

NIKE INC
Form DEF 14A
July 30, 2004

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only |
| | | | (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Materials | | |
| <input type="checkbox"/> | Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12 | | |

NIKE, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: NIKE INC - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(I)(4) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid

.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

NIKE, Inc.

One Bowerman Drive

Beaverton, Oregon 97005-6453

August 9, 2004

To Our Shareholders:

You are cordially invited to attend the annual meeting of shareholders of NIKE, Inc. to be held at the Oregon Convention Center, 777 N.E. Martin Luther King, Jr. Blvd., Portland, Oregon, on Monday, September 20, 2004, at 10:00 A.M. Pacific Time. Registration will begin at 9:00 A.M.

I believe that the annual meeting provides an excellent opportunity for shareholders to become better acquainted with NIKE and its directors and officers. I hope that you will be able to attend. Highlights of the meeting will be available on videotape by calling 1-800-640-8007 following the meeting.

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

Sincerely,

Philip H. Knight

Chairman of the Board,

President, and Chief Executive Officer

Notice of Annual Meeting of Shareholders

September 20, 2004

To the Shareholders of NIKE, Inc.

The annual meeting of shareholders of NIKE, Inc., an Oregon corporation, will be held on Monday, September 20, 2004, at 10:00 A.M., at the Oregon Convention Center, 777 N.E. Martin Luther King, Jr. Blvd., Portland, Oregon, for the following purposes:

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

All shareholders are invited to attend the meeting. Shareholders of record at the close of business on July 26, 2004, the record date fixed by the Board of Directors, are entitled to notice of and to vote at the meeting. You must present an admission ticket enclosed in this Proxy Statement.

By Order of the Board of Directors

LINDSAY D. STEWART

Secretary

Beaverton, Oregon

August 9, 2004

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

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of NIKE, Inc. (**NIKE** or the **Company**) for use at the annual meeting of shareholders to be held on September 20, 2004, and at any adjournment thereof (the **Annual Meeting**). The Company expects to mail this proxy statement and the enclosed proxy to shareholders on or about August 9, 2004.

The Company will bear the cost of solicitation of proxies. In addition to the solicitation of proxies by mail, certain officers and employees of the Company, without extra compensation, may also solicit proxies personally or by telephone. The Company has retained ADP Investor Communications Services, 51 Mercedes Way, Edgewood, New York, to assist in the solicitation of proxies from nominees and brokers at an estimated fee of \$9,000 plus related out-of-pocket expenses. Copies of proxy solicitation materials will be furnished to fiduciaries, custodians and brokerage houses for forwarding to the beneficial owners of shares held in their names.

All valid proxies properly executed and received by the Company prior to the Annual Meeting will be voted in accordance with the instructions specified in the proxy. Where no instructions are given, shares will be voted FOR the election of each of the named nominees for director, and FOR ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm. A shareholder may choose to strike the names of the proxy holders named in the enclosed proxy and insert other names.

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

VOTING SECURITIES

Holders of record of NIKE's Class A Common Stock (**Class A Stock**) and holders of record of NIKE's Class B Common Stock (**Class B Stock**), at the close of business on July 26, 2004, will be entitled to vote at the Annual Meeting. On that date, 77,581,484 shares of Class A Stock and 185,783,487 shares of Class B Stock were issued and outstanding. Neither class of Common Stock has cumulative voting rights.

Each share of Class A Stock and each share of Class B Stock is entitled to one vote on every matter submitted to the shareholders at the Annual Meeting. With regard to Proposal 1, the election of directors, the holders of Class A Stock and the holders of Class B Stock will vote separately. Holders of Class B Stock are currently entitled to elect 25 percent of the total Board, rounded up to the next whole number. Holders of Class A Stock are currently entitled to elect the remaining directors. Under this formula, holders of Class B Stock, voting separately, will elect three directors, and holders of Class A Stock, voting separately, will elect six directors. Holders of Class A Stock and holders of Class B Stock will vote together as one class on Proposal 2.

