ 573**

The following is a reconciliation of the changes in the gross balance of unrecognized tax benefits:

	As of May 31,		
(In millions)	**2013**	**2012**	**2011**
Unrecognized tax benefits, as of the beginning of the period	$ 285	$ 212	$ 282
Gross increases related to prior period tax positions	77	48	13
Gross decreases related to prior period tax positions	(3)	(25)	(98)
Gross increases related to current period tax positions	130	91	59
Gross decreases related to current period tax positions	(9)	(1)	(6)
Settlements	—	(20)	(43)
Lapse of statute of limitations	(21)	(9)	(8)
Changes due to currency translation	(12)	(11)	13
UNRECOGNIZED TAX BENEFITS, AS OF THE END OF THE PERIOD	**$ 447**	**$ 285**	**$ 212**

As of May 31, 2013 , the total gross unrecognized tax benefits, excluding related interest and penalties, were $447 million , $281 million of which would affect the Company's effective tax rate if recognized in future periods.

The Company recognizes interest and penalties related to income tax matters in income tax expense. The liability for payment of interest and penalties increased $4 million , $17 million , and $10 million during the years ended May 31, 2013 , 2012 , and 2011 , respectively. As of May 31, 2013 and 2012 , accrued interest and penalties related to uncertain tax positions was $112 million and $108 million , respectively (excluding federal benefit).

The Company is subject to taxation primarily in the U.S., China, the Netherlands, and Brazil, as well as various state and other foreign jurisdictions. The Company has concluded substantially all U.S. federal income tax matters through fiscal 2010. The Company is currently under audit by the Internal Revenue Service for the 2011 through 2013 tax years. Many issues are at an advanced stage in the examination process, the most significant of which includes the negotiation of a U.S. Unilateral Advanced Pricing Agreement that covers intercompany transfer pricing issues for fiscal years May 31, 2011 through May 31, 2015. In addition, the Company is in appeals regarding the validation of foreign tax credits taken. The Company’s major foreign jurisdictions, China, the Netherlands and Brazil, have concluded substantially all income tax matters through calendar 2005, fiscal 2007 and calendar 2006, respectively. Although the timing of resolution of audits is not certain, the Company evaluates all domestic and foreign audit issues in the aggregate, along with the expiration of applicable statutes of limitations, and estimates that it is reasonably possible the total gross unrecognized tax benefits could decrease by up to $86 million within the next 12 months.

We provide for United States income taxes on the undistributed earnings of foreign subsidiaries unless they are considered indefinitely reinvested outside the United States. At May 31, 2013, the indefinitely reinvested earnings in foreign subsidiaries upon which United States income taxes have not been provided was approximately $6.7 billion . If these undistributed earnings were repatriated to the United States, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, they would generate foreign tax credits that would reduce the federal tax liability associated with the foreign dividend or the otherwise taxable transaction. Assuming a full utilization of the foreign tax credits, the potential net deferred tax liability associated with these temporary differences of undistributed earnings would be approximately $2.2 billion at May 31, 2013 .

A portion of the Company's foreign operations are benefiting from a tax holiday, which will phase out in 2019 . This tax holiday may be extended when certain conditions are met or may be terminated early if certain conditions are not met. The impact of this tax holiday decreased foreign taxes

by $108 million , $117 million , and $36 million for the fiscal years ended May 31, 2013 , 2012 , and 2011 , respectively. The benefit of the tax holiday on net income per share (diluted) was $0.12 , $0.12 , and $0.04 for the fiscal years ended May 31, 2013 , 2012 , and 2011 , respectively.

Deferred tax assets at May 31, 2013 and 2012 were reduced by a valuation allowance relating to tax benefits of certain subsidiaries with operating losses. The net change in the valuation allowance was a decrease of $22 million , an increase of $23 million , and a decrease of $1 million for the years ended May 31, 2013 , 2012 , and 2011, respectively.

The Company does not anticipate that any foreign tax credit carry-forwards will expire unutilized.

The Company has available domestic and foreign loss carry-forwards of $58 million at May 31, 2013 . Such losses will expire as follows:

	Year Ending May 31,						
(In millions)	**2014**	**2015**	**2016**	**2017**	**2018- 2032**	**Indefinite**	**Total**
Net Operating Losses	$ —	—	2	—	52	4	$ 58

During the years ended May 31, 2013 , 2012 , and 2011 , income tax benefits attributable to employee stock-based compensation transactions of $76 million , $120 million , and $68 million , respectively, were allocated to shareholders' equity.

NOTE 10 — Redeemable Preferred Stock

Sojitz America is the sole owner of the Company's authorized Redeemable Preferred Stock, $1 par value, which is redeemable at the option of Sojitz America or the Company at par value aggregating $0.3 million . A cumulative dividend of $0.10 per share is payable annually on May 31 and no dividends may be declared or paid on the common stock of the Company unless dividends on the Redeemable Preferred Stock have been declared and paid in full. There have been no changes in the Redeemable Preferred Stock in the three years ended May 31, 2013 , 2012 , and 2011 . As the holder of the Redeemable Preferred Stock, Sojitz America does not have general voting rights but does have the right to vote as a separate class on the sale of all or substantially all of the assets of the Company and its subsidiaries, on merger, consolidation, liquidation or dissolution of the Company or on the sale or assignment of the NIKE trademark for athletic footwear sold in the United States. The Redeemable Preferred Stock has been fully issued to Sojitz America and is not blank check preferred stock. The Company's articles of incorporation do not permit the issuance of additional preferred stock.

NOTE 11 — Common Stock and Stock-Based Compensation

The authorized number of shares of Class A Common Stock, no par value, and Class B Common Stock, no par value, are 200 million and 1,200 million , respectively. Each share of Class A Common Stock is convertible into one share of Class B Common Stock. Voting rights of Class B Common Stock are limited in certain circumstances with respect to the election of directors. There are no differences in the dividend and liquidation preferences or participation rights of the Class A and Class B common shareholders.

In 1990, the Board of Directors adopted, and the shareholders approved, the NIKE, Inc. 1990 Stock Incentive Plan (the "1990 Plan"). The 1990 Plan provides for the issuance of up to 326 million previously unissued shares of Class B Common Stock in connection with stock options and other awards granted under the plan. The 1990 Plan authorizes the grant of non-statutory stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, and performance-based awards. The exercise price for stock options and stock appreciation rights may not be less than the fair market value of the underlying shares on the date of grant. A committee of the Board of Directors administers the 1990 Plan. The committee has the authority to determine the employees to whom awards will be made, the amount of the awards, and the other terms and conditions of the awards. Substantially all stock option grants outstanding under the 1990 Plan were granted in the first quarter of each fiscal year, vest ratably over four years, and expire 10 years from the date of grant.

The following table summarizes the Company's total stock-based compensation expense recognized in selling and administrative expense:

	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**
Stock options [(1)]	$ 123	$ 96	$ 77
ESPPs	19	16	14
Restricted stock	32	18	14
TOTAL STOCK-BASED COMPENSATION EXPENSE	**$ 174**	**$ 130**	**$ 105**

(1) Expense for stock options includes the expense associated with stock appreciation rights. Accelerated stock option expense is recorded for employees eligible for accelerated stock option vesting upon retirement. Accelerated stock option expense for years ended May 31, 2013 , 2012 , and 2011 was $22 million , $17 million , and $12 million , respectively.

As of May 31, 2013 , the Company had $199 million of unrecognized compensation costs from stock options, net of estimated forfeitures, to be recognized as selling and administrative expense over a weighted average period of 2.3 years.

The weighted average fair value per share of the options granted during the years ended May 31, 2013 , 2012 , and 2011 , as computed using the Black-Scholes pricing model, was $12.71 , $11.08 , and $8.84 , respectively. The weighted average assumptions used to estimate these fair values are as follows:

	Year Ended May 31,		
	2013	2012	2011
Dividend yield	1.5%	1.4%	1.6%
Expected volatility	35.0%	29.5%	31.5%
Weighted average expected life (in years)	5.3	5.0	5.0
Risk-free interest rate	0.6%	1.4%	1.7%

The Company estimates the expected volatility based on the implied volatility in market traded options on the Company's common stock with a term greater than one year, along with other factors. The weighted average expected life of options is based on an analysis of historical and expected future exercise patterns. The interest rate is based on the U.S. Treasury (constant maturity) risk-free rate in effect at the date of grant for periods corresponding with the expected term of the options.

The following summarizes the stock option transactions under the plan discussed above:

	Shares [1]	Weighted Average Option Price
	(In millions)	
Options outstanding May 31, 2010	72.2	$ 23.30
Exercised	(14.0)	21.35
Forfeited	(1.3)	29.03
Granted	12.7	34.60
Options outstanding May 31, 2011	69.6	$ 25.65
Exercised	(18.0)	22.81
Forfeited	(1.0)	35.61
Granted	13.7	45.87
Options outstanding May 31, 2012	64.3	$ 30.59
Exercised	(9.9)	24.70
Forfeited	(1.3)	40.14
Granted	14.6	46.55
Options outstanding May 31, 2013	67.7	$ 34.72
Options exercisable at May 31,		
2011	40.1	$ 22.03
2012	33.9	24.38
2013	35.9	27.70

(1) Includes stock appreciation rights transactions.

The weighted average contractual life remaining for options outstanding and options exercisable at May 31, 2013 was 6.3 years and 4.7 years, respectively. The aggregate intrinsic value for options outstanding and exercisable at May 31, 2013 was $1,823 million and $1,218 million , respectively. The aggregate intrinsic value was the amount by which the market value of the underlying stock exceeded the exercise price of the options. The total intrinsic value of the options exercised during the years ended May 31, 2013 , 2012 , and 2011 was $293 million , $453 million , and $267 million , respectively.

In addition to the 1990 Plan, the Company gives employees the right to purchase shares at a discount to the market price under employee stock purchase plans ("ESPPs"). Employees are eligible to participate through payroll deductions of up to 10% of their compensation. At the end of each six -month offering period, shares are purchased by the participants at 85% of the lower of the fair market value at the beginning or the end of the offering period. Employees purchased 1.6 million , 1.7 million , and 1.6 million shares during each of the three years ended May 31, 2013 , 2012 and 2011 , respectively.

From time to time, the Company grants restricted stock units and restricted stock to key employees under the 1990 Plan. The number of shares underlying such awards granted to employees during the years ended May 31, 2013 , 2012 , and 2011 were 1.6 million , 0.7 million , and 0.4 million with weighted average values per share of $46.86 , $49.49 , and $35.11 , respectively. Recipients of restricted stock are entitled to cash dividends and to vote their respective shares throughout the period of restriction. Recipients of restricted stock units are entitled to dividend equivalent cash payments upon vesting. The value of all grants of restricted stock and restricted stock units was established by the market price on the date of grant. During the years ended May 31, 2013 , 2012 , and 2011 , the aggregate fair value of restricted stock and restricted stock units vested was $25 million , $22 million , and $15 million , respectively, determined as of the date of vesting.

NOTE 12 — Earnings Per Share

The following is a reconciliation from basic earnings per share to diluted earnings per share. Options to purchase an additional 0.1 million , 0.2 million , and 0.3 million shares of common stock were outstanding at May 31, 2013 , 2012 , and 2011 respectively, but were not included in the computation of diluted earnings per share because the options were anti-dilutive.

(In millions, except per share data)	Year Ended May 31, 2013	2012	2011
Determination of shares:			
Weighted average common shares outstanding	897.3	920.0	951.1
Assumed conversion of dilutive stock options and awards	19.1	19.6	20.2
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**916.4**	**939.6**	**971.3**
Earnings per share from continuing operations:			
Basic earnings per common share	$ 2.75	$ 2.47	$ 2.28
Diluted earnings per common share	$ 2.69	$ 2.42	$ 2.24
Earnings per share from discontinued operations:			
Basic earnings per common share	$ 0.02	$ (0.05)	$ (0.04)
Diluted earnings per common share	$ 0.02	$ (0.05)	$ (0.04)
Basic earnings per common share for NIKE, Inc.	$ 2.77	$ 2.42	$ 2.24
Diluted earnings per common share for NIKE, Inc.	$ 2.71	$ 2.37	$ 2.20

NOTE 13 — Benefit Plans

The Company has a profit sharing plan available to most U.S.-based employees. The terms of the plan call for annual contributions by the Company as determined by the Board of Directors. A subsidiary of the Company also had a profit sharing plan available to its U.S.-based employees prior to fiscal 2012. The terms of the plan called for annual contributions as determined by the subsidiary's executive management. Contributions of $47 million , $40 million , and $39 million were made to the plans and are included in selling and administrative expense for the years ended May 31, 2013 , 2012 , and 2011 , respectively. The Company has various 401(k) employee savings plans available to U.S.-based employees. The Company matches a portion of employee contributions. Company contributions to the savings plans were $46 million , $42 million , and $38 million for the years ended May 31, 2013 , 2012 , and 2011 , respectively, and are included in selling and administrative expense.

The Company also has a Long-Term Incentive Plan ("LTIP") that was adopted by the Board of Directors and approved by shareholders in September 1997 and later amended in fiscal 2007. The Company recognized $50 million , $51 million , and $31 million of selling and administrative expense related to cash awards under the LTIP during the years ended May 31, 2013 , 2012 , and 2011 , respectively.

The Company has pension plans in various countries worldwide. The pension plans are only available to local employees and are generally government mandated. The liability related to the unfunded pension liabilities of the plans was $104 million and $113 million at May 31, 2013 and May 31, 2012 , respectively, which was primarily classified as long-term in other liabilities.

NOTE 14 — Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income, net of tax, are as follows:

(In millions)	May 31 2013	2012
Cumulative translation adjustment and other	$ (14)	$ (127)
Net deferred gain on cash flow hedge derivatives	193	181
Net deferred gain on net investment hedge derivatives	95	95
ACCUMULATED OTHER COMPREHENSIVE INCOME	**$ 274**	**$ 149**

Refer to Note 17— Risk Management and Derivatives for more information on the Company's risk management program and derivatives.

NOTE 15 — Discontinued Operations

The Company continually evaluates its existing portfolio of businesses to ensure resources are invested in those businesses that are accretive to the NIKE Brand and represent the largest growth potential and highest returns. During the year, the Company divested of Umbro and Cole Haan, allowing it to focus its resources on driving growth in the NIKE, Jordan, Converse and Hurley brands.

On February 1, 2013, the Company completed the sale of Cole Haan to Apax Partners for an agreed upon purchase price of $570 million and received at closing $561 million , net of $9 million of purchase price adjustments. The transaction resulted in a gain on sale of $231 million , net of $137 million in tax expense; this gain

is included in the net income (loss) from discontinued operations line item on the consolidated statements of income. There were no adjustments to these recorded amounts as of May 31, 2013 . Beginning November 30, 2012, the Company classified the Cole Haan disposal group as held-for-sale and presented the results of Cole Haan's operations in the net income (loss) from discontinued operations line item on the consolidated statements of income. From this date until the sale, the assets and liabilities of Cole Haan were recorded in the assets of discontinued operations and liabilities of discontinued operations line items on the consolidated balance sheets, respectively. Previously, these amounts were reported in the Company's segment presentation as “Other Businesses.”

Under the sale agreement, the Company agreed to provide certain transition services to Cole Haan for an expected period of 3 to 9 months from the date of sale. The Company will also license NIKE proprietary Air and Lunar technologies to Cole Haan for a transition period. The continuing cash flows related to these items are not expected to be significant to Cole Haan and the Company will have no significant continuing involvement with Cole Haan beyond the transition services. Additionally, preexisting guarantees of certain Cole Haan lease payments remain in place after the sale; the maximum exposure under the guarantees is $ 44 million at May 31, 2013 . The fair value of the guarantees is not material.

On November 30, 2012, the Company completed the sale of certain assets of Umbro to Iconix Brand Group (“Iconix”) for $ 225 million . The Umbro disposal group was classified as held-for-sale as of November 30, 2012 and the results of Umbro's operations are presented in the net income (loss) from discontinued operations line item on the consolidated statements of income. The remaining liabilities of Umbro are recorded in the liabilities of discontinued operations line items on the consolidated balance sheets. Previously, these amounts were reported in the Company's segment presentation as “Other Businesses.” Upon meeting the held-for-sale criteria, the Company recorded a loss of $ 107 million , net of tax, on the sale of Umbro and the loss is included in the net income (loss) from discontinued operations line item on the consolidated statements of income. The loss on sale was calculated as the net sales price less Umbro assets of $ 248 million , including intangibles, goodwill, and fixed assets, other miscellaneous charges of $ 22 million , and the release of the associated cumulative translation adjustment of $ 129 million . The tax benefit on the loss was $ 67 million . There were no adjustments to these recorded amounts as of May 31, 2013 .

Under the sale agreement, the Company provided transition services to Iconix while certain markets were transitioned to Iconix-designated licensees. These transition services are complete and the Company has wound down the remaining operations of Umbro.

For the year ended May 31, 2013 , net income (loss) from discontinued operations included, for both businesses, the net gain or loss on sale, net operating losses, tax expenses, and approximately $ 20 million in wind down costs.

Summarized results of the Company's discontinued operations are as follows:

	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**
Revenues	$ 523	$ 796	$ 746
Income (loss) before income taxes	108	(43)	(18)
Income tax expense (benefit)	87	3	21
Net income (loss) from discontinued operations	**$ 21**	**$ (46)**	**$ (39)**

As of May 31, 2013 and 2012 , the aggregate components of assets and liabilities classified as discontinued operations and included in current assets and current liabilities consisted of the following:

	As of May 31,	
(In millions)	**2013**	**2012**
Accounts Receivable, net	$ —	$ 148
Inventories	—	128
Deferred income taxes and other assets	—	35
Property, plant and equipment, net	—	70
Identifiable intangible assets, net	—	234
TOTAL ASSETS	**$ —**	**$ 615**
Accounts payable	$ 1	$ 42
Accrued liabilities	17	112
Deferred income taxes and other liabilities	—	16
TOTAL LIABILITIES	**$ 18**	**$ 170**

NOTE 16 — Commitments and Contingencies

The Company leases space for certain of its offices, warehouses and retail stores under leases expiring from 1 to 21 years after May 31, 2013 . Rent expense was $482 million , $431 million , and $386 million for the years ended May 31, 2013 , 2012 and 2011 , respectively. Amounts of minimum future annual rental commitments under non-cancelable operating leases in each of the five years ending May 31, 2014 through 2018 are $403 million , $340 million , $304 million , $272 million , $225 million , respectively, and $816 million in later years. Amounts of minimum future annual commitments under non-cancelable capital leases in each of the four years ending May 31, 2014 through 2017 are $23 million , $28 million , $21 million , and $9 million , respectively; the Company has no capital lease obligations beyond the year ending May 31, 2017.

As of May 31, 2013 and 2012 , the Company had letters of credit outstanding totaling $149 million and $137 million , respectively. These letters of credit were generally issued for the purchase of inventory and guarantees of the Company’s performance under certain self-insurance and other programs.

In connection with various contracts and agreements, the Company provides routine indemnifications relating to the enforceability of intellectual property rights, coverage for legal issues that arise and other items where the Company is acting as the guarantor. Currently, the Company has several such agreements in place. However, based on the Company’s historical experience and the estimated probability of future loss, the Company has determined that the fair value of such indemnifications is not material to the Company’s financial position or results of operations.

In the ordinary course of its business, the Company is involved in various legal proceedings involving contractual and employment relationships, product liability claims, trademark rights, and a variety of other matters. While the Company cannot predict the outcome of its pending legal matters

with certainty, the Company does not believe any currently identified claim, proceeding or litigation, either individually or in aggregate, will have a material impact on the Company's results of operations, financial position or cash flows.

NOTE 17 — Risk Management and Derivatives

The Company is exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates, and uses derivatives to manage financial exposures that occur in the normal course of business. The Company does not hold or issue derivatives for trading or speculative purposes.

The Company may elect to designate certain derivatives as hedging instruments under the accounting standards for derivatives and hedging. The Company formally documents all relationships between designated hedging instruments and hedged items as well as its risk management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives designated as hedges to either recognized assets or liabilities or forecasted transactions.

The majority of derivatives outstanding as of May 31, 2013 are designated as cash flow or fair value hedges. All derivatives are recognized on the balance sheet at fair value and classified based on the instrument's maturity date. The total notional amount of outstanding derivatives as of May 31, 2013 was approximately $9 billion , which primarily comprises cash flow hedges for Euro/U.S. Dollar, British Pound/Euro, and Japanese Yen/U.S. Dollar currency pairs. As of May 31, 2013, there were outstanding currency forward contracts with maturities up to 24 months.

The following table presents the fair values of derivative instruments included within the consolidated balance sheets as of May 31, 2013 and 2012 :

	Asset Derivatives			Liability Derivatives		
(In millions)	**Balance Sheet Location**	**2013**	**2012**	**Balance Sheet Location**	**2013**	**2012**
Derivatives formally designated as hedging instruments:						
Foreign exchange forwards and options	Prepaid expenses and other current assets	$ 141	$ 203	Accrued liabilities	$ 12	$ 35
Foreign exchange forwards and options	Deferred income taxes and other long-term assets	79	7	Deferred income taxes and other long-term liabilities	—	—
Interest rate swap contracts	Deferred income taxes and other long-term assets	11	15	Deferred income taxes and other long-term liabilities	—	—
Total derivatives formally designated as hedging instruments		$ 231	$ 225		$ 12	$ 35
Derivatives not designated as hedging instruments:						
Foreign exchange forwards and options	Prepaid expenses and other current assets	$ 58	$ 55	Accrued liabilities	$ 22	$ 20
Embedded derivatives	Prepaid expenses and other current assets	—	1	Accrued liabilities	—	—
Total derivatives not designated as hedging instruments		58	56		22	20
TOTAL DERIVATIVES		**$ 289**	**$ 281**		**$ 34**	**$ 55**

The following tables present the amounts affecting the consolidated statements of income for years ended May 31, 2013 , 2012 and 2011 :

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives [1]			Amount of Gain (Loss) Reclassified From Accumulated Other Comprehensive Income into Income [1]			
	Year Ended May 31,			Location of Gain (Loss) Reclassified From Accumulated Other Comprehensive Income Into Income [1]	Year Ended May 31,		
(In millions)	**2013**	**2012**	**2011**		**2013**	**2012**	**2011**
Derivatives designated as cash flow hedges:							
Foreign exchange forwards and options	$ 42	$ (29)	$ (87)	Revenue	$ (19)	$ 5	$ (30)
Foreign exchange forwards and options	67	253	(152)	Cost of sales	113	(57)	103
Foreign exchange forwards and options	(3)	3	(4)	Selling and administrative expense	2	(2)	1
Foreign exchange forwards and options	33	36	(65)	Other (income) expense, net	9	(9)	34
Total designated cash flow hedges	$ 139	$ 263	$ (308)		$ 105	$ (63)	$ 108
Derivatives designated as net investment hedges:							
Foreign exchange forwards and options	$ —	$ 45	$ (85)	Other (income) expense, net	$ —	$ —	$ —

(1) For the years ended May 31, 2013 , 2012 , and 2011 , the amounts recorded in other (income) expense, net as a result of hedge ineffectiveness and the discontinuance of cash flow hedges because the forecasted transactions were no longer probable of occurring were immaterial.

(In millions)	Amount of Gain (Loss) Recognized in Income on Derivatives — Year Ended May 31, 2013	2012	2011	Location of Gain (Loss) Recognized in Income on Derivatives
Derivatives designated as fair value hedges:				
Interest rate swaps [1]	$ 5	$ 6	$ 6	Interest (income) expense, net
Derivatives not designated as hedging instruments:				
Foreign exchange forwards and options	51	64	(30)	Other (income) expense, net
Embedded derivatives	$ (4)	$ 1	$ —	Other (income) expense, net

(1) All interest rate swap agreements meet the shortcut method requirements under the accounting standards for derivatives and hedging. Accordingly, changes in the fair values of the interest rate swap agreements are considered to exactly offset changes in the fair value of the underlying long-term debt. Refer to "Fair Value Hedges" in this note for additional detail.

Refer to Note 5 — Accrued Liabilities for derivative instruments recorded in accrued liabilities, Note 6 — Fair Value Measurements for a description of how the above financial instruments are valued, Note 14 — Accumulated Other Comprehensive Income and the consolidated statements of shareholders' equity for additional information on changes in other comprehensive income for the years ended May 31, 2013 , 2012 and 2011 .

Cash Flow Hedges

The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the eventual cash flows resulting from transactions in foreign currencies will be adversely affected by changes in exchange rates. Foreign currency exposures that the Company may elect to hedge in this manner include product cost exposures, non-functional currency denominated external and intercompany revenues, selling and administrative expenses, investments in U.S. Dollar-denominated available-for-sale debt securities and certain other intercompany transactions.

Product cost exposures are primarily generated through non-functional currency denominated product purchases and the foreign currency adjustment program described below. NIKE entities primarily purchase products in two ways: (1) Certain NIKE entities purchase product from the NIKE Trading Company ("NTC"), a wholly-owned sourcing hub that buys NIKE branded products from third party factories, predominantly in U.S. Dollars. The NTC, whose functional currency is the U.S. Dollar, then sells the products to NIKE entities in their respective functional currencies. When the NTC sells to a NIKE entity with a different functional currency, the result is a foreign currency exposure for the NTC; (2) Other NIKE entities purchase product directly from third party factories in U.S. Dollars. These purchases generate a foreign currency exposure for those NIKE entities with a functional currency other than the U.S. Dollar.

In January 2012, the Company implemented a foreign currency adjustment program with certain factories. The program is designed to more effectively manage foreign currency risk by assuming certain of the factories' foreign currency exposures, some of which are natural offsets to our existing foreign currency exposures. Under this program, the Company's payments to these factories are adjusted for rate fluctuations in the basket of currencies ("factory currency exposure index") in which the labor, materials and overhead costs incurred by the factories in the production of NIKE branded products ("factory input costs") are denominated. For the portion of the indices denominated in the local or functional currency of the factory, the Company may elect to place formally designated cash flow hedges. For all currencies within the indices, excluding the U.S. Dollar and the local or functional currency of the factory, an embedded derivative contract is created upon the factory's acceptance of NIKE's purchase order. Embedded derivative contracts are separated from the related purchase order and their accounting treatment is described further below.

The Company's policy permits the utilization of derivatives to reduce its foreign currency exposures where internal netting or other strategies cannot be effectively employed. Hedged transactions are denominated primarily in Euros, British Pounds and Japanese Yen. The Company may enter into hedge contracts typically starting up to 12 to 18 months in advance of the forecasted transaction and may place incremental hedges for up to 100% of the exposure by the time the forecasted transaction occurs.

All changes in fair value of derivatives designated as cash flow hedges, excluding any ineffective portion, are recorded in other comprehensive income until net income is affected by the variability of cash flows of the hedged transaction. In most cases, amounts recorded in other comprehensive income will be released to net income some time after the maturity of the related derivative. Effective hedge results are classified within the consolidated statements of income in the same manner as the underlying exposure, with the results of hedges of non-functional currency denominated revenues and product cost exposures, excluding embedded derivatives as described below, recorded in revenues or cost of sales, when the underlying hedged transaction affects consolidated net income. Results of hedges of selling and administrative expense are recorded together with those costs when the related expense is recorded. Results of hedges of anticipated purchases and sales of U.S. Dollar-denominated available-for-sale securities are recorded in other (income) expense, net when the securities are sold. Results of hedges of certain anticipated intercompany transactions are recorded in other (income) expense, net when the transaction occurs. The Company classifies the cash flows at settlement from these designated cash flow hedge derivatives in the same category as the cash flows from the related hedged items, generally within the cash provided by operations component of the cash flow statement.

Premiums paid on options are initially recorded as deferred charges. The Company assesses the effectiveness of options based on the total cash flows method and records total changes in the options' fair value to other comprehensive income to the degree they are effective.

The Company formally assesses, both at a hedge's inception and on an ongoing basis, whether the derivatives that are used in the hedging transaction have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. Effectiveness for cash flow hedges is assessed based on forward rates. Ineffectiveness was not material for the years ended May 31, 2013 , 2012 and 2011 .

The Company discontinues hedge accounting prospectively when (1) it determines that the derivative is no longer highly effective in offsetting changes in the cash flows of a hedged item (including hedged items such as firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; or (4) management determines that designating the derivative as a hedging instrument is no longer appropriate.

When the Company discontinues hedge accounting because it is no longer probable that the forecasted transaction will occur in the originally expected period, but is expected to occur within an additional two-month period of time thereafter, the gain or loss on the derivative remains in accumulated other comprehensive income and is reclassified to net income when the forecasted transaction affects consolidated net income. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were accumulated in other comprehensive income will be recognized immediately in other (income) expense, net . In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the balance sheet, recognizing future changes in the fair value in other (income) expense, net . For the years ended May 31, 2013 , 2012 and 2011 , the amounts recorded in other (income) expense, net as a result of the discontinuance of cash flow hedging because the forecasted transaction was no longer probable of occurring were immaterial .

As of May 31, 2013 , $132 million of deferred net gains (net of tax) on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to net income during the next 12 months concurrent with the underlying hedged transactions also being recorded in net income. Actual amounts ultimately reclassified to net income are dependent on the exchange rates in effect when derivative contracts that are currently outstanding mature. As of May 31, 2013 , the maximum term over which the Company is hedging exposures to the variability of cash flows for its forecasted transactions is 24 months.

Fair Value Hedges

The Company is also exposed to the risk of changes in the fair value of certain fixed-rate debt attributable to changes in interest rates. Derivatives currently used by the Company to hedge this risk are receive-fixed, pay-variable interest rate swaps. As of May 31, 2013 , all interest rate swap agreements are designated as fair value hedges of the related long-term debt and meet the shortcut method requirements under the accounting standards for derivatives and hedging. Accordingly, changes in the fair values of the interest rate swap agreements are considered to exactly offset changes in the fair value of the underlying long-term debt. The cash flows associated with the Company's fair value hedges are periodic interest payments while the swaps are outstanding, which are reflected within the cash provided by operations component of the cash flow statement. The Company recorded no ineffectiveness from its interest rate swaps designated as fair value hedges for the years ended May 31, 2013 , 2012 , or 2011 .

