

NIKE INC

FORM 8-K (Current report filing)

Filed 06/21/05 for the Period Ending 06/16/05

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

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 16, 2005

NIKE, INC.

(Exact Name of Registrant as Specified in Charter)

Oregon	1-10635	93-0584541
_____	_____	_____
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Bowerman Drive
Beaverton, Oregon 97005-6453

(Address of Principal Executive Offices)

(503) 671-6453

(Registrant's telephone number, including area code)

NO CHANGE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On June 16, 2005, the Compensation Committee (the "Committee") of the Board of Directors of NIKE, Inc. (the "Company") approved performance-based awards under the Company's Long-Term Incentive Plan to all executive officers of the Company on identical terms except for the target award amounts. The following table summarizes the terms of those awards for those officers who were "named executive officers" in the Company's proxy statement for its 2004 annual meeting of shareholders, or are expected to be "named executive officers" in the Company's proxy statement for its 2005 annual meeting of shareholders:

C>

Name and Title	Performance or Other Period Until Maturation or Payout (1)	Threshold (\$)	Target (\$)	Maximum (\$)
William D. Perez President and Chief Executive Officer	Fiscal Years 2006 to 2008 Fiscal Years 2006 to 2007 Fiscal Year 2006	0 0 0	600,000 600,000 283,000	900,000 900,000 424,500
Philip H. Knight Chairman of the Board of Directors	-	-	-	-
Mark G. Parker President of The NIKE Brand	Fiscal Years 2006 to 2008	0	500,000	750,000
Charles D. Denson President of the NIKE Brand	Fiscal Years 2006 to 2008	0	500,000	750,000
Mindy F. Grossman Vice President of Global Apparel	Fiscal Years 2006 to 2008	0	400,000	600,000
Gary M. DeStefano President of USA Operations	Fiscal Years 2006 to 2008	0	300,000	450,000

(1) The Committee established a series of performance targets based on revenues and earnings per share for each applicable performance period corresponding to award payouts ranging from 0% to 150% of the target awards. Under the terms of the awards, on August 15 of the last year of the applicable performance period participants will be issued a payout at the average of the percentage levels corresponding to the results for the two targets, subject to the Committee's discretion to reduce or eliminate any award based on Company or individual performance. A portion of the payout equal to the required tax withholding will be payable in cash and used to satisfy the withholding. The balance of the payout will be payable at the election of the participant in either (a) cash, (b) shares of Class B Common Stock of the Company valued at the closing price of the Class B Common Stock on the New York Stock Exchange on the payout date, or (c) a mix of cash and shares. The cash and shares will be 100% vested at that time. The awards to Mr. Perez were required pursuant to the terms of Mr. Perez's employment agreement with the Company, a copy of which was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 18, 2004.

The form of long-term incentive award agreement for the awards is filed under Item 9.01 of this Form 8-K.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(b) On June 16, 2005, Delbert J. Hayes, a director of the Company, notified the Company of his decision not to stand for re-election as a director at the Company's 2005 annual meeting of shareholders. His decision is not the result of any disagreement with the Company or its management.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

10.1 Form of Long-Term Incentive Award Agreement under the Long-Term Incentive Plan.

10.2 Form of Restricted Stock Bonus Agreement under the 1990 Stock Incentive Plan.

10.3 Form of Non-Statutory Stock Option Agreement for options granted to non-employee directors under the 1990 Stock Incentive Plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NIKE, INC.
(Registrant)

Date: June 20, 2005

By: _____
Donald W. Blair
Chief Financial Officer

NIKE, INC.

FY '___-'__ LONG-TERM INCENTIVE AWARD AGREEMENT

This FY '___-'__ Long-Term Incentive Award Agreement (this "Agreement") is entered into as of _____, 20__, between NIKE, Inc., an Oregon corporation (the "Company"), and _____ ("Recipient").

On _____, 20__, the Compensation Committee (the "Committee") of the Company's Board of Directors authorized a performance-based award to Recipient pursuant to Section 6 of the Company's Long-Term Incentive Plan (the "Plan"). Compensation paid pursuant to the award is intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Recipient desires to accept the award subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Award. Subject to the terms and conditions of this Agreement, the Company shall pay to Recipient the dollar amount (the "Dollar Target Award Payment") determined under this Agreement based on (a) the Company's financial performance during the _____-year period from June 1, 20__ to May 31, 20__ (the "Performance Period") as described in Section 2 and (b) Recipient's continued employment during the Performance Period as described in Section 3. Recipient's "Dollar Target Award" for purposes of this Agreement is \$_____.