PROPOSAL 1

ELECTION OF DIRECTORS

A Board of 9 directors will be elected at the Annual Meeting. All of the nominees were elected at the 2003 annual meeting of shareholders. Directors will hold office until the next annual meeting of shareholders or until their successors are elected and qualified. Three directors, John E. Jaqua, Richard K. Donahue, and Charles W. Robinson, who have served on the Board of Directors since 1968, 1977, and 1978, respectively, have chosen to retire from the Board at the Annual Meeting, and accordingly will not stand for election at the Annual Meeting. The Company appreciates greatly their distinguished service and valuable contributions to NIKE.

Jill K. Conway, Alan B. Graf, Jr., and Jeanne P. Jackson are nominated by the Board of Directors for election by the holders of Class B Stock. The other six nominees are nominated by the Board of Directors for election by the holders of Class A Stock.

Under Oregon law, if a quorum of each class of shareholders is present at the Annual Meeting, the six director nominees who receive the greatest number of votes cast by holders of Class A Stock and the three director nominees who receive the greatest number of votes cast by holders of Class B Stock will be elected directors. Abstentions and broker non-votes will have no effect on the results of the vote. Unless otherwise instructed, proxy holders will vote the proxies they receive for the nominees listed below. If any nominee becomes unable to serve, the holders of the proxies may, in their discretion, vote the shares for a substitute nominee or nominees designated by the Board of Directors.

Background information on the nominees as of July 15, 2004, appears below:

Nominees for Election by Class A Shareholders

Thomas E. Clarke Dr. Clarke, 53, a director since 1994, joined the Company in 1980, and serves as President of New Business Ventures of the Company. He was appointed divisional vice president in charge of marketing in 1987, corporate Vice President in 1989, General Manager in 1990, and served as President and Chief Operating Officer from 1994 to 1999. Dr. Clarke previously held various positions with the Company, primarily in research, design, development and marketing. Dr. Clarke holds a Doctorate degree in biomechanics.

Ralph D. DeNunzio Mr. DeNunzio, 72, a director of the Company since 1988, is President of Harbor Point Associates, Inc., New York, New York, a private investment and consulting firm. Mr. DeNunzio was employed by the investment banking firm of Kidder, Peabody & Co. Incorporated from 1953 to 1987, where he served as President from 1977 to 1986, as Chief Executive Officer from 1980 to 1987 and as Chairman of the Board of Directors from 1986 to 1987. Mr. DeNunzio served as Vice

Chairman and Chairman of the Board of Governors of the New York Stock Exchange from 1969 to 1972 and was President of the Securities Industry Association in 1981. In 1970, Mr. DeNunzio headed the Securities Industry Task Force, which led to enactment of the Securities Investor Protection Act of 1970 and establishment of the Securities Investor Protection Corporation.

Delbert J. Hayes Mr. Hayes, 69, a director since 1975, served as Executive Vice President of NIKE from 1980 to 1995. Mr. Hayes served as Treasurer and in a number of other executive positions with the Company from 1975 to 1980. Mr. Hayes was a partner with Hayes, Nyman & Co., certified public accountants, from 1970 to 1975. Prior to 1970, Mr. Hayes was a certified public accountant with Price Waterhouse for eight years.

Douglas G. Houser Mr. Houser, 69, a director since 1970, is an Assistant Secretary of the Company and has been a partner in the Portland, Oregon law firm of Bullivant, Houser, Bailey since 1965. Mr. Houser is a trustee of Willamette University and a Fellow in the American College of Trial Lawyers, and has served as a member of the Board of Governors and Treasurer of the Oregon State Bar Association and as a Director of the Rand Corporation, Institute for Civil Justice Board of Overseers.

Philip H. Knight Mr. Knight, 66, a director since 1968, is President, Chief Executive Officer and Chairman of the Board of Directors of NIKE. Mr. Knight is a co-founder of the Company and, except for the period from June 1983 through September 1984, served as its President from 1968 to 1990, and from June 2000 to present. 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.

