

AGREEMENT

This Agreement is between NIKE, Inc. and the State of Oregon, acting by and through its Governor.

WHEREAS:

1. The State has a compelling interest in promoting and stimulating economic development within this state to better provide for the welfare of its residents, in encouraging businesses to make significant capital investments within this state, and in creating certainty in the apportionment of business income for purposes of income and corporate excise taxation that achieves these ends;
2. Use of the Single Sales Factor Method to apportion business income promotes an economic development climate that encourages businesses to locate and remain within the State of Oregon, encourages existing Oregon businesses to expand their operations in Oregon, and creates incentives for businesses to make significant capital investments within the State of Oregon;
3. The Single Sales Factor Method fairly represents the extent of NIKE, Inc.'s business activity in Oregon, and effectuates an equitable allocation and apportionment of NIKE, Inc.'s income for purposes of income and corporate excise taxation in Oregon;
4. Other alternative methods of business income apportionment, including those that allocate and apportion NIKE, Inc.'s business income according to the extent of its personnel and property located in Oregon, or other apportionment methods that would subject a greater portion of NIKE, Inc.'s business income to taxation in Oregon, would impose an unfair and inequitable tax burden on NIKE, Inc.;
5. Because of the economic development investment climate created by the existence of the Single Sales Factor Method, and in reliance on the continued application of the Single Sales Factor Method to its business income for purposes of taxation in Oregon, NIKE, Inc. has commenced a substantial corporate investment in Oregon. NIKE, Inc. has undertaken a Capital Project that qualifies as a Qualifying Investment within the State of Oregon that it intends to complete by December 31, 2016 at a cost to NIKE, Inc. in excess of \$150,000,000. NIKE, Inc. would not consider making this capital investment in the State of Oregon but for the favorable economic development climate created by the State's use of the Single Sales Factor Method;

6. The State has a compelling interest in ensuring that NIKE, Inc. may be assured that it can rely on Oregon's investment climate and can continue to rely on the Single Sales Factor Method as the applicable method to determine the portion of income subject to income or corporate excise taxation in the State of Oregon when it makes a substantial corporate investment in Oregon and this Agreement is intended to provide that assurance; and

7. ORS 314.605 to 314.675 (2011), as amended by HB 4200 (2012 Special Session), empower the Governor to obligate the State to allow taxpayers who make qualifying investments in Oregon to apportion business income for tax purposes using the Single Sales Factor Method. HB 4200 becomes effective on the 91st day after the adjournment of the 2012 Special Session. HB 4200 provides that any contract executed under Section 5(1) of HB 4200 on or after December 14, 2012 and before the effective date of HB 4200 that meets the requirements of a Qualifying Investment Contract is ratified by that Act. This Agreement is executed pursuant to HB 4200 Section 5(1) so that if the statutory method of allocation and apportionment is changed, NIKE, Inc. may elect to continue to allocate and apportion its income for the purpose of determining its Oregon income and corporate excise tax according to the Single Sales Factor Method, pursuant to this Agreement.

DEFINED TERMS:

1. "NIKE, Inc." means NIKE, Inc., an Oregon corporation, its affiliates and subsidiaries, and its successors and assigns.
2. "The State" means the State of Oregon acting by and through the Governor of Oregon.
3. "Qualifying Investment" means:
 - a. An expenditure or expenditures made by NIKE, Inc. relating to the Capital Project described in Paragraph 5 of the Whereas clauses of this Agreement the Actual Cost of which exceeds \$150,000,000 within a five-year period measured from the commencement of the Term of the Agreement. The Actual Cost of two or more Capital Projects by NIKE, Inc. in the State of Oregon may be aggregated for purposes of satisfying this requirement; and:
 - b. If NIKE, Inc. employs at least 500 more full-time equivalent employees in Oregon within the notice period set forth in Paragraph 5 of the Agreement Terms than it employed in Oregon when the Qualifying

Investment was commenced. NIKE, Inc. may not satisfy this requirement by increasing the number of NIKE, Inc. employees in Oregon by gain of another entity's existing Oregon employees through a merger or acquisition of any portion of another entity's Oregon operations.

4. "The Agreement" means this agreement, including the Whereas clauses set forth above which are to be treated as recitals and not as covenants, between the State and NIKE, Inc., executed pursuant to ORS 314.605 to 314.675, as amended by HB 4200 (2012 Special Session).