Net Investment Hedges

The Company has hedged and may, in the future, hedge the risk of variability in foreign-currency-denominated net investments in wholly-owned international operations. All changes in fair value of the derivatives designated as net investment hedges, except ineffective portions, are reported in the cumulative translation adjustment component of other comprehensive income along with the foreign currency translation adjustments on those investments. The Company classifies the cash flows at settlement of its net investment hedges within the cash provided or used by investing component of the cash flow statement. The Company assesses hedge effectiveness based on changes in forward rates. The Company recorded no ineffectiveness from its net investment hedges for the years ended May 31, 2013 , 2012 , or 2011 .

Embedded Derivatives

As part of the foreign currency adjustment program described above, currencies within the factory currency exposure indices that are neither the U.S. Dollar nor the local or functional currency of the factory, an embedded derivative contract is created upon the factory's acceptance of NIKE's purchase order. Embedded derivative contracts are treated as foreign currency forward contracts that are bifurcated from the related purchase order and recorded at fair value as a derivative asset or liability on the balance sheet with their corresponding change in fair value recognized in other (income) expense, net from the date a purchase order is accepted by a factory through the date the purchase price is no longer subject to foreign currency fluctuations. At May 31, 2013 , the notional amount of embedded derivatives was approximately $136 million .

Undesignated Derivative Instruments

The Company may elect to enter into foreign exchange forwards to mitigate the change in fair value of specific assets and liabilities on the balance sheet and/or the embedded derivative contracts explained above. These forwards are not designated as hedging instruments under the accounting standards for derivatives and hedging. Accordingly, these undesignated instruments are recorded at fair value as a derivative asset or liability on the balance sheet with their corresponding change in fair value recognized in other (income) expense, net , together with the re-measurement gain or loss from the hedged balance sheet position or embedded derivative contract. The Company classifies the cash flows at settlement from undesignated instruments in the same category as the cash flows from the related hedged items, generally within the cash provided by operations component of the cash flow statement.

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to all derivative transactions are major financial institutions with investment grade credit ratings. However, this does not eliminate the Company's exposure to credit risk with these institutions. This credit risk is limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted. To manage this risk, the Company has established strict counterparty credit guidelines that are continually monitored.

The Company's derivative contracts contain credit risk related contingent features designed to protect against significant deterioration in counterparties' creditworthiness and their ultimate ability to settle outstanding derivative contracts in the normal course of business. The Company's bilateral credit related contingent features generally require the owing entity, either the Company or the derivative counterparty, to post collateral for the portion of the fair value in excess of $50 million should the fair value of outstanding derivatives per counterparty be greater than $50 million . Additionally, a certain level of decline in credit rating of either the Company or the counterparty could also trigger collateral requirements. As of May 31, 2013 , the Company was in compliance with all credit risk related contingent features and the fair value of its derivative instruments with credit risk related contingent features in a net liability position was insignificant. Accordingly, the Company was not required to post any collateral as a result of these contingent features. Further, as of May 31, 2013 those counterparties which were required to post collateral complied with such requirements. Given the considerations described above, the Company considers the impact of the risk of counterparty default to be immaterial .

NOTE 18 — Operating Segments and Related Information

Operating Segments. The Company's operating segments are evidence of the structure of the Company's internal organization. The major segments are defined by geographic regions for operations participating in NIKE Brand sales activity excluding NIKE Golf. Each NIKE Brand geographic segment operates predominantly in one industry: the design, development, marketing and selling of athletic footwear, apparel, and equipment. The Company's reportable operating segments for the NIKE Brand are: North America, Western Europe, Central & Eastern Europe, Greater China, Japan, and Emerging Markets. The Company's NIKE Brand Direct to Consumer operations are managed within each geographic segment.

The Company's "Other" category is broken into two components for presentation purposes to align with the way management views the Company. The "Global Brand Divisions" category primarily represents NIKE Brand licensing businesses that are not part of a geographic operating segment, demand creation and operating overhead expenses that are centrally managed for the NIKE Brand, and costs associated with product development and supply chain operations. The "Other Businesses" category consists of the activities of Converse Inc., Hurley International LLC, and NIKE Golf. Activities represented in the "Other" category are considered immaterial for individual disclosure.

Corporate consists largely of unallocated general and administrative expenses, including expenses associated with centrally managed departments, depreciation and amortization related to the Company's headquarters, unallocated insurance and benefit programs, including stock-based compensation, certain foreign currency gains and losses, including certain hedge gains and losses, certain corporate eliminations and other items.

The primary financial measure used by the Company to evaluate performance of individual operating segments is earnings before interest and taxes (commonly referred to as "EBIT"), which represents net income before interest (income) expense, net and income taxes in the consolidated statements of income. Reconciling items for EBIT represent corporate expense items that are not allocated to the operating segments for management reporting.

As part of our centrally managed foreign exchange risk management program, standard foreign currency rates are assigned twice per year to each NIKE Brand entity in our geographic operating segments and certain Other Businesses. These rates are set approximately nine months in advance of the future selling season based on average market spot rates in the calendar month preceding the date they are established. Inventories and cost of sales for geographic operating segments and certain Other Businesses reflect use of these standard rates to record non-functional currency product purchases in the entity's functional currency. Differences between assigned standard foreign currency rates and actual market rates are included in Corporate, together with foreign currency hedge gains and losses generated from our centrally managed foreign exchange risk management program and other conversion gains and losses.

Accounts receivable, inventories and property, plant and equipment for operating segments are regularly reviewed by management and are therefore provided below. Additions to long-lived assets as presented in the following table represent capital expenditures.

Certain prior year amounts have been reclassified to conform to fiscal 2013 presentation.

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(In millions)	Year Ended May 31, 2013	2012	2011
REVENUE			
North America	$ 10,387	$ 8,839	$ 7,579
Western Europe	4,128	4,144	3,868
Central & Eastern Europe	1,287	1,200	1,040
Greater China	2,453	2,539	2,060
Japan	791	835	773
Emerging Markets	3,718	3,411	2,737
Global Brand Divisions	117	111	96
Total NIKE Brand	22,881	21,079	18,153
Other Businesses	2,500	2,298	2,041
Corporate	(68)	(46)	(77)
TOTAL NIKE CONSOLIDATED REVENUES	**$ 25,313**	**$ 23,331**	**$ 20,117**
EARNINGS BEFORE INTEREST AND TAXES			
North America	$ 2,534	$ 2,030	$ 1,736
Western Europe	640	597	730
Central & Eastern Europe	259	234	244
Greater China	809	911	777
Japan	133	136	114
Emerging Markets	1,011	853	688
Global Brand Divisions	(1,396)	(1,200)	(971)
Total NIKE Brand	3,990	3,561	3,318
Other Businesses	456	385	353
Corporate	(1,177)	(917)	(805)
Total NIKE Consolidated Earnings Before Interest and Taxes	3,269	3,029	2,866
Interest (income) expense, net	(3)	4	4
TOTAL NIKE CONSOLIDATED EARNINGS BEFORE TAXES	**$ 3,272**	**$ 3,025**	**$ 2,862**
ADDITIONS TO LONG-LIVED ASSETS			
North America	$ 201	$ 131	$ 79
Western Europe	74	93	75
Central & Eastern Europe	22	20	5
Greater China	52	38	43
Japan	6	14	9
Emerging Markets	49	27	21
Global Brand Divisions	216	131	44
Total NIKE Brand	620	454	276
Other Businesses	29	24	27
Corporate	131	109	118
TOTAL ADDITIONS TO LONG-LIVED ASSETS	**$ 780**	**$ 587**	**$ 421**
DEPRECIATION			
North America	$ 85	$ 78	$ 70
Western Europe	68	62	52
Central & Eastern Europe	9	6	4
Greater China	34	25	19
Japan	21	23	22
Emerging Markets	20	15	14
Global Brand Divisions	83	53	39
Total NIKE Brand	320	262	220
Other Businesses	24	25	24
Corporate	74	66	71

TOTAL DEPRECIATION	**$ 418**	**$ 353**	**$ 315**

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(In millions)	As of May 31, 2013	As of May 31, 2012
ACCOUNTS RECEIVABLE, NET		
North America	$ 1,214	$ 1,149
Western Europe	356	420
Central & Eastern Europe	301	261
Greater China	52	221
Japan	133	152
Emerging Markets	546	476
Global Brand Divisions	28	30
Total NIKE Brand	2,630	2,709
Other Businesses	436	401
Corporate	51	22
TOTAL ACCOUNTS RECEIVABLE, NET	**$ 3,117**	**$ 3,132**
INVENTORIES		
North America	$ 1,435	$ 1,272
Western Europe	539	488
Central & Eastern Europe	207	180
Greater China	204	217
Japan	60	83
Emerging Markets	555	521
Global Brand Divisions	32	35
Total NIKE Brand	3,032	2,796
Other Businesses	400	384
Corporate	2	42
TOTAL INVENTORIES	**$ 3,434**	**$ 3,222**
PROPERTY, PLANT AND EQUIPMENT, NET		
North America	$ 406	$ 378
Western Europe	326	314
Central & Eastern Europe	44	30
Greater China	213	191
Japan	269	359
Emerging Markets	89	59
Global Brand Divisions	353	205
Total NIKE Brand	1,700	1,536
Other Businesses	77	76
Corporate	675	597
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**$ 2,452**	**$ 2,209**

Revenues by Major Product Lines. Revenues to external customers for NIKE Brand products are attributable to sales of footwear, apparel and equipment. Other revenues to external customers primarily include external sales by Converse, Hurley, and NIKE Golf.

(In millions)	Year Ended May 31, 2013	Year Ended May 31, 2012	Year Ended May 31, 2011
Footwear	$ 14,539	$ 13,428	$ 11,519
Apparel	6,820	6,336	5,516
Equipment	1,405	1,204	1,022
Other	2,549	2,363	2,060
TOTAL NIKE CONSOLIDATED REVENUES	**$ 25,313**	**$ 23,331**	**$ 20,117**

Revenues and Long-Lived Assets by Geographic Area

Geographical area information is similar to what is reflected above under operating segments with the exception of the Other activity, which has been allocated to

the geographical areas based on the location where the sales originated. Revenues derived in the United States were $11,385 million , $9,793 million , and $8,467 million for the years ended May 31, 2013 , 2012 , and 2011 , respectively. The Company's largest concentrations of long-lived assets primarily consist of the Company's world headquarters and distribution facilities in the United States and distribution facilities

in Japan, Belgium and China. Long-lived assets attributable to operations in the United States, which are primarily composed of net property, plant & equipment, were $1,424 million , $1,204 million , and $1,056 million at May 31, 2013 , 2012 , and 2011 , respectively. Long-lived assets attributable to operations in Japan were $270 million , $360 million , and $361 million at May 31, 2013 , 2012 , and 2011 , respectively. Long-lived assets attributable to operations in Belgium were $157 million , $164 million , and $182 million at May 31, 2013 , 2012 , and 2011 , respectively. Long-lived assets attributable to operations in China were $212 million , $188 million , and $175 million at May 31, 2013 , 2012 , and 2011 , respectively.

Major Customers

No customer accounted for 10% or more of the Company's net revenues during the years ended May 31, 2013 , 2012 , and 2011 .

ITEM 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

There has been no change of accountants nor any disagreements with accountants on any matter of accounting principles or practices or financial statement disclosure required to be reported under this Item.

ITEM 9A. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carry out a variety of on-going procedures, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, to evaluate the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of May 31, 2013 .

"Management's Annual Report on Internal Control Over Financial Reporting" is included in Item 8 of this Report.

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

No disclosure is required under this Item.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by Item 401 of Regulation S-K regarding directors is included under “Election of Directors” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference. The information required by Item 401 of Regulation S-K regarding executive officers is included under “Executive Officers of the Registrant” in Item 1 of this Report. The information required by Item 405 of Regulation S-K is included under “Election of Directors — Section 16(a) Beneficial Ownership Reporting Compliance” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference. The information required by Item 406 of Regulation S-K is included under “Corporate Governance — Code of Business Conduct and Ethics” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference. The information required by Items 407(d)(4) and (d)(5) of Regulation S-K regarding the Audit Committee of the Board of Directors is included under “Corporate Governance — Board Committees” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 11. Executive Compensation

The information required by Items 402, 407(e)(4) and 407(e)(5) of Regulation S-K regarding executive compensation is included under “Election of Directors — Director Compensation for Fiscal 2013 ,” “Compensation Discussion and Analysis,” “Executive Compensation,” “Election of Directors — Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 201(d) of Regulation S-K is included under “Executive Compensation — Equity Compensation Plans” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference. The information required by Item 403 of Regulation S-K is included under “Election of Directors — Stock Holdings of Certain Owners and Management” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Items 404 and 407(a) of Regulation S-K is included under “Election of Directors — Transactions with Related Persons” and “Corporate Governance — Director Independence” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

The information required by Item 9(e) of Schedule 14A is included under “Ratification Of Independent Registered Public Accounting Firm” in the definitive Proxy Statement for our 2013 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits:

3.1	Restated Articles of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2012).
3.2	Third Restated Bylaws, as amended (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed June 21, 2013).
4.1	Restated Articles of Incorporation, as amended (see Exhibit 3.1).
4.2	Third Restated Bylaws, as amended (see Exhibit 3.2).
10.1	Form of Non-Statutory Stock Option Agreement for options granted to non-employee directors prior to May 31, 2010 under the 1990 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed June 21, 2005).*
10.2	Form of Non-Statutory Stock Option Agreement for options granted to non-employee directors after May 31, 2010 under the 1990 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2010).*
10.3	Form of Non-Statutory Stock Option Agreement for options granted to executives prior to May 31, 2010 under the 1990 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).*
10.4	Form of Non-Statutory Stock Option Agreement for options granted to executives after May 31, 2010 under the 1990 Stock Incentive Plan.*
10.5	Form of Indemnity Agreement entered into between the Company and each of its officers and directors (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2008).*
10.6	NIKE, Inc. 1990 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 24, 2010).*
10.7	NIKE, Inc. Executive Performance Sharing Plan (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the

	fiscal year ended May 31, 2012).*
10.8	NIKE, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 26, 2012).*
10.9	NIKE, Inc. Deferred Compensation Plan (Amended and Restated effective April 1, 2013).*

10.10	NIKE, Inc. Deferred Compensation Plan (Amended and Restated effective June 1, 2004) (applicable to amounts deferred before January 1, 2005) (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2004).*
10.11	Amendment No. 1 effective January 1, 2008 to the NIKE, Inc. Deferred Compensation Plan (June 1, 2004 Restatement) (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).*
10.12	NIKE, Inc. Foreign Subsidiary Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2008).*
10.13	Amended and Restated Covenant Not To Compete and Non-Disclosure Agreement between NIKE, Inc. and Mark G. Parker dated July 24, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 24, 2008).*
10.14	Amended and Restated Covenant Not to Compete and Non-Disclosure Agreement between NIKE, Inc. and Charles D. Denson dated July 24, 2008 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed July 24, 2008).*
10.15	Form of Restricted Stock Bonus Agreement under the 1990 Stock Incentive Plan for awards prior to May 31, 2010 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 21, 2005).*
10.16	Form of Restricted Stock Agreement under the 1990 Stock Incentive Plan for awards after May 31, 2010.*
10.17	Form of Restricted Stock Unit Agreement under the 1990 Stock Incentive Plan.*
10.18	Covenant Not to Compete and Non-Disclosure Agreement between NIKE, Inc. and Donald W. Blair dated November 10, 1999 (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2006).*
10.19	Covenant Not to Compete and Non-Disclosure Agreement between NIKE, Inc. and Eric D. Sprunk dated April 18, 2001 (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2010).*
10.2	Covenant Not to Compete and Non-Disclosure Agreement between NIKE, Inc. and Trevor A. Edwards dated November 14, 2002 (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2008).*
10.21	Policy for Recoupment of Incentive Compensation (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed July 20, 2010).*
10.22	Credit Agreement dated as of November 1, 2011 among NIKE, Inc., Bank of America, N.A., individually and as Agent and the other banks party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 2, 2011).
12.1	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Registrant.
23	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm (included within this Annual Report on Form 10-K).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32	Section 1350 Certifications.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Document
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* *Management contract or compensatory plan or arrangement.*

The Exhibits filed herewith do not include certain instruments with respect to long-term debt of NIKE and its subsidiaries, inasmuch as the total amount of debt authorized under any such instrument does not exceed 10 percent of the total assets of NIKE and its subsidiaries on a consolidated basis. NIKE agrees, pursuant to Item 601(b)(4)(iii) of Regulation S-K, that it will furnish a copy of any such instrument to the SEC upon request.

Upon written request to Investor Relations, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005-6453, NIKE will furnish shareholders with a copy of any Exhibit upon payment of $.10 per page, which represents our reasonable expenses in furnishing Exhibits.

SCHEDULE II — Valuation and qualifying accounts

(In millions)	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Write-Offs, Net	Balance at End of Period
Sales returns reserve					
For the year ended May 31, 2011	$ 141	$ 354	$ 1	$ (345)	$ 151
For the year ended May 31, 2012	151	401	(3)	(376)	173
For the year ended May 31, 2013	173	538	1	(471)	241
Allowance for doubtful accounts [1]					
For the year ended May 31, 2011	$ 109	$ 28	$ 14	$ (31)	$ 120
For the year ended May 31, 2012	120	21	(9)	(41)	91
For the year ended May 31, 2013	91	31	1	(19)	104

(1) Includes both current and non-current portions of the allowance for doubtful accounts. The non-current portion is classified in deferred income taxes and other assets on the consolidated balance sheets.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-188072) and Form S-8 (Nos. 033-63995, 333-63581, 333-63583, 333-68864, 333-68886, 333-71660, 333-104822, 333-117059, 333-133360, 333-164248, 333-171647, and 333-173727) of NIKE, Inc. of our report dated July 23, 2013 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

Portland, Oregon

July 23, 2013

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NIKE, INC.	
By:	/s/ MARK G. PARKER **Mark G. Parker** *Chief Executive Officer and President*
Date:	July 23, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
PRINCIPAL EXECUTIVE OFFICER AND DIRECTOR:		
/s/ MARK G. PARKER **Mark G. Parker**	*Director, Chief Executive Officer and President*	July 23, 2013
PRINCIPAL FINANCIAL OFFICER:		
/s/ DONALD W. BLAIR **Donald W. Blair**	*Chief Financial Officer*	July 23, 2013
PRINCIPAL ACCOUNTING OFFICER:		
/s/ BERNARD F. PLISKA **Bernard F. Pliska**	*Corporate Controller*	July 23, 2013
DIRECTORS:		
/s/ PHILIP H. KNIGHT **Philip H. Knight**	*Director, Chairman of the Board*	July 23, 2013
/s/ ELIZABETH J. COMSTOCK **Elizabeth J. Comstock**	*Director*	July 23, 2013
/s/ JOHN G. CONNORS **John G. Connors**	*Director*	July 23, 2013
/s/ TIMOTHY D. COOK **Timothy D. Cook**	*Director*	July 23, 2013
/s/ ALAN B. GRAF, JR. **Alan B. Graf, Jr.**	*Director*	July 23, 2013
/s/ DOUGLAS G. HOUSER **Douglas G. Houser**	*Director*	July 23, 2013
/s/ JOHN C. LECHLEITER **John C. Lechleiter**	*Director*	July 23, 2013
/s/ JOHNATHAN A. RODGERS **Johnathan A. Rodgers**	*Director*	July 23, 2013
/s/ ORIN C. SMITH **Orin C. Smith**	*Director*	July 23, 2013
/s/ JOHN R. THOMPSON, JR. **John R. Thompson, Jr.**	*Director*	July 23, 2013
/s/ PHYLLIS M. WISE **Phyllis M. Wise**	*Director*	July 23, 2013

NIKE, INC.

1990 STOCK INCENTIVE PLAN
NON-STATUTORY STOCK OPTION AGREEMENT

Pursuant to the 1990 Stock Incentive Plan (the "Plan") of NIKE, Inc., an Oregon corporation (the "Company"), the Company grants to _____ (the "Optionee") the right and the option (the "Option") to purchase all or any part of _____ of the Company's Class B Common Stock at a purchase price of $ _____ per share, subject to the terms and conditions of this agreement between the Company and the Optionee (this "Agreement"). By accepting this Option grant, the Optionee agrees to all of the terms and conditions of the Option grant. The terms and conditions of the Option grant set forth in the attached Exhibit A and in the attached Appendix For Non-U.S. Optionees are incorporated into and made a part of this Agreement. Capitalized terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

1. **Grant Date; Expiration Date.** The Grant Date for this Option is _____ . The Option shall continue in effect until _____ (the "Expiration Date") unless earlier terminated as provided in Sections 1 or 6 of Exhibit A. The Option shall not be exercisable on or after the Expiration Date.

2. **Vesting of Option.** The Vesting Reference Date of this Option is _____ . Until it expires or is terminated as provided in Sections 1 or 6 of Exhibit A, the Option may be exercised from time to time to purchase whole shares as to which it has become exercisable. The Option shall become exercisable for 25% of the shares on each of the first four anniversaries of the Vesting Reference Date, so that the Option will be fully exercisable on the fourth anniversary of the Vesting Reference Date.

3. **Non-Statutory Stock Option.** The Company hereby designates the Option to be a non-statutory stock option, rather than an Incentive Stock Option as defined in Section 422 of the United States Internal Revenue Code of 1986, as amended.

NIKE, Inc.

By: _____
Mark G. Parker,
Chief Executive Officer

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NIKE, INC.

EXHIBIT A TO
1990 STOCK INCENTIVE PLAN
NON-STATUTORY STOCK OPTION AGREEMENT

1. **Termination of Employment or Service.**

1.1 General Rule. Except as provided in this Section 1 or in Section 6.2, the Option may not be exercised unless at the time of exercise the Optionee is employed by or in the service of the Company and shall have been so employed or provided such service continuously since the Grant Date. For purposes of this Agreement, the Optionee is considered to be employed by or in the service of the Company if the Optionee is employed by or in the service of the Company or any parent or subsidiary corporation of the Company (an "Employer").

1.2 Termination Generally. If the Optionee's employment or service with the Company terminates for any reason other than total disability, death, normal retirement or early retirement as provided in Sections 1.3, 1.4, 1.5 or 1.6, or cause or good reason in connection with a change in control as provided in Section 6.2, the Option may be exercised at any time before the Expiration Date or the expiration of three months after the date of termination, whichever is the shorter period, but only if and to the extent the Optionee was entitled to exercise the Option at the date of termination.

1.3 Termination Because of Total Disability. If the Optionee's employment or service with the Company terminates because of total disability, the Option shall , following the receipt and processing by the Company's legal department of any necessary and appropriate documentation in connection with the Optionee's termination (the "Processing Period"), become exercisable in full and may be exercised at any time before the Expiration Date or before the date that is four years after the date of termination, whichever is the shorter period. The term "total disability" means a medically determinable mental or physical impairment that is expected to result in death or has lasted or is expected to last for a continuous period of 12 months or more and that, in the opinion of the Company and two independent physicians, causes the Optionee to be unable to perform duties as an employee, director, officer or consultant of the Employer and unable to be engaged in any substantial gainful activity. Total disability shall be deemed to have occurred on the first day after the two independent physicians have furnished their

written opinion of total disability to the Company and the Company has reached an opinion of total disability.

1.4 Termination Because of Death. If the Optionee dies while employed by or in the service of the Company, the Option shall , following the Processing Period, become exercisable in full and may be exercised at any time before the Expiration Date or before the date that is four years after the date of death, whichever is the shorter period, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or by the laws of descent and distribution of the state or country of domicile at the time of death.

1.5 Termination Because of Normal Retirement. Subject to Section 6.2, if the Optionee's employment or service with the Company terminates because of the Optionee's normal retirement before the first anniversary of the Vesting Reference Date, the Option shall immediately terminate. If the Optionee's employment or service with the Company terminates because of the Optionee's normal retirement on or after the first anniversary of the Vesting Reference Date, the Option shall, following the Processing Period, become exercisable in full and may be exercised at any time before the Expiration Date or before the expiration of four years after the date of termination, whichever is the shorter period. For purposes of this Section 1.5, the term "normal retirement" means a termination of employment or service other than as a result of death or total disability that occurs at a time when (a) the Optionee's age is at least 60 years, and (b) the Optionee has been employed by or in the service of the Company or a parent or subsidiary corporation of the Company for at least five full years.

1.6 Termination Because of Early Retirement. Subject to Section 6.2, if the Optionee's employment or service with the Company terminates because of the Optionee's early retirement before the first anniversary of the Vesting Reference Date, the Option shall immediately terminate. If the Optionee's employment or service with the Company terminates because of the Optionee's early retirement on or after the first anniversary of the Vesting Reference Date, the Option shall continue to become exercisable according to the schedule specified in this Agreement with no forfeiture of any portion of the Option resulting from such termination, and the Option may be exercised at any time before the Expiration Date or before the expiration of four years after the date of termination, whichever is the shorter period. For purposes of this Section 1.6, the term "early retirement" means a termination of employment or service other than as a result of death or

total disability that occurs at a time when (a) the Optionee's age is at least 55 years and less than 60 years, and (b) the Optionee has been employed by or in the service of the Company or a parent or subsidiary corporation of the Company for at least five full years.

1.7 Absence on Leave. Absence on leave or on account of illness or disability under rules established by the committee of the Board of Directors of the Company appointed to administer the Plan (the "Committee") shall not be deemed an interruption of employment or service.

1.8 Failure to Exercise Option. To the extent that following termination of employment or service, the Option is not exercised within the applicable periods described above or in Section 6.2, all further rights to purchase shares pursuant to the Option shall cease and terminate.

2. **Method of Exercise of Option.** The Option may be exercised only by notice in writing from the Optionee to the Company *, or a broker designated by the Company,* of the Optionee's binding commitment to purchase shares, specifying the number of shares the Optionee desires to purchase under the Option and the date on which the Optionee agrees to complete the transaction and, if required to comply with the Securities Act of 1933, containing a representation that it is the Optionee's intention to acquire the shares for investment and not with a view to distribution *(the "Exercise Notice")* . On or before the date specified for completion of the purchase, the Optionee must pay the Company the full purchase price of those shares by *either of, or a combination of, the following methods at the election of the Optionee: (a) cash payment by wire transfer; or (b) delivery of an Exercise Notice, together with* irrevocable instructions to *a* broker to deliver promptly to the Company the amount of *sale* proceeds *required* to pay the *full purchase price* . Unless the Committee determines otherwise, no shares shall be issued upon exercise of an Option until full payment for the shares has been made, including all amounts owed for tax withholding *as discussed in Section 4 below* .

3. **Nontransferability.** The Option is nonassignable and nontransferable by the Optionee, either voluntarily or by operation of law, except by will or by the laws of descent and distribution of the state or country of the Optionee's domicile at the time of death, and during the Optionee's lifetime, the Option is exercisable only by the Optionee.

4. **Responsibility for Taxes.** The Optionee shall, immediately upon notification of the amount due, if any, pay to the Company by wire transfer, or irrevocably instruct a broker to pay from stock sales proceeds, amounts necessary to satisfy any applicable federal, state and local tax withholding requirements. If additional withholding is or becomes required (as a result of exercise of the Option or as a result of disposition of shares acquired pursuant to exercise of the Option) beyond any amount deposited before delivery of the certificates, the Optionee shall pay such amount to the Company, by wire transfer, on demand. If the Optionee fails to pay the amount demanded, the Company or the Employer may withhold that amount from other amounts payable to the Optionee, including salary, subject to applicable law.

5. **Changes in Capital Structure.** If the outstanding shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, reclassification, stock split, combination of shares or dividend payable in shares, appropriate adjustment shall be made by the Committee in the number and kind of shares subject to the Option, and the purchase price for shares subject to the Option, so that the Optionee's proportionate interest before and after the occurrence of the event is maintained. Notwithstanding the foregoing, the Committee shall have no obligation to effect any adjustment that would or might result in the issuance of fractional shares, and any fractional shares resulting from any adjustment may be disregarded or provided for in any manner determined by the Committee. Any such adjustments made by the Committee shall be conclusive.

6. **Sale of the Company; Change in Control.**

6.1 **Sale of the Company** . If there shall occur a merger, consolidation or plan of exchange involving the Company pursuant to which the outstanding shares of Common Stock

of the Company are converted into cash or other stock, securities or property, or a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company, then either:

6.1.1 the Option shall be converted into an option to acquire stock of the surviving or acquiring corporation in the applicable transaction for a total purchase price equal to the total price applicable to the unexercised portion of the Option, and with the amount and type of shares subject thereto and purchase price per share thereof to be conclusively determined by the Committee, taking into account the relative values of the companies involved in the applicable transaction and the exchange rate, if any, used in determining shares of the surviving corporation to be held by the former holders of the Company's Class B Common Stock following the applicable transaction, and disregarding fractional shares; or

6.1.2 the Option will become exercisable in full effective as of the consummation of such transaction, and the Committee shall approve some arrangement by which the Optionee shall have a reasonable opportunity to exercise the Option effective as of the consummation of such transaction or otherwise realize the value of the Option, as determined by the Committee. If the Option is not exercised in accordance with procedures approved by the Committee, the Option shall terminate (notwithstanding any provisions apparently to the contrary in this Agreement).

6.2 **Change in Control** . If Section 6.1.2 does not apply, the Option shall, following a reasonable Processing Period, become exercisable in full and may be exercised at any time before the Expiration Date or before the date that is four years after the date of termination of employment or service, whichever is the shorter period, if a Change in Control (as defined below) occurs and at any time after the earlier of Shareholder Approval (as defined below), if any, or the Change in Control and on or before the second anniversary of the Change in Control, (i) the Optionee's employment or service is terminated by the Company (or its successor) without Cause (as defined below), or (ii) the Optionee's employment or service is terminated by the Optionee for Good Reason (as defined below).

6.2.1 For purposes of this Agreement, a " **Change in Control** " of the Company shall mean the occurrence of any of the following events:

(a) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office;

(b) At any time that the holders of the Class A Common Stock of the Company have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within

the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the then outstanding Class A Common Stock of the Company;

(c) At any time after such time as the holders of the Class A Common Stock of the Company cease to have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") representing thirty percent (30%) or more of the combined voting power of the then outstanding Voting Securities;

(d) A consolidation, merger or plan of exchange involving the Company ("Merger") as a result of which the holders of outstanding Voting Securities immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(e) A sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company.

6.2.2 For purposes of this Agreement, " **Shareholder Approval** " shall mean approval by the shareholders of the Company of a transaction, the consummation of which would be a Change in Control.