John R. Thompson, Jr. Mr. Thompson, 63, a director since 1991, was head coach of the Georgetown University men's basketball team from 1972 until 1998. Mr. Thompson serves as Assistant to the President of Georgetown for Urban Affairs. Mr. Thompson was head coach of the 1988 United States Olympic basketball team. He is a past President of the National Association of Basketball Coaches and presently serves on its Board of Governors.

Nominees for Election by Class B Shareholders

Jill K. Conway Dr. Conway, 69, a director since 1987, is currently a Visiting Scholar with the Massachusetts Institute of Technology's Program in Science, Technology and Society. Dr. Conway was a Professor of History and President of Smith College, Northampton, Massachusetts, from 1975 to 1985. She was affiliated with the University of Toronto from 1964 to 1975, and held the position of Vice President, Internal Affairs from 1973 to 1975. Dr. Conway holds numerous Honorary Doctorates from North American universities. She is also a director of Merrill Lynch & Co., Inc. and Colgate-Palmolive Company.

Alan B. Graf, Jr. Mr. Graf, 50, a director since 2002, is the Executive Vice President and Chief Financial Officer of FedEx Corporation, a position he has held since 1998, and is a member of FedEx Corporation's Executive Committee. Mr. Graf joined FedEx Corporation in 1980 and was Senior Vice President and Chief Financial Officer for FedEx Express, FedEx's predecessor, from 1991 to 1998. He is also a director of Kimball International, Inc. and Mid-America Apartment Communities, Inc.

Jeanne P. Jackson Ms. Jackson, 52, a director since 2001, is Founder and CEO of MSP Capital, a private investment company. Ms. Jackson was CEO of Walmart.com from March 2000 to January 2002. She was with Gap, Inc., as President and CEO of Banana Republic from 1995-2000, also serving as CEO of Gap, Inc. Direct from 1998-2000. Since 1978, she has held various retail management positions with Victoria's Secret, The Walt Disney Company, Saks Fifth Avenue, and Federated Department Stores. Ms. Jackson is a Trustee of the United States Ski and Snowboard Team, and serves on the Board of Advisors of the Harvard Graduate School of Business. She is also a director of McDonald's, Nordstrom, and Williams-Sonoma.

Board of Directors and Committees

The Board currently has an Executive Committee, an Audit Committee, a Nominating and Corporate Governance Committee, a Finance Committee, a Corporate Responsibility Committee, and a Compensation Committee, and may also appoint other committees from time to time. Each committee has a written charter; all such charters, as well as the Company's corporate governance guidelines, are available at the Company's internet website (www.nikebiz.com) and will be provided in print to any shareholder who submits a request in writing to NIKE Investor Relations, One Bowerman Drive, Beaverton, Oregon 97005-6453. There were five meetings of the Board of Directors during the last fiscal year. Each director attended at least 75 percent of the total number of meetings of the Board of Directors and committees on which he or she served, except for Mr. Thompson who attended 69 percent. The Company encourages all directors to attend each annual meeting of shareholders, and all but one director attended the 2003 Annual Meeting.

Pursuant to New York Stock Exchange rules, in order for a director to qualify as independent, the Board of Directors must affirmatively determine that the director has no material relationship with the Company that would impair the director's independence. The rules permit the Board to adopt categorical standards under which relationships will be deemed immaterial without any specific Board determination. Accordingly, the Board has determined that commercial or charitable relationships below the following thresholds will not be considered material relationships that impair a director's independence: (i) if a NIKE director or immediate family member is an executive officer of another company that does business with NIKE and the annual sales to, or purchases from, NIKE are less than one percent of the annual revenues of the other company; and (ii) if a NIKE director or immediate family member serves as an officer, director or

trustee of a charitable organization, and NIKE's contributions to the organization are less than one percent of that organization's total annual charitable receipts. After applying this categorical standard, the Board of Directors has determined that all directors, except Mr. Knight and Dr. Clarke who are executive officers of the Company, have no material relationship with the Company and, therefore, are independent.