5. "Actual Cost" means the costs of labor, materials, supplies, equipment rental, real or personal property acquisition, permits, engineering, financing, required fees, insurance, administration, accounting, maintenance, repair or replacement and debt service, and all other direct or indirect costs incurred by a person in order to undertake a capital project, or of more than one capital project undertaken by the same taxpayer as part of the same Qualifying Investment.

6. "Debt Service" includes debt service payments or payments into reserve accounts for debt service and payment of amounts necessary to meet debt service coverage requirements.

7. "Capital Project" means the project or projects within the State of Oregon described in Paragraph 5 of the Whereas clauses of this Agreement, for the construction, modification, replacement, repair, remodeling or renovation of a structure or structures, addition to a structure or structures, or other capital improvement and includes, but is not limited to:

a. Acquisition of a legal interest or right in land or property in conjunction with the capital improvement, including but not limited to the purchase, lease or occupancy of real property, including the buildings, structures, infrastructure and leasehold improvements on the land or property;

b. Acquisition of existing structures, or legal interests or rights in structures, in conjunction with the capital improvement;

c. Acquisition and installation of machinery or equipment, furnishings, fixtures or other personal property or materials, in conjunction with the capital improvement; and

d. Services and activities performed in relation to the capital improvement, including planning, design, authorizing, issuing, carrying or

repaying interim or permanent financing, research, study of land use and environmental impacts, acquiring permits or licenses, or other services connected with the capital improvement, and costs associated with the performance of these services and activities.

8. "Commencement of the Qualifying Investment" or "Commenced the Qualifying Investment" refers to the date upon which NIKE, Inc. initially commenced the Capital Project described in Paragraph 5 of the Whereas clauses to accommodate its planned growth within the State of Oregon, by making a binding financial commitment to the Capital Project. The Capital Project commenced on January 1, 2012.

9. The "Single Sales Factor Method" means the method of business income apportionment required under ORS 314.650 and ORS 314.665 and the rules adopted thereunder, as in effect as of the effective date of this Agreement.

10. "Term of the Agreement" means the duration of the parties' obligations under this Agreement, which shall be a period continuing through 30 years from the Commencement of the Qualifying Investment, unless the Agreement is earlier terminated.

AGREEMENT TERMS:

1. This Agreement will become effective when executed by all parties to the Agreement.

2. The parties agree that NIKE, Inc. has commenced the Qualifying Investment as of January 1, 2012. Accordingly, the State will extend to NIKE, Inc. the protections and requirements of the Single Sales Factor Method for purposes of allocating and apportioning its income in determining and assessing its Oregon corporate excise and income tax liability for any tax year ending during the Term of the Agreement and that, notwithstanding any other provision of law, NIKE, Inc.'s Oregon corporate excise and income tax liability for each tax year ending during the Term of the Agreement shall not be more than it would be as calculated using the Single Sales Factor Method. If Nike fails to complete a Qualifying Investment on or before December 31, 2016, the State may terminate this Agreement. If, between the effective date of this Agreement and such termination by the State, the legislature amends or repeals the Single Sales Factor Method and such amendment or repeal results in NIKE, Inc.'s, Oregon corporate excise and income tax liability being greater than if such liability were based on the Single Sales Factor Method, NIKE, Inc.'s Oregon corporate excise and income

tax liability on and after the date of termination of this Agreement shall be determined based on the method that results in the greater tax liability.

3. If, during the Term of the Agreement, the provisions of ORS 314.650 (2011) or ORS 314.665 (2011), or both are amended, modified or affected in any way by any other provision of law such that the income tax burden of NIKE, Inc. is increased beyond what it would be by application of the Single Sales Factor Method, then, pursuant to HB 2400 (2012 Special Session), the State does hereby adopt for application to NIKE, Inc. the protections and requirements of the Single Sales Factor Method for purposes of assessing its income and corporate excise tax for any tax year ending during the Term of this Agreement and agrees that NIKE, Inc.'s tax burden for any tax year ending during the Term of this Agreement shall not exceed that calculated under the Single Sales Factor Method.

4. For any year in which NIKE, Inc. files with the Oregon Department of Revenue a report or return of tax or tax liability relying upon the Single Sales Factor Method as provided in Paragraph 2, the Oregon Department of Revenue shall determine NIKE, Inc.'s tax liability in accordance with the Single Sales Factor Method. The Oregon Department of Revenue may assess a deficiency in the same manner as for any other taxpayer, except that a notice of deficiency or assessment shall not be based on a method of apportionment other than the Single Sales Factor Method, unless NIKE, Inc. chooses to use some other apportionment formula in its filing with the Department of Revenue.