2. Revenue and EPS Performance Conditions.

2.1 Subject to Section 3, the Dollar Target Award Payment to be paid to Recipient shall be determined by multiplying the Payout Factor by the Dollar Target Award. The "Payout Factor" equals the average of the Revenue-Related Percentage Level for the Performance Period and the EPS-Related Percentage Level for the Performance Period. The Revenue-Related Percentage Level for the Performance Period shall be determined under the table below based on the Company's Cumulative Revenue (as defined below) for the Performance Period. The EPS-Related Percentage Level for the Performance Period shall be determined under the table below based on the Company's Cumulative EPS (as defined below) for the Performance Period. For example, if the Company's Cumulative Revenue for the Performance Period is \$_____ and the Company's Cumulative EPS for the Performance Period is \$_____, then the Revenue-Related Percentage Level will be 110%, the EPS-Related Percentage Level will be 140%, and the Payout Factor will therefore equal 125%.

Cumulative Revenue <hr/> (in millions)	Revenue-Related Percentage Level <hr/>	Cumulative EPS <hr/>	EPS-Related Percentage Level <hr/>
Less than \$_____	0%	Less than \$_____	0%
\$_____	10%	\$_____	10%
\$_____	20%	\$_____	20%
Cumulative Revenue <hr/> (in millions)	Revenue-Related Percentage Level <hr/>	Cumulative EPS <hr/>	EPS-Related Percentage Level <hr/>
\$_____	30%	\$_____	30%
\$_____	40%	\$_____	40%
\$_____	50%	\$_____	50%
\$_____	60%	\$_____	60%
\$_____	70%	\$_____	70%
\$_____	80%	\$_____	80%
\$_____	90%	\$_____	90%
\$_____	100%	\$_____	100%
\$_____	110%	\$_____	110%
\$_____	120%	\$_____	120%
\$_____	130%	\$_____	130%
\$_____	140%	\$_____	140%
\$_____ or more	150%	\$_____ or more	150%

If the Company's Cumulative Revenue is between any two data points set forth in the first column of the above table, the Revenue-Related Percentage Level shall be determined by interpolation between the corresponding data points in the second column of the table as follows: the difference between the Cumulative Revenue and the lower data point shall be divided by the difference between the higher data point and the lower data point, the resulting fraction shall be multiplied by the difference between the two corresponding data points in the second column of the table, and the resulting product shall be added to the lower corresponding data point in the second column of the table, with the resulting sum being the Revenue-Related Percentage Level. If the Company's Cumulative EPS is between any two data points set forth in the third column of the above table, the EPS-Related Percentage Level shall be similarly determined by interpolation between the corresponding data points in the fourth column of the table. For example, if the Company's Cumulative Revenue is \$_____ and the Company's Cumulative EPS is \$_____, then the Revenue-Related Percentage Level will be 115%, the EPS-Related Percentage Level will be 135%, and the Payout Factor will therefore equal 125%.

2.2 Subject to adjustment in accordance with Sections 2.4, 2.5 and 2.6 below, the Company's "Cumulative Revenue" for the Performance Period shall equal the sum of the Company's revenues for the ____ fiscal years of the Company in the Performance Period. For this purpose, the Company's revenues for each fiscal year of the Company during the Performance Period shall be as set forth in the audited consolidated financial statements of the Company and its subsidiaries.

2.3 Subject to adjustment in accordance with Sections 2.4, 2.5 and 2.6 below, the Company's "Cumulative EPS" for the Performance Period shall equal the sum of the Company's diluted earnings per common share for the ____ fiscal years of the Company in the Performance Period. The Company's diluted earnings per common share for each fiscal year of the Company during the Performance Period shall be as set forth in the audited consolidated financial statements of the Company and its subsidiaries.