Executive sessions of non-management directors (consisting of all directors other than Mr. Knight and Dr. Clarke) are regularly scheduled and held at least once each year. The position of presiding director at these executive sessions is rotated among the Chairs of the various Board committees, other than the Executive Committee, so there is no single lead director.

The Executive Committee of the Board is currently composed of Messrs. Knight (Chairman), Clarke, and Houser. The Executive Committee is authorized to act on behalf of the Board on all corporate actions for which applicable law does not require participation by the full Board. In practice, the Executive Committee acts in place of the full Board only when emergency issues or scheduling make it difficult or impracticable to assemble the full Board. All actions taken by the Executive Committee must be reported at the next Board meeting. The Executive Committee held no formal meetings during the fiscal year ended May 31, 2004, but took actions from time to time pursuant to written consent resolutions.

The Audit Committee is currently composed of Mr. Graf (Chairman), Ms. Jackson, and Mr. Robinson. The Board has determined that each member of the Audit Committee meets all applicable independence and financial literacy requirements under the New York Stock Exchange listing standards. The Board has also determined that Mr. Graf is an audit committee financial expert as defined in regulations adopted by the Securities and Exchange Commission. The Audit Committee is responsible for the engagement or discharge of the independent registered public accountants, reviews and approves services provided by the independent registered public accountants, and reviews with the independent registered public accountants the scope and results of their annual examination of the Company's consolidated financial statements and any recommendations they may have. The Audit Committee also reviews the Company's procedures with respect to maintaining books and records, the adequacy and implementation of internal auditing, accounting, disclosure, and financial controls, and the Company's policies concerning financial reporting and business practices. In 2004, the Charter of the Audit Committee was amended. A copy of the Charter is attached to this Proxy Statement as Exhibit A. The Audit Committee met 14 times during the fiscal year ended May 31, 2004.

The Nominating and Corporate Governance Committee is currently composed of Mr. DeNunzio (Chairman), Dr. Conway, Mr. Donahue, and Mr. Houser. The Board has determined that each member of the Nominating and Corporate Governance Committee meets all applicable independence requirements under the New York Stock Exchange listing standards. The Nominating and Corporate Governance Committee identifies individuals qualified to become Board members, recommends director nominees for election at each annual shareholder meeting, and develops and recommends corporate governance guidelines and standards for business conduct and ethics. The committee also oversees the annual self-evaluations of the Board and its committees and makes recommendations to the Board concerning the

structure and membership of the other Board committees. The Nominating and Corporate Governance Committee met five times during the fiscal year ended May 31, 2004.

The Finance Committee is currently composed of Messrs. Robinson (Chairman), DeNunzio, and Hayes. The Finance Committee considers long-term financing options and needs of the Company, long-range tax and currency issues facing the Company, and management recommendations concerning major capital expenditures and material acquisitions or divestments. The Finance Committee met nine times during the fiscal year ended May 31, 2004.

The Corporate Responsibility Committee is currently composed of Dr. Conway (Chair), and Messrs. Donahue, Houser, and Thompson. The Corporate Responsibility Committee reviews significant activities and policies regarding labor and environmental practices, community affairs, charitable and foundation activities, diversity and equal opportunity, and environmental and sustainability initiatives, and makes recommendations to the Board of Directors. The Corporate Responsibility Committee met four times during the fiscal year ended May 31, 2004.

The Compensation Committee is currently composed of Mr. DeNunzio (Chairman), Ms. Jackson, Mr. Jaqua, and Mr. Thompson. The Compensation Committee determines the Chief Executive Officer's compensation and makes recommendations to the Board regarding other officers' compensation, management incentive compensation arrangements and profit sharing plan contributions. The Compensation Committee also grants stock options and restricted stock bonuses under the NIKE, Inc. 1990 Stock Incentive Plan, and determines targets and awards under the NIKE, Inc. Executive Performance Sharing Plan and the NIKE, Inc. Long-Term Incentive Plan. The Compensation Committee met four times during the fiscal year ended May 31, 2004.