6.2.3 For purposes of this Agreement, " **Cause** " shall mean (a) the willful and continued failure to perform substantially the Optionee's reasonably assigned duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Optionee by the Company which specifically identifies the manner in which the Company believes that the Optionee has not substantially performed the Optionee's duties, or (b) the willful engagement in illegal conduct which is materially and demonstrably injurious to the Company. No act, or failure to act, shall be considered "willful" if the Optionee reasonably believed that the action or omission was in, or not opposed to, the best interests of the Company.

6.2.4 For purposes of this Agreement, " **Good Reason** " shall mean:

(a) the assignment of a different title, job or responsibilities that results in a decrease in the level of responsibility of the Optionee after Shareholder Approval, if applicable, or the Change in Control when compared to the Optionee's level of responsibility for the Company's operations prior to Shareholder Approval, if applicable, or the Change in Control; provided that Good Reason shall not exist if the Optionee continues to have the same or a greater general level of responsibility for Company operations after the Change in Control as the Optionee had prior to the Change in Control even if the Company operations are a subsidiary or division of the surviving company,

(b) a reduction in the Optionee's base pay as in effect immediately prior to Shareholder Approval, if applicable, or the Change in Control,

(c) a material reduction in total benefits available to the Optionee under cash incentive, stock incentive and other employee benefit plans after Shareholder Approval, if applicable, or the Change in Control compared to the total package of such benefits as in effect prior to Shareholder Approval, if applicable, or the Change in Control, or

(d) the Optionee is required to be based more than 50 miles from where the Optionee's office is located immediately prior to Shareholder Approval, if applicable, or the Change in Control except for required travel on company business to an extent substantially consistent with the business travel obligations which the Optionee undertook on behalf of the Company prior to Shareholder Approval, if applicable, or the Change in Control.

7. **Clawback Policy** . The Optionee acknowledges and agrees that all shares purchased upon exercise of the Option shall be subject to the NIKE, Inc. Policy for Recoupment of Incentive Compensation as approved by the Committee and in effect on the Grant Date.

8. **Conditions on Obligations.** The Company shall not be obligated to issue shares of Class B Common Stock upon exercise of the Option if the Company is advised by its legal counsel that such issuance would violate applicable foreign, state or federal laws, including securities laws or exchange control regulations.

9. **No Right to Employment or Service.** Nothing in the Plan or this Agreement shall (a) confer upon the Optionee any right to be continued in the employment of an Employer or interfere in any way with the Employer's right to terminate the Optionee's employment at will at any time, for any reason, with or without cause, or to decrease the Optionee's compensation or benefits, or (b) confer upon the Optionee any right to be retained or employed by the Employer or to the continuation, extension, renewal or modification of any compensation, contract or arrangement with or by the Employer. The determination of whether to grant any option under the Plan is made by the Company in its sole discretion. The grant of the Option shall not confer upon the Optionee any right to receive any additional option or other award under the Plan or otherwise.

10. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Optionee's participation in the Plan, or the Optionee's acquisition or sale of the underlying shares of Class B Common Stock. The Optionee is hereby advised to consult with the Optionee's own personal tax, legal and financial advisors regarding the Optionee's participation in the Plan before taking any action related to the Plan.

11. **Successors of Company.** This Agreement shall be binding upon and shall inure to the benefit of any successor of the Company but, except as provided herein, the Option may not be assigned or otherwise transferred by the Optionee.

12. **Rights as a Shareholder.** The Optionee shall have no rights as a shareholder with respect to any shares of Class B Common Stock until the date the Optionee becomes the holder of record of those shares. No adjustment shall be made for dividends or other rights for which the record date occurs before the date the Optionee becomes the holder of record.

13. **Amendments.** The Company may at any time amend this Agreement to extend the expiration periods provided in Sections 1 or 6.2 or to increase the portion of the Option that is exercisable. Otherwise, this Agreement may not be amended without the written consent of the Optionee and the Company.

14. **Committee Determinations.** The Optionee agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee or other administrator of the Plan as to the provisions of the Plan or this Agreement or any questions arising thereunder.

15. **Governing Law; Attorneys' Fees.** The Option grant and the provisions of this Agreement are governed by, and subject to, the laws of the State of Oregon. For purposes of litigating any dispute that arises under this grant or the Agreement, the parties hereby submit to and consent to the jurisdiction of, and agree that such litigation shall be conducted, in the courts of Washington County , Oregon or the United States District Court for the District of Oregon , where this grant is made and/or to be performed. In the event either party institutes litigation hereunder, the prevailing

party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

16. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Appendix** . Notwithstanding any provisions in this Agreement, if the Optionee is a resident of any country other than the United States on the Grant Date, the Option grant shall be subject to the special terms and conditions set forth in the Appendix to this Agreement, including additional terms for all non-U.S. optionees and additional terms for the Optionee's country. Moreover, if the Optionee relocates outside of the United States to one of the countries included in the Appendix, or from one such country to another such country, the special terms and conditions for all non-U.S. optionees and for such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

19. **Imposition of Other Requirements** . The Company reserves the right to impose other requirements upon the Optionee's participation in the Plan, on the Option and on any shares of Class B Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Complete Agreement.** This Agreement, including the Appendix, constitutes the entire agreement between the Optionee and the Company, both oral and written concerning the matters addressed herein, *except with regard to the imposition of other requirements as described under Section 19 above,* and all prior agreements or representations concerning the matters addressed herein, whether written or oral, express or implied, are terminated and of no further effect.

NIKE, INC.

APPENDIX FOR NON-U.S. OPTIONEES

1990 STOCK INCENTIVE PLAN
NON-STATUTORY STOCK OPTION AGREEMENT

This Appendix includes additional terms and conditions that govern Options for Optionees residing outside of the United States and in one of the countries listed herein. Capitalized terms not explicitly defined in this Appendix but defined in the Agreement shall have the same definitions as in the Agreement.

This Appendix also includes information regarding certain issues of which the Optionee should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information in this Appendix as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time that the Optionee exercises the Option or sells shares of Class B Common Stock acquired upon exercise of the Option.

In addition, the information contained herein is general in nature and may not apply to the Optionee's particular situation, and the Company is not in a position to assure the Optionee of a particular result. Accordingly, the Optionee is advised to seek appropriate professional advice as to how the relevant laws in the Optionee's country may apply to a particular situation.

Further, if the Optionee is a citizen or resident of a country other than the one in which the Optionee is currently working, the information contained herein may not be applicable.

Finally, the Company may, at any time and at its own discretion, restrict the available methods of exercising the Option/paying the purchase price or direct the repatriation of the proceeds of the sale of shares of Class B Common Stock acquired upon exercise of the Option to facilitate compliance with any tax, securities or other relevant laws in the Optionee's country.

ADDITIONAL TERMS FOR ALL NON-U.S. OPTIONEES

The following additional terms and conditions apply to the Option if the Optionee is a resident of any country other than the United States at the time of grant, vesting or exercise of the Option. Additional country-specific terms and conditions that apply to the Option if the Optionee is a resident of the particular country begin on page APP-6.

1. **Active Employment.** Notwithstanding Section 1 of Exhibit A to the Agreement, in the event of termination of the Optionee's employment or service (whether or not in breach of local labor laws and whether or not later found to be invalid):

1.1 the Optionee's right to vest in the Option, if any, will terminate effective as of the date that the Optionee is no longer actively employed or in service,

1.2 the Optionee's right to exercise the Option after termination of employment or service, if any, will be measured by the date of termination of active employment or service, and

1.3 neither the right to vest nor the right to exercise will be extended by any notice period mandated under local law (e.g., active employment or service would not include a period of "garden leave" or similar period pursuant to local law).

The Committee shall have the exclusive discretion to determine when the Optionee is no longer actively employed or in service for purposes of the Option.

2. **Responsibility for Taxes.** This provision replaces Section 4 of Exhibit A to the Agreement.

Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Optionee's participation in the Plan and legally applicable to the Optionee or deemed by the Company or the Employer to be an appropriate charge to the Optionee even if technically due by the Company or the Employer ("Tax-Related Items"), the Optionee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the issuance of shares of Class B Common Stock upon exercise of the Option, the subsequent sale of shares of Class B Common Stock acquired pursuant to such issuance and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax-withholding event, as applicable, the Optionee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(1) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer;

(2) withholding from proceeds of the sale of shares of Class B Common Stock acquired upon exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization); or

(3) withholding in shares to be issued upon exercise of the Option.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in shares, for tax purposes, the Optionee is deemed to have been issued the full number of shares subject to the exercised Option, notwithstanding that a number of the shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Optionee's participation in the Plan.

Finally, the Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that are not, in the discretion of the Company or the Employer, satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Class B Common Stock, if the Optionee fails to comply with the Optionee's obligations in connection with the Tax-Related Items.

3. **Nature of Grant.** In accepting this Option grant, the Optionee acknowledges that:

3.1 the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

3.2 the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past;

3.3 all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;

3.4 the Optionee is voluntarily participating in the Plan;

3.5 the Option and the shares of Class B Common Stock subject to the Option are extraordinary items that do not constitute compensation of any kind for services of any kind

rendered to the Company or the Employer, and which are outside the scope of the Optionee's employment contract, if any;

3.6 the Option and the shares of Class B Common Stock subject to the Option are not intended to replace any pension rights or compensation;

3.7 the Option and the shares of Class B Common Stock subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any subsidiary or affiliate of the Company;

3.8 the Option grant and the Optionee's participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any subsidiary or affiliate of the Company;

3.9 the future value of the underlying shares of Class B Common Stock is unknown and cannot be predicted with certainty;

3.10 if the underlying shares of Class B Common Stock do not increase in value, the Option will have no value;

3.11 if the Optionee exercises the Option and obtains shares of Class B Common Stock, the value of the shares of Class B Common Stock acquired upon exercise may increase or decrease in value, even below the purchase price; and

3.12 no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Optionee's employment or service with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws and whether or not later found to be invalid) and in consideration of the grant of the Option to which the Optionee is not otherwise entitled, the Optionee irrevocably agrees never to institute any claim against the Company or the Employer and waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then by participating in the Plan, the Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal of withdrawal or such claims.

4. ***Data Privacy. The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.***

The Optionee understands that the Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Optionee understands that Data will be transferred to a designated Plan broker or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Optionee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the Optionee's local human resources representative. The Optionee authorizes the Company, a designated Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. The Optionee understands that the Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Optionee's local human resources representative. The Optionee understands, however, that refusing or withdrawing the Optionee's consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of the Optionee's refusal to consent or withdrawal of consent, the Optionee understands that the Optionee may contact the Optionee's local human resources representative.

5. **Language** . If the Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

6. **Exception to Retirement Provisions** . If the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the country of Optionee's residence that would likely result in the favorable retirement treatment under Sections 1.5 and 1.6 of Exhibit A being deemed unlawful and/or discriminatory, then the Company will not apply Sections 1.5 and 1.6 of Exhibit A at the time of the Optionee's termination of employment or service, and instead will apply Section 1.2 of Exhibit A.

COUNTRY-SPECIFIC TERMS

The following additional terms and conditions may apply to the Option if the Optionee is in any of the countries listed below between the time of grant of the Option and the sale of any shares of the Company's Class B Common Stock issued upon exercise of the Option.

ARGENTINA

Securities Law Information . Shares of the Company’s Class B Common Stock are not publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information . Due to exchange control restrictions in Argentina, the Optionee understands that he or she may not be able to remit funds out of Argentina to pay the purchase price. The Optionee is strongly advised to check with his or her personal advisor on the applicable restrictions prior to exercising the Option.

Provided proceeds from the sale of shares of the Company's Class B Common Stock or dividend proceeds are held in a U.S. bank or brokerage account for at least 10 days prior to transfer into Argentina, the Optionee should be able to freely transfer such proceeds into Argentina, although the Optionee should confirm this with his or her local bank. Please be aware that the Argentine bank handling the transaction may request certain documentation in connection with the request to transfer proceeds into Argentina, including evidence of the sale, proof of the source of the funds used to purchase the shares, etc. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentine Central Bank has not been satisfied, it will require that 30% of the proceeds be placed in a non-interest bearing dollar deposit account for a holding period of 365 days.

Please note that exchange control regulations in Argentina are subject to frequent change. The Optionee should consult with his or her personal legal advisor regarding any exchange control obligations that the Optionee may have prior to exercising the Option or receiving proceeds from the sale of shares of Class B Common Stock acquired upon exercise of the Option or from the payment of any dividends.

Foreign Asset/Account Reporting Information. The Optionee is required to report any share in a non-Argentine company (including shares of Class B Common Stock acquired upon exercise of the Option) held as of December 31 of each year in his or her tax annual return.

AUSTRALIA

Limitations on Exercise. The following supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

If the Options vest when the market price per share of Class B Common Stock is equal to or less than the purchase price for the Options, the Optionee shall not be permitted to exercise the Option.

The Options may only be exercised starting on the business day following the first day on which the market price per share of Class B Common Stock exceeds the purchase price for the Options.

Lastly, due to tax laws in Australia, the Expiration Date of the Option shall be a date which is no greater than seven (7) years from the Grant Date.

Securities Law Information. If the Optionee acquires shares of Class B Common Stock upon exercise of the Option and subsequently offers the shares for sale to a person or entity resident in Australia, such an offer may be subject to disclosure requirements under Australian law, and the Optionee should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

AUSTRIA

Consumer Protection Information . To the extent that the provisions of the Austrian Consumer Protection Act are applicable to the Agreement and the Option, the Optionee may be entitled to revoke his or her acceptance of the Agreement if the conditions listed below are met:

(i) The revocation must be made within one week after the Optionee accepts the Agreement.

(ii) The revocation must be in written form to be valid. It is sufficient if the Optionee returns the Agreement to the Company or the Company's representative with language that can be understood as the Optionee's refusal to conclude or honor the Agreement, provided the revocation is sent within the period set forth above.

Exchange Control Information . If the Optionee holds shares of Class B Common Stock obtained through the Plan outside of Austria, the Optionee must submit a report to the Austrian National Bank. An exemption applies if the value of the shares as of any given quarter does not exceed €30,000,000 or as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is as of December 31 and the deadline for filing the annual report is March 31 of the following year.

When shares are sold, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all the Optionee's accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.

BELGIUM

Taxation of Option. The Option must be accepted in writing either (i) within 60 days of the offer (for tax at offer), or (ii) after 60 days of the offer (for tax at exercise).

Foreign Asset/Account Reporting Information. The Optionee is required to report any bank or brokerage accounts opened and maintained outside Belgium on his or her annual tax return.

BRAZIL

Compliance with Law. By accepting the Option, the Optionee acknowledges his or her agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of the Option, the receipt of any dividends, and the sale of shares issued upon exercise of the Option.

Exchange Control Information . If the Optionee is a resident or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include shares issued upon exercise of the Option.

CANADA

Method of Exercise. This provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Notwithstanding anything to the contrary in the Plan or this Agreement, the Optionee will not be permitted to pay the purchase price or any Tax-Related Items by delivery to the Company, or attestation to the Company of ownership, of other Class B Common Stock.

French Language Provision . The following provision will apply if the Optionee is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Termination of Employment or Service . This provision supplements Section 1 of the Additional Terms For All Non-U.S. Optionees in this Appendix.

In the event of involuntary termination of the Optionee's employment or service (whether or not in breach of local labor laws), the Optionee's right to receive and vest in the Option, if any, will terminate effective as of the date that is the earlier of: (1) the date the Optionee's employment or service is terminated, (2) the date Optionee receives notice of termination of employment or service from the Company or the Optionee's Employer, or (3) the date the Optionee is no longer actively employed by or in the service of the Company or his or her Employer regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law); the Committee shall have the exclusive discretion to determine when the Optionee no longer actively employed or in service for purposes of the Option

grant (including whether the Optionee may still be considered to be providing services while on a leave of absence).

Data Privacy. This provision supplements Section 4 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

The Optionee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Optionee further authorizes the Company, any subsidiary or affiliate and the Committee to disclose and discuss the Option with their advisors. The Optionee further authorizes the Company and any subsidiary or affiliate to record such information and to keep such information in the Optionee's employee file.

CHILE

Securities Law Information. Neither the Company nor the shares of Class B Common Stock subject to the Option are registered with the Chilean Registry of Securities or under the control of the Chilean Superintendence of Securities.

Exchange Control Information. It is the Optionee's responsibility to make sure that the Optionee complies with exchange control requirements in Chile when the value of his or her Option transaction is in excess of US$10,000, regardless of whether the Optionee exercises his or her Option through a cash exercise or cashless method of exercise.

If the Optionee uses the cash exercise method to exercise his or her Option and the Optionee remits funds in excess of US$10,000 out of Chile, the remittance must be made through the Formal Exchange Market (*i.e* ., a commercial bank or registered foreign exchange office). In such case, the Optionee must provide to the bank or registered foreign exchange office certain information regarding the remittance of funds (*e.g* ., destination, currency, amount, parties involved, etc.).

If the Optionee exercises his or her Option using a cashless exercise method and the aggregate value of the purchase price exceeds US$10,000, the Optionee must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within 10 days of the exercise date.

The Optionee is not required to repatriate funds obtained from the sale of shares or the receipt of any dividends. However, if the Optionee decides to repatriate such funds, the Optionee must do so through the Formal Exchange Market if the amount of the funds exceeds US$10,000. In such case, the Optionee must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

If the Optionee's aggregate investments held outside of Chile exceeds US$5,000,000 (including the investments made under the Plan), the Optionee must report the investments annually to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report.

Please note that exchange control regulations in Chile are subject to change. The Optionee should consult with his or her personal legal advisor regarding any exchange control obligations that the Optionee may have prior to exercising the Option or receiving proceeds from the sale of shares acquired upon exercise of the Option.

Annual Tax Reporting Obligation. The Chilean Internal Revenue Service ("CIRS") requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes, and (ii) the results of foreign investments. These annual reporting obligations must be complied with by submitting a sworn statement setting forth this information before March 15 of each year. The forms to be used to submit the sworn statement are Tax Form 1853 "Annual Sworn Statement Regarding Credits for Taxes Paid Abroad" and Tax Form 1851 "Annual Sworn Statement Regarding Investments Held Abroad." If the Optionee is not a Chilean citizen and has been a resident in Chile for less than three years, the Optionee is exempt from the requirement to file Tax Form 1853. These statements must be submitted electronically through the CIRS website: www.sii.cl.

CHINA

The following provisions apply to PRC nationals and any other individuals who are subject to exchange control requirements in China, as determined by the Company in its sole discretion:

Restriction on Exercisability. Notwithstanding Section 2 of the Agreement and any other provision of the Agreement or the Plan, the Optionee will not be permitted to exercise his or her Option until and unless the necessary approvals for the Plan have been obtained from the State Administration of Foreign Exchange and remain in place, as determined by the Company in its sole discretion.

Method of Exercise. This provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Notwithstanding anything to the contrary in the Agreement or the Plan, due to exchange control laws in China, the Optionee will be required to exercise his or her Option using the cashless sell-all exercise method pursuant to which all shares subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the purchase price, any Tax-Related Items and broker's fees or commissions, will be remitted to the Optionee in accordance with any applicable exchange control laws and regulations. The Company reserves the right to provide additional methods of exercise depending on the development of local law.

Exchange Control Requirements. The Optionee understands and agrees that, pursuant to local exchange control requirements, the Optionee will be required to immediately repatriate the cash proceeds from the cashless exercise of the Option to China. The Optionee further understands that, under local law, such repatriation of his or her cash proceeds may need to be effectuated through a special exchange control account established by the Company, subsidiary, affiliate or the Employer, and the Optionee hereby consents and agrees that any proceeds from the sale of shares may be transferred to such special account prior to being delivered to the Optionee.

The proceeds may be paid to the Optionee in U.S. dollars or local currency at the Company's discretion. In the event the proceeds are paid to the Optionee in U.S. dollars, the Optionee understands that the Optionee will be required to set up a U.S. dollar bank account in China and provide the bank account details to the Employer and/or the Company so that the proceeds may be deposited into this account. If the proceeds are paid to the Optionee in local currency, the Company is under no obligation to secure any particular exchange conversion rate and/or conversion date and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. The Optionee agrees to bear any currency fluctuation risk between the time the shares are sold or dividends are received and the time the proceeds are distributed through any such special exchange account. The Optionee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Post-Termination Exercise Period. This provision modifies Section 1 of Exhibit A to the Agreement:

Notwithstanding the post-termination exercise periods set forth in Section 1 of Exhibit A to the Agreement, to comply with local exchange control requirements, Optionee will be required to exercise the Option within the lesser of (1) the period set forth in Section 1 of Exhibit A to the Agreement; and (2) three (3) months after termination of employment or service, regardless of the reason for termination. The Company reserves the right to allow for a longer exercise period depending on the development of local law.

CZECH REPUBLIC

Exchange Control Information. Upon request of the Czech National Bank, the Optionee may need to file a notification within 15 days of the end of the calendar quarter in which he or she acquires shares upon exercise of the Option. However, because exchange control regulations change frequently and without notice, the Optionee should consult with his or her personal legal advisor prior to the exercise of the Option and the sale of shares of the Company's Common Stock to ensure compliance with current regulations. It is the Optionee's responsibility to comply with any applicable Czech exchange control laws.

DENMARK

Exchange Control and Tax Reporting Information. The Optionee may hold shares acquired upon exercise of the Option in a safety-deposit account (*e.g* ., a brokerage account) either with a Danish bank or with an approved foreign broker or bank. If the shares are held with a foreign broker or bank, the Optionee is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, he or she must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. The Declaration V must be signed by the Optionee and may be signed by the broker or bank, as applicable, where the account is held.. In the event that the applicable broker or bank with which the safety-deposit account is held does not also sign the Declaration V, the Optionee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any shares acquired at exercise and held in such account to the

Danish Tax Administration as part of the Optionee's annual income tax return. By signing the Declaration V, the Optionee at the same time authorizes the Danish Tax Administration to examine the account.

In addition, when the Optionee opens a deposit account or a brokerage account for the purpose of holding cash outside of Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, the Optionee must also file a Declaration K (Erklaering K) with the Danish Tax Administration. Both the Optionee and the bank or broker, as applicable, must sign the Declaration K. By signing the Declaration K, the bank or broker, as applicable, undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Optionee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of the Optionees annual income tax return. By signing the Declaration K, the Optionee at the same time authorizes the Danish Tax Administration to examine the account.

FINLAND

There are no country-specific provisions.

FRANCE

Language Consent. By accepting the Option, the Optionee confirms having read and understood the documents relating to this grant (the Plan, the French Plan (defined below), the Agreement and this Appendix) which were provided in English language. The Optionee accepts the terms of those documents accordingly.

En acceptant l'attribution, le Bénéficiaire confirme ainsi avoir reçu lu et compris les documents relatifs à cette attribution (le Plan le Plan Français (défini ci-dessous) et l'Accord et cette Annexe)) qui ont été communiqués en langue anglaise. Le Bénéficiaire accepte les termes en connaissance de cause.

The following terms and conditions apply to French-qualified options granted on or after September 28, 2012. The terms and conditions applicable to French-qualified options granted before this date differ and the Optionee is advised to consult with his or her personal tax advisor in this regard.

French-qualified Option Under the French Plan. The Option is granted under the Sub-Plan for Option Grants to French Participants (the "French Plan") and is intended to qualify for favorable tax and social security treatment under Section L. 225−177 to L. 225−186−1 of the French Commercial Code, as amended and in accordance with the relevant provisions set forth by the French tax and social security laws and the French tax and social security administrations. Thus, the terms of the French Plan and the following additional terms shall apply.

The Company does not undertake to maintain the qualified status of the Option. Further, the Optionee understands and agrees that the Optionee will be responsible for paying personal income tax and his or her portion of social security contributions resulting from the exercise of the Option in the event the Optionee sells the underlying shares before the applicable holding period is met or if the Option loses its qualified status and that the Optionee will not be entitled to any damages if the Option no longer qualifies as French-qualified Option.

Plan Terms

The Option is subject to the terms and conditions of the Plan and the French Plan. To the extent that any term is defined in both the Plan and the French Plan, for purposes of this grant of the Option, the definitions in the French Plan shall prevail.

Death

This provision replaces Section 1.4: Termination Because of Death, of the Agreement:

If the Optionee dies while actively employed the Company or a Subsidiary, pursuant to Section 7 of the French Plan, the Option shall become immediately vested and exercisable in full and may be exercised within six (6) months of the Optionee's death by the executor or administrator of Optionee's estate or any person to whom the Option is transferred by will or the laws of descent and distribution. Further, the Option will qualify for favorable French tax and social security treatment without regard to the holding period set forth by Section 163 bis C of the French Tax Code, as amended. Any portion of the Option that is not exercised within six (6) months following the date of the Optionee's death shall terminate and be forfeited.

Shares acquired at exercise of the Option . The Company may require that the shares acquired upon exercise remain with an appointed broker until their sale.

Foreign Asset/Account Reporting Information. The Optionee may hold shares of Class B Common Stock obtained under the Plan outside of France provided that the Optionee declares all foreign accounts whether open, current, or closed on his or her annual income tax return.

GERMANY

Exchange Control Information. If the Optionee remits proceeds in excess of €12,500 out of or into Germany, such cross-border payment must be reported monthly to the *Servicezentrum Außenwirtschaftsstatistik* , which is the competent federal office of the Deutsche Bundesbank (the German Central Bank). The Optionee is responsible for the reporting obligation and should be able to obtain a copy of the form used for this purpose from the German bank used to carry out the transfer.

GREECE

Exchange Control Information. If the Optionee exercises his or her Option through a cash exercise, withdraws funds from a bank in Greece and remits those funds out of Greece, the Optionee will be required to submit a written application to the bank containing the following information: (i) amount and currency to be remitted; (ii) account to be debited; (iii) name and contact information of the beneficiary (the person or company to whom the funds are to be remitted); (iv) bank of the beneficiary with address and code number; (v) account number of the beneficiary; (vi) details of the payment such as the purpose of the transaction (*e.g.* , exercise of shares); and (vii) expenses of the transaction.

If the Optionee exercises his or her Option by way of a cashless method of exercise, this application will not be required since no funds will be remitted out of Greece.

HONG KONG

Securities Law Information: *Warning: The Option and shares acquired upon exercise of the Option do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, its subsidiaries or affiliates. The Plan, the Agreement, and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. The Option is intended only for the personal use of each eligible employee of the Employer, the Company or any subsidiary or affiliate and may not be distributed to any other person. The Optionee is advised to exercise caution in relation to the Option. If the Optionee is in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, the Optionee should obtain independent professional advice.*

Sale Restriction. Notwithstanding anything contrary in the Agreement or the Plan, in the event the Option vests and the Optionee or his or her heirs and representatives exercise the Option such that shares are issued to the Optionee or his or her heirs and representatives within six months of the Grant Date, the Optionee agrees that the Optionee or his or her heirs and representatives will not dispose of any shares acquired prior to the six-month anniversary of the Grant Date.

Nature of Scheme . The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

HUNGARY

There are no country-specific provisions.

INDIA

Method of Exercise. Notwithstanding anything to the contrary in the Plan or the Agreement, due to legal restrictions in India, the Optionee will not be permitted to pay the purchase price by a "sell-to-cover" exercise (*i.e.*, where shares of Class B Common Stock subject to the Option will be sold

immediately upon exercise and the proceeds of the sale will be remitted to the Company to cover the purchase price for the purchased shares and any Tax-Related Items or Fringe Benefit Tax withholding). The Company reserves the right to permit this method of payment depending on the development of local law.

Repatriation of Proceeds of Sale. The Optionee agrees to repatriate all proceeds received from the sale of shares of Class B Common Stock or any dividends paid on such shares to India within a reasonable time following the sale of the shares of Class B Common Stock or the receipt of any dividends (*i.e.* , within 90 days). The Optionee must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Optionee's responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information . The Optionee is required to declare any foreign bank accounts and any foreign financial assets (including shares of Class B Common Stock held outside India) in the Optionee's annual tax return. The Optionee is responsible for complying with this reporting obligation and is advised to confer with his or her personal tax advisor in this regard.

INDONESIA

Exchange Control Information. If the Optionee remits funds into or out of Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, the Optionee must complete a "Transfer Report Form." The Transfer Report Form will be provided to the Optionee by the bank through which the transaction is to be made.

Method of Exercise. The following provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Due to regulatory requirements, the Optionee understands that the Optionee will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, the Optionee understands that the Optionee needs to instruct his or her broker to: (i) sell all of the shares issued upon exercise; (ii) use the proceeds to pay the purchase price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Optionee. The Optionee will not be permitted to hold shares after exercise. Depending on the development of local laws or the Optionee's country of residence, the Company reserves the right to modify the methods of exercising the Option and, in its sole discretion, to permit cash exercise, cashless sell-to cover exercise or any other method of exercise and payment of Tax−Related Items permitted under the Agreement.

ISRAEL

Securities Law Notification. This offer of the Option does not constitute a public offering under the Securities Law, 1968.

Method of Exercise. The following provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Due to regulatory requirements, the Optionee understands that the Optionee will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, the Optionee understands that the Optionee needs to instruct his or her broker to: (i) sell all of the shares issued upon exercise; (ii) use the proceeds to pay the purchase price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Optionee. The Optionee will not be permitted to hold shares after exercise. Depending on the development of local laws or the Optionee's country of residence, the Company reserves the right to modify the methods of exercising the Option and, in its sole discretion, to permit cash exercise, cashless sell-to cover exercise or any other method of exercise and payment of Tax−Related Items permitted under the Agreement.

ITALY

Method of Exercise. The following provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Due to regulatory requirements, the Optionee understands that the Optionee will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, the Optionee understands that the Optionee needs to instruct his or her broker to: (i) sell all of the shares issued upon exercise; (ii) use the proceeds to pay the purchase price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Optionee. The Optionee will not be permitted to hold shares after exercise. Depending on the development of local laws or the Optionee's country of residence, the Company reserves the right to modify the methods of exercising the Option and, in its sole discretion, to permit cash exercise, cashless sell-to cover exercise or any other method of exercise and payment of Tax−Related Items permitted under the Agreement.

Data Privacy Notice. *This provision replaces Section 4 of the Additional Terms For All Non-U.S. Optionees in this Appendix:*

The Optionee understands that the Company and the Employer, as a data processor of the Company, may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any subsidiary or affiliate, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, and that the Company and the Employer will process said data and other data lawfully received from third parties (collectively, "Personal Data") for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and legislation. The Optionee also understands that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that the Optionee's denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect the Optionee's ability to participate in the Plan. The Optionee understands that Personal Data will not be publicized, but it may be accessible by the Employer as a data processor of the Company and within the Employer's organization by its

internal and external personnel in charge of processing. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. The Optionee understands that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. The Optionee further understands that the Company and its subsidiaries or affiliates will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and that the Company and its subsidiaries or affiliates may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to a broker or other third party with whom the Optionee may elect to deposit any shares acquired under the Plan or any proceeds from the sale of such shares. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that these recipients may be acting as controllers, processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, including countries that do not provide an adequate level of data protection as intended under Italian privacy law.

Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Personal Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.

The Optionee understands that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require the Optionee's consent thereto as the processing is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan. The Optionee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, he or she has the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not, access, verify its content, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason, the Personal Data processing. To exercise privacy rights the Optionee should address the Data Controller as defined in the employee privacy policy. Furthermore, the Optionee is aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting the Optionee's human resources department.

Plan Document Acknowledgment. By accepting the Option, the Optionee acknowledges that he or she has received a copy of the Plan, the Agreement and this Appendix and has reviewed the Plan, the Agreement and this Appendix in their entirety and fully accepts all provisions thereof. The Optionee further acknowledges that he or she has read and specifically and expressly approves (a) the following provisions of Exhibit A to the Agreement: (i) Section 9: No Right to Employment or Service; (ii) Section 15: Governing Law; Attorneys' Fees; and (iii) Section 18: Appendix; (b) the following provisions of the Additional Terms For All Non-U.S. Optionees in this Appendix: (i) Section 2: Responsibility for Taxes; (ii) Section 3: Nature of Grant; and (iii) Section 5: Language; and (c) the Data Privacy Notice section set forth immediately above in this Appendix.

Exchange Control Information. The Optionee is required to report the following on his or her annual tax return: (1) any transfers of cash or shares to or from Italy exceeding €10,000, (2) any foreign investments or investments held outside of Italy at the end of the calendar year exceeding €10,000 if such investments (e.g., Options, shares of Class B Common Stock, or cash) may result in income taxable in Italy (this will include reporting any vested Options if their intrinsic value (*i.e.* , the difference between the fair market value of the shares underlying the vested Options at the end of the year and the purchase price) combined with other foreign assets exceed €10,000), and (3) the amount of the transfers to and from abroad which have had an impact during the calendar year on the Optionee's foreign investments or investments held outside of Italy. Under certain circumstances, the Optionee may be exempt from the requirement under (1) above if the transfer or investment is made through an authorized broker resident in Italy.

KOREA

Exchange Control Information. If the Optionee remits funds out of Korea to pay the purchase price, the remittance of funds must be confirmed by a foreign exchange bank in Korea. The Optionee should submit the following supporting documents evidencing the nature of the remittance to the bank together with the confirmation application: (i) the Agreement; (ii) the Plan; and (iii) his or her certificate of employment. This confirmation is an automatic procedure (*i.e.* , the bank does not need to approval the remittance and the process should not take more than a single day). This confirmation is not necessary if the Optionee pays the purchase price through any form of payment whereby some or all of the shares purchased upon exercise of the Option are sold to pay the purchase price, because in this case there is no remittance of funds out of Korea.

If the Optionee realizes US$500,000 or more from the sale of shares or the receipt of dividends in a single transaction, he or she must repatriate the proceeds to Korea within eighteen (18) months of the sale or receipt.

MALAYSIA

Insider Trading Information. The Optionee should be aware of the Malaysian insider-trading rules, which may impact his or her acquisition or disposal of shares or rights to shares under the Plan. Under the Malaysian insider-trading rules, the Optionee is prohibited from purchasing or selling shares or rights to shares (*e.g.* , an Option, shares) when he or she is in possession of information which is not generally available and which he or she knows or should know will have a material effect on the price of shares once such information is generally available.

Director Notification Obligation. If the Optionee is a director of the Company's Malaysian subsidiary, he or she is subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian subsidiary in writing when the Optionee receives or disposes of an interest (*e.g.* , an Option, shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

No Entitlement or Claims for Compensation. This provision supplements Section 3 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

By accepting the Option, the Optionee understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at One Bowerman Drive, Beaverton OR, 97005, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and, in the Optionee's case, the acquisition of shares does not, in any way, establish an employment relationship between the Optionee and the Company since the Optionee is participating in the Plan on a wholly commercial basis, nor does it establish any rights between the Optionee and the Employer.

Plan Document Acknowledgment. By accepting the Option, the Optionee acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by accepting the Option, the Optionee further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in Section 3 of the Additional Terms For All Non-U.S. Optionees in this Appendix, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and its parent, subsidiaries and affiliates are not responsible for any decrease in the value of the shares underlying the Option.

Finally, the Optionee hereby declares that he or she does do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and its parent, subsidiaries and affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Reconocimiento de la Ley Laboral. *Estas disposiciones complementan el apartado 3 Condiciones adicionales para todos los no-EE.UU. Optionees en el presente Apéndice :*

Por medio de la aceptación de la Opción, quien tiene la opción manifiesta que entiende y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o desmejora en los términos y condiciones de empleo.

Declaración de Política. *La invitación por parte de la Compañía bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

La Compañía, con oficinas registradas ubicadas en One Bowerman Drive, Beaverton OR, 97005, EE.UU., es la única responsable por la administración del Plan y de la participación en el mismo y, en el caso del que tiene la opción, la adquisición de acciones no establece de forma alguna, una relación de trabajo entre el que tiene la opción y la Compañía, ya que la participación en el Plan por parte del que tiene la opción es completamente comercial así como tampoco establece ningún derecho entre el que tiene la opción y el patrón.

Reconocimiento del Plan de Documentos. *Por medio de la aceptación de la Opción, el que tiene la opción reconoce que ha recibido copias del Plan, que el mismo ha sido revisado al igual que la totalidad del Acuerdo y, que ha entendido y aceptado las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, por medio de la aceptación de la Opción, el que tiene la opción reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en el apartado 3 Condiciones adicionales para todos los no-EE.UU. Optionees en el presente Apéndice, sección en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como su sociedad controlante, subsidiaria or filiales no son responsables por cualquier detrimento en el valor de las acciones en relación con la Opción.

Finalmente, por medio de la presente quien tiene la opción declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a su sociedad controlante, subsidiaria or filiales con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

NETHERLANDS

Labor Law Acknowledgment. By accepting the Option, the Optionee acknowledges that: (i) the Option is intended as an incentive for the Optionee to remain employed with the Employer and is not intended as remuneration for labor performed; and (ii) the Option is not intended to replace any pension rights or compensation.

Insider Trading Information. The Optionee should be aware of the Dutch insider-trading rules, which may impact the sale of shares of Class B Common Stock issued upon exercise of the Option. In particular, the Optionee may be prohibited from effectuating certain transactions if he or she has inside information about the Company.

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has "insider information" related to an issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. "Inside information" is defined as knowledge of specific information concerning the issuing company to which the securities relate or the trade in securities issued by such company, which has not been made public and which, if published, would reasonably be expected to affect the share price, regardless of the development of the price. The insider could be any employee of the Company or a subsidiary in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, an Optionee working at a subsidiary or affiliate in the Netherlands may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when he or she has such inside information.

If the Optionee is uncertain whether the insider-trading rules apply to him or her, then the Optionee should consult with his or her personal legal advisor.

NEW ZEALAND

Securities Law Notification. The Optionee will receive the following documents (in addition to this Appendix) in connection with the Option grant:

(i) an Agreement which sets forth the terms and conditions of the Option grant;

(ii) a copy of the Company's most recent annual report and most recent financial reports that have been made publicly available to enable the Optionee to make informed decisions concerning the Option; and

(iii) a copy of a summary of the Plan ("Summary") (*i.e.* , the Company's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended), and the Company will provide any attachments or documents incorporated by reference into the Summary upon written request. The documents incorporated by reference into the Summary are updated periodically. Should the Optionee request copies of the documents incorporated by reference into the Summary, the Company will provide the Optionee with the most recent documents incorporated by reference.

NORWAY

There are not country-specific provisions.

PHILIPPINES

Securities Law Information . The sale or disposal of shares of Class B Common Stock acquired under the Plan may be subject to certain restrictions under Philippines securities laws. Those restrictions should not apply if the offer and resale of Class B Common Stock takes place outside of the Philippines through the facilities of a stock exchange on which the shares of Class B Common Stock are listed. The shares of Class B Common Stock are currently listed on the New York Stock Exchange. The Optionee's designated broker should be able to assist the Optionee in the sale of shares of Class B Common Stock on the New York Stock Exchange. *If the Optionee has questions with regard to the application of Philippines securities laws to the disposal or sale of the shares of Class B Common Stock acquired under the Plan then the Optionee should consult with his or her legal advisor.*

POLAND

Exchange Control Information. If the Optionee transfers funds in excess of €15,000 into or out of Poland in connection with the purchase or sale of shares acquired upon exercise of the Option, the funds must be transferred via a bank in Poland. The Optionee is required to retain the documents connected with a foreign exchange transaction for a period of five (5) years, as measured from the end of the year in which such transaction occurred.

Further, if the Optionee holds shares acquired upon exercise of the Option and/or maintains a bank or brokerage account abroad, the Optionee will have reporting duties to the National Bank of Poland if the total value of securities and cash held in such foreign accounts exceeds PLN7 million. The Optionee must file such reports on the transactions and balances of the accounts on a quarterly basis. *The Optionee should consult with his or her personal legal advisor to determine what he or she must do to fulfill any applicable reporting duties.*

PORTUGAL

Language Consent. The Optionee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Agreement em inglês).

Exchange Control Information. If the Optionee holds shares purchased upon exercise of the Option, the acquisition of shares should be reported to the Banco de Portugal for statistical purposes. If the shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on the Optionee's behalf. If the shares are not deposited with a commercial bank or financial intermediary in Portugal, the Optionee is responsible for submitting the report to the Banco de Portugal.

RUSSIA

U.S. Transaction. Upon exercise of the Option, any shares to be issued to the employee shall be delivered to the Optionee through a bank or brokerage account in the United States. The Optionee is not permitted to sell the shares of Class B Common Stock directly to other Russian legal entities or individuals.

Securities Law Information. This Appendix, the Agreement, the Plan and all other materials that the Optionee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Exchange Control Information. In order to perform a cash exercise of the Option, the Optionee must remit the funds from a foreign currency account at an authorized bank in Russia. This requirement does not apply if the Optionee uses a cashless method of exercise, such that there is no remittance of funds out of Russia.

Under current exchange control regulations, within a reasonably short time after sale of the shares acquired upon exercise of the Option, the Optionee must repatriate the sale proceeds to Russia. Such sale proceeds must be initially credited to the Optionee through a foreign currency account at an authorized bank in Russia. After the sale proceeds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws. If the Optionee exercises his or her Option through a cashless sell-all method of exercise (whereby the Optionee instructs the broker to sell all of the shares issued upon exercise of his or her Option, use the proceeds to pay the purchase price, brokerage fees and any Tax−Related Items and remit the balance in cash to the Optionee), to the extent that the Optionee receives the exercise proceeds through the Optionee's local payroll, the requirement to credit the proceeds through a Russian authorized bank will not apply to the Optionee.

The Optionee is strongly encouraged to contact his or her personal advisor to confirm the applicable Russian exchange control rules because significant penalties may apply in the case of non-compliance and because exchange control requirements may change.

SINGAPORE

Securities Law Information . The Options were granted to the Optionee pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Company has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Optionee should note that his or her Options are subject to section 257 of the SFA and the Optionee will not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the shares of Class B Common Stock underlying the Option unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation. If the Optionee is a director, associate director or shadow director of a Singapore subsidiary of the Company, the Optionee is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean subsidiary in writing when the Optionee receives an interest (*e.g* ., Option, shares) in the Company or any related companies. Please contact the Company to obtain a copy of the notification form. In addition, the Optionee must notify the Singapore subsidiary when the Optionee sells shares of the Company or any related company (including when the Optionee sells shares acquired under the Plan). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of the Optionee's interests in the Company or any related company within two business days of becoming a director.

Insider Trading Information. The Optionee should be aware of the Singaporean insider-trading rules, which may impact the Optionee's acquisition or disposal of shares or rights to shares under the Plan. Under the Singaporean insider-trading rules, the Optionee is prohibited from acquiring or selling shares or rights to shares (e.g., an Option under the Plan) when the Optionee is in possession of information which is not generally available and which the Optionee knows or should know will have a material effect on the price of shares once such information is generally available.

SOUTH AFRICA

Responsibility for Taxes. The following provision supplements Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

By accepting the Option, the Optionee agrees that, immediately upon exercise of the Option, he or she will notify the Employer of the amount of any gain realized. If the Optionee fails to advise the Employer of the gain realized upon exercise, he or she may be liable for a fine. The Optionee will be solely responsible for paying any difference between the actual tax liability and the amount withheld.

Tax Clearance Certificate for Cash Exercises. If the Optionee exercises the Option using a cash exercise method, the Optionee must obtain and provide to the Employer, or any third party designated by the Employer or the Company, a Tax Clearance Certificate (with respect to Foreign Investments) bearing the official stamp and signature of the Exchange Control Department of the South African Revenue Service ("SARS"). The Optionee must renew this Tax Clearance Certificate every twelve months, or such other period as may be required by the SARS. If the Optionee exercises by a cashless exercise method whereby no funds are remitted out of South Africa, no Tax Clearance Certificate is required.

Exchange Control Information. The Optionee should consult his or her personal advisor to ensure compliance with applicable exchange control regulations in South Africa; as such regulations are subject to frequent change. The Optionee is responsible for ensuring compliance with all exchange control laws in South Africa.

SPAIN

Nature of Grant. This provision supplements Section 3 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

In accepting the Option, the Optionee consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan.

The Optionee understands that the Company has unilaterally, gratuitously and discretionally decided to grant stock options under the Plan to individuals who may be employees of the Company or a subsidiary or affiliate throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any subsidiary or affiliate. Consequently, the Optionee understands that the Option is granted on the assumption and condition that the Option and any shares acquired upon exercise of the Option are not part of any employment contract (either with the Company or any subsidiary or affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Optionee understands that the Option would not be granted to the Optionee but for the assumptions and conditions referred to herein; thus, the Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of this Option shall be null and void.

This Option is a conditional right to shares of Class B Common Stock and can be forfeited in the case of, or affected by, the Optionee's termination of employment. This will be the case, for example, even if (1) the Optionee is considered to be unfairly dismissed without good cause; (2) the Optionee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Optionee terminates employment due to a change of work location, duties or any other employment or contractual condition; (4) the Optionee terminates employment due to unilateral breach of contract of the Company or any of its subsidiaries; or (5) the Optionee's employment terminates for any other reason whatsoever, except for reasons specified in Sections 1.3, 1.4, 1.5, or 1.6 of Exhibit A to the Agreement. Consequently, upon termination of the Optionee's employment for any of the reasons set forth above, the Optionee may automatically lose any rights to the unvested Options granted to him or her as of the date of the Optionee's termination of employment, as described in the Plan and the Exhibit A to the Agreement.

Exchange Control Information. The Optionee must declare the acquisition and sale of shares to the *Dirección General de Comercio y Inversiones* (the "DGCI") for statistical purposes. Because the Optionee will not purchase or sell the shares through the use of a Spanish financial institution, the Optionee must make the declaration himself or herself by filing a D-6 form with the DGCI. Generally, the D-6 form must be filed each January while the shares are owned.

When receiving foreign currency payments derived from the ownership of shares (*i.e.* , cash dividends or sale proceeds) exceeding €50,000, the Optionee must inform the financial institution receiving the payment of the basis upon which such payment is made. The Optionee will need to provide the financial institution with the following information: (i) the Optionee's name, address and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the

amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) additional information that may be required. In addition, if the Optionee wishes to import the ownership title of any shares (*i.e.* , share certificates) into Spain, he or she must declare the import of such securities to the DGCI.

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of the Options. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores* , and does not constitute a public offering prospectus.

Foreign Asset/Account Reporting Information. Effective January 1, 2013, the Optionee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, effective January 1, 2013, to the extent that the Optionee holds shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Optionee will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported shares or accounts increases by more than €20,000.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Securities Law Information. The grant of the Option is considered a private offering in Switzerland and is, therefore, not subject to registration in Switzerland.

TAIWAN

Exchange Control Information. The Optionee may acquire and remit foreign currency (including proceeds from the sale of shares of Common Stock and the receipt of any dividends) into and out of Taiwan up to US$5,000,000 per year. If the transaction amount is TWD500,000 or more in a single transaction, the Optionee must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US$500,000 or more, the Optionee may be required to provide additional supporting documentation to the satisfaction of the remitting bank. The Optionee should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

THAILAND

Exchange Control Information. If the Optionee remits funds out of Thailand to exercise his or her Option, it is the Optionee's responsibility to comply with applicable exchange control laws. Under current exchange control regulations, Optionee may remit funds out of Thailand up to US$1,000,000 per year to purchase shares (and otherwise invest in securities abroad) by submitting an application to an authorized agent, (*i.e.* , a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency). The application includes the Foreign Exchange Transaction Form, a letter describing the Option, a copy of the Plan and related documents, and evidence showing the nexus between the Company and the Employer. If the Optionee uses a cashless method of exercise that does not involve remitting funds out of Thailand, this requirement does not apply.

When the Optionee sells shares issued upon exercise of the Option or receives dividends, the Optionee must immediately repatriate the cash proceeds to Thailand, and then convert such proceeds to Thai Baht within 360 days of repatriation. If the amount of the Optionee's proceeds in a single transaction exceed US$50,000, the Optionee must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If the Optionee fails to comply with these obligations, the Optionee may be subject to penalties assessed by the Bank of Thailand.

The Optionee should consult his or her personal advisor prior to taking any action with respect to remittance of proceeds from the sale of shares into Thailand. The Optionee is responsible for ensuring compliance with all exchange control laws in Thailand.

TURKEY

Securities Law Information. By accepting the Option, the Optionee understands and agrees that he or she is not permitted to sell any shares of Class B Common Stock acquired under the Plan in Turkey. The shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "NKE" and the shares may be sold through this exchange.

Exchange Control Information. The Optionee likely will be required to engage a Turkish financial intermediary to assist with the purchase of shares upon exercise of the Option, if the Optionee uses a cash exercise method, and the subsequent sale of shares acquired under the Plan. As the Optionee

is solely responsible for complying with the financial intermediary requirements and because the application of the requirements to participation in the Plan is uncertain, the Optionee should consult his or her personal legal advisor prior to exercising the Option or selling any shares to ensure compliance.

UNITED KINGDOM

UK Sub-Plan. The Option is granted under the Rules of the UK Sub-Plan to the NIKE, Inc. 1990 Stock Incentive Plan (the "UK Sub-Plan"). By accepting this Option grant, the Optionee agrees to all of the terms and conditions of the Option grant, including the UK Sub-Plan. However, if the value at grant of the shares underlying the Option, when combined with the value of the shares underlying other outstanding Options granted under the UK Sub-Plan and held by the Optionee, exceeds £30,000, then the number of shares in excess of the threshold will not be subject to the terms applicable to Options granted under the UK Sub-Plan and will not be considered qualified for UK tax purposes.

The following specific modifications to the Agreement apply in relation to the Option granted under the UK Sub-Plan:

Section 5. No adjustment to the Option granted under the UK Sub-Plan shall take effect until it has been approved by HM Revenue and Customs ("HMRC").

Section 6.1.1. The Option granted under the UK Sub-Plan may be exchanged for shares of a surviving or acquiring corporation only in circumstances where the requirements of paragraphs 26 and 27 of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 are satisfied.

Section 7. The NIKE, Inc. Policy for Recoupment of Incentive Compensation shall not apply to any shares acquired pursuant to the Option granted under the UK Sub-Plan.

Tax Obligations. The following provisions supplement Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

The Optionee agrees that, if Optionee does not pay or the Employer or the Company does not withhold from the Optionee the full amount of income tax that the Optionee owes at exercise of the Option, or the release or assignment of the Option for consideration, or the receipt of any other benefit in connection with the Option (the "Taxable Event") within 90 days after the Taxable Event, or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Optionee to the Employer, effective 90 days after the Taxable Event. The Optionee agrees that the loan will bear interest at the HMRC's official rate and will be immediately due and repayable by the Optionee, and the Company and/or the Employer may recover it at any time thereafter by withholding the funds from salary, bonus or any other funds due to the Optionee by the Employer, by withholding in shares issued upon exercise of the Option or from the cash proceeds from the sale of shares or by demanding cash or a check from the Optionee. The Optionee also authorizes the Company to delay the issuance of any shares unless and until the loan is repaid in full.

Notwithstanding the foregoing, if the Optionee is an officer or executive director (as within the meaning of section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Optionee is an officer or executive director and income tax is not collected from or paid by the Optionee within 90 days of the Taxable Event, the amount of any uncollected income tax may constitute a benefit to the Optionee on which additional income tax and National Insurance Contributions may be payable. The Optionee acknowledges that the Company or the Employer may recover any such additional income tax and National Insurance Contributions at any time thereafter by any of the means referred to in Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix, although the Optionee acknowledges that he/she ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance Contributions due on this additional benefit, which the Company or the Employer may recover from the Optionee at any time by any of the means referred to in Section 2 of the Additional Terms for All Non-U.S. Optionees in this Appendix..

URUGUAY

There are no country-specific provisions.

VIETNAM

Method of Exercise . The following provision supplements Section 2 of Exhibit A to the Agreement and Section 2 of the Additional Terms For All Non-U.S. Optionees in this Appendix:

Due to regulatory requirements, the Optionee understands that the Optionee will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, the Optionee understands that the Optionee needs to instruct his or her broker to: (i) sell all of the shares issued upon exercise; (ii) use the proceeds to pay the purchase price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to the Optionee. The Optionee will not be permitted to hold shares after exercise. Depending on the development of local laws or the Optionee's country of residence, the Company reserves the right to modify the methods of exercising the Option and, in its sole discretion, to permit any other method of exercise and payment of Tax−Related Items permitted under the Agreement.

Exchange Control Information. All cash proceeds from the sale of shares as described above must be immediately repatriated to Vietnam. Such repatriation of proceeds may need to be effectuated through a special exchange control account established by the Company or its subsidiary or affiliate, including the Employer. By accepting the Option, the Optionee consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Optionee.

NIKE, INC.
DEFERRED COMPENSATION PLAN
(Amended and Restated Effective April 1, 2013)

RECITALS

Effective January 1, 1998, NIKE, Inc. (the "Company") combined its Supplemental Executive Savings Plan and its Supplemental Executive Profit Sharing Plan into a single plan, which was renamed the NIKE, Inc. Deferred Compensation Plan (the "Plan"). The Company subsequently amended and restated the Plan, effective as of January 1, 2000, January 1, 2003, and June 1, 2004.

Effective January 1, 2005, the Company adopted an interim amended and restated Plan to demonstrate good-faith compliance with Code Section 409A, including but not limited to the guidance issued in Notice 2005-1. In April 2007, the Department of Treasury issued final regulations interpreting Code Section 409A. On November 1, 2007, the Company again amended and restated the Plan to substantially implement the final regulations and make certain other changes effective for amounts deferred on and after January 1, 2008.

Effective January 1, 2009, the Company again amended and restated the Plan to bring the Plan into full compliance with the final regulations under Code Section 409A. The January 1, 2009 restatement of the Plan applies to deferral elections made or continued during the 2008 Annual Election Period ending no later than November 30, 2008 and during any Initial Election Period commencing on or after December 2, 2008, and shall not affect the validity of any deferral election filed during any prior Election Period pursuant to the Plan provisions in effect at such time.

The time and form of payment of all amounts deferred under the Plan, whether before or after January 1, 2009, shall be governed by the terms of the January 1, 2009 restatement of the Plan and any applicable amendments thereto, except that the prior Plan provisions on time and form of payment shall apply to any Participant whose Separation from Service occurs before October 23, 2008. Transition rules under the Plan in effect at various times between December 31, 2004 and January 1, 2009 as permitted pursuant to IRS guidance under Section Code 409A are set forth in Appendix I.

The Plan was most recently amended and restated effective as of April 1, 2013 in order to reflect certain changes in the administration of the Plan.

No amendment to the June 1, 2004 restatement of the Plan is made or intended for amounts deferred prior to January 1, 2005. An amount is considered to be deferred after December 31, 2004 if:

- the Participant first acquires a legally binding right to be paid the amount (determined without regard to any deferral election by the Participant) after December 31, 2004; or

- the amount is still subject to a substantial risk of forfeiture after December 31, 2004.

Amounts deferred prior to January 1, 2005, including earnings on such amounts, are subject to the rules of the June 1, 2004 restatement of the Plan.

In connection with the Plan, the Company has established an irrevocable trust (the "Trust") with a trustee (the "Trustee") pursuant to a trust agreement (the "Trust Agreement"). The Company and the Participating Employers intend to make contributions to the Trust so that such contributions

will be held by the Trustee and invested, reinvested and distributed, all in accordance with the provisions of this Plan and the Trust Agreement. The amounts contributed to the Trust and the earnings thereon shall be used by the Trustee to satisfy the liabilities of the Company under the Plan. The Trust is a "grantor trust," with the principal and income of the Trust treated as assets and income of the Company for federal and state income tax purposes.

The assets of the Trust shall at all times be subject to the claims of the general creditors of the Company as provided in the Trust Agreement.

The existence of the Trust shall not alter the characterization of the Plan as "unfunded" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and shall not be construed to provide income to Participants prior to actual payment of the vested accrued benefits under the Plan.

NOW THEREFORE, the Company does hereby adopt this amended and restated Plan as follows:

Article I
TITLE AND DEFINITIONS

1.1 Title . This Plan shall be known as the NIKE, Inc. Deferred Compensation Plan.

1.2 Definitions . Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

(a) " **401(k) Profit Sharing Plan** " means the 401(k) Savings and Profit Sharing Plan for Employees of NIKE, Inc.

(b) " **Account** " means for each Participant the bookkeeping account maintained by the Administrator that is credited with amounts equal to (1) the portion of the Participant's Salary that he or she elects to defer, (2) the portion of the Participant's Bonus that he or she elects to defer, (3) the portion of the Participant's Fees that he or she elects to defer, (4) the portion of the Participant's Long Term Incentive Payment that he or she elects to defer, (5) Company or Participating Employer contributions, if any, made to the Plan for the Participant's benefit, and (6) adjustments to reflect deemed Investment Returns pursuant to Section 4.1(d).

(c) " **Administrator** " means the plan administrator appointed by the Retirement Committee pursuant to Section 7.3(a)(10) to handle day-to-day administration of the Plan and perform such other duties as shall be delegated by the Retirement Committee.

(d) " **Annual Election Period** " means the period designated each year during which Participants submit their elections to defer Compensation. Unless modified by the Retirement Committee, an Annual Election Period shall end not later than November 30 of each year. For administrative convenience, a portion of each Annual Election Period may be designated as the open enrollment period; during the portion of each Annual Election Period after expiration of the open enrollment period, the ability of Participants to make or

change elections may be limited, and the Administrator shall have discretion to accept or reject any elections or changes that are submitted.

(e) " **Beneficiary** " or " **Beneficiaries** " means the beneficiary last designated in writing by a Participant, in accordance with procedures established by the Administrator, to receive the benefits specified hereunder in the event of the Participant's death. No Beneficiary designation shall become effective until it is filed with the Administrator during the Participant's lifetime. If a Participant dies without a designed Beneficiary, the Beneficiary shall be the Participant's first survivor (or in equal shares among the first group of survivors) in the order of priority as set forth in the 401(k) Profit Sharing Plan on the date of the Participant's death.

(f) " **Board of Directors** " or " **Board** " means the Board of Directors of the Company.

(g) " **Bonus** " means incentive compensation payable under the Company's Performance Sharing Plan (PSP) or a similar annual incentive compensation plan maintained by a Participating Employer.

(h) " **Change of Control** " means any of the following with respect to the Company for all Participants, and also with respect to a Participating Employer for any Participant employed by or engaged as a Consultant to the Participating Employer at the time of the Change of Control:

(1) The date on which any person or group of persons, within the meaning of the final regulations under Code Section 409A, becomes the owner of fifty percent or more of the total fair market value of the Company's Class A and Class B common stock or a Participating Employer's common stock, or fifty percent or more of the combined voting power of the Company's or Participating Employer's then outstanding voting securities entitled to vote generally.

(2) The date on which any person or group of persons, within the meaning of the final regulations under Code Section 409A, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) forty percent or more of the combined voting power of the Company's or Participating Employer's then outstanding voting securities entitled to vote generally.

(3) The date on which a person or group of persons, within the meaning of the final regulations under Code Section 409A, acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) assets of the Company or a Participating Employer equal to or greater than ninety percent of the total gross fair market value of all or substantially all of the Company's or Participating Employer's assets. A transfer of assets is not treated as a Change of Control if the assets are transferred to:

(A) a Company or Participating Employer shareholder (immediately before the asset transfer) in exchange for or with respect to its stock;

(B) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Company or Participating Employer;

(C) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of the outstanding stock of the Company or Participating Employer;

(D) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (C).

(i) " **Code** " means the Internal Revenue Code of 1986, as amended.

(j) " **Company** " means NIKE, Inc. and any successor corporation to NIKE, Inc.

(k) " **Compensation** " means the Salary, Bonus, Fees, and Long Term Incentive Payments that an Eligible Employee, Director or Consultant earns for services rendered to the Company or a Participating Employer.

(l) " **Consultant** " means any person, including an advisor but excluding anyone who is an Employee or a Director, engaged by the Company or a Participating Employer to render services to the Company or a Participating Employer and designated by the Retirement Committee as eligible to participate in the Plan; provided, however, that any such designation shall not become effective until the Company notifies the Administrator that such person has been so designated. The Company shall promptly notify the Administrator of any such designation.

(m) " **Director** " means a non-Employee member of the Board; provided, however, that a new member of the Board shall not become a Director eligible to participate in the Plan until the Company notifies the Administrator that such person has become a member of the Board. The Company shall promptly notify the Administrator when a person becomes a member of the Board.

(n) " **Discretionary Contribution** ", " **Ongoing Discretionary Contribution** " and " **Other Discretionary Contribution** " are defined in Section 3.2(c).

(o) " **Election Period** " means the period designated under this Plan when Participants submit their elections to defer Compensation. The term Election Period includes the Initial Election Period and any Annual Election Period.