2.4 In the event that any acquisition of a business shall occur during the Performance Period, the Company's Cumulative Revenue for the Performance Period shall be appropriately adjusted to exclude the revenues of the acquired business, and the Company's Cumulative EPS for the Performance Period shall be appropriately adjusted to approximate the Cumulative EPS as if the acquisition had not occurred, by (a) excluding any costs of the acquisition recorded by the Company, (b) excluding the operating income of the acquired business, (c) reducing interest expense for any cash paid or debt incurred to fund the acquisition based on the actual interest rate of such debt or the Company's average interest rate for borrowed funds, (d) adjusting the tax provision to reflect the adjusted amount of pre-tax income after making the above adjustments, and (e) reducing weighted average shares outstanding used for the EPS calculation by the number of Company shares, if any, issued in the acquisition.

2.5 In the event that any divestiture of a business shall occur during the Performance Period, the Company's Cumulative Revenue for the Performance Period shall be appropriately adjusted as provided in Section 2.5(i) below to reflect an assumed level of revenue of the divested business for that portion of the Performance Period occurring after the divestiture, and the Company's Cumulative EPS for the Performance Period shall be appropriately adjusted (a) to exclude any gain or loss on the sale, (b) as provided in Section 2.5(ii) below to reflect an assumed level of operating income of the divested business for that portion of the Performance Period occurring after the divestiture, (c) to reduce interest income for any cash or notes received in the divestiture based on the actual interest rate on such notes or the Company's average interest rate for borrowed funds, and (d) to adjust the tax provision to reflect the adjusted amount of pre-tax income after making the above adjustments.

(i) The Company's Cumulative Revenue for the Performance Period shall be appropriately adjusted to include the Imputed Revenues of the divested business. "Imputed Revenues" shall mean the result obtained by multiplying the Average Daily Revenues of the divested business by the number of calendar days in the Performance Period occurring after the divestiture. "Average Daily Revenues" shall mean the result obtained by dividing (x) the revenues of the divested business during that portion of the Performance Period occurring prior to the divestiture by (y) the number of calendar days in the Performance Period occurring prior to the divestiture.

(ii) The Company's Cumulative EPS for the Performance Period shall be appropriately adjusted to reflect the Imputed Operating Income of the divested business. "Imputed Operating Income" shall mean the result obtained by multiplying the Average Daily Operating Income of the divested business by the number of calendar days in the Performance Period occurring after the divestiture. "Average Daily Operating Income" shall mean the result obtained by dividing (x) the operating income of the divested business during that portion of the Performance Period occurring prior to the divestiture by (y) the number of calendar days in the Performance Period occurring prior to the divestiture.

2.6 If the Company implements a change in accounting principle during the Performance Period either as a result of issuance of new accounting standards or otherwise, and the effect of the accounting change was not reflected in the Company's business plan at the time of approval of this award, then Cumulative Revenue and Cumulative EPS shall be adjusted to eliminate the impact of the change in accounting principle.

2.7 All financial computations required to effect adjustments pursuant to Sections 2.4, 2.5 and 2.6 shall be calculated by the Company in accordance with generally accepted accounting principles applied in a manner consistent with the application of such principles to the preparation of the audited consolidated financial statements of the Company and its subsidiaries.

3. Employment Condition. In order to receive the Dollar Target Award Payment determined under Section 2, Recipient must be employed by the Company on the last day of the Performance Period. If Recipient's employment by the Company is terminated at any time prior to the end of the Performance Period, for any reason or no reason, with or without cause, including because of death or disability, Recipient shall not be entitled to receive the Dollar Target Award Payment or any portion thereof.

4. Certification and Payment. As soon as practicable following the completion of the audit of the Company's consolidated financial statements for the final year of the Performance Period, the Company shall calculate the Dollar Target Award Payment payable to Recipient. This calculation shall be submitted to the Committee. Notwithstanding anything to the contrary in this Agreement, the Committee may, in its sole discretion, reduce or eliminate the calculated Dollar Target Award Payment based on circumstances relating to the performance of the Company or Recipient. Without limiting the generality of the foregoing, if at any time during the Performance Period Recipient's base pay is reduced or Recipient is assigned a different title, job or set of responsibilities resulting in a decrease in Recipient's level of responsibility for the Company (any such reduction in base pay or assignment resulting in a decrease in Recipient's level of responsibility for the Company, a "Demotion"), the Committee may, in its sole discretion, reduce or eliminate the calculated Dollar Target Award Payment. Recipient acknowledges and agrees that, in the event the Committee reduces or eliminates the calculated Dollar Target Award Payment in connection with any Demotion occurring during the Performance Period, the Company intends for such reduction or elimination to constitute the "proration" of Recipient's Dollar Target Award with respect to such Demotion described in Plan- related documents prepared by the Company

and delivered to Participant; and that, in connection with any Demotion, in the event of any inconsistency between the "proration" provisions of any such Plan- related documents and the provisions of this Agreement, the provisions of this Agreement shall control.