Director Nominations

The Nominating and Corporate Governance Committee identifies potential director candidates through a variety of means, including recommendations from members of the Committee or the Board, suggestions from Company management, and shareholder recommendations. The committee also may, in its discretion, engage director search firms to identify candidates. Shareholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee by submitting a written recommendation to the Committee, c/o John F. Coburn III, Assistant Secretary, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005-6453. The recommendation should include the candidate's name, age, qualifications (including principal occupation and employment history), and written consent to be named as a nominee in the Company's proxy statement and to serve as a director, if elected.

As provided in the Company's Corporate Governance Guidelines, nominees for director are selected on the basis of their character, judgment, business experience and acumen, understanding of the Company's business, diversity, specific skills needed by the Board, and ability to devote time to Board

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

Shareholder Communications with Directors

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

Code of Business Conduct and Ethics

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

Director Compensation and Retirement Plan

Messrs. Knight and Clarke do not receive additional compensation for their services as directors. Directors are reimbursed for travel and other expenses incurred in attending Board meetings. Pursuant to elections made in fiscal 2000, Messrs. Donahue, Hayes, Jaqua, Robinson, and Thompson, and Dr. Conway

receive an annual fee of \$22,000 per year, plus \$2,000 for each Board meeting attended, \$1,000 for each committee meeting attended, an annual grant of an option to purchase 4,000 shares of stock at the market price at grant, medical insurance, and \$500,000 of life insurance coverage. Messrs. DeNunzio, Graf, Houser, and Ms. Jackson, and all directors first elected after fiscal 2000, receive a fee of \$40,000 per year, plus \$2,000 for each Board meeting attended, \$1,000 for each committee meeting attended, and an annual grant of an option to purchase 4,000 shares of stock at the market price at grant. However, they receive no medical or life insurance benefits. In exchange for electing the new compensation method in fiscal 2000, Messrs. DeNunzio and Houser also receive an annual grant of an option to purchase 1,000 shares of stock at the market price on the date of grant.

From 1989 to 1999, the Company provided certain retirement benefits to non-employee directors who retired after serving for five years or more. The plan provided that after ten years of service by a director, the Company would provide such director for the remainder of his or her life with \$500,000 of life insurance and medical insurance at the levels provided by the Company to all of its employees at the time the director retires. The plan also provided that a director who had served for at least five years would receive an annual retirement cash payment for life, commencing on the later of age 65 or the date the director retires or ceases to be a member of the Board. The annual retirement cash payment ranged from \$9,000 for five years of service up to a maximum of \$18,000 for 10 or more years of service.

In fiscal 2000, in an effort to reduce future retirement obligations, the Board of Directors approved a new retirement plan that allowed directors to make a one-time election to waive their future rights to annual retirement cash payments in exchange for a credit to a stock account under the Company's Deferred Compensation Plan equal to the lump sum present value of the payments based on the actuarial life expectancy of each director. The number of shares of Class B Common Stock credited to each stock account was based on the market price of the stock on September 1, 1999. All directors at that time, except for Messrs. Donahue and Robinson, elected the new plan. The number of shares of Class B Common Stock credited to the stock accounts of each director was: Dr. Conway, 4,165; Mr. DeNunzio, 3,852; Mr. Hayes, 4,217; Mr. Houser, 4,243; Mr. Jaqua, 2,610; and Mr. Thompson, 3,271. Any non-employee directors first elected after fiscal 2000 do not receive retirement benefits.

Directors first elected after the 1993 fiscal year must retire at age 72.

Stock Holdings of Certain Owners and Management

The following table sets forth the number of shares of each class of NIKE securities beneficially owned, as of July 15, 2004, by (i) each person known to the Company to be the beneficial owner of more than 5 percent of any class of the Company's securities, (ii) each of the directors and nominees for director, (iii) each executive officer listed in the Summary Compensation Table (Named Officers), and (iv) all nominees, Named Officers, and other executive officers as a group. Because Class A Stock is convertible into Class B Stock on a share-for-share basis, each beneficial owner of Class A Stock is deemed by the Securities and Exchange Commission to be a beneficial owner of the same number of shares of Class B Stock. Therefore, in indicating a person's beneficial ownership of shares of Class B Stock in the table, it has been assumed that such person has converted into Class B Stock all shares of Class A Stock of which such person is a beneficial owner. For these reasons the table contains substantial duplications in the numbers of shares and percentages of Class A and Class B Stock shown for Messrs. Hayes, Jaqua and Knight; for Cardinal Fund I, L.P.; and for all directors and officers as a group.