(p) " **Eligible Employee** " means any Employee who has a base salary of at least $150,000; provided, however, that an Employee whose initial base salary is at least $150,000 or an Employee whose base salary is increased to at least $150,000 shall not become an Eligible Employee until the Company notifies the Administrator that the Employee has a

base salary of at least $150,000. The Company shall promptly notify the Administrator of any Employee whose salary is at least $150,000.

(q) " **Employee** " means a common law employee of the Company or a Participating Employer performing services regularly in the United States or, if not performing services regularly in the United States, a common law employee of the Company or Participating Employer who is on U.S. payroll and participating in a Company-sponsored Global Transfer Program.

(r) " **Fees** " means (1) in the case of Directors, amounts paid by the Company in the form of annual cash fees, including retainer fees, and fees paid for attendance at meetings of the Board and Board committees, and (2) in the case of a Consultant, the cash fees paid to such individual for services rendered to the Company.

(s) " **Fund** " or " **Funds** " means one or more of the investment funds selected by the Retirement Committee pursuant to Section 3.3.

(t) " **Initial Election Period** " means the 30-day period commencing with the date an individual becomes an Eligible Employee, Director or Consultant.

(u) " **Investment Return** " means, for each Fund, an amount equal to the pre-tax rate of gain or loss on the assets of such Fund (net of applicable fund and investment charges) from one Valuation Date to the immediately following Valuation Date.

(v) " **Long Term Incentive Payment** " means:

(1) an amount payable to an Eligible Employee under the Long Term Incentive Plan;

(2) an amount payable to an Eligible Employee under a plan or program established by a Participating Employer, and approved by the Company, to provide incentives to Employees of the Participating Employer to attain specified performance targets over a multi-year period;

(3) an amount payable under the NIKE, Inc. 1990 Stock Incentive Plan pursuant to an award with terms similar to awards made under the Long Term Incentive Plan; and

(4) an amount payable to an Eligible Employee under an award for a performance period (generally referred to as a Mid Plan Grant), where the Eligible Employee had previously received an award for that performance period on the same terms under the Long Term Incentive Plan or similar plan or program of a Participating Employer, and the additional award is made in recognition of the Eligible Employee's promotion.

(w) " **Long Term Incentive Plan** " means the Long Term Incentive Plan of NIKE, Inc., as amended from time to time.

(x) " **Participant** " means any Consultant, Director or Eligible Employee who elects to defer Compensation in accordance with Section 3.1 and any Employee who is credited with a Company or Participating Employer contribution in accordance with Section 3.2, and shall continue to include any person who ceases to be a Consultant, Director, Eligible Employee or Employee for as long as such person has a balance in his or her Account.

(y) " **Participating Employer** " means an entity directly or indirectly controlled by the Company or in which the Company has a significant equity or investment interest, which the Retirement Committee or any subcommittee thereof has designated as a Participating Employer in this Plan.

(z) " **Payment Commencement Date** " means:

(1) Except as provided in (2) or (3) below, a date within 90 days after the last day of the calendar quarter containing the Participant's Separation from Service, provided that the Participant may not designate the date within this 90-day period when payment shall be made.

(2) Except as provided in (3) below, if the Participant is a Specified Employee on the date of the Participant's Separation from Service (for a reason other than death), the Payment Commencement Date shall be a date determined by the Company not earlier than six months after the date of the Participant's Separation from Service.

(3) If the Participant elects to change the form of payment with respect to any amount deferred under the Plan in accordance with Section 6.1(b)(4), the Payment Commencement Date applicable to such amount (other than in the case of a Separation from Service due to death) shall be five years after the date specified in (1) or (2) above, as applicable, and if the Participant elects to change the form of payment for a second or third time with respect to any amount deferred under the Plan in accordance with Section 6.1 (b)(4), the Payment Commencement Date applicable to such amount (other than in the case of death) shall be delayed another five years for each such change.

(aa) " **Plan** " means the NIKE, Inc. Deferred Compensation Plan set forth herein, now in effect, or as amended from time to time.

(bb) " **Plan Year** " means the calendar year.

(cc) " **Profit Sharing Make Up Contribution** " is defined in Section 3.2(b).

(dd) " **Retirement** " means the Participant's Separation from Service if at the time thereof the Participant has attained at least age 35 and has completed at least sixty (60) whole months of Service.

(ee) " **Retirement Committee** " means the Retirement Committee appointed by the Board to administer the Plan in accordance with Article VII. Unless specified otherwise by the

Board, the "Retirement Committee" shall mean the Retirement Committee established under the 401(k) Profit Sharing Plan.

(ff) " **Salary** " for any Plan Year means the base salary paid to an Eligible Employee for all pay periods that end during the Plan Year. Salary excludes any other form of compensation such as restricted stock, proceeds from stock options or stock appreciation rights, severance payments, moving expenses, car or other special allowance, adjustments for overseas employment, or any other amounts included in an Eligible Employee's taxable income that is not compensation for services. Deferral elections shall be computed before taking into account any reduction in taxable income by salary reduction under Code Sections 125 or 401(k), or under this Plan.

(gg) " **Scheduled Withdrawal** " and " **Scheduled Withdrawal Date** " are defined in Section 6.3(a).

(hh) " **Separation from Service** " shall have the meaning ascribed to such term in Treasury Regulations §1.409A-1(h), except that the definition of Separation from Service in the foregoing regulation for an Employee shall be modified by substituting "45 percent" for "20 percent" with the effect that a Separation from Service shall occur on a date if the level of services to be provided by the Employee to the Company and its direct and indirect subsidiaries after that date is reasonably anticipated to be permanently reduced to less than 45 percent of the average level of bona fide services provided by the Employee to the Company and its direct and indirect subsidiaries during the immediately preceding period of 36 consecutive months.

(ii) " **Service** " means performance of services for the Company (including any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant equity or investment interest, as determined by the Company for purposes of this Plan) or a Participating Employer as an Employee, Director or Consultant.

(jj) " **Specified Employee** " during any twelve-month period from April 1 through March 31 of the following year (an "Effective Period") means any Participant who at any time during the last calendar year ending prior to the beginning of the Effective Period:

(1) held a position of Vice President or higher as classified by the Company's executive compensation structure at compensation levels E0 through E5; and

(2) was a "key employee" as defined in Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5) of the Code), specifically including any Participant who was an officer of the Company or any subsidiary of the Company at any time during such calendar year and whose compensation received during such calendar year results in the Participant being one of the 50 highest-compensated persons for the year in the group of all such officers. For purposes of this Section 1.2(jj) only, "compensation" shall mean compensation as defined in the safe harbor set forth in Treasury Regulations §1.415(c)-2(d)(2), and therefore shall generally include

(without limiting the detailed terms set forth in the referenced regulation) all wages and other amounts received for services to the Company and its subsidiaries including any amounts deferred under any 401 (k), cafeteria or transportation fringe plan and any amounts received on account of an overseas assignment, but specifically excluding any compensation received on exercise of a stock option or vesting of restricted stock and any reimbursement of moving expenses.

(kk) " **Trust** ", " **Trustee** " and " **Trust Agreement** " are defined in the Recitals.

(ll) " **Unscheduled Withdrawal** " is defined in Section 6.4(a).

(mm) " **Valuation Date** " means each date on which Accounts are valued.

For purposes of adjusting each Participant's Account balance for Investment Returns under Section 4.1(d), the Valuation Date means each day that the New York Stock Exchange is open for trading.

For purposes of Unscheduled Withdrawals, the Valuation Date means the date the Retirement Committee or any subcommittee thereof approves a request for an Unscheduled Withdrawal.

For purposes of a Scheduled Withdrawal, the Valuation Date means a day selected by the Company in its sole discretion for administrative practicality that falls within 30 days prior to the date of payment of the Scheduled Withdrawal.

For purposes of calculating lump sum payments under Section 6.1 or 6.2, the Valuation Date means a day selected by the Company in its sole discretion for administrative practicality that falls within 30 days prior to the payment date.

For purposes of calculating the dollar amount of a quarterly installment payment, the Valuation Date means a day selected by the Company in its sole discretion for administrative practicality that falls within 30 days prior to the date of the quarterly payment.

Any valuation under this Plan shall be based on the closing market prices of the investment Funds on the applicable Valuation Date or, if the Valuation Date is not a day on which the New York Stock Exchange is open for trading, the preceding such trading day.

Payment amounts and deductions from Accounts are based on asset values as of the Valuation Date even though actual payments to the Participant will be delayed for an administratively reasonable period of time to allow for processing and reporting of payments and withholding of applicable taxes.

ARTICLE II
PARTICIPATION

2.1 Participation . An Eligible Employee, Director or Consultant shall become a Participant in the Plan by electing to defer a portion of his or her Compensation in accordance with Section 3.1.

An Employee shall also become a Participant in the Plan by having a Company or Participating Employer contribution credited to him or her in accordance with Section 3.2.

ARTICLE III
DEFERRAL OF COMPENSATION

3.1 Participant Elections to Defer Compensation

(a) Initial Eligibility . Each Eligible Employee, Director or Consultant may elect to defer Salary or Fees by filing an election with the Administrator that conforms to the requirements of this Section 3.1, in a form provided by the Administrator, no later than the last day of his or her Initial Election Period. An election to defer Salary or Fees made during an Initial Election Period shall be irrevocable following completion of the Initial Election Period and shall be effective as to Salary and Fees earned during the remainder of the current Plan Year beginning with the first pay period beginning after the Initial Election Period.

(b) Automatic Continuation of Deferral Elections . A Compensation deferral election made under this Section 3.1 shall remain in effect, notwithstanding any change in the Participant's Compensation, until modified or terminated at a subsequent Annual Election Period or as otherwise provided herein.

(c) Deferral Elections After Initial Election Period

(1) Annual Election Period . An Eligible Employee, Director or Consultant may elect to defer Compensation, or may modify or terminate a previous deferral election, by filing an election with the Administrator, in a form provided by the Administrator, during an Annual Election Period.

(2) Salary and Fees . A deferral election with respect to Salary or Fees made or continued during an Annual Election Period shall apply to Salary and Fees payable for services performed during the Plan Year following the Annual Election Period.

(3) Bonus . A deferral election with respect to Bonus made or continued during an Annual Election Period shall apply to Bonus payable in respect of the fiscal year commencing during the Plan Year following the Annual Election Period.

(4) Long Term Incentive Payments . Long Term Incentive Payments generally are made in August of each year, based on actual financial performance compared against targets established by the Company or Participating Employer for a period of more than one fiscal year. The performance period is the time period specified in the agreement covering the award over which the performance of the Company or Participating Employer is measured to determine the amount of the Long Term Incentive Payment. A deferral election with respect to Long Term Incentive Payments made or continued during an Annual Election Period shall apply to Long Term Incentive Payments payable in respect of performance periods commencing during the Plan Year following the Annual Election Period. If a Long Term Incentive

Payment is payable in either cash or Company stock, an election to defer the Long Term Incentive Payment shall be deemed to be an irrevocable agreement to receive the Long Term Incentive Payment in the form of cash and not as Company stock.

(5) Irrevocability . Any deferral election that is made or continued during an Annual Election Period shall be irrevocable following completion of the Annual Election Period with respect to the Compensation to which the deferral election applies.

(d) Amount of Deferral . The amount of Compensation that an Eligible Employee, Director or Consultant may elect to defer is as follows:

(1) Any whole percentage of Salary up to 100%;

(2) Any whole percentage of Bonus up to 100%;

(3) Any whole percentage of Fees up to 100%; and

(4) Any whole percentage of Long Term Incentive Payments up to 100%;

provided, however, that no election under this Section 3.1 shall be effective to reduce the Compensation paid to an Eligible Employee to an amount that is less than the total amount necessary (i) to satisfy any required withholding of applicable employment taxes (e.g., FICA contributions) payable with respect to amounts deferred hereunder, (ii) to satisfy any withholding obligations under a cafeteria plan as defined in Section 125(d) of the Code, and (iii) to satisfy any resulting income tax withholding required with respect to Compensation that cannot be deferred.

(e) Suspension or Termination of Deferrals

(1) Unscheduled Withdrawals under Old Plan . If a Participant receives an unscheduled in-service withdrawal (with 10 percent forfeiture) under the June 1, 2004 restatement of the Plan, all deferral elections of the Participant under this Plan that are then irrevocable shall remain in effect, but the Participant shall be prohibited from making or continuing any deferral elections during the next two Annual Election Periods following receipt of the unscheduled in-service withdrawal.

(2) Hardship Withdrawal under 401(k) Profit Sharing Plan . If a Participant receives a hardship withdrawal under the 401(k) Profit Sharing Plan (or a Participating Employer's qualified plan):

(A) all of the Participant's deferral elections under this Plan shall be prospectively canceled so that no additional Compensation shall be deferred under those deferral elections after the date of the hardship withdrawal, and

(B) if the hardship withdrawal is received in any Plan Year after June 30 of that Plan Year, the Participant shall be ineligible to make any deferral election during the Annual Election Period occurring during that Plan Year.

(3) Loss of Eligibility . If a Participant ceases to be an Eligible Employee, Director or Consultant, all deferral elections of the Participant under this Plan that are then irrevocable shall remain in effect, but the Participant shall be ineligible to make or continue deferral elections during subsequent Annual Election Periods unless and until the Participant re-establishes eligibility as an Eligible Employee, Director or Consultant.

3.2 Company or Participating Employer Contributions

(a) Profit Sharing Eligibility . An Employee who qualifies for a profit sharing contribution for a fiscal year under the 401(k) Profit Sharing Plan (or a Participating Employer's qualified retirement plan, if applicable) shall be eligible for a Company or Participating Employer contribution under Section 3.2(b) for such fiscal year if he or she either (1) made a deferral election under Section 3.1 that resulted in the deferral of any Salary or Bonus otherwise payable during such fiscal year, or (2) receives compensation (as defined under the 401(k) Profit Sharing Plan or a Participating Employer's qualified retirement plan, if applicable) during such fiscal year exceeding the Code Section 401(a)(17) limit (as indexed), or both.

(b) Profit Sharing Make Up Contribution . An Employee who is eligible under Section 3.2(a) for any fiscal year shall be credited with a "Profit Sharing Make Up Contribution" for such fiscal year. The "Profit Sharing Make Up Contribution" shall be equal to the amount determined by multiplying (1) the percentage applied to eligible compensation in calculating the profit sharing contribution under the 401(k) Profit Sharing Plan or applicable Participating Employer's qualified retirement plan for the fiscal year, by (2) the amount determined by subtracting the Employee's eligible compensation used to calculate his or her profit sharing contribution under the 401(k) Profit Sharing Plan or applicable Participating Employer's qualified retirement plan from the Employee's compensation (as defined under the 401(k) Profit Sharing Plan or applicable Participating Employer's qualified retirement plan) received during such fiscal year determined (A) before any reduction for deferral of Salary or Bonus under this Plan and (B) without regard to the Code Section 401(a)(17) limit.

(c) Discretionary Contributions . In addition to contributions in accordance with Section 3.2(b), the Company or a Participating Employer may, in its sole discretion, make discretionary contributions ("Discretionary Contributions") to the Accounts of one or more Employees, Directors or Consultants at such times, in such amounts, and subject to such vesting schedules, if any, as the Board, the Participating Employer or the Retirement Committee may determine. If the Company or a Participating Employer agrees to make a Discretionary Contribution to the Account of an Employee at a future date, and either (1) such agreement is made before the Employee becomes an Eligible Employee, or (2) the Employee is required to remain employed through the end of a fiscal year to receive the

Discretionary Contribution and the agreement is made before the Annual Election Period preceding the commencement of that fiscal year, the Discretionary Contribution shall be considered an "Ongoing Discretionary Contribution" for which the form of payment on Retirement or death shall be determined under Section 6.1. On or prior to the date (the "Grant Date") that the Company or Participating Employer makes or enters into a binding agreement to make any Discretionary Contribution that is not an Ongoing Discretionary Contribution (an "Other Discretionary Contribution"), the Company or Participating Employer must specify the form of payment (lump sum or installments) of the Other Discretionary Contribution upon Retirement or death; provided, however, that if the Other Discretionary Contribution will not be vested for at least 13 months after the Grant Date, the Participant may be given a 30-day period following the Grant Date in which the Participant may elect the form of payment for such Other Discretionary Contribution. Payments of Other Discretionary Contributions (as adjusted for Investment Returns pursuant to Section 4.1(d)) shall be made or commenced on the Payment Commencement Date. The Participant may elect an alternate form of payment (listed in Section 6.1(b)) for Other Discretionary Contributions under the procedures set forth in Section 6.1(b)(4). If an Other Discretionary Contribution becomes payable under Section 6.2(a) due to the Participant's Separation from Service for a reason other than Retirement or death, the Other Discretionary Contribution (as adjusted for Investment Returns pursuant to Section 4.1(d)) shall be paid in a single lump sum on the Payment Commencement Date.

3.3 Investment Elections

(a) Hypothetical Investment Funds . The Retirement Committee may, in its discretion, provide each Participant with a list of investment Funds available for hypothetical investment, and the Participant may designate, in a manner specified by the Retirement Committee, one or more Funds in which his or her Account will be deemed to be invested for purposes of determining the amount of earnings to be credited to that Account. The Retirement Committee may, from time to time, in its sole discretion select a commercially available fund to substitute for the Fund actually selected. The Investment Return of each such commercially available fund shall be used to determine the amount of earnings or losses to be credited to Participants' Accounts under Section 4.1 (d).

(b) Deemed Investment Elections . In making the designation pursuant to this Section 3.3, the Participant may specify that all or any 1% multiple of his or her Account be deemed to be invested in one or more of the Funds offered by the Retirement Committee. Subject to such limitations and conditions as the Retirement Committee may specify, a Participant may change the designation made under this Section 3.3 in such manner and at such time or times as the Retirement Committee shall specify. If a Participant fails to elect a Fund under this Section 3.3, or if the Retirement Committee shall not provide Participants with a list of Funds pursuant to this Section 3.3, the Participant shall be deemed to have elected a money market fund.

(c) No Company Obligation . The Company may, but need not, acquire investments corresponding to those designated by the Participants hereunder, and it is not under any

obligation to maintain any investment it may make. Any such investments, if made, shall be in the name of the Company, and shall be its sole property in which no Participant shall have any interest.

ARTICLE IV
ACCOUNTS

4.1 Participant Accounts . The Administrator shall establish and maintain an Account for each Participant under the Plan. Each Participant's Account shall be divided into separate subaccounts for deferred amounts that are subject to different form of payment or Scheduled Withdrawal elections under Sections 6.1 or 6.3 or different Payment Commencement Dates, and shall be further divided into separate subaccounts ("investment fund subaccounts"), corresponding to investment Funds selected by the Participant pursuant to Section 3.3 or as otherwise determined by the Administrator to be necessary or appropriate for proper Plan administration. A Participant's Account shall be credited as follows:

(d) Salary and Fees Deferrals . As soon as practicable following the end of each applicable pay period, the Administrator shall credit the investment fund subaccounts of the Participant's Account with an amount equal to Salary or Fees deferred by the Participant during such pay period in accordance with the Participant's election; that is, the portion of the Participant's deferred Salary or Fees that the Participant has elected to be deemed to be invested in a certain type of investment Fund shall be credited to the investment fund subaccount corresponding to that investment Fund.

(e) Bonus and Long Term Incentive Payment Deferrals . As soon as practicable after each Bonus or Long Term Incentive Payment would have been paid to the Participant, the Administrator shall credit the investment fund subaccounts of the Participant's Account with an amount equal to the portion of the Bonus or Long Term Incentive Payment deferred by the Participant's election; that is, the portion of the Participant's deferred Bonus or Long Term Incentive Payment that the Participant has elected to be deemed to be invested in a certain type of investment Fund shall be credited to the investment fund subaccount corresponding to that investment Fund.

(f) Company or Participating Employer Contribution . As soon as practicable after the amount of any Company or Participating Employer contribution to any Participant is determined or such future date as may be determined for a Discretionary Contribution, the Administrator shall credit the investment fund subaccounts of the Participant's Account with an amount equal to the portion, if any, of any Company or Participating Employer contribution made to or for the Participant's benefit in accordance with Section 3.2; that is, the portion of the Participant's Company or Participating Employer contribution, if any, that the Participant has elected to be deemed to be invested in a certain type of investment Fund shall be credited to the investment fund subaccount corresponding to that investment Fund.

(g) Investment Returns . On each Valuation Date, each investment fund subaccount of a Participant's Account shall be adjusted for deemed Investment Returns in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount

as of the preceding Valuation Date by the Investment Return for the corresponding Fund selected by the Company.

ARTICLE V
VESTING

5.1 Compensation Deferrals . A Participant's Account attributable to Compensation deferred by a Participant pursuant to the terms of this Plan, as adjusted for Investment Returns pursuant Section 4.1(d) with respect to such deferrals, shall be 100 percent vested at all times.

5.2 Company or Participating Employer Contributions . Unless specified otherwise by the Board, a Participating Employer or the Retirement Committee, the value of a Participant's Account attributable to any Company or Participating Employer contributions pursuant to Section 3.2, as adjusted for Investment Returns pursuant Section 4.1(d) with respect to such amounts, shall be vested in the same proportion as the profit-sharing contributions made to the Participant's account in the 401(k) Profit Sharing Plan or in the Participating Employer's qualified retirement plan for the corresponding fiscal year. Any unvested portion of a Participant's Account at the time of the Participant's Separation from Service shall be forfeited.

ARTICLE VI
DISTRIBUTIONS

6.1 Separation from Service Due to Retirement or Death

(a) Distribution Event . If a Participant has a Separation from Service as a result of Retirement or death, amounts in the Participant's Account at that time attributable to deferrals of Compensation and to Profit Sharing Make Up Contributions and Ongoing Discretionary Contributions, each as adjusted for Investment Returns pursuant to Section 4.1(d), shall be paid in the form or forms specified in Section 6.1(b). Upon Retirement or death, vested amounts in the Participant's Account attributable to Other Discretionary Contributions shall be paid as provided in Section 3.2.

(b) Form of Payment

(4) Default Form of Payment . Upon Retirement or death, payment of the amounts in the Participant's Account attributable to deferrals of Compensation and to Profit Sharing Make Up Contributions and Ongoing Discretionary Contributions, each as adjusted for Investment Returns pursuant to Section 4.1(d), will be made to the Participant (and after his or her death to his or her Beneficiary) in quarterly installments over 10 years beginning on the Participant's Payment Commencement Date. One quarterly installment shall be paid during each of the calendar quarters of each Plan Year. A calendar quarter means the three-month period ending March 31, June 30, September 30, and December 31 of each year. The Participant's Account value shall continue to be adjusted for Investment Returns pursuant to Section 4.1 (d) of the Plan through the Valuation Date for any payment. The Participant may

change the foregoing default form of payment only in accordance with Section 6.1(b)(2) or Section 6.1(b)(4).

(5) Optional Forms of Payment . In lieu of quarterly installments over 10 years upon Retirement or death, a Participant may elect a single cash lump sum payment on the Participant's Payment Commencement Date or quarterly installments over five or 15 years beginning on the Participant's Payment Commencement Date. The optional form of payment election must be made or continued as part of the Participant's election to defer Compensation during an Election Period and will apply to the entire amount of Compensation deferred pursuant to the deferral election made or continued during that Election Period, as adjusted for Investment Returns pursuant to Section 4.1(d). An optional form of payment election made or continued by a Participant during any Annual Election Period (including an optional form of payment election made in conjunction with a Scheduled Withdrawal election under Section 6.3(e)) shall also apply to the Profit Sharing Make Up Contribution, if any, and the Ongoing Discretionary Contribution, if any, credited to the Participant's Account with respect to the first fiscal year commencing after such Annual Election Period, as adjusted for Investment Returns pursuant to Section 4.1(d). An optional form of payment election made during a Participant's Initial Election Period (including an optional form of payment election made in conjunction with a Scheduled Withdrawal election under Section 6.3(e)) shall also apply to the Profit Sharing Make Up Contribution, if any, and the Ongoing Discretionary Contribution, if any, credited to the Participant's Account with respect to any fiscal year commencing prior to the first Annual Election Period in which the Participant has the opportunity to participate, as adjusted for Investment Returns pursuant to Section 4.1(d); provided, however, that if the Participant's Account had been credited with any Profit Sharing Make Up Contribution or Discretionary Contribution prior to such Initial Election Period, the form of payment election made during the Initial Election Period shall only apply to the Profit Sharing Make Up Contribution, if any, and the Ongoing Discretionary Contribution, if any, credited to the Participant's Account with respect to any such fiscal year commencing after such Initial Election Period. An Eligible Employee who does not elect to defer Compensation during an Election Period may make or continue an optional form of payment election during that Election Period that will apply to the Profit Sharing Make Up Contributions, if any, and the Ongoing Discretionary Contributions, if any, credited with respect to fiscal years as specified in the two preceding sentences, as adjusted for Investment Returns pursuant to Section 4.1(d). A separate optional form of payment (including quarterly installments over 10 years) may be elected at each Election Period during the Participant's participation in the Plan. If the Participant fails to elect an optional form of payment at any given Election Period, then the optional form of payment election made or continued in the most recent preceding Election Period shall apply, and if no such optional form of payment election shall have been made the default form of payment shall apply. After the Election Period ends in which an optional form of payment election has been made or continued, the Participant can change the optional form of payment only in accordance with Section 6.1(b)(4).

(6) Amount of Quarterly Installments . The amount of each quarterly installment paid under each applicable form of payment shall be determined by dividing the subaccount balance subject to that form of payment by the remaining number of quarterly installment payments. For example, if the form of payment for a portion of a Participant's Account is quarterly installments over 15 years, the first payment is determined by dividing the applicable subaccount balance as of the Valuation Date by 60, the second payment is determined by dividing the subaccount balance as of the next Valuation Date by 59, and so on until all installments have been paid.

(7) Change in Form of Payment . After the Election Period ends in which a Participant makes or continues a deferral election applicable to any Compensation or has the opportunity to make or continue an optional form of payment election applicable to any Profit Sharing Make Up Contribution or Ongoing Discretionary Contribution, the Participant may change the form of payment upon Retirement or death for all such Compensation irrevocably deferred during that Election Period and for the Profit Sharing Make Up Contribution or Ongoing Discretionary Contribution covered by the form of payment applicable to that Election Period to any other form of payment permitted under this Section 6.1(b), provided that:

(A) the Participant's change in payment election is filed with the Administrator, in a form provided by the Administrator, at least twelve months prior to the Payment Commencement Date applicable to such amounts and before the Participant's Separation from Service;

(B) the Payment Commencement Date for payments in respect of any amounts covered by such change in payment election, as adjusted for Investment Returns pursuant to Section 4.1(d), shall be five years after the Payment Commencement Date applicable to such amounts prior to such change, except that a Participant's original undelayed Payment Commencement Date (as determined under Section 1.2(z)(1)) shall always apply in the case of a Participant's Separation from Service as a result of death;

(C) the form of payment for any amount may only be changed three times under this Section 6.1(b)(4); and

(D) the option of selecting quarterly installments over 15 years shall not be available for any change in payment election under this Section 6.1(b)(4), the option of selecting quarterly installments over 10 years shall not be available for the second or third change in payment election under this Section 6.1(b)(4) with respect to any amount, and the option of selecting quarterly installments over 5 years shall not be available for the third change in payment election under this Section 6.1(b)(4) with respect to any amount.

A Participant may also change the form of payment applicable to any amounts in his or her Account attributable to Other Discretionary Contributions to any other

form of payment permitted under this Section 6.1(b) if the above requirements of this Section 6.1(b)(4) are complied with. For purposes of this Section 6.1(b)(4), the Payment Commencement Date is the first day of the 90-day period during which the initial payment following Separation from Service may be made under the terms of this Plan.

(8) Death While Receiving Benefits . If the Participant is in pay status at the time of death, the Beneficiary shall be paid the remaining quarterly installments as they come due.

6.2 Separation from Service in Certain Circumstances

(a) Separation from Service For Reasons Other Than Retirement or Death . In the case of a Participant who has a Separation from Service for any reason other than Retirement or death, the Participant's optional form of payment elections shall be disregarded, and the total vested balance in each subaccount of the Participant's Account (including vested amounts attributable to Company and Participating Employer contributions under Section 3.2) shall be paid to the Participant in the form of a single cash lump sum payment on the Payment Commencement Date applicable to that subaccount (after giving effect to any five-year delays of any such Payment Commencement Dates required under Section 6.1(b)(4)(B)).

(b) Small Benefit Amounts . Notwithstanding the foregoing distribution provisions of Section 6.1 and Section 6.2(a), if the Participant's total vested Account balance (including vested amounts attributable to Company and Participating Employer contributions under Section 3.2) is less than or equal to the dollar limit under Code Section 402(g) for the calendar year in which the Separation from Service occurs, the Participant's total vested Account balance shall be paid to the Participant in the form of a single cash lump sum payment on a date within 90 days after the last day of the calendar quarter containing the Participant's Separation from Service, provided that the Participant may not designate the date within this 90-day period when payment shall be made.

6.3 Scheduled Withdrawals

(a) Timing . During any Election Period, a Participant may, as part of his or her election to defer Compensation, schedule an early withdrawal (a "Scheduled Withdrawal") for all of his or her Compensation deferred pursuant to the deferral election made during the Election Period. Amounts attributable to Company or Participating Employer contributions described in Section 3.2, if any, shall not be eligible for Scheduled Withdrawals. A Participant's Scheduled Withdrawal election must specify a calendar year at least four years after the year in which the election is received by the Company, and the first day of that year shall be the "Scheduled Withdrawal Date." If a Scheduled Withdrawal Date is before the date a Long Term Incentive Payment is otherwise payable according to its terms, the deferral election shall not apply to that Long Term Incentive Payment.

(b) Amount Distributable . The amount payable to a Participant in connection with a Scheduled Withdrawal shall in all cases be 100 percent of the Compensation deferred pursuant to the deferral election that included the Participant's Scheduled Withdrawal election, as adjusted for Investment Returns on such deferred Compensation pursuant to Section 4.1(d), determined as of the Valuation Date.

(c) Postponement . A Participant may, at least one year prior to a Scheduled Withdrawal Date, revoke his or her Scheduled Withdrawal election in favor of a later Scheduled Withdrawal Date that is at least five years later, provided that a Participant may not postpone a Scheduled Withdrawal more than twice.

(d) Form . Payment of a Scheduled Withdrawal shall be made in a single lump sum within 90 days after the Scheduled Withdrawal Date, provided that the Participant may not designate when the payment will be made within this 90-day period.