5. NIKE, Inc. shall provide notice to the Governor in writing in a mutually acceptable form, when NIKE, Inc. has expended over \$150 million on the Capital Project(s) and, shall advise the Governor of the amount of the investment made. This notice may be submitted at any time following the commencement of the Qualifying Investment but no later than January 1, 2017. NIKE, Inc. also shall provide the Governor with all certificates of completion and occupancy related to the Capital Project(s) within a reasonable time after they are issued. On or before December 31, 2013 and in each December thereafter until Nike, Inc. provides the certification required by this paragraph, Nike, Inc. shall report to the Governor in writing on the status of the Capital Project(s).

6. NIKE, Inc. shall also advise the Governor in writing in a mutually acceptable form when it is employing at least 500 more full time equivalent employees in Oregon than it employed when the Qualifying Investment commenced. The notice shall identify the number of employees that NIKE, Inc. employed in Oregon when the Qualifying Investment commenced and the number of employees that NIKE, Inc. employed in Oregon on the date that the notice is given. This notice

may be submitted at any time following the commencement of the Qualifying Investment but no later than one year following completion of the Qualifying Investment.

7. NIKE, Inc. has not received and will not accept any economic development incentive greater than \$5,000,000 under the Strategic Investment Program pursuant to ORS 285C.600 to 285C.639 in connection with the Capital Project.

8. In the event of a breach of this Agreement by the State, NIKE, Inc. (i) may maintain a suit or action upon this Agreement for breach of contract against the State consistent with ORS 30.320, and (ii) shall continue to pay income and corporate excise taxes based on the Single Sales Factor Method until the final resolution of such suit or action, without penalty on any underpayment of income tax to the extent such penalty may be waived in accordance with law, provided that, upon final resolution of such suit or action, NIKE, Inc. shall be required to pay any additional amount of tax due as is determined in accordance with law.

9. The State's sole and exclusive remedies in an action for breach of this Agreement shall be one or both of:

a. Judgment rescinding this Agreement; and

b. Judgment awarding an amount equal to the difference, if any, between: (i) the amount of income and corporate excise tax due from NIKE, Inc. under the Single Sales Factor Method from the date of breach through termination of this Agreement; and (ii) the amount of income and corporate excise tax due from NIKE, Inc. during the same period using the method of apportioning business income (a) under the tax laws that would have applied to NIKE, Inc. but for the qualifying investment contract; or (b) identified in the judgment as fairly representing the extent of NIKE, Inc.'s business activity in the state during the same period.

10. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Oregon.

11. In any action arising out of or relating to this Agreement, except to the extent such action falls within the exclusive jurisdiction of the Oregon Tax Court, the parties agree to the laying of venue in the Circuit Court for the State of Oregon for the County of Marion.

12. In any action arising out of or relating to this Agreement in any court, the parties agree to waive any right to commence in or remove such action to federal court.

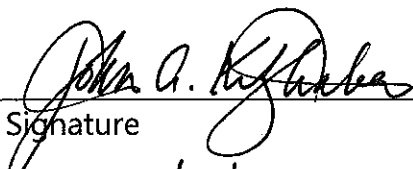
13. In any court or administrative action arising out of or relating to this Agreement the prevailing party shall be entitled to recover from the losing party the prevailing party's costs and expenses, including court costs and reasonable fees of attorneys and other professionals incurred in connection with the prosecution or defense of such action in trial court, on appeal, and in any administrative proceeding, except to the extent that an award of attorney fees violates Article XI, Section 7 of the Oregon Constitution. Any award of attorney fees shall be based on the rates charged by the attorneys paid by the State.

14. Nothing in this Agreement shall be affected by any administrative rules adopted after the effective date of this Agreement.

15. This Agreement sets forth all of the promises, agreements, conditions, understandings, warranties, and representations among the parties with respect to the transactions contemplated hereby, and supersedes all prior agreements, arrangements, and understandings among the parties, whether written, oral, or otherwise.


GOVERNOR OF OREGON
John A. Kitzhaber, MD

NIKE, INC.
Mark Parker, President and CEO



Signature
12/19/2012

Date



Signature
12/19/12

Date