	<u>Title of Class</u>	<u>Shares Beneficially Owned (1)</u>	<u>Percent of Class (2)</u>
Thomas E. Clarke	Class B	223,276 (3) (4) (5)	0.1%
Portland, Oregon			
Jill K. Conway	Class B	29,455 (6)	
Boston, Massachusetts			
Ralph D. DeNunzio	Class B	111,458 (3) (6)	
Riverside, Connecticut			
Richard K. Donahue	Class B	115,202	
Lowell, Massachusetts			
Alan B. Graf, Jr.	Class B	9,000 (3)	
Memphis, Tennessee			
Delbert J. Hayes	Class A	390,000	0.5%
	Class B	597,342 (6)	0.3%
Newberg, Oregon			
Douglas G. Houser	Class B	95,724 (3) (6)	
Portland, Oregon			
Jeanne Jackson	Class B	6,000 (3)	
Newport Coast, California			
John E. Jaqua	Class A	389,263	0.5%
	Class B	570,564 (6) (7)	0.3%
Eugene, Oregon			
Philip H. Knight (8)	Class A	71,655,047 (9)	92.4%
	Class B	71,662,541 (5) (9)	27.8%
Beaverton, Oregon			

	<u>Title of Class</u>	<u>Shares Beneficially Owned (1)</u>	<u>Percent of Class (2)</u>
Charles W. Robinson	Class B	300,000	0.2%
Santa Fe, New Mexico John R. Thompson, Jr	Class B	17,446 (3) (6)	
Washington, D.C. Charles Denson (8)	Class B	217,438 (3) (4) (5) (10)	0.1%
Portland, Oregon Mindy Grossman (8)	Class B	80,709 (3) (5) (10)	
Beaverton, Oregon Mark G. Parker (8)	Class B	385,445 (3) (4) (5) (10)	0.2%
Beaverton, Oregon Gary M. DeStefano (8)	Class B	173,421 (3) (4) (5) (10)	
Beaverton, Oregon Sojitz Corporation of America	Preferred (11)	300,000	100.0%
Portland, Oregon Cardinal Fund I, L.P.	Class A Class B	1,950,000 (12) 14,718,131 (12)	2.5% 7.8%
Fort Worth, Texas FMR Corp	Class B	11,100,980 (13)	6.0%
Boston, Massachusetts Janus Capital Management LLC	Class B	10,056,037 (13)	5.4%
Denver, Colorado Wellington Management Company LLP	Class B	10,052,287 (13)	5.4%
Boston, Massachusetts All directors and executive officers as a group (24 persons)	Class A Class B	72,434,310 75,327,330 (3)	93.4% 29.1%

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

(2) Omitted if less than 0.1 percent.

(3) These amounts include the right to acquire, pursuant to the exercise of stock options, within 60 days after July 15, 2004, the following numbers of shares: 215,000 shares for Dr. Clarke, 4,000 shares for

Mr. DeNunzio, 5,000 for Mr. Graf, 4,000 shares for Mr. Houser, 6,000 shares for Ms. Jackson, 10,000 shares for Mr. Thompson, 177,500 shares for Mr. Denson, 65,000 shares for Ms. Grossman, 330,000 shares for Mr. Parker, 138,000 shares for Mr. DeStefano and 1,565,250 shares for the executive officer and director group.