(e) Effect of Separation from Service . A Participant's Scheduled Withdrawal election shall become void and of no effect upon the Participant's Separation from Service for any reason before the Participant's Scheduled Withdrawal Date. In such event, the distribution provisions of Section 6.1 or 6.2 (as applicable) shall apply. Any deferral election that includes a Scheduled Withdrawal election may also include an election for an optional form of payment under Section 6.1 that shall apply in this event, and if no such election is made, the form of payment applicable in the most recent preceding Election Period shall apply.

6.4 Unscheduled Withdrawals Due to Financial Emergency

(a) Standard . Participants may request a withdrawal of amounts attributable to deferrals of Compensation prior to the time such amounts would otherwise be distributed under this Plan (an "Unscheduled Withdrawal") only upon demonstrating to the satisfaction of the Retirement Committee or any subcommittee thereof that the Participant has experienced an unforeseeable financial emergency. For purposes of this section, an unforeseeable financial emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's tax dependent(s) or the Participant's Beneficiary, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. Amounts attributable to Company or Participating Employer contributions described in Section 3.2, if any, shall not be eligible for Unscheduled Withdrawals.

(b) Procedure . The request to take an Unscheduled Withdrawal shall be made by submitting a written request including information supporting the request to the Retirement Committee. Upon receiving an Unscheduled Withdrawal request, the Retirement Committee or any subcommittee thereof shall determine, in its discretion as applied in a uniform and nondiscriminatory manner, whether to permit any such Unscheduled Withdrawal and the amount, if any, to be withdrawn.

(c) Amount . The amount distributed for an Unscheduled Withdrawal shall be limited to the amount necessary to satisfy the financial emergency, plus an amount necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which the financial emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets.

(d) Partial Unscheduled Withdrawals . An Unscheduled Withdrawal pursuant to this Section 6.4 of less than the Participant's total Account shall be made pro rata from his or her subaccounts according to the balances in such subaccounts (excluding amounts attributable to Company or Participating Employer contributions described in Section 3.2) as of the Valuation Date for Unscheduled Withdrawals; provided, however, subaccounts payable upon Separation from Service shall be fully utilized before any subaccounts payable on a Scheduled Withdrawal are charged. Payment of the approved Unscheduled Withdrawal amount shall be made in a single cash lump sum within 90 days after the Unscheduled Withdrawal election is approved by the Retirement Committee or any subcommittee thereof, provided that the Participant may not designate when the payment will be made within this 90-day period.

6.5 Change of Control . Notwithstanding anything in this Article VI to the contrary, each Participant (or, after his or her death, his or her Beneficiary) shall be paid his or her total vested Account balance in a single cash lump sum within 30 days after the date of a Change of Control that applies to that Participant. For example, if a Change of Control occurs with respect to a Participating Employer, this Section 6.5 shall apply only to each Participant employed by or engaged as a Consultant to that Participating Employer at the time of the Change of Control and not to any Participant employed by or engaged as a Consultant to the Company or any Participating Employer for which a Change of Control has not occurred.

6.6 Inability To Locate Participant . In the event that the Administrator is unable to locate a Participant or Beneficiary within two years following the Participant's Separation from Service, the amount allocated to the Participant's Account shall be conditionally forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit (calculated immediately prior to the forfeiture) shall be reinstated without interest or earnings from the date of the conditional forfeiture.

ARTICLE VII
ADMINISTRATION

7.1 Retirement Committee . A Retirement Committee shall be appointed by, and serve at the pleasure of, the Board. The number of members comprising the Retirement Committee shall be determined by the Board, which may from time to time vary the number of members. A member of the Retirement Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of the Retirement Committee shall be filled promptly by the Board.

7.2 Retirement Committee Action . A majority of the members of the Retirement Committee at the time in office shall constitute a quorum for the transaction of business at all meetings. The Retirement Committee shall act at meetings at which a quorum of members is present by affirmative vote of a simple majority of the members present. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Retirement Committee and such written consent is filed with the minutes of the proceedings of the Retirement Committee. A member of the Retirement Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The chairman or any other member or members of the Retirement Committee designated by the chairman may execute any certificate or other written direction on behalf of the Retirement Committee.

7.3 Powers and Duties of the Retirement Committee

(e) General . The Retirement Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(1) To select the funds to be the investment Funds in accordance with Section 3.3 hereof;

(2) To construe and interpret the terms and provisions of this Plan;

(3) To amend, modify, suspend or terminate the Plan in accordance with Section 9.4;

(4) To provide periodic statements of Account to Participants and Beneficiaries;

(5) To compute and certify the amount and kind of benefits payable to Participants and their Beneficiaries and to direct the Trustee as to the distribution of Trust assets;

(6) To maintain all records that may be necessary for the administration of the Plan;

(7) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(8) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms of this Plan document;

(9) To appoint and retain legal counsel to assist the Retirement Committee in carrying out the administration of the Plan; and

(10) To appoint subcommittees of the Retirement Committee, the Administrator and any other agent or agents, and to delegate to them such powers and duties in connection with the administration of the Plan as the Retirement Committee may from time to time prescribe.

(f) Corrective Action . In the event that any Participants are found to be ineligible, that is, not members of a select group of management or highly compensated employees, according to a determination made by the U.S. Department of Labor, the Retirement Committee shall take whatever steps it deems necessary, in its sole discretion, to equitably protect the interests of all Participants.

(g) Construction and Interpretation . The Retirement Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company, the Participating Employers, and any Participant or Beneficiary. The Plan is intended to be and at all times shall be interpreted so as to comply with Code Section 409A. The Retirement Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

(h) Information . To enable the Retirement Committee to perform its functions, the Company and Participating Employers shall supply full and timely information to the Retirement Committee on all matters relating to the Compensation of all Participants, their death or other cause of Separation from Service, and such other pertinent facts as the Retirement Committee may reasonably require. The Retirement Committee is entitled to rely on the accuracy of all such information provided.

(i) Compensation, Expenses and Indemnity . The members of the Retirement Committee shall serve without compensation for their services in connection with Plan administration. Expenses and fees in connection with the administration of the Plan shall be paid by the Company. To the extent permitted by applicable state law, the Company and Participating Employers shall indemnify and save harmless the Retirement Committee and each member thereof, the Board, and any delegate of the Retirement Committee who is an employee of the Company or a Participating Employer, against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of bad faith or willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or a Participating Employer or provided by the Company or a Participating Employer under any bylaw, agreement or otherwise, to the extent such indemnities are permitted under state law.

7.4 Trustee Duties . The Trustee shall manage, invest and reinvest the Trust assets as provided in the Trust Agreement. The Trustee shall collect the income on the Trust assets, and make distributions therefrom, all as provided in this Plan and in the Trust Agreement. The Trustee shall

not be liable for any failure by the Company to provide contributions sufficient to pay all accrued benefits under the Plan in accordance with the terms of this Plan.

7.5 Company Duties . While the Plan remains in effect, the Company shall make contributions to the Trust at least once each quarter. As soon as practicable after the close of each Plan quarter, the Company shall make an additional contribution to the Trust to the extent that previous contributions to the Trust for the current Plan quarter are less than the total of the deferrals made by each Participant plus Company or Participating Employer contributions, if any, accrued as of the close of the current Plan quarter.

ARTICLE VIII
CLAIMS PROCEDURE

8.1 Submission of Claim . Benefits shall be paid in accordance with the provisions of this Plan. The Participant, or any person claiming through the Participant ("Claiming Party"), shall make a written request for benefits under this Plan, mailed or delivered to the Retirement Committee. Such claim shall be reviewed by the Retirement Committee or its delegate.

8.2 Denial of Claim . If a claim for payment of benefits is denied in full or in part, the Retirement Committee or its delegate shall provide a written notice to the Claiming Party within ninety (90) days setting forth: (a) the specific reasons for denial; (b) any additional material or information necessary to perfect the claim; (c) an explanation of why such material or information is necessary; and (d) an explanation of the steps to be taken for a review of the denial. A claim shall be deemed denied if the Retirement Committee or its delegate does not take any action within the ninety (90) day period for making an initial claim decision.

8.3 Review of Denied Claim . If the Claiming Party desires review of a denied claim, the Claiming Party shall notify the Retirement Committee or its delegate in writing within sixty (60) days after receipt of the written notice of denial. As part of such written request, the Claiming Party may request a review of the Plan document or other relevant, non-privileged documents, may submit any written issues and comments, and may request an extension of time for such written submission of issues and comments.

8.4 Decision upon Review of Denied Claim . The decision on the review of the denied claim shall be rendered by the Retirement Committee or its delegate (which may include a review subcommittee) within sixty (60) days after receipt of the request for review. The decision shall be in writing and shall state the specific reasons for the decision, including reference to specific provisions of the Plan on which the decision is based. With prior notice to the Claiming Party, the reviewing authority may invoke an extension of 60 additional days to review the claim.

8.5 Legal Action . No court proceedings or other legal action with respect to a claim for payment of benefits shall be initiated before exhausting the procedures of this Article VIII. In addition, no such legal action may be initiated after the period that ends one-year from the date of the decision issued pursuant to Section 8.4.

ARTICLE IX
MISCELLANEOUS

9.1 Unsecured General Creditor . Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interests in any specific property or assets of the Company or any Participating Employer. No assets of the Company or a Participating Employer shall be held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's and Participating Employers' assets shall be, and remain, the general unpledged, unrestricted assets of the Company or Participating Employers, as applicable. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

9.2 Restriction Against Assignment . The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or entity. No part of a Participant's Account shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Account be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever.

9.3 Withholding . There shall be withheld from each payment made under the Plan all taxes which are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any payment by the amount of cash sufficient to provide the amount of said taxes.

9.4 Amendment, Modification, Suspension or Termination . The Retirement Committee may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any vested amounts allocated to a Participant's Account, provided that a termination or suspension of the Plan or any Plan amendment or modification that will significantly increase costs to the Company shall be approved by the Board. For purposes of this Section 9.4, a "suspension" refers to a decision to discontinue acceptance of new or continued deferral elections without affecting deferral elections that are irrevocable at the time of the suspension or the operation of the Plan with respect to amounts previously deferred under the Plan. For purposes of this Section 9.4, a "termination" refers to a decision to terminate the Plan and accelerate the payment of Account balances. The Plan shall not be terminated unless such termination complies with an exception (set forth in regulations or other guidance of the Internal Revenue Service) to the prohibition on acceleration of deferred compensation under Code Section 409A.

9.5 Governing Law . This Plan shall be construed, governed and administered in accordance with the laws of the State of Oregon, except to the extent pre-empted by federal law.

9.6 Entire Agreement . This Plan document constitutes the entire agreement of the parties with respect to deferred compensation. Only the Retirement Committee is authorized to construe and interpret this Plan. No employee or agent of the Company or a Participating Employer is authorized

to modify or amend the terms of this Plan, or to make promises or to commit the Company or Participating Employers to provide additional benefits or other benefits not expressly provided for in this Plan document. In the event of conflict between this Plan document and any other, oral or written communication regarding the Plan, this Plan document shall be controlling.

9.7 Receipt or Release . Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Retirement Committee, the Company, and the Participating Employers. The Retirement Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.8 Payments on Behalf of Persons Under Incapacity . In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Retirement Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Retirement Committee may direct that such payment be made to any person found by the Retirement Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Retirement Committee, the Company, and the Participating Employers.

9.9 No Employment Rights . Participation in this Plan shall not confer upon any person any right to be employed by the Company or a Participating Employer or any other right not expressly provided hereunder.

9.10 Headings Not Part of Agreement . Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

9.11 Tax Liabilities from Plan . If a tax liability (including a tax liability under Code Section 409A) is generated before a Participant is eligible to receive a Plan benefit, the Retirement Committee may, in its discretion, order a distribution of funds sufficient to meet such liability (including additions to tax, penalties and interest) or any other amount up to the amount required to be included in the Participant's income. Such a distribution shall reduce the benefits to be paid under Article VI of the Plan.

IN WITNESS WHEREOF, the Company has caused this document to be executed by its duly authorized officer effective as of April 1, 2013.

NIKE, INC.

By: /s/ Kelley K. Hall

Title: Retirement Committee Chair

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NIKE, INC. DEFERRED COMPENSATION PLAN
(Amended and Restated Effective April 1, 2013)

APPENDIX I

Transition Rules Under Code Section 409A

The following modifications to the terms of the Plan were in effect during the period between December 31, 2004 and January 1, 2009 as permitted by the transition rules under Code Section 409A set forth below.

(1) Deferral Elections for 2005 Plan Year :

On or before March 15, 2005, a Participant could elect to defer Compensation for services performed during the 2005 Plan Year, provided that the amounts to which the deferral election relates had not been paid or made available at the time of the election. For the 2005 Plan Year only, a Participant could irrevocably elect at any time during the 2005 Plan Year to reduce the percentage to be deferred from Salary, Incentive Payments, and Fees earned in the remainder of the 2005 Plan Year to zero.

The transition rules relied upon were Q&A 20 and 21 of IRS Notice 2005-1.

(2) Change in Form of Payment During 2005 Plan Year :

During the 2005 Plan Year only, a Participant was permitted to change his or her form of payment election, provided that his or her change was filed with the Administrator at least one year prior to his or her Payment Commencement Date. A Participant was not required to postpone the affected distribution for five years from the original payment date.

The transition rule relied upon was Q&A 19(c) of IRS Notice 2005-1.

(3) Change in Scheduled Withdrawal Date During 2005 Plan Year :

During the 2005 Plan Year only, a Participant was permitted, at least one year prior to a Scheduled Withdrawal Date, to revoke his or her Scheduled Withdrawal election in favor of a later Scheduled Withdrawal Date. The five-year minimum postponement period did not apply to postponement elections made on or before December 31, 2005.

The transition rule relied upon was Q&A 19(c) of IRS Notice 2005-1.

(4) November 2006 Deferral Elections for Long Term Incentive Payments :

If a Participant made an election during the Annual Election Period in November 2005 to defer Long Term Incentive Payments anticipated to be made in August 2007, the Participant was permitted during the Annual Election Period in November 2006 to make an election to defer an additional amount of the Long Term Incentive Payment for August 2007. However, a Participant was not permitted to decrease or cancel his or her prior deferral election with respect to Long Term Incentive Payments, except as provided in the case of an unforeseeable financial emergency.

Also, during the Annual Election Period in November 2006, a Participant was permitted to change his or her form of payment election for the Long Term Incentive Payments that were subject to a deferral election made in November 2005 (and that were credited to the Participant's Account in August 2007).

The transition rule relied upon was Section 3.02 of IRS Notice 2006-79.

(5) November 2007 Deferral Elections for Long Term Incentive Payments :

During the November 2007 Annual Election Period, a Participant was permitted to make a deferral election for the following Long Term Incentive Payments:

Long Term Incentive Payment for Performance Period Ending	**Anticipated Long Term Incentive Payment Date**
May 31, 2008	August 2008
May 31, 2009	August 2009
May 31, 2010	August 2010

The transition rule relied upon was Section 3.02 of IRS Notice 2006-79.

In addition, at the November 2007 Annual Election Period, a Participant was permitted to make a deferral election with respect to Long Term Incentive Payments for the performance period ending May 31, 2011, under the general timing rule for deferral elections under Treas. Reg. § 1.409A-2(a)(3) and as provided under the terms of the Plan. A Participant who elected a Scheduled Withdrawal for Compensation deferred during the November 2007 Annual Election Period was required to specify the same withdrawal year for any deferred Long Term Incentive Payment for the performance period ending in 2008 as the Participant specified for Salary and Bonus paid in 2008, but was permitted to select different withdrawal years for any deferred Long Term Incentive Payments for the performance periods ending in 2009, 2010 and 2011.

(6) November 2007 Deferral Elections for Bonus :

During the November 2007 Annual Election Period, a Participant was permitted to make a deferral election for Bonus attributable to the fiscal year ending May 31, 2008 without satisfying all conditions under the terms of the Plan otherwise required for such deferral election.

The transition rule relied upon was Section 3.02 of IRS Notice 2006-79.

(7) November 2007 Payment Elections for Profit Sharing Make Up Contributions Contributed in 2008 :

During the November 2007 Annual Election Period, a Participant was permitted to designate a form of payment for the Profit Sharing Make Up Contribution (as adjusted for Investment Returns pursuant to Section 4.1(d)) that was contributed to his or her Account in August 2008 (attributable to the 401(k) Profit Sharing Plan plan year ended May 31, 2008), without regard to the deferral timing rules under Code Section 409A.

The transition rule relied upon was Section 3.02 of IRS Notice 2006-79.

(8) Change of Control during 2008 Plan Year :

The following modifications to Section 6.5 of the Plan applied to any Change of Control that occurred during the 2008 Plan Year.

With respect to any Change of Control that occurs during the 2008 Plan Year, each Participant to whom such Change of Control applies (or, after his or her death, his or her Beneficiary) shall be paid his or her full Account balance in a single cash lump sum in January 2009.

Notwithstanding anything to the contrary in this Plan, if a Change of Control occurs with respect to the Company during the 2008 Plan Year, then payment of the full Account balance shall be commenced to each Participant (or, after his or her death, to his or her Beneficiary) within 30 days after the date of such Change of Control and such amount shall be paid in such form as elected by the Participant with respect to a distribution by reason of the Participant's Retirement or, if no such election has been filed, in a lump sum.

Notwithstanding anything to the contrary in this Plan, if both (1) a Change of Control occurs with respect to a Participating Employer during the 2008 Plan Year and (2) a Participant employed by that Participating Employer has a Separation from Service in the 2008 Plan Year after such Change of Control, then any resulting payment(s) that would have been made to the Participant (or, after his or her death, to his or her Beneficiary) in the 2008 Plan Year had such Change of Control not occurred shall be made in the 2008 Plan Year and the remaining Account balance shall be paid to the Participant (or, after his or her death, to his or her Beneficiary) in January 2009.

The transition rule relied upon was Section 3.02 of IRS Notice 2007-86.

(9) October/November 2008 Deferral Elections for Bonus :

During the October/November 2008 Annual Election Period, a Participant may make a deferral election for Bonus attributable to the fiscal year ending May 31, 2009. In addition, if a Participant who elected to defer Bonus during the November 2007 Annual Election Period does not submit a deferral election during the October/November 2008 Annual Election Period, the deferral election with respect to Bonus continued during the October/November 2008 Annual Election Period shall apply to Bonus attributable to the fiscal year ending May 31, 2009 (as well as to Bonus attributable to the fiscal year ending May 31, 2010 as described in Section 3.1(c)(3)).

The transition rule to be relied upon is Section 3.02 of IRS Notice 2007-86.

(10) October/November 2008 Change in Form of Payment for Profit Sharing Make Up Contributions and Discretionary Contributions :

During the October/November 2008 Annual Election Period, a Participant will be permitted to change the form of payment elections applicable to all Profit Sharing Make Up Contributions and Discretionary Contributions contributed to his or her Account during calendar years 2005 through 2008 (as adjusted for Investment Returns pursuant to Section 4.1 (d)). Also during the October/

November 2008 Annual Election Period, the form of payment election made or continued by a Participant as described in Section 6.1(b)(2) shall apply to all Profit Sharing Make Up Contributions and Discretionary Contributions contributed to his or her Account during calendar years 2009 and 2010 (as adjusted for Investment Returns pursuant to Section 4.1 (d)). For any Participant who does not make or continue a form of payment election as described in Section 6.1(b)(2) during the October/November 2008 Annual Election Period, the form of payment for all Profit Sharing Make Up Contributions and Discretionary Contributions contributed to his or her Account during calendar years 2009 and 2010 (as adjusted for Investment Returns pursuant to Section 4.1(d)) shall be quarterly installments over 10 years beginning on the Participant's Payment Commencement Date.

The transition rule to be relied upon is Section 3.02 of IRS Notice 2007-86.

(11) October/November 2008 Deferral Elections for Long Term Incentive Payments :

During the October/November 2008 Annual Election Period, a Participant who received his or her first grant of a right to a Long Term Incentive Payment on or after November 1, 2007 and before October 23, 2008, and who did not have an opportunity to defer Long Term Incentive Payments during the November 2007 Annual Election Period, may make a deferral election for the following Long Term Incentive Payments:

Long Term Incentive Payment for Performance Period Ending	**Anticipated Long Term Incentive Payment Date**
May 31, 2009	August 2009
May 31, 2010	August 2010
May 31, 2011	August 2011

The transition rule to be relied upon was Section 3.02 of IRS Notice 2007-86.

NIKE, INC.
RESTRICTED STOCK AGREEMENT

Pursuant to paragraph 7 of the 1990 Stock Incentive Plan (the "Plan") of NIKE, Inc., an Oregon corporation (the " **Company** "), and effective as of _____ (the " **Grant Date** "), the Company hereby grants restricted stock to _____ (the " **Recipient** "), subject to the terms and conditions of this agreement between the Company and the Recipient (this " **Agreement** "). By accepting this restricted stock grant, the Recipient agrees to all of the terms and conditions of this Agreement. Capitalized terms not defined in this Agreement shall have the meanings ascribed to them in the Plan.

1. Grant of Restricted Stock . Subject to the terms and conditions of this Agreement, the Company hereby grants to the Recipient _____ shares of Class B Common Stock of the Company (the " **Restricted Shares** "). The Restricted Shares are subject to forfeiture to the Company as set forth in Section 3 below.

2. Vesting .

2.1 Generally . All of the Restricted Shares shall initially be unvested, and shall vest with respect to one-third of the total Restricted Shares on each of the first three anniversaries of the Grant Date (provided that the Recipient is employed by or in the service of the Company on the applicable vesting date). For purposes of this Agreement, the Recipient is considered to be employed by or in the service of the Company if the Recipient is employed by or in the service of the Company or any parent or subsidiary corporation of the Company (an " **Employer** ").

2.2 Acceleration Upon Death or Disability . If the Recipient ceases to be employed by or in the service of the Company as a result of death or physical disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended), all of the Restricted Shares shall immediately vest.

2.3 Double Trigger Acceleration in Connection with a Change in Control . All of the Restricted Shares shall immediately vest if a Change in Control (as defined below) occurs and at any time after the Change in Control and on or before the second anniversary of the Change in Control, (i) the Recipient's employment or service is terminated by the Company (or its successor) without Cause (as defined below), or (ii) the Recipient's employment or service is terminated by the Recipient for Good Reason (as defined below). In addition, all of the Restricted Shares shall vest immediately prior to the consummation of a Change in Control if (a) the Recipient's employment or service is terminated by the Company without Cause or the Recipient's employment or service is terminated by the Recipient for Good Reason after Shareholder Approval (as defined below) but before the Change in Control and (b) the Change in Control occurs within one year following the Recipient's termination of employment or service.

2.3.1 For purposes of this Agreement, a " **Change in Control** " of the Company shall mean the occurrence of any of the following events:

(a) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (" **Incumbent Directors** ") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office;

(b) At any time that the holders of the Class A Common Stock of the Company have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the then outstanding Class A Common Stock of the Company;

(c) At any time after such time as the holders of the Class A Common Stock of the Company cease to have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company ordinarily having the right to vote for the election of directors (" **Voting Securities** ") representing thirty percent (30%) or more of the combined voting power of the then outstanding Voting Securities;

(d) A consolidation, merger or plan of exchange involving the Company (" **Merger** ") as a result of which the holders of outstanding Voting Securities immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(e) A sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company.

2.3.2 For purposes of this Agreement, " **Shareholder Approval** " shall mean approval by the shareholders of the Company of a transaction, the consummation of which would be a Change in Control.

2.3.3 For purposes of this Agreement, " **Cause** " shall mean (a) the willful and continued failure to perform substantially the Recipient's reasonably assigned duties with the Company or the Employer (other than any such failure resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Recipient by the Company or the Employer which specifically identifies the manner in which the Company or the Employer believes that the Recipient has not substantially performed the Recipient's duties, or (b) the willful engagement in illegal conduct which is materially and demonstrably injurious to the Company or the Employer.

No act, or failure to act, shall be considered "willful" if the Recipient reasonably believed that the action or omission was in, or not opposed to, the best interests of the Company or the Employer.

2.3.4 For purposes of this Agreement, " **Good Reason** " shall mean:

(a) the assignment of a different title, job or responsibilities that results in a decrease in the level of responsibility of the Recipient after Shareholder Approval, if applicable, or the Change in Control when compared to the Recipient's level of responsibility for the Company's or the Employer's operations prior to Shareholder Approval, if applicable, or the Change in Control; provided that Good Reason shall not exist if the Recipient continues to have the same or a greater general level of responsibility for Company operations after the Change in Control as the Recipient had prior to the Change in Control even if the Company operations are a subsidiary or division of the surviving company,

(b) a reduction in the Recipient's base pay as in effect immediately prior to Shareholder Approval, if applicable, or the Change in Control,

(c) a material reduction in total benefits available to the Recipient under cash incentive, stock incentive and other employee benefit plans after Shareholder Approval, if applicable, or the Change in Control compared to the total package of such benefits as in effect prior to Shareholder Approval, if applicable, or the Change in Control, or

(d) the Recipient is required to be based more than 50 miles from where the Recipient's office is located immediately prior to Shareholder Approval, if applicable, or the Change in Control except for required travel on company business to an extent substantially consistent with the business travel obligations which the Recipient undertook on behalf of the Company prior to Shareholder Approval, if applicable, or the Change in Control.

3. Forfeiture Restriction . If the Recipient ceases to be employed by or in the service of the Company for any reason or for no reason, with or without cause, any Restricted Shares that did not vest pursuant to Section 2 above at or prior to the time of such termination of employment or service shall be forfeited to the Company; provided, however, that if the Recipient's employment is terminated by the Company without Cause or by the Recipient for Good Reason after Shareholder Approval but before a Change in Control, any Restricted Shares will not be forfeited under this sentence unless a Change in Control does not subsequently occur within one year of such termination of employment or service. Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Company or any Employer or to continue to provide services to the Company or any Employer or to interfere in any way with the right of the Company or any Employer to terminate Recipient's services at any time for any reason, with or without cause.

4. Restriction on Transfer . The Recipient shall not sell, assign, pledge, or in any manner transfer unvested Restricted Shares, or any right or interest in unvested Restricted Shares, whether voluntarily or by operation of law, except by will or by the laws of descent and distribution of the state or country of the Recipient's domicile at the time of death. Any sale or transfer, or purported sale or transfer, of unvested Restricted Shares, or any right or interest in unvested Restricted Shares, in violation of this Section 4 shall be null and void.

5. Tax Withholding . Recipient acknowledges that, on the date (the " **Vesting Date** ") any portion of the Restricted Shares vests, the Value (as defined below) on that date of such vested Restricted Shares will be treated as ordinary compensation income for federal and state income and FICA tax purposes, and that the Company will be required to withhold taxes on this income amount. To satisfy the required withholding amount, Recipient shall surrender to the Company the number of vested Restricted Shares having a Value equal to the required withholding amount, and the Company shall have the right to cancel such number of vested Restricted Shares without any further action by Recipient before delivering the balance of the vested Restricted Shares to Recipient in accordance with Section 7. For purposes of this Section 5, the " **Value** " of a Restricted Share shall be equal to the closing market price for Class B Common Stock on the last trading day preceding the Vesting Date. Notwithstanding the foregoing, Recipient may elect with respect to any Vesting Date to pay withholding taxes in cash instead of having vested Restricted Shares withheld to cover taxes by giving notice to the Company in writing at least 15 days prior to the Vesting Date, in which case no vested Restricted Shares shall be delivered to Recipient until Recipient shall have paid to the Company in cash any required tax withholding. **Recipient agrees not to file with respect to any Restricted Shares any election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code").**

6. Rights as Shareholder; Dividends . Upon the execution and delivery of this Agreement, the award of the Restricted Shares shall be completed and, except as limited by this Agreement, the Recipient shall be the owner of the Restricted Shares with all rights of a shareholder, including the right to vote the Restricted Shares and to receive ordinary dividends payable with respect to the Restricted Shares from the date of this Agreement. Until the Restricted Shares become vested, they will not be treated as issued shares for federal income tax purposes and dividends paid to the Recipient with respect to the Restricted Shares will be treated for federal income tax purposes as additional compensation subject to applicable withholding.

7. Stock Certificate . To secure the rights of the Company under Sections 3 and 5, the Company will retain the certificate or certificates representing the Restricted Shares. Upon any forfeiture of the Restricted Shares covered by this Agreement, the Company shall have the right to cancel the Restricted Shares in accordance with this Agreement without any further action by the Recipient. After Restricted Shares have vested and all required withholding has been paid to the Company in connection with such vesting, the Company shall deliver a certificate for the remaining vested Restricted Shares to the Recipient.

8. Changes in Capital Structure . If, prior to vesting of Restricted Shares, the outstanding Class B Common Stock is increased or changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation as a result of a stock dividend, stock split, reorganization, merger, consolidation, plan of exchange, recapitalization or reclassification, the restrictions and other provisions of this Agreement shall apply to any such additional shares of Class B Common Stock or other shares or securities which are issued in respect of the Restricted Shares to the same extent as such restrictions and other provisions apply to the Restricted Shares.

9. Restrictive Legends . Stock certificates for shares issued under this Agreement may bear the following legends:

> The shares represented by this certificate are subject to a Restricted Stock Agreement between the registered owner and NIKE, Inc. which restricts the transferability of the shares. A copy of the agreement is on file with the Secretary of NIKE, Inc.

10. Clawback Policy . The Recipient acknowledges and agrees that all shares acquired by Recipient under this Agreement shall be subject to the NIKE, Inc. Policy for Recoupment of Incentive Compensation as approved by the Company's Board of Directors and the Compensation Committee of the Company's Board of Directors and in effect on the date of this Agreement.

11. Miscellaneous .

11.1 Entire Agreement; Amendment . This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof and may be amended only by written agreement between the Company and the Recipient.

11.2 Notices . Any notice required or permitted under this Agreement shall be in writing and shall be deemed sufficient when delivered personally to the party to whom it is addressed or when deposited into the United States Mail as registered or certified mail, return receipt requested, postage prepaid, addressed to the Company, Attention: Corporate Secretary, at its principal executive offices or to the Recipient at the address of Recipient in the Company's records, or at such other address as such party may designate by ten (10) days' advance written notice to the other party.

11.3 Rights and Benefits . The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Recipient's heirs, executors, administrators, successors and assigns.

11.4 Further Action . The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

11.5 Applicable Law; Attorneys' Fees . The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of, and agree that such litigation shall be conducted in, the courts of Washington County, Oregon or the United States District Court for the District of Oregon, where this Agreement is made and/or to be performed. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

NIKE, Inc.