The Committee shall certify in writing (which may consist of approved minutes of a Committee meeting) the level of Cumulative Revenue and Cumulative EPS attained by the Company and the Dollar Target Award Payment (if any) payable to Recipient. A portion of the Dollar Target Award Payment so certified, which portion shall be equal to the required tax withholding amount on the Dollar Target Award Payment, shall be payable in cash and shall be used to satisfy such required tax withholding, as provided in Section 5 below. The Recipient may elect to receive the balance of the Dollar Target Award Payment (the "Dollar Target Award Payment Balance") in either (a) cash, (b) shares of Class B Common Stock of the Company ("Performance Shares") valued at the closing price of the Class B Common Stock as reported by the New York Stock Exchange on August 15, 20__, or (c) a specified percentage in cash and a specified percentage in Performance Shares. The Recipient's election regarding the form of payment (the "Election") must be in writing or such other form as may be specified by the Company and must be delivered by Recipient to the Company no later than July 31, 20__. If Recipient does not timely deliver the Election, the Dollar Target Award Payment Balance shall be paid in the form of Performance Shares. The portion, if any, of the Dollar Target Award Payment Balance payable to Recipient in cash shall be paid on August 15, 20__. The portion, if any, of the Dollar Target Award Payment Balance payable to Recipient in Performance Shares shall be delivered to Recipient as soon as practicable after August 15, 20__. No fractional shares shall be delivered to Recipient in connection with the Dollar Target Award Payment and the number of Performance Shares deliverable shall be rounded to the nearest whole share. Notwithstanding the foregoing, if Recipient shall have made a valid election to defer receipt of all or any portion of the Dollar Target Award Payment pursuant to the terms of the Company's Deferred Compensation Plan (a "Deferral Election"), payment of all or such portion of the Dollar Target Award Payment so deferred shall be made in accordance with the terms of the Deferred Compensation Plan and the Deferral Election.

5. Tax Withholding. Recipient acknowledges that the amount of the Dollar Target Award Payment payable to Recipient (other than any amount deferred pursuant to a Deferral Election) 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, the Company shall withhold all or part of that portion of the Dollar Target Award Payment that is payable in cash.

6. Promotions. If at any time during the Performance Period Recipient's base pay is increased or Recipient is assigned a different title, job or set of responsibilities resulting in an increase in Recipient's level of responsibility for the Company (any such increase in base pay or assignment resulting in an increase in Recipient's level of responsibility for the Company, a "Promotion"), the Company may, but shall not be required to, grant to Recipient an additional award (the "Mid-Plan Grant") on terms similar to those provided in this Agreement, except that any such award shall be payable solely in cash. Any such Mid-Plan Grant shall constitute a grant separate from and independent of the grant represented by this Agreement, and any such Mid-Plan Grant shall not be granted under the Plan and shall not qualify as performance-based compensation under Section 162(m) of the Code. The terms and conditions of any Mid-Plan Grant shall be set forth in a separate, Mid-Plan Grant agreement between the Company and Recipient in the form determined by the Company in its sole discretion (a "Mid-Plan Grant Agreement"). Recipient acknowledges and agrees that no Mid-Plan Grant shall be payable to Recipient unless Recipient executes and delivers a Mid-Plan Grant Agreement in connection therewith. Recipient acknowledges and agrees that any Mid-Plan Grant granted to Recipient in connection with any Promotion during the Performance Period will be intended to constitute the "proration" of Recipient's Dollar Target Award with respect to such Promotion described in Plan-related documents prepared by the Company and delivered to Recipient; and that, in connection with any Promotion, in the event of any inconsistency between the "proration" provisions of any such Plan-related documents and the provisions of this Section 6 and the Mid-Plan Grant Agreement, the provisions of this Section 6 and the Mid-Plan Grant Agreement shall control.