- (4) Includes shares held in accounts under the NIKE, Inc. 401(k) and Profit Sharing Plan for Dr. Clarke, Mr. Denson, Mr. Parker, and Mr. DeStefano in the amounts of 2,725, 4,397, 3,095, and 3,118 shares, respectively.
- (5) These amounts include 1,859, 1,859, 929, 929, 929, and 929 shares granted to Mr. Knight, Dr. Clarke, Mr. Denson, Ms. Grossman, Mr. Parker, and Mr. DeStefano respectively, under the NIKE, Inc. Long-Term Incentive Plan, as to which the restrictions expire August 15, 2004.
- (6) Includes shares credited to accounts under the NIKE, Inc. Deferred Compensation Plan in the following amounts: 4,387 for Dr. Conway; 4,058 for Mr. DeNunzio; 4,442 for Mr. Hayes; 4,469 for Mr. Houser; 2,749 for Mr. Jaqua; and 3,446 for Mr. Thompson.
- (7) Does not include 473,281 shares owned by Mr. Jaqua's spouse. Mr. Jaqua has disclaimed ownership of these shares.
- (8) Executive officer listed in the Summary Compensation Table.
- (9) Does not include: (a) 814,790 Class A shares held by a limited partnership in which a corporation owned by Mr. Knight's spouse is a co-general partner, (b) 65,224 Class A shares owned by such corporation, (c) 1,000,000 Class B shares held by the Knight Foundation, a charitable foundation in which Mr. Knight and his spouse are directors, (d) 1,950,000 Class A shares held by Oak Hill Strategic Partners, L.P., a limited partnership in which a company owned by Mr. Knight is a limited partner, and (e) 12,768,131 Class B shares held by Cardinal Fund I, L.P., a limited partnership in which Mr. Knight is a limited partner. Mr. Knight has disclaimed ownership of all such shares.
- (10) These amounts include 15,314, 14,357, 15,314, and 11,485 restricted shares granted on July 18, 2003 to Mr. Denson, Ms. Grossman, Mr. Parker, and Mr. DeStefano respectively, under the NIKE, Inc. Stock Incentive Plan. The restrictions lapse with respect to one third of the shares on each of the first three anniversaries of the grant date, with the exception of Mr. DeStefano's grant which will vest 100% on the third anniversary of the date, unless employment terminates before that date, in which case any remaining restricted shares are forfeited.
- (11) Preferred Stock does not have general voting rights except as provided by law, and under certain circumstances as provided in the Company's Restated Articles of Incorporation, as amended.
- (12) Includes 1,950,000 shares of Class A Common Stock held by Oak Hill Strategic Partners, L.P., which is under common control with Cardinal Fund I, L.P.
- (13) Information provided as of December 31, 2003 in Schedule 13G filed by the shareholder.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than 10 percent shareholders are required by the regulations of the SEC to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended May 31, 2004 all Section 16(a) filing requirements applicable to its officers, directors and greater than 10 percent beneficial owners were complied with, except that a report covering one transaction was filed one day late by Mr. Hayes, a report covering one transaction was filed five days late by Mr. Parker, a report covering one transaction was filed five days late by Mr. Sprunk, a report covering one transaction was filed five days late by Dr. Clarke, and a report covering one transaction was filed twelve days late by Mr. Edwards. Each resulted from broker clerical errors regarding notification of the Company.

EXECUTIVE COMPENSATION

The following table discloses compensation awarded to, earned by, or paid to the Company's Chief Executive Officer and its next four most highly compensated executive officers for all services rendered by them in all capacities to the Company and its subsidiaries during the fiscal year ended May 31, 2004 and the two preceding fiscal years.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards (\$)	Options (#)	LTIP Payouts (\$)	All Other Compensation (\$)(1)
Philip H. Knight Chairman, Chief Executive Officer and President	2004	1,392,308	2,278,282				456,000	99,053
	2003	1,350,000	1,121,840				320,000	87,195
	2002	1,350,321	1,377,327				0	572,856
Mark G. Parker President	2004	992,308	1,270,759		800,000 (3)	70,000	228,000	81,226 (2)
	2003	942,308	817,154			70,000	160,000	59,079
	2002	897,436	595,000			60,000	0	50,284
NIKE Brand Charles Denson President	2004	934,615	1,196,878		800,000 (3)	70,000	228,000	72,050
	2003	834,615	740,907			70,000	160,000	46,933
	2002	713,141	472,812	108,502		60,000	0	35,702
NIKE Brand Mindy Grossman Vice President	2004	792,308	845,531		750,000 (3)	50,000	228,000	50,341
	2003	734,615	485,434			40,000	160,000	96,719
	2002	645,833	395,250			30,000	0	199,137
Apparel Gary M. DeStefano President	2004	742,308	769,361 (4)		600,000 (3)	44,000	228,000	53,796
	2003	684,615	420,080			44,000	160,000	41,704
	2002	603,846	369,554			40,000	0	34,271
USA Operations								