By: _____
Mark G. Parker,
Chief Executive Officer

NIKE, INC.
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

Pursuant to paragraph 7 of the 1990 Stock Incentive Plan (the " **Plan** ") of NIKE, Inc., an Oregon corporation (the " **Company** "), and effective as of _____ (the " **Grant Date** "), the Company hereby grants restricted stock units (" **RSUs** ") to _____ (the " **Recipient** "), subject to the terms and conditions of this agreement between the Company and the Recipient (this " **Agreement** "). By accepting this RSU grant, the Recipient agrees to all of the terms and conditions of this Agreement, including any special terms and conditions for non-U.S. Recipients in the attached Appendix A and any country-specific terms and conditions in the attached Appendix B. Capitalized terms not defined in this Agreement shall have the meanings ascribed to them in the Plan.

1. Grant of Restricted Stock Units; Dividend Equivalents . Subject to the terms and conditions of this Agreement, the Company hereby grants to the Recipient _____ RSUs. The grant of RSUs obligates the Company, upon vesting in accordance with this Agreement, to deliver to the Recipient one share of Class B Common Stock of the Company (a " **Share** ") for each RSU. Upon vesting of each RSU, the Company also agrees to make a dividend equivalent cash payment with respect to each vested RSU in an amount equal to the total amount of dividends paid per share of Class B Common Stock for which the dividend record dates occurred after the Grant Date and before the date of delivery of the underlying Shares. The RSUs are subject to forfeiture as set forth in Section 4 below.

2. Vesting .

2.1 Generally . All of the RSUs shall initially be unvested, and shall vest with respect to the total number of RSUs on the _____ anniversary of the Grant Date (provided that the Recipient is employed by or in the service of the Company on the applicable vesting date). For purposes of this Agreement, the Recipient is considered to be employed by or in the service of the Company if the Recipient is employed by or in the service of the Company or any parent or subsidiary corporation of the Company (an " **Employer** "). For purposes of the RSUs, the Recipient's employment or service relationship will be considered terminated as of the date the Recipient is no longer actively providing services to the Company or the Employer (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Recipient's right to vest in the RSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.* , the Recipient's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any); the Compensation Committee of the Company's Board of Directors (the " **Committee** ") shall have the exclusive discretion to determine when the Recipient is no longer actively providing services for purposes of the RSUs grant (including whether the Recipient may still be considered to be providing services while on a leave of absence).

2.2 Acceleration Upon Death or Disability . If the Recipient ceases to be employed by or in the service of the Company as a result of death or physical disability (within the meaning of Section 22(e)(3) of the Code), all of the RSUs shall immediately vest.

2.3 Double Trigger Acceleration in Connection with a Change in Control . All of the RSUs shall immediately vest if a Change in Control (as defined below) occurs and at any time after the Change in Control and on or before the second anniversary of the Change in Control, (i) the Recipient's employment or service is terminated by the Company (or its successor) without Cause (as defined below), or (ii) the Recipient's employment or service is terminated by the Recipient for Good Reason (as defined below); provided, however, that the RSUs may also immediately vest in connection with a Change in Control as provided in Section 9.2 below. In addition, all of the RSUs shall vest immediately prior to the consummation of a Change in Control if (a) the Recipient's employment or service is terminated by the Company without Cause or the Recipient's employment or service is terminated by the Recipient for Good Reason after Shareholder Approval (as defined below) but before the Change in Control and (b) the Change in Control occurs within one year following the Recipient's termination of employment or service.

2.3.1 For purposes of this Agreement, a " **Change in Control** " of the Company shall mean the occurrence of any of the following events:

(a) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (" **Incumbent Directors** ") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office;

(b) At any time that the holders of the Class A Common Stock of the Company have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the then outstanding Class A Common Stock of the Company;

(c) At any time after such time as the holders of the Class A Common Stock of the Company cease to have the right to elect (voting as a separate class) a majority of the members of the Board of Directors of the Company, any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company ordinarily having the right to vote for the election of directors (" **Voting Securities** ") representing thirty percent (30%) or more of the combined voting power of the then outstanding Voting Securities;

(d) A consolidation, merger or plan of exchange involving the Company (" **Merger** ") as a result of which the holders of outstanding Voting Securities immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(e) A sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company.

2.3.2 For purposes of this Agreement, " **Shareholder Approval** " shall mean approval by the shareholders of the Company of a transaction, the consummation of which would be a Change in Control.

2.3.3 For purposes of this Agreement, " **Cause** " shall mean (a) the willful and continued failure to perform substantially the Recipient's reasonably assigned duties with the Company or the Employer (other than any such failure resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Recipient by the Company or the Employer which specifically identifies the manner in which the Company or the Employer believes that the Recipient has not substantially performed the Recipient's duties, or (b) the willful engagement in illegal conduct which is materially and demonstrably injurious to the Company or the Employer. No act, or failure to act, shall be considered "willful" if the Recipient reasonably believed that the action or omission was in, or not opposed to, the best interests of the Company or the Employer.

2.3.4 Notwithstanding any provision in the Plan to the contrary, for purposes of this Agreement, " **Good Reason** " shall mean, without the Recipient's consent:

(a) a material diminution in the Recipient's authority, duties and responsibilities after Shareholder Approval, if applicable, or the Change in Control when compared to the Recipient's level of authority, duties, and responsibilities for the Company's or the Employer's operations prior to Shareholder Approval, if applicable, or the Change in Control; provided that Good Reason shall not exist if the Recipient continues to have the same or a greater general level of authority, duties, and responsibilities for Company operations after the Change in Control as the Recipient had prior to the Change in Control even if the Company operations are a subsidiary or division of the surviving company,

(b) a material reduction in the Recipient's base pay as in effect immediately prior to Shareholder Approval, if applicable, or the Change in Control,

(c) a material reduction in total benefits available to the Recipient under cash incentive, stock incentive and other employee benefit plans after Shareholder Approval, if applicable, or the Change in Control compared to the total package of such benefits as in effect prior to Shareholder Approval, if applicable, or the Change in Control, or

(d) the Recipient is required to be based more than 50 miles from where the Recipient's office is located immediately prior to Shareholder Approval, if applicable, or the Change in Control except for required travel on company business to an extent substantially consistent with the business travel obligations which the Recipient undertook on behalf of the Company prior to Shareholder Approval, if applicable, or the Change in Control.

Notwithstanding any provision in this Agreement or the Plan to the contrary, a termination of an employment or other service relationship by the Recipient will not be for Good Reason unless (i) the Recipient notifies the Company in writing of the existence of the condition that the Recipient believes constitutes Good Reason within thirty (30) days of the initial existence of such condition (which notice specifically identifies such condition), (ii) the Company fails to remedy such condition within thirty (30) days after the date that it receives such notice (the " **Remedial Period** "), and (iii) the Recipient actually terminates the Recipient's employment or other service relationship within thirty (30) days after the expiration of the Remedial Period. If the Recipient terminates his or her employment or other service relationship before the expiration of the Remedial Period or after the Company remedies the condition, then the Recipient's termination will not be considered to be for Good Reason.

3. Delivery . Subject to Section 6 (Responsibility for Taxes) and Section 12.1 (Compliance with Law) and except as provided in Sections 4, 9 and 10 hereof, within 30 days after any of the RSUs become vested, the Company shall deliver to the Recipient (a) the number of Shares underlying the RSUs that vested in either certificated form, uncertificated form or via book entry credit, and (b) the dividend equivalent cash payment determined under Section 1 with respect to the number of RSUs that vested (the " **Dividend Equivalent Payment** ") ; provided that, if (i) the Recipient's employment or service is terminated by the Company without Cause or the Recipient's employment or service is terminated by the Recipient for Good Reason after Shareholder Approval (as defined below) but before a Change in Control and (ii) the Change in Control occurs within one year following the Recipient's termination of service, such Shares and the Dividend Equivalent Payment shall be delivered simultaneously with the closing of the Change in Control such that the Recipient will participate as a shareholder in receiving proceeds from such transaction with respect to those Shares.

4. Forfeiture Restriction . If the Recipient ceases to be employed by or in the service of the Company for any reason or for no reason, with or without Cause, any RSUs that did not vest pursuant to Section 2 above at or prior to the time of such termination of employment or service shall be forfeited to the Company; provided, however, that if the Recipient's employment or service is terminated by the Company without Cause or by the Recipient for Good Reason after Shareholder Approval but before a Change in Control, any RSUs will not be forfeited under this sentence unless a Change in Control does not subsequently occur within one year following the Recipient's termination of employment or service. Nothing contained in this Agreement shall confer upon the Recipient any right to be employed by the Company or any Employer or to continue to provide services to the Company or any Employer or to interfere in any way with the right of the Company or any Employer to terminate the Recipient's services at any time for any reason, with or without Cause.

5. Restriction on Transfer . The RSUs are nonassignable and nontransferable by the Recipient, either voluntarily or by operation of law, except by will or by the laws of descent and distribution of the state or country of the Recipient's domicile at the time of death.

6. Responsibility for Taxes . The Recipient acknowledges that, regardless of any action taken by the Company or, if different, the Employer the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Recipient's participation in the Plan and legally applicable to the Recipient or deemed by the Company or the Employer to be an appropriate charge to the Recipient even if technically due by the Company or the Employer (" **Tax-Related Items** "), is and remains the Recipient's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Recipient further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or any Dividend Equivalent Payment, and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Recipient's liability for Tax-Related Items or achieve any particular tax result. Further, if the Recipient is subject to Tax-Related Items in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Recipient acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Recipient agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

In this regard, the Recipient authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from any Dividend Equivalent Payment;

(ii) withholding from the Recipient's wages or other cash compensation paid to the Recipient by the Company and/or the Employer; or

(iii) withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Recipient's behalf pursuant to this authorization); or

(iv) withholding in Shares to be issued upon settlement of the RSUs.

Notwithstanding the above, if the Recipient is a Section 16 officer of the Company under the Exchange Act, as amended, then the Company will withhold in Shares to be issued upon settlement of the RSUs, unless the use of such withholding method is problematic under applicable

tax or securities law or has materially adverse accounting consequences, in which case the Recipient may elect the form of withholding from the alternatives above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Recipient will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Recipient is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items .

Finally, the Recipient agrees to pay to the Company or the Employer, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Recipient's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Recipient fails to comply with the Recipient's obligations in connection with the Tax-Related Items.

7. Rights as Shareholder . Until delivery of the Shares underlying the vested RSUs to the Recipient, the Recipient has only the rights of a general unsecured creditor, and no rights as a shareholder of the Company.

8. Changes in Capital Structure . If, prior to the full vesting of all of the RSUs granted under this Agreement, the outstanding Class B Common Stock of the Company is increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, reclassification, stock split, combination of shares or dividend payable in shares, appropriate adjustment shall be made by the Committee in the number and kind of shares subject to the unvested RSUs so that the Recipient's proportionate interest before and after the occurrence of the event is maintained. Notwithstanding the foregoing, the Committee shall have no obligation to effect any adjustment that would or might result in the issuance of fractional shares, and any fractional shares resulting from any adjustment may be disregarded or provided for in any manner determined by the Committee. Any such adjustments made by the Committee shall be conclusive.

9. Sale of the Company . If there shall occur a merger, consolidation or plan of exchange involving the Company pursuant to which the outstanding shares of Class B Common Stock of the Company are converted into cash or other stock, securities or property, or a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company, then either:

9.1 the unvested RSUs shall be converted into restricted stock units for stock of the surviving or acquiring corporation in the applicable transaction, with the amount and type of shares subject thereto to be conclusively determined by the Committee, taking into account the relative values of the companies involved in the applicable transaction and the exchange rate, if any, used in determining shares of the surviving corporation to be held by the former holders of the Company's

Class B Common Stock following the applicable transaction, and disregarding fractional shares; or

9.2 all of the unvested RSUs shall immediately vest and all underlying Shares and the Dividend Equivalent Payment shall be delivered simultaneously with the closing of the applicable transaction such that the Recipient will participate as a shareholder in receiving proceeds from such transaction with respect to those Shares.

10. Section 409A . The parties intend that this Agreement and the benefits provided hereunder be exempt from the requirements of Section 409A of the Code to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4) or otherwise. To the extent Section 409A of the Code is applicable to this Agreement and such benefits, the parties intend that this Agreement and such benefits comply with the deferral, payout, and other limitations and restrictions imposed under Section 409A of the Code. Notwithstanding any other provision of this Agreement or an employment agreement or other agreement to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions. Without limiting the generality of the foregoing, any delivery or distribution contemplated under this Agreement will be made to a Recipient who is a "specified employee" (as defined in the NIKE, Inc. Deferred Compensation Plan) at the time of a "separation from service" (within the meaning of Section 409A of the Code) within 30 days following the earlier of (i) the expiration of the six-month period following the Recipient's separation from service, and (ii) the Recipient's death, to the extent such delayed payment is otherwise required to avoid a prohibited distribution under Section 409A of the Code. For purposes of Section 409A of the Code, each payment or benefit payable pursuant to this Agreement shall be treated as a separate payment. Notwithstanding the foregoing, this Agreement and the Plan may be amended by the Company at any time, without the consent of any party, to the extent necessary or desirable to satisfy any of the requirements under Section 409A of the Code, but the Company shall not be under any obligation to make any such amendment. Nothing in this Agreement or the Plan shall provide a basis for any person to take action against the Company or any affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid or RSUs granted under this Agreement, and neither the Company nor any of its affiliates shall under any circumstances have any liability to the Recipient or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

11. Clawback Policy . The Recipient acknowledges and agrees that all shares acquired by Recipient under this Agreement shall be subject to the NIKE, Inc. Policy for Recoupment of Incentive Compensation as approved by the Board of Directors and the Committee and in effect on the date of this Agreement.

12. Miscellaneous .

12.1 Compliance with Law. Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of

the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Recipient understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, the Recipient agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without the Recipient's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

12.2 Amendments . The Company may at any time amend this Agreement to increase the portion of the RSUs that are vested. Otherwise, this Agreement may not be amended without the written consent of the Recipient and the Company.

12.3 Electronic Delivery . The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Recipient hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12.4 Severability . The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

12.5 Appendices A and B . Notwithstanding any provisions in this Agreement, the grant of RSUs to Recipients outside the U.S. shall be subject to the special terms and conditions applicable to Recipients outside the U.S. set forth in Appendix A to this Agreement and any country-specific terms and conditions for the Recipient's country set forth in Appendix B to this Agreement. If the Recipient relocates outside the U.S, and/or to one of the countries included in the Appendix B, the special terms and conditions in Appendix A and Appendix B will apply to the Recipient, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices A and B constitute part of this Agreement.

12.6 Imposition of Other Requirements . The Company reserves the right to impose other requirements upon the Recipient's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Recipient to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

12.7 Complete Agreement . This Agreement, including the Appendices, constitutes the entire agreement between the Recipient and the Company, both oral and written concerning the matters addressed herein, except with regard to the imposition of other requirements as described under Section 12.6 above, and all prior agreements or representations concerning the matters addressed herein, whether written or oral, express or implied, are terminated and of no further effect.

12.8 Committee Determinations . The Recipient agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee or other administrator of the Plan as to the provisions of the Plan or this Agreement or any questions arising thereunder.

12.9 Notices . Any notice required or permitted under this Agreement shall be in writing and shall be deemed sufficient when delivered personally to the party to whom it is addressed or when deposited into the United States Mail as registered or certified mail, return receipt requested, postage prepaid, addressed to the Company, Attention: Corporate Secretary, at its principal executive offices or to the Recipient at the address of Recipient in the Company's records, or at such other address as such party may designate by ten (10) days' advance written notice to the other party.

12.10 Rights and Benefits . The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Recipient's heirs, executors, administrators, successors and assigns.

12.11 No Advice Regarding Grant . The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Recipient's participation in the Plan, or the Recipient's acquisition or sale of the underlying shares of Class B Common Stock. The Recipient is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12.12 Applicable Law; Attorneys' Fees . The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of, and agree that such litigation shall be conducted in, the courts of Washington County, Oregon or the United States District Court for the District of Oregon, where this Agreement is made and/or to be performed. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

12.13 Waiver . The Recipient acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Recipient or any other Plan participant.

NIKE, Inc.

By: _____
Mark G. Parker,
Chief Executive Officer

APPENDIX A

TO THE

1990 STOCK INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

SPECIAL TERMS AND CONDITIONS FOR NON-U.S. RECIPIENTS

This Appendix A includes additional terms and conditions that govern RSUs for Recipients residing outside of the United States. Capitalized terms not explicitly defined in this Appendix A but defined in the Agreement shall have the same definitions as in the Agreement.

1. Nature of Grant. In accepting the RSUs, the Recipient understands, acknowledges and agrees that:

1.1 the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

1.2 the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

1.3 all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

1.4 the RSUs grant and the Recipient's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or the Employer and shall not interfere with the ability of the Company, the Employer or any parent or subsidiary corporation of the Company, as applicable, to terminate the Recipient's employment or service relationship (if any);

1.5 the Recipient is voluntarily participating in the Plan;

1.6 the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

1.7 the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

1.8 the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

1.9 no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Recipient's employment or other service relationship (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any), and in consideration of the grant of the RSUs to which the Recipient is otherwise not entitled, the Recipient irrevocably agrees never to institute any claim against the Company, any parent or subsidiary corporation, including the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, any parent or subsidiary corporation and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Recipient shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

1.10 the Recipient acknowledges and agrees that neither the Company, the Employer nor any parent or subsidiary corporation of the Company shall be liable for any foreign exchange rate fluctuation between the Recipient's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Recipient pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

2. ***Data Privacy*** ***. The Recipient hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Recipient's personal data as described in this Agreement and any other RSU grant materials ("Data") by and among, as applicable, the Employer, the Company and any parent or subsidiary corporation for the exclusive purpose of implementing, administering and managing the Recipient's participation in the Plan .***

The Recipient understands that the Company and the Employer may hold certain personal information about the Recipient, including, but not limited to, the Recipient's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Recipient's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Recipient understands that Data will be transferred to E*Trade Corporate Financial Services, Inc., or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Recipient understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Recipient's country. The Recipient understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Recipient authorizes the Company, E*Trade Corporate Financial Services, Inc. and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Recipient understands that Data will be

held only as long as is necessary to implement, administer and manage the Recipient's participation in the Plan. The Recipient understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Recipient understands that he or she is providing the consents herein on a purely voluntary basis. If the Recipient does not consent, or if the Recipient later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Recipient's consent is that the Company would not be able to grant RSUs or other equity awards or administer or maintain such awards. Therefore, the Recipient understands that refusing or withdrawing his or her consent may affect the Recipient's ability to participate in the Plan. For more information on the consequences of the Recipient's refusal to consent or withdrawal of consent, the Recipient understands that he or she may contact his or her local human resources representative.

3. Language . If the Recipient has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

APPENDIX B

TO THE

1990 STOCK INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

COUNTRY-SPECIFIC TERMS FOR NON-U.S. RECIPIENTS

This Appendix B includes additional terms and conditions that govern RSUs for Recipients residing in the countries below. Capitalized terms not explicitly defined in this Appendix B but defined in the Agreement shall have the same definitions as in the Agreement.

This Appendix B also includes information regarding certain issues of which the Recipient should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of June 2013. Such laws are often complex and change frequently. In addition, the information contained herein is general in nature and may not apply to the Recipient's particular situation, and the Company is not in a position to assure the Recipient of a particular result.

By accepting the RSUs, the Recipient agrees to comply with applicable exchange control laws associated with participation in the Plan. The Recipient further acknowledges that if he or she has any questions regarding his or her responsibilities in this regard, the Recipient will seek advice from his or her personal legal advisor, at his or her own cost, and further agrees that neither the Company, nor any parent or subsidiary corporation, including the Employer, will be liable for any fines or penalties resulting from Recipient's failure to comply with applicable laws concerning the acquisition and disposition of Shares.

If the Recipient is a citizen or resident of a country other than the one in which the Recipient is currently working, transfers employment after the RSUs are granted or is considered resident of another country for local law purposes, the information contained herein may not be applicable to the Recipient, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Recipient.

ARGENTINA

Securities Law Information . Shares of the Company are not publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information . Provided proceeds from the sale of Shares acquired under the Plan or Dividend Equivalent Payments are held in a U.S. bank or brokerage account for at least 10 days prior to transfer into Argentina, the Recipient should be able to freely transfer such proceeds into Argentina, although the Recipient should confirm this with his or her local bank. The Argentine bank handling the transaction may request certain documentation in connection with the request to

transfer proceeds in Argentina, including evidence of the sale of Shares. If the bank determines that the 10-day rule or any other rule or regulation promulgated by the Argentina Central Bank has not been satisfied, it may require that 30% of the proceeds be placed in a non-interest bearing dollar deposit account for a holding period of 365 days.

Please note that exchange control regulations in Argentina are subject to frequent change. The Recipient is solely responsible for complying with any applicable exchange control rules and should consult with his or her personal legal advisor prior to receiving proceeds from the sale of Shares acquired upon vesting of the RSUs or Dividend Equivalent Payments.

Foreign Asset/Account Reporting Information . If the Recipient holds Shares (acquired upon vesting of the RSUs or otherwise) as of December 31, the Recipient is required to report certain information regarding the Shares on his or her annual tax return. Note that this reporting obligation is effective as of December 31, 2011.

AUSTRALIA

Securities Law Information. If the Recipient acquires Shares upon vesting of the RSUs and subsequently offers the Shares for sale to a person or entity resident in Australia, such an offer may be subject to disclosure requirements under Australian law, and the Recipient should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

AUSTRIA

Consumer Protection Information . To the extent that the provisions of the Austrian Consumer Protection Act are applicable to the Agreement and the RSUs, the Recipient may be entitled to revoke his or her acceptance of the Agreement if the conditions listed below are met:

(i) The revocation must be made within one week after the Recipient accepts the Agreement.

(ii) The revocation must be in written form to be valid. It is sufficient if the Recipient returns the Agreement to the Company or the Company's representative with language that can be understood as the Recipient's refusal to conclude or honor the Agreement, provided the revocation is sent within the period set forth above.

Exchange Control Information . If the Recipient holds Shares obtained through the Plan outside of Austria, the Employee must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not exceed €30,000,000 or as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is as of December 31 and the deadline for filing the annual report is March 31 of the following year.

When Shares are sold, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all the Recipient's accounts abroad exceeds €3,000,000, the

movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.

BELGIUM

Foreign Asset/Account Reporting Information. The Recipient is required to report any bank or brokerage accounts opened and maintained outside Belgium on his or her annual tax return.

BRAZIL

Compliance with Law. By accepting the RSUs, the Recipient acknowledges his or her agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the receipt of any dividends or any Dividend Equivalent Payments, and the sale of Shares issued upon vesting of the RSUs.

Exchange Control Information . If the Recipient is a resident or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include Shares issued upon vesting of the RSUs.

CANADA

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Termination of Employment or Service . This provision supplements Section 2 of the Agreement.

In the event of involuntary termination of the Recipient's employment or service (whether or not in breach of local labor laws), the Recipient's right to receive and vest in the RSUs, if any, will terminate effective as of the date that is the earlier of: (1) the date the Recipient's employment or service relationship is terminated, (2) the date the Recipient receives notice of termination of employment or service from the Company or the Employer, or (3) the date the Recipient is no longer actively employed by or in the service of the Company or his or her Employer regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to, statutory law, regulatory law and/or common law); the Committee shall have the exclusive discretion to determine when the Recipient no longer actively employed or in service for purposes of the RSU grant (including whether the Recipient may still be considered to be providing services while on a leave of absence).

The following provisions will apply if the Recipient is a resident of Quebec:

French Language Provision . The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaries intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Data Privacy. This provision supplements Section 2 of Appendix A:

The Recipient hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Recipient further authorizes the Company, any parent or subsidiary corporation and the Committee to disclose and discuss the RSUs with their advisors. The Recipient further authorizes the Company and any parent or subsidiary corporation to record such information and to keep such information in the Recipient's employee file.

CHINA

Settlement of Restricted Stock Units and Sale of Shares. The following provisions supplement Sections 2 and 3 of the Agreement and apply to PRC nationals and any other individuals who are subject to exchange control requirements in China, as determined by the Company in its sole discretion:

The Recipient agrees to maintain any Shares the Recipient obtains upon vesting in an account with the designated Plan broker prior to sale. Further, if deemed necessary or advisable by the Company, the Recipient agrees to immediately sell all Shares issued upon vesting of the RSUs or within such period upon termination of the Recipient's status as a service provider as determined by the Company. The Recipient agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on the Recipient's behalf pursuant to this authorization) and the Recipient expressly authorizes the Company's designated broker to complete the sale of such Shares. The Recipient agrees to sign any forms and/or consents required by the Company's broker to effectuate the sale of Shares. The Recipient acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the Recipient the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. The Recipient acknowledges that the Recipient is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

Exchange Control Requirements. The following provisions will apply to PRC nationals and any other individuals who are subject to exchange control requirements in China, as determined by the Company in its sole discretion:

The Recipient understands and agrees that, pursuant to local exchange control requirements, the Recipient will be required to immediately repatriate the sale proceeds and any Dividend Equivalent Payments to China. The Recipient further understands that, under local law, such repatriation of his or her proceeds may need to be effectuated through a special exchange control account established by the Company, any parent or subsidiary corporation, or the Employer, and the Recipient hereby

consents and agrees that any proceeds may be transferred to such special account prior to being delivered to the Recipient.

Proceeds may be paid to the Recipient in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Recipient in U.S. dollars, the Recipient will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to the Recipient in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. The Recipient further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

CHILE

Securities Law Information. Neither the Company nor the Shares subject to the RSUs are registered with the Chilean Registry of Securities or under the control of the Chilean Superintendence of Securities.

Exchange Control Information. The Recipient is not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends or Dividend Equivalent Payments. However, if the Recipient decides to repatriate such funds, the Recipient must do so through the Formal Exchange Market if the amount of the funds exceeds US$10,000. In such case, the Recipient must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

If the Recipient's aggregate investments held outside of Chile exceeds US$5,000,000 (including the investments made under the Plan), the Recipient must report the investments annually to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report.

Please note that exchange control regulations in Chile are subject to change. The Recipient should consult with his or her personal legal advisor regarding any exchange control obligations that the Recipient may have prior to exercising the RSUs or receiving proceeds from the sale of acquired upon vesting of the RSUs.

Annual Tax Reporting Obligation. The Chilean Internal Revenue Service ("CIRS") requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes, and (ii) the results of foreign investments. These annual reporting obligations must be complied with by submitting a sworn statement setting forth this information before March 15 of each year. The forms to be used to submit the sworn statement are Tax Form 1853 "Annual Sworn Statement Regarding Credits for Taxes Paid Abroad" and Tax Form 1851 "Annual Sworn Statement Regarding Investments Held Abroad." If the Recipient is not a Chilean citizen and has been a resident in Chile for less than three years, the Recipient is exempt from the requirement to file Tax Form 1853. These statements must be submitted electronically through the CIRS website: www.sii.cl.

CZECH REPUBLIC

Exchange Control Information. Upon request of the Czech National Bank, the Recipient may need to file a notification within 15 days of the end of the calendar quarter in which he or she acquires Shares upon vesting of the RSUs. However, because exchange control regulations change frequently and without notice, the Recipient should consult with his or her personal legal advisor prior to the vesting of the RSUs and the sale of Common Stock to ensure compliance with current regulations. It is the Recipient's responsibility to comply with any applicable Czech exchange control laws.

DENMARK

Exchange Control and Tax Reporting Information. The Recipient may hold Shares acquired upon vesting of the RSUs in a safety-deposit account (*e.g* ., a brokerage account) either with a Danish bank or with an approved foreign broker or bank. If the Shares are held with a foreign broker or bank, the Recipient is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, he or she must file a Form V (*Erklaering V*) with the Danish Tax Administration. The Form V must be signed by the Recipient and *may* be signed by the broker or bank, as applicable, where the account is held. In the event that the applicable broker or bank does not also sign the Form V, the Recipient acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at vesting held in such account to the Danish Tax Administration as part of his or her annual income tax return. By signing the Form V, the Recipient authorizes the Danish Tax Administration to examine the account. By signing the Form V, the Recipient authorizes the Danish Tax Administration to examine the account.

In addition, if the Recipient opens a brokerage account (or a deposit account with a U.S. bank), the brokerage account (or bank account, as applicable) will be treated as a deposit account because cash can be held in the account. Therefore, the Recipient must also file a Form K (*Erklaering K*) with the Danish Tax Administration. Both the Recipient and the bank or broker, as applicable, must sign the Form K. By signing the Form K, the Recipient and the broker undertake an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the content of the deposit account no later than February 1 of the year following the relevant calendar year. In the event that the broker does not sign the Form K, the Recipient is solely responsible for providing the necessary information to the Danish Tax Administration. By signing the Form K, the Recipient authorizes the Danish Tax Administration to examine the account.

FINLAND

There are no country-specific provisions.

FRANCE

Language Consent. By accepting the RSUs, the Recipient confirms having read and understood the documents relating to this grant (the Plan, the French Plan (defined below), the Agreement and

this Appendix) which were provided in English language. The Recipient accepts the terms of those documents accordingly.

En acceptant l'attribution, le Bénéficiaire confirme ainsi avoir reçu lu et compris les documents relatifs à cette attribution (le Plan le Plan Français (défini ci-dessous) et l'Accord et cette Annexe)) qui ont été communiqués en langue anglaise. Le Bénéficiaire accepte les termes en connaissance de cause.

Tax Information. The RSUs are not intended to be French tax-qualified awards.

Foreign Asset/Account Reporting Information. The Recipient may hold Shares obtained under the Plan outside of France provided that the Recipient declares all foreign accounts whether open, current, or closed on his or her annual income tax return.

GERMANY

Exchange Control Information. If the Recipient remits proceeds in excess of €12,500 out of or into Germany, such cross-border payment must be reported monthly to the German Central Bank. The Recipient is responsible for satisfying the reporting obligation and should be able to obtain a copy of the form used for this purpose from the German bank used to carry out the transfer.

GREECE

There are no country-specific provisions.

