

We have focused our efforts in each area:

Bringing about systemic change for footwear, apparel and equipment manufacturing workers remains our primary focus. Through integration with our lean manufacturing business strategy, we believe we can achieve significant positive change for workers.

By FY11 we aim to:

-  Eliminate excessive overtime in contract factories – one of the most serious ongoing compliance issues factories face.

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-  Implement tailored human resources management systems in contract factories, which will include management training on workers' rights, women's rights, and freedom of association and collective bargaining.

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-  Encourage other brands to join us in partnering. Our aim is that by FY11, 30 percent of our supply chain be monitored in partnership with other brands and through multi-stakeholder collaboration.

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-  Transition 90 percent of our footwear lines to lean manufacturing processes.

We are firmly committed to addressing environmental challenges in the world today, both in how we manage our footprint and in the design of our products. Over the past two years, we exceeded our CO2 emissions reduction target through the World Wildlife Fund's Climate Savers program. We eliminated F-gases across all Nike products following 14 years of research and development in our Nike Air cushioning system. And we defined our environmental footprint – for our direct operations and our contract factories. By FY11 we expect to:

-  Make our Nike brand facilities climate neutral; all Nike, Inc. facilities are targeted to be climate neutral by 2015.

In our products, we continue to pursue waste reduction and sustainable design through Nike innovation. We have embedded our "Considered Design" ethos across our design organization and set aggressive targets for footwear. By FY11 we expect to:

-  Meet targets for waste reduction in product design and packaging, use of volatile organic compounds, and the increased use of environmentally preferred materials in all Nike footwear. We are targeting all Nike footwear and apparel product to meet these standards by 2015.

Our designers are focused on creating products that will exceed our targets. As Nike innovation proves what's possible in sustainable product design, we'll raise our standards.

We believe passionately in the power of sport to change a young person's life. Nike invested more than \$100 million in product and cash donations over the past two years in community-based sport initiatives. We're targeting a minimum investment of and additional \$315 million in community programs through FY11.

This is the journey we're on.

Our company is complex. We have multiple brands, categories and product types. Our supply chain builds and delivers more than 50,000 different product types per year. Our footprint impacts millions of people directly and indirectly each year. Our operations touch thousands of smaller businesses within multiple industries, all part of an established global trading system dependent on a host of other partners, and all governed by the framework of a publicly traded company. This complexity will only increase as we grow toward our projected \$23 billion in revenue by FY11.

To meet these challenges, we will leverage our business model, our products, our natural strengths and our voice to be a vehicle for change. We believe that design and innovation can deliver the most valuable solutions. We believe that entrepreneurship is the best source for sustainable solutions. We believe that now is the time to seek and create radical collaborations between global businesses, social entrepreneurs and activists, governments, non-governmental organizations, and civil society. Everybody has part of the answer.

I hope you'll join us, through healthy debate, innovative collaborations and multi-stakeholder partnerships.

Thank you,



Mark Parker