(1) Includes contributions by the Company to the NIKE, Inc. 401(k) and Profit Sharing Plan for the fiscal year ended May 31, 2004 in the amount of \$7,880 each for Mr. Knight and Ms. Grossman, \$13,580 for Mr. Denson, and \$15,880 each for Mr. Parker and Mr. DeStefano. Also includes contributions by the Company to the Deferred Compensation Plan for Mr. Knight, Mr. Parker, Mr. Denson, Ms. Grossman, and Mr. DeStefano of \$91,173, \$63,410, \$58,470, \$42,461, and \$37,916, respectively.

Edgar Filing: NIKE INC - Form DEF 14A

- (2) Includes above-market interest on deferred compensation for Mr. Parker in the amount of \$1,936 for the 2004 fiscal year.
- (3) Represents the value of restricted shares granted based on the closing market price of the Class B Stock on the grant date. On July 18, 2003, restricted stock grants were made to Mr. Parker and Mr. Denson for 15,314 shares, Ms. Grossman for 14,357 shares, and Mr. DeStefano for 11,485 shares. The restrictions lapse with respect to one third of the shares on each of the first three anniversaries of the grant date, with the exception of Mr. DeStefano's grant which will vest 100% on the third anniversary of the grant date, unless employment terminates before that date, in which case any remaining restricted shares are forfeited. Dividends on restricted shares are paid currently to the holders. On May 31, 2004 the number of remaining restricted shares and the dollar value of those shares based on the fair market value of \$71.15 per share on that date was 15,314 shares with a value of \$1,089,591 for Mr. Parker and Mr. Denson, 14,357 shares with a value of \$1,021,501 for Ms. Grossman, and 11,485 shares with a value of \$817,158 for Mr. DeStefano.
- (4) Includes \$30,000 bonus outside the Executive Performance Sharing Plan.

Option Grants in the Fiscal Year Ended May 31, 2004

Name	Options Granted (#) (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/share) (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (3)	
					5% (\$)	10% (\$)
Philip H. Knight						
Mark G. Parker	70,000	1.4	\$ 52.24	7/17/13	\$ 2,299,742	\$ 5,827,997
Charles Denson	70,000	1.4	\$ 52.24	7/17/13	\$ 2,299,742	\$ 5,827,997
Mindy Grossman	50,000	1.0	\$ 52.24	7/17/13	\$ 1,642,673	\$ 4,162,855
Gary DeStefano	44,000	0.9	\$ 52.24	7/17/13	\$ 1,445,552	\$ 3,663,313

- (1) The options shown in the table with the expiration date of July 17, 2013 become exercisable with respect to 25% of the total number of shares on each of July 18, 2004, 2005, 2006, and 2007. All options for all individuals will become fully exercisable generally upon the approval by the Company's shareholders of a merger, plan of exchange, sale of substantially all of the Company's assets or plan of liquidation.
- (2) The exercise price is the market price of Class B Stock on the date the options were granted.
- (3) Assumed annual appreciation rates are set by the SEC and are not a forecast of future appreciation. The actual realized value depends on the market value of the Class B Stock on the exercise date, and no gain to the optionees is possible without an increase in the price of the Class B Stock. All assumed values are before taxes and do not include dividends.

Aggregated Option Exercises in the Fiscal Year
Ended May 31, 2004 and Fiscal Year-End Option Values
Name

Shares