HONG KONG

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Securities Law Information: *Warning: The RSUs and Shares acquired upon vesting of the RSUs do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, or any parent or subsidiary corporation. The Plan, the Agreement, and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. Nor have the documents been reviewed by any regulatory authority in Hong Kong. The RSUs is intended only for the personal use of each eligible employee of the Employer, the Company or any parent or subsidiary corporation and may not be distributed to any other person. The Recipient is advised to vesting caution in relation to the RSUs. If the Recipient is in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, the Recipient should obtain independent professional advice.*

Sale Restriction. Notwithstanding anything contrary in the Agreement or the Plan, in the event the RSUs vests and Shares are issued to the Recipient or his or her heirs and representatives within six months of the Grant Date, the Recipient agrees that the Recipient or his or her heirs and representatives will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Nature of Scheme . The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

HUNGARY

There are no country-specific provisions.

INDIA

Repatriation of Proceeds of Sale. The Recipient agrees to repatriate all proceeds received from the sale of Shares or the receipt of any dividends or Dividend Equivalent Payments to India within a reasonable time following the sale of the Shares (*i.e.* , within 90 days). The Recipient must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Recipient's responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. The Recipient is required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside India) in the Recipient's annual tax return. The Recipient is responsible for complying with this reporting obligation and is advised to confer with his or her personal tax advisor in this regard.

INDONESIA

Exchange Control Information. If Recipient remits proceeds from the sale of Shares or dividends or Dividend Equivalent Payments into Indonesia, the Indonesian Bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, you must complete a "Transfer Report Form." The Transfer Report Form will be provided to you by the bank through which the transaction is made.

ISRAEL

Securities Law Notification. This offer of the RSUs does not constitute a public offering under the Securities Law, 1968.

Settlement of RSUs and Sale of Shares. The following provisions supplement sections 2 and 3 of the Agreement:

The Recipient agrees to maintain any Shares the Recipient obtains upon vesting in an account with the designated Plan broker prior to sale. Further, the Recipient agrees to immediately sell all Shares issued upon vesting of the RSUs. The Recipient agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on the Recipient's behalf pursuant to this authorization) and the Recipient expressly authorizes the Company's designated broker to complete the sale of such Shares. The Recipient agrees to sign any forms and/or consents required by the Company's broker to effectuate the sale of Shares in case of termination of the Recipient's status as a service provider. The Recipient acknowledges that the Company's designated

broker is under no obligation to arrange for the sale of the Shares at any particular price. Furthermore, the Recipient acknowledges that the sale of Shares will be made as soon as administratively possible after vesting, but the Company is not committing to sell the Shares at any particular time after vesting.

Upon the sale of the Shares, the Company agrees to pay the Recipient the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. The Recipient acknowledges that the Recipient is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

ITALY

Data Privacy Notice. This provision replaces Section 2 of Appendix A:

The Recipient understands that the Company and the Employer as a data processor of the Company may hold certain personal information about the Recipient, including, but not limited to, the Recipient's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company or any parent or subsidiary corporation, details of all RSUs or any other entitlement to Shares of stock awarded, canceled, vesting, vested, unvested or outstanding in the Recipient's favor, and that the Company and the Employer will process said data and other data lawfully received from third parties (collectively, "Personal Data") for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and legislation. The Recipient also understands that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that the Recipient's denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect the Recipient's ability to participate in the Plan. The Recipient understands that Personal Data will not be publicized, but it may be accessible by the Employer as a data processor of the Company and within the Employer's organization by its internal and external personnel in charge of processing. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. The Recipient understands that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. The Recipient further understands that the Company and any parent or subsidiary corporation will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Recipient's participation in the Plan, and that the Company and any parent or subsidiary corporation may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to a broker or other third party with whom the Recipient may elect to deposit any Shares acquired under the Plan or any proceeds from the sale of such Shares. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing the Recipient's participation in the Plan. The Recipient understands that these recipients may be acting as controllers, processors or

persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, including countries that do not provide an adequate level of data protection as intended under Italian privacy law.

Should the Company vesting its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Personal Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.

The Recipient understands that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require the Recipient's consent thereto as the processing is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan. The Recipient understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, he or she has the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not, access, verify its content, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason, the Personal Data processing. To vesting privacy rights the Recipient should address the Data Controller as defined in the employee privacy policy. Furthermore, the Recipient is aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting the Recipient's human resources department.

Plan Document Acknowledgment. By accepting the RSUs, the Recipient acknowledges that he or she has received a copy of the Plan, the Agreement (including this Appendix) and has reviewed the Plan and the Agreement in their entirety and fully accepts all provisions thereof. The Recipient further acknowledges that he or she has read and specifically and expressly approves (a) the following provisions of the Agreement: Section 2: Vesting; Section 3: Delivery; Section 6: Responsibility for Taxes; Section 11: Clawback Policy; Section 12: Miscellaneous; and (b) the following provisions of this Appendix: (i) Section 1: Nature of Grant; (ii) Section 3: Language; and (iii) all provisions for Italy in this Appendix.

Exchange Control Information. The Recipient is required to report the following on his or her annual tax return: (1) any transfers of cash or Shares to or from Italy exceeding €10,000, (2) any foreign investments or investments held outside of Italy at the end of the calendar year exceeding €10,000 if such investments (e.g., RSUs, Shares, or cash) may result in income taxable in Italy, and (3) the amount of the transfers to and from abroad which have had an impact during the calendar year on the Recipient's foreign investments or investments held outside of Italy. Under certain

circumstances, the Recipient may be exempt from the requirement under (1) above if the transfer or investment is made through an authorized broker resident in Italy.

KOREA

Exchange Control Information. If the Recipient realizes US$500,000 or more from the sale of Shares or the receipt of Dividend Equivalent Payments in a single transaction, he or she must repatriate the proceeds to Korea within eighteen (18) months of the sale/receipt.

MALAYSIA

Insider Trading Information. The Recipient should be aware of the Malaysian insider-trading rules, which may impact his or her acquisition or disposal of Shares or rights to Shares under the Plan. Under the Malaysian insider-trading rules, the Recipient is prohibited from selling Shares when he or she is in possession of information which is not generally available and which he or she knows or should know will have a material effect on the price of Shares once such information is generally available.

Director Notification Obligation. If the Recipient is a director of the Company's Malaysian subsidiary, he or she is subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian subsidiary in writing when the Recipient receives or disposes of an interest (*e.g.* , RSUs, Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

MEXICO

No Entitlement or Claims for Compensation. The following provision supplements Section 1 of Appendix A:

By accepting the RSUs, the Recipient understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at One Bowerman Drive, Beaverton OR, 97005, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and, in the Recipient's case, the acquisition of Shares does not, in any way, establish an employment relationship between the Recipient and the Company since the Recipient is participating in the Plan on a wholly commercial basis, nor does it establish any rights between the Recipient and the Employer.

Plan Document Acknowledgment. By accepting the RSUs, the Recipient acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by accepting the RSUs, the Recipient further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in Section 1 of Appendix A, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any parent or subsidiary corporation are not responsible for any decrease in the value of the Shares underlying the RSUs.

Finally, the Recipient hereby declares that he or she does do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and any parent or subsidiary corporation with respect to any claim that may arise under the Plan.

Spanish Translation

Reconocimiento de la Ley Laboral. *Estas disposiciones complementan el apartado 1 en el Apéndice A :*

Por medio de la aceptación de las Unidades de Acciones Restringidas , quien tiene las Unidades de Acciones Restringidas manifiesta que entiende y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o desmejora en los términos y condiciones de empleo.

Declaración de Política. *La invitación por parte de la Compañía bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

La Compañía, con oficinas registradas ubicadas en One Bowerman Drive, Beaverton OR, 97005, EE.UU., es la única responsable por la administración del Plan y de la participación en el mismo y, en el caso del que tiene las Unidades de Acciones Restringidas , la adquisición de acciones no establece de forma alguna, una relación de trabajo entre el que tiene las Unidades de Acciones Restringidas y la Compañía, ya que la participación en el Plan por parte del que tiene la opción es completamente comercial, así como tampoco establece ningún derecho entre el que tiene las Unidades de Acciones Restringidas y el patrón.

Reconocimiento del Plan de Documentos. *Por medio de la aceptación de las Unidades de Acciones Restringidas , el que tiene las Unidades de Acciones Restringidas reconoce que ha recibido copias del Plan, que el mismo ha sido revisado al igual que la totalidad del Acuerdo y, que ha entendido y aceptado las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, por medio de la aceptación de las Unidades de Acciones Restringidas , el que tiene la opción reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en el apartado 1 Condiciones adicionales para todos los no-EE.UU. Recipients en el

Apéndice A, sección en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como su sociedad controlante, subsidiaria or filiales no son responsables por cualquier detrimento en el valor de las acciones en relación con las Unidades de Acciones Restringidas .

Finalmente, por medio de la presente quien tiene las Unidades de Acciones Restringidas declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a su sociedad controlante, subsidiaria or filiales con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

NETHERLANDS

Labor Law Acknowledgment. By accepting the RSUs, the Recipient acknowledges that: (i) the RSUs are intended as an incentive for the Recipient to remain employed with the Employer and is not intended as remuneration for labor performed; and (ii) the RSUs is not intended to replace any pension rights or compensation.

Insider Trading Information. The Recipient should be aware of the Dutch insider-trading rules, which may impact the sale of Shares issued upon vesting of the RSUs. In particular, the Recipient may be prohibited from effectuating certain transactions if he or she has inside information about the Company.

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has “insider information” related to an issuing company is prohibited from effectuating a transaction in securities in or from the Netherlands. “Inside information” is defined as knowledge of specific information concerning the issuing company to which the securities relate or the trade in securities issued by such company, which has not been made public and which, if published, would reasonably be expected to affect the share price, regardless of the development of the price. The insider could be any employee of the Company or a subsidiary in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, a Recipient working at a parent or subsidiary corporation of the Company in the Netherlands may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when he or she has such inside information.

If the Recipient is uncertain whether the insider-trading rules apply to him or her, then the Recipient should consult with his or her personal legal advisor.

NEW ZEALAND

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

PHILIPPINES

Securities Law Information. Recipient acknowledge that he or she is permitted to sell Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Recipient may transfer the Shares), provided that such sale takes place outside of the Philippines through the facilities of New York Stock Exchange on which the Shares are listed.

POLAND

Exchange Control Information. If the Recipient holds foreign securities (including Shares) and maintains accounts abroad, the Recipient may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds PLN 7 million, the Recipient must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers into or out of Poland in excess of €15,000 must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

PORTUGAL

Exchange Control Information. If the Recipient holds Shares upon vesting of the RSUs, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on the Recipient's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, the Recipient is responsible for submitting the report to the Banco de Portugal.

Language Consent. The Recipient hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Agreement em inglês) .

RUSSIA

U.S. Transaction. Upon vesting of the RSUs, any Shares to be issued to the Recipient shall be delivered to the Recipient through a bank or brokerage account in the United States. The Recipient is not permitted to sell the Shares directly to other Russian legal entities or individuals.

Securities Law Information. The Appendices, the Agreement, the Plan and all other materials that the Recipient may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Please note that, under the Russian law, the Recipient is not permitted to sell the Company's Shares directly to other Russian individuals and the Recipient is not permitted to bring share certificates into Russia. All Shares issued upon vesting of the RSUs will be maintained on the Recipient's behalf in the United States.

Exchange Control Information. Under current exchange control regulations, within a reasonably short time after sale of the Shares acquired upon vesting of the RSUs or the receipt of dividends or Dividend Equivalent Payments, the Recipient must repatriate the proceeds to Russia. Such proceeds must be initially credited to the Recipient through a foreign currency account at an authorized bank in Russia. After the proceeds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws. The Recipient is strongly encouraged to contact his or her personal advisor to confirm the applicable Russian exchange control rules because significant penalties may apply in the case of non-compliance and because exchange control requirements may change.

Anti-Corruption Legislation Information. Under new anti-corruption laws, individuals holding public office in Russian, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). The Recipient is strongly advised to consult with his or her personal legal advisor to determine whether the regulation applies to the Recipient.

SINGAPORE

Securities Law Information . The RSUs were granted to the Recipient pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Company has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Recipient should note that his or her RSUs are subject to section 257 of the SFA and the Recipient will not be able to make any subsequent sale in Singapore, or any offer of such subsequent sale of the Shares underlying the RSUs unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation. If the Recipient is a director, associate director or shadow director of a Singapore subsidiary of the Company, the Recipient is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singaporean subsidiary in writing when the Recipient receives an interest (*e.g* ., RSUs, Shares) in the Company or any related companies. In addition, the Recipient must notify the Singapore subsidiary when the Recipient sells Shares of the Company or any related company (including when the Recipient sells Shares acquired under the Plan). These notifications must be

made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of the Recipient's interests in the Company or any related company within two business days of becoming a director.

Insider Trading Information. The Recipient should be aware of the Singaporean insider-trading rules, which may impact the Recipient's acquisition or disposal of Shares or rights to Shares. Under the Singaporean insider-trading rules, the Recipient is prohibited from acquiring or selling Shares or rights to Shares (e.g., RSUs under the Plan) when the Recipient is in possession of information which is not generally available and which the Recipient knows or should know will have a material effect on the price of Shares once such information is generally available.

SOUTH AFRICA

Responsibility for Taxes. The following provision supplements Section 6 of the Agreement:

By accepting the RSUs, the Recipient agrees that, immediately upon vesting of the RSUs, he or she will notify the Employer of the amount of any gain realized. If the Recipient fails to advise the Employer of the gain realized upon vesting, he or she may be liable for a fine. The Recipient will be solely responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Information. The Recipient should consult his or her personal advisor to ensure compliance with applicable exchange control regulations in South Africa, as such regulations are subject to frequent change. The Recipient is responsible for ensuring compliance with all exchange control laws in South Africa.

SPAIN

Labor Law Acknowledgment. In accepting the RSUs, the Recipient consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan.

The Recipient understands that the Company has unilaterally, gratuitously and discretionally decided to grant stock RSUs under the Plan to individuals who may be employees of the Company or a parent or subsidiary corporation throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company, the Employer, or any parent or subsidiary corporation. Consequently, the Recipient understands that the RSUs are granted on the assumption and condition that the RSUs and any Shares acquired upon vesting of the RSUs are not part of any employment contract (either with the Company, the Employer, or any parent or subsidiary corporation) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, the Recipient understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the RSUs and the underlying Shares is unknown and unpredictable. In addition, the Recipient understands that the RSUs would not be granted to the Recipient but for the assumptions and conditions referred to herein; thus, the Recipient acknowledges and freely accepts that should any

or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the RSUs shall be null and void.

The RSUs are a conditional right to Shares and can be forfeited in the case of, or affected by, the Recipient's termination of service or employment. This will be the case, for example, even if (1) the Recipient is considered to be unfairly dismissed without good cause; (2) the Recipient is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Recipient terminates employment or service due to a change of work location, duties or any other employment or contractual condition; (4) the Recipient terminates employment or service due to unilateral breach of contract of the Company, the Employer, or any parent or subsidiary corporation; or (5) the Recipient's employment or service terminates for any other reason whatsoever, except for reasons specified in the Agreement. Consequently, upon termination of the Recipient's employment or service for any of the reasons set forth above, the Recipient may automatically lose any rights to the unvested RSUs granted to him or her as of the date of the Recipient's termination of employment, as described in the Plan and the Agreement.

Exchange Control Information. The Recipient must declare the acquisition of Shares to the *Dirección General de Comercial e Inversiones* (the "DGCI") of the *Ministerio de Economia* for statistical purposes. The Recipient must also declare ownership of any Shares with the DGCI each January while the Shares are owned. In addition, if the Recipient wishes to import the ownership title of any Shares (*i.e.*, share certificates) into Spain, he or she must declare the importation of such securities to the DGCI.

When receiving foreign currency payments derived from the ownership of Shares (*i.e.* , cash dividends, Dividend Equivalent Payment or sale proceeds) in excess of €50,000, the Recipient must inform the financial institution receiving the payment of the basis upon which such payment is made. The Recipient will need to provide the financial institution with the following information: (i) the Recipient's name, address and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) additional information that may be required.

Securities Law Information. The grant of RSUs and the Shares issued pursuant to the vesting of the RSUs are considered a private placement outside of the scope of Spanish laws on public offerings and issuances of securities.

Foreign Asset/Account Reporting Information. Effective January 1, 2013, the Recipient is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, effective January 1, 2013, to the extent that the Recipient holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Recipient will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting

obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Securities Law Information. The grant of the RSUs is considered a private offering in Switzerland and is, therefore, not subject to registration in Switzerland.

TAIWAN

Exchange Control Information. The Recipient may acquire foreign currency (including proceeds from the sale of Shares and the receipt of any dividends or Dividend Equivalent Payments) into Taiwan up to US$5,000,000 per year. If the transaction amount is TWD500,000 or more in a single transaction, the Recipient must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the handling bank.

If the transaction amount is US$500,000 or more, the Recipient may be required to provide additional supporting documentation to the satisfaction of the bank. The Recipient should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

THAILAND

Exchange Control Information. When the Recipient sells Shares issued upon vesting of the RSUs or receives Dividend Equivalent Payments, the Recipient must repatriate all cash proceeds to Thailand and then convert such proceeds to Thai Baht within 360 days of repatriation. If the amount of the Recipient's proceeds is US$50,000 or more, the Recipient must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If the Recipient fails to comply with these obligations, the Recipient may be subject to penalties assessed by the Bank of Thailand.

The Recipient should consult his or her personal advisor prior to taking any action with respect to remittance of proceeds from the sale of Shares into Thailand. The Recipient is responsible for ensuring compliance with all exchange control laws in Thailand.

TURKEY

Securities Law Information. By accepting the RSUs, the Recipient understands and agrees that he or she is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "NKE" and the Shares may be sold through this exchange.

Exchange Control Information. The Recipient likely will be required to engage a Turkish financial intermediary to assist with the sale of Shares acquired under the Plan. While the Recipient should

not need to engage a Turkish financial intermediary with respect to the acquisition of such Shares (as no consideration is paid), this is less certain. As the Recipient is solely responsible for complying with the financial intermediary requirements and because the application of the requirements to participation in the Plan is uncertain, the Recipient should consult his or her personal legal advisor prior to the vesting of the RSUs or any sale of Shares to ensure compliance.

UNITED KINGDOM

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Tax Obligations. The following provisions supplement Section 6 of the Agreement:

The Recipient agrees that, if Recipient does not pay or the Employer or the Company does not withhold from the Recipient the full amount of income tax that the Recipient owes at vesting of the RSUs or the receipt of any other benefit in connection with the RSUs (the "Taxable Event") within 90 days after the Taxable Event, or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Recipient to the Employer, effective 90 days after the Taxable Event. The Recipient agrees that the loan will bear interest at the HMRC's official rate and will be immediately due and repayable by the Recipient, and the Company and/or the Employer may recover it at any time thereafter by withholding by any of the means set forth in the Agreement. The Recipient also authorizes the Company to delay the issuance of any Shares unless and until the loan is repaid in full.

If the Recipient is an officer or executive director (as within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), the Recipient is not eligible for such a loan and the terms of the immediately foregoing provision will not apply to the Recipient. In the event that the Recipient is an officer or director, as defined above, and income tax is not collected from or paid by the Recipient by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Recipient on which additional income tax and National Insurance Contributions (NICs) may be payable. The Recipient will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from the Recipient at any time by any of the means referred to in Section 6 of the Agreement.

URUGUAY

There are no country-specific provisions.

VIETNAM

Settlement of RSUs and Sale of Shares. The following provision supplements Sections 2 and 3 of the Agreement:

The Recipient agrees to maintain any Shares the Recipient obtains upon vesting in an account with the designated Plan broker prior to sale. Further, the Recipient agrees to immediately sell all Shares issued upon vesting of the RSUs. The Recipient agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on the Recipient's behalf pursuant to this authorization) and the Recipient expressly authorizes the Company's designated broker to complete the sale of such Shares. The Recipient agrees to sign any forms and/or consents required by the Company's broker to effectuate the sale of Shares in case of termination of the Recipient's status as a service provider. The Recipient acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Furthermore, the Recipient acknowledges that the sale of Shares will be made as soon as administratively possible after vesting, but the Company is not committing to sell the Shares at any particular time after vesting.

Upon the sale of the Shares, the Company agrees to pay the Recipient the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. The Recipient acknowledges that the Recipient is not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of the Agreement.

Exchange Control Information. All cash proceeds received in relation to the RSUs must be immediately repatriated to Vietnam. Such repatriation of proceeds may need to be effectuated through a special exchange control account established by the Company or any parent or subsidiary corporation, including the Employer. By accepting the RSUs, the Recipient consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to the Recipient.

EXHIBIT 12.1 NIKE, Inc. Computation of Ratio of Earnings to Fixed Charges

The following disclosure reflects the Company's continuing operations:

	Year Ended May 31,				
(in millions)	**2013**	**2012**	**2011**	**2010**	**2009**
Net income from continuing operations	$ 2,464	$ 2,269	$ 2,172	$ 1,923	$ 1,754
Income taxes	808	756	690	614	652
Income before income taxes	3,272	3,025	2,862	2,537	2,406
Add fixed charges					
Interest expense [(1)]	23	31	32	33	39
Interest component of leases [(2)]	48	42	39	36	34
TOTAL FIXED CHARGES	**71**	**73**	**71**	**69**	**73**
Earnings before income taxes and fixed charges [(3)]	$ 3,343	$ 3,098	$ 2,933	$ 2,606	$ 2,479
Ratio of earnings to total fixed charges	47.1	42.4	41.3	37.8	34.0

(1) Interest expense includes interest both expensed and capitalized.

(2) Interest component of leases includes one-tenth of rental expense which approximates the interest component of operating leases.

(3) Earnings before income taxes and fixed charges are exclusive of capitalized interest.

SUBSIDIARIES OF THE REGISTRANT

Entity Name	Jurisdiction of Formation
Air Max Limited	Bermuda
All Star C.V.	Netherlands
American NIKE S.L.	Spain
BRS NIKE Taiwan Inc.	Taiwan
Converse (Asia Pacific) Limited	Hong Kong
Converse Canada Corp.	Canada
Converse Canada Holding B.V.	Netherlands
Converse Europe Limited	United Kingdom
Converse Footwear Technical Service (Zhongshan) Co., Ltd.	People’s Republic of China
Converse Holdings LLC	Delaware
Converse Hong Kong Holding Company Limited	Hong Kong
Converse Hong Kong Limited	Hong Kong
Converse Inc.	Delaware
Converse Netherlands B.V.	Netherlands
Converse Sporting Goods (China) Co., Ltd.	People’s Republic of China
Converse Trading Company B.V.	Netherlands
Exeter Brands Group LLC	Oregon
French Football Merchandising S.A.S.	France
Futbol Club Barcelona Merchandising, S.L.	Spain
Hurley 999, S.L.U.	Spain
Hurley Australia Pty. Ltd.	Australia
Hurley International Holdings B.V.	Netherlands
Hurley International LLC	Oregon
Hurley Phantom C.V.	Netherlands
Juventus Merchandising S.r.l.	Italy
LATAM Servicos de Licenciamento Esportivo Ltda.	Brazil
Manchester United Merchandising Limited	United Kingdom
NIKE 360 Holding B.V.	Netherlands
NIKE Argentina S.R.L.	Argentina
NIKE Asia Holding B.V.	Netherlands
NIKE Australia Holding B.V.	Netherlands
NIKE Australia Pty. Ltd.	Australia
NIKE CA LLC	Delaware
NIKE Canada Corp.	Canada
NIKE Canada Holding B.V.	Netherlands
NIKE Chile B.V.	Netherlands
NIKE China Holding HK Limited	Hong Kong
NIKE Commercial (China) Co., Ltd.	China
NIKE Cortez	Bermuda
NIKE Costa Rica, SRL	Costa Rica
NIKE CR d.o.o	Croatia
NIKE Czech s.r.o.	Czech Republic
NIKE de Chile Ltda.	Chile
NIKE de Mexico S de R.L. de C.V.	Mexico
NIKE Denmark ApS	Denmark
NIKE Deutschland GmbH	Germany
NIKE do Brasil Comercio e Participacoes Ltda.	Brazil
NIKE Drive B.V.	Netherlands

Entity Name	Jurisdiction of Formation
NIKE Dunk Holding B.V.	Netherlands
NIKE Europe Holding B.V.	Netherlands
NIKE European Operations Netherlands B.V.	Netherlands
NIKE Finance Ltd.	Bermuda

SUBSIDIARIES OF THE REGISTRANT—(Continued)

Entity Name	Jurisdiction of Formation
NIKE Finland OY	Finland
NIKE Flight	Bermuda
NIKE Force	Bermuda
NIKE France S.A.S.	France
NIKE Fuel B.V.	Netherlands
NIKE Galaxy Holding B.V.	Netherlands
NIKE Gesellschaft m.b.H.	Austria
NIKE Glide C.V.	Netherlands
NIKE Global Holding B.V.	Netherlands
NIKE GLOBAL SERVICES PTE. LTD.	Singapore
NIKE GLOBAL TRADING PTE. LTD.	Singapore
NIKE Group Holding B.V.	Netherlands
NIKE Hellas EPE	Greece
NIKE Holding, LLC	Delaware
NIKE Hong Kong Limited	Hong Kong
NIKE Huarache	Bermuda
NIKE Hungary LLC	Hungary
NIKE Ignite LLC	Delaware
NIKE IHM, Inc.	Missouri
NIKE India Holding B.V.	Netherlands
NIKE India Private Limited	India
NIKE International Holding B.V.	Netherlands
NIKE International Holding, Inc.	Delaware
NIKE International LLC	Delaware
NIKE International Ltd.	Bermuda
NIKE Israel Ltd.	Israel
NIKE Italy S.R.L.	Italy
NIKE Japan Corp.	Japan
NIKE Japan Group LLC	Japan
NIKE Jump Ltd.	Bermuda
NIKE Korea LLC	Korea
NIKE Laser Holding B.V.	Netherlands
NIKE Lavadome	Bermuda
NIKE Licenciamentos Ltda.	Brazil
NIKE Logistics Yugen Kaisha	Japan
NIKE Max LLC	Delaware
NIKE Mercurial Corp.	Delaware
NIKE Mercurial Finance Limited	United Kingdom
NIKE Mercurial Holding Limited	United Kingdom
NIKE Mercurial Licensing Limited	United Kingdom
NIKE Mercurial Ltd.	United Kingdom
NIKE Mercurial I Limited	United Kingdom
NIKE Mexico Holdings, LLC	Delaware
NIKE New Zealand Company	New Zealand
NIKE Norway AS	Norway
NIKE NZ Holding B.V.	Netherlands
NIKE Offshore Holding B.V.	Netherlands

NIKE Pegasus	Bermuda
NIKE Philippines, Inc.	Philippines
NIKE Poland Sp.zo.o	Poland
NIKE Retail B.V.	Netherlands
NIKE Retail Hellas Ltd.	Greece
NIKE Retail Israel Ltd.	Israel
NIKE Retail LLC	Russia
NIKE Retail Poland sp. z o. o.	Poland
NIKE Retail Services, Inc.	Oregon
NIKE Retail Turkey	Turkey
NIKE Russia LLC	Russia
NIKE SALES (MALAYSIA) SDN. BHD.	Malaysia
NIKE Servicios de Mexico S. de R.L. de C.V.	Mexico
NIKE SINGAPORE PTE LTD	Singapore
NIKE Slovakia s.r.o.	Slovakia
NIKE Sourcing India Private Limited	India
NIKE Sourcing (Guangzhou) Co., Ltd.	China
NIKE South Africa (Proprietary) Limited	South Africa
NIKE South Africa Holdings LLC	Delaware
NIKE Sphere C.V.	Netherlands
NIKE Sports (China) Company, Ltd.	People’s Republic of China
NIKE Sports Korea Co., Ltd.	South Korea
NIKE Suzhou Holding HK Limited	Hong Kong
NIKE (Suzhou) Sports Company, Ltd.	People’s Republic of China
NIKE Sweden AB	Sweden
NIKE (Switzerland) GmbH	Switzerland
NIKE Tailwind	Bermuda
NIKE Taiwan Limited	Taiwan
NIKE (Thailand) Limited	Thailand
NIKE TN, Inc.	Oregon
NIKE Trading Company B.V.	Netherlands
NIKE trgovina na debelo d.o.o.	Slovenia
NIKE UK Holding B.V.	Netherlands
NIKE (UK) Limited	United Kingdom
NIKE USA, Inc.	Oregon
NIKE Vapor Ltd.	United Kingdom
NIKE Victory Cooperatief U.A.	Netherlands
NIKE Vietnam Limited Liability Company	Vietnam
NIKE Vision, Timing and Techlab, LP	Texas
NIKE Vomero Cooperatief U.A.	Netherlands
NIKE Waffle	Bermuda
NIKE Wholesale LLC	Slovenia
NIKE Woodside I, LLC	Oregon
NIKE Woodside II, LLC	Oregon
NIKE Woodside I Holdings, Inc.	Oregon
NIKE Woodside II Holdings, Inc.	Oregon
NIKE Zoom LLC	Delaware
PT Hurley Indonesia	Indonesia
PT NIKE Indonesia	Indonesia

Savier, Inc.	Oregon
Triax Insurance, Inc.	Hawaii
Twin Dragons Global Limited	Hong Kong
Twin Dragons Holding B.V.	Netherlands
Umbro Asia Sourcing Limited	Hong Kong
Umbro Hong Kong Limited	Hong Kong
Umbro International JV	Delaware
Umbro JV Limited	United Kingdom
Umbro Schweiz Limited	United Kingdom
Umbro Sportwear Limited	United Kingdom
Umbro Worldwide Limited	United Kingdom
Umbro.com	United Kingdom
Yugen Kaisha Hurley Japan	Japan

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark G. Parker, certify that:

1. I have reviewed this annual report on Form 10-K of NIKE, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 23, 2013

/s/ Mark G. Parker

Mark G. Parker
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald W. Blair, certify that:

1. I have reviewed this annual report on Form 10-K of NIKE, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 23, 2013

/s/ Donald W. Blair

Donald W. Blair
Chief Financial Officer

Exhibit 32

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the following certifications are being made to accompany the Registrant's annual report on Form 10-K for the fiscal year ended May 31, 2013.

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of NIKE, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended May 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 23, 2013

/s/ Mark G. Parker

Mark G. Parker
Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the following certifications are being made to accompany the Registrant's annual report on Form 10-K for the fiscal year ended May 31, 2013.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of NIKE, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended May 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 23, 2013

/s/ Donald W. Blair

Donald W. Blair
Chief Financial Officer