7. Changes in Capital Structure. If the outstanding Class B Common Stock of the Company is 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 stock split, combination of shares or dividend payable in shares, recapitalization or reclassification, appropriate adjustment shall be made by the Committee in the number and kind of shares subject to this Agreement so that 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.

8. Approvals. The obligations of the Company under this Agreement are otherwise subject to the approval of state and federal authorities or agencies with jurisdiction in the matter. The Company will use its best efforts to take steps required by state or federal law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's Class B Common Stock may then be listed, in connection with the award under this Agreement. The foregoing notwithstanding, the Company shall not be obligated to issue or deliver Class B Common Stock under this Agreement if such issuance or delivery would violate applicable state or federal law.

9. No Right to Employment. Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Company or any of its subsidiaries or to continue to provide services to the Company or any of its subsidiaries or to interfere in any way with the right of the Company or any of its subsidiaries to terminate Recipient's services at any time for any reason, with or without cause.

10. Miscellaneous.

10.1 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 Recipient.

10.2 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: Secretary, at its principal executive offices or to 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.

10.3 No Assignment; Rights and Benefits. Recipient shall not sell, assign, pledge or otherwise transfer this Agreement or any rights hereunder, whether voluntarily or by operation of law, or by gift, bequest or otherwise. Any purported sale, assignment, pledge or transfer by Recipient shall be null and void. 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 foregoing restriction on assignment, be binding upon Recipient's heirs, executors, administrators, successors and assigns.

10.4 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.

10.5 Applicable Law; Attorneys' Fees. The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. 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.

10.6 Headings. The headings in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

10.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NIKE, INC.

By _____
Title _____

RECIPIENT

NIKE, INC.

RESTRICTED STOCK BONUS AGREEMENT

This Agreement is entered into as of _____, 200_, between NIKE, Inc., an Oregon corporation (the "Company"), and _____ (the "Recipient").

The Company has awarded a restricted stock bonus to the Recipient pursuant to paragraph 7 of the Company's 1990 Stock Incentive Plan (the "Plan") and Recipient desires to accept the award subject to the terms and conditions of this agreement.

NOW, THEREFORE, the parties agree as follows:

1. Award of Restricted Stock Bonus. 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 _____ of the total Restricted Shares on each of the anniversaries of the date of this Agreement.

2.2 Acceleration Upon Death or Disability. If the Recipient ceases to be employed by or in the service of the Company or any parent or subsidiary corporation 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 Special Acceleration in Certain Events. All of the Restricted Shares shall immediately vest at any time when the shareholders of the Company approve an Approved Transaction. For purposes of this Agreement, the term "Approved Transaction" means (a) any consolidation, merger, plan of exchange or transaction involving the Company (a "Merger") in which the Company is not the continuing or surviving corporation or pursuant to which the Common Stock of the Company would be converted into cash, securities or other property, other than a Merger involving the Company in which the holders of the Common Stock of the Company immediately prior to the Merger have the same proportionate ownership of common stock of the surviving corporation after the Merger, or (b) any 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 or the adoption of any plan or proposal for the liquidation or dissolution of the Company.

3. Forfeiture Restriction. If the Recipient ceases to be employed by or in the service of the Company or any parent or subsidiary corporation 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. Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Company or any parent or subsidiary corporation of the Company or to continue to provide services to the Company or any parent or subsidiary corporation of the Company or to interfere in any way with the right of the Company or any parent or subsidiary corporation of the Company 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, or by gift, bequest or otherwise. 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. Additional Company Shares. If, prior to vesting of Restricted Shares, the outstanding Class B Common Stock is increased as a result of a stock dividend or stock split, the restrictions and other provisions of this Agreement shall apply to any such additional shares of Class B Common Stock 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 Bonus 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. Miscellaneous.

10.1 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.

10.2 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.

10.3 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.

10.4 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.

10.5 Applicable Law; Attorney Fees. The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorney fees to be set by the trial court and, upon any appeal, the appellate court.

10.6 Headings. The headings in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

10.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NIKE, Inc. RECIPIENT

By: _____

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 ____ shares 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 attached Exhibit A are incorporated into and made a part of this Agreement.

1. Grant Date; Expiration Date. The Grant Date for this Option is _____, which was the date of the Company's 20__ annual meeting of shareholders. The Option shall continue in effect until _____ (the "Expiration Date") unless earlier terminated as provided in Sections 1, 4 or 5 of Exhibit A. The Option shall not be exercisable on or after the Expiration Date.

2. Vesting of Option. Until it expires or is terminated as provided in Sections 1, 4 or 5 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 100% of the shares on the date of the first annual meeting of shareholders of the Company held after the Grant 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: _____ William D. Perez, Chief Executive Officer

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, 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 Exhibit A, 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 because of the Optionee's total disability or death as provided in Sections 1.3 or 1.4, 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 immediately become exercisable in full and may be exercised at any time before the Expiration Date or before the date that is one year 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 immediately become exercisable in full and may be exercised at any time before the Expiration Date or before the date that is one year 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 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.

1.6 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, 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 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. On or before the date specified for completion of the purchase, the Optionee must pay the Company the full purchase price of those shares in cash or by check. Unless the Committee determines otherwise, no shares shall be issued until full payment for the shares has been made, including all amounts owed for tax withholding. The Optionee shall, immediately upon notification of the amount due, if any, pay to the Company in cash or by check 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, in cash or by check, 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.

3. Nontransferability. The Option is nonassignable and nontransferable by the Optionee, either voluntarily or by operation of law, except as provided below and 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. The Option shall also be transferable pursuant to a qualified domestic relations order as defined under the Internal Revenue Code of 1986 or Title I of the Employee Retirement Income Security Act. Following any permitted transfer, the Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to the transfer, provided that, except for purposes of Section 1, the term "Optionee" shall be deemed to refer to the transferee. All references in Section 1 to employment or service, termination of employment or service and total disability and death shall continue to be applied with respect to the original Optionee. Following any termination of employment or service or total disability or death of the original Optionee as described in Section 1, the Option shall be exercisable by the transferee only to the extent and for the periods specified.

4. 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 or of another corporation by reason of any reorganization, merger, consolidation, plan of exchange, recapitalization, reclassification, stock split-up, 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, or the unexercised portion thereof, so that the Optionee's proportionate interest before and after the occurrence of the event is maintained; provided, however, that this Section 4 shall not apply with respect to Approved Transactions (as defined below). 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. In the event of any merger, consolidation or plan of exchange affecting the Company to which Section 5 does not apply, the Committee may, in its sole discretion, provide a 30-day period prior to such event during which the Optionee shall have the right to exercise the Option, in whole or in part, without any limitation on exercisability, and upon the expiration of such 30-day period, the Option shall immediately terminate.

5. Special Acceleration in Certain Events. Notwithstanding any other provision in this Agreement, the Option shall, at any time when the shareholders of the Company approve an Approved Transaction, immediately become exercisable in full during the remainder of the term of the Option; provided, however, that the Committee may, in its sole discretion, provide a 30-day period prior to the Approved Transaction during which the Optionee shall have the right to exercise the Option, in whole or in part, without any limitation on exercisability, and upon the expiration of such 30-day period, the Option shall immediately terminate. For purposes of this Section 5, the term "Approved Transaction" means (a) any consolidation, merger, plan of exchange or transaction involving the Company (a "Merger") in which the Company is not the continuing or surviving corporation or pursuant to which the Common Stock of the Company would be converted into cash, securities or other property, other than a Merger involving the Company in which the holders of the Common Stock of the Company immediately prior to the Merger have the same proportionate ownership of common stock of the surviving corporation after the Merger or (b) any 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 or the adoption of any plan or proposal for the liquidation or dissolution of the Company.

6. 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 state or federal laws, including securities laws. The Company will use its best efforts to take steps required by state or federal law or applicable regulations in connection with issuance of shares upon exercise of the Option.

7. 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.

8. 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.

9. 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.

10. Amendments. The Company may at any time amend this Agreement to extend the expiration periods provided in Section 1 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.

11. 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.

12. Governing Law. This Agreement shall be governed by the laws of the state of Oregon.

13. Complete Agreement. This Agreement constitutes the entire agreement between the Optionee and the Company, both oral and written concerning the matters addressed herein, 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.

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