



VIA ELECTRONIC MAIL to rule-comments@sec.gov

October 20, 2010

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-14-10, Comments on Concept Release on the U.S. Proxy System

Dear Chairman Schapiro:

NIKE, Inc. supports the Commission's efforts to undertake a comprehensive review of the proxy voting and shareholder communications system, and thanks the Commission for soliciting comments from issuers, shareholders, and other interested constituents.

NIKE, Inc. is a publicly traded Fortune 500 company with global operations, over 34,000 employees worldwide, and annual revenues in excess of \$19 billion. We believe our views may be representative of similar large multinational companies with significant numbers of shareholders. We are particularly interested in the "proxy plumbing" issues identified in the Commission's Concept Release on the U.S. Proxy System, and we offer the comments below.

NOBO and OBO Classification

The current system which classifies shareholders as Non-Objecting Beneficial Owners ("NOBOs") or Objecting Beneficial Owners ("OBOs") prevents issuers from knowing the identity of many, and often most, of their shareholders. As a result, it is difficult and expensive to communicate with shareholders. While institutional shareholders employ professionals to engage with the companies in which they hold ownership positions, retail shareholders have no such ability, and may feel separated or insulated due to the difficulty of communications, especially on significant proposals or transactions. This can result in decreased participation in shareholder voting.

We believe the Commission and national exchanges should eliminate the NOBO and OBO classifications for beneficial owners as a first step toward enabling companies to communicate directly with their shareholders. Beneficial owners wishing to remain anonymous can register their shares in a nominee or trust account with their broker, bank, or other third-party intermediary. Those who are currently classified as OBOs should

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have adequate notice of the elimination of their OBO status, to permit them to decide whether to establish a nominee or trust account.

Competition and Choice Among Proxy Service Providers

Eliminating the NOBO and OBO classifications would enable the Commission and securities exchanges to introduce competition to improve the provision of proxy and communication delivery services. Brokers, banks, and other financial intermediaries are responsible for handling proxy processing activities among their customers, including the delivery of proxy materials and communications. Currently, issuers have little choice in selecting a provider of proxy distribution services, because almost all financial institutions utilize a single provider for these services, which issuers must pay for. This system effectively prevents issuers from selecting their own proxy distribution service provider, and from communicating directly with shareholders.

We believe that the functions of beneficial owner data aggregation and proxy communications distribution should be separated. A central, non-profit data aggregator such as Depository Trust Company can continue to serve as the clearinghouse for beneficial ownership data, which can provide the beneficial ownership list to distribution service providers chosen by issuers. The distribution service provider could then deliver the proxy materials, forms, and communications to all shareholders. This would open up proxy distribution services to fair competition, allowing issuers the opportunity to select a distribution provider based on price and quality of service. Because issuers would have choices, prices would be established by open competition among distribution service providers, and not through a fee schedule established by regulators. In addition, distribution service providers would be directly accountable to issuers for the quality and efficiency of their services. Issuers dissatisfied with their proxy distribution could choose a different provider, or deliver materials and communications directly to shareholders. In general, market competition promotes efficiency, lower costs, and innovation in the delivery of goods and services. There is no reason why those improvements would not be realized in this industry, benefitting both issuers and shareholders.

Another benefit of competition is innovation to allow issuers to provide shareholder-friendly proxy cards. Currently, beneficial owners receive a nondescript, difficult-to-understand voter instruction form for voting purposes, which is virtually indistinguishable among all companies, and not easily customized to meet each company's needs. As a result, shareholders are unmotivated to vote. A choice of service providers would bring flexibility and innovation to proxy communications, allowing companies to brand and customize their proxy cards, attract attention, and encourage shareholder participation. This is particularly important since the Commission has eliminated broker discretionary voting for many proposals.

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Voting and Tabulation Process

We believe the accuracy, transparency, and efficiency of the voting process is important. Currently, brokers are not required to reconcile their positions using a uniform methodology as of the proxy record date, allowing some borrowers and lenders to vote the same positions, resulting in over-voting and under-voting. Moreover, the lack of transparency in the current proxy voting system makes it difficult to ensure the accuracy of a shareholder vote.

We believe that the Commission should require brokers and financial intermediaries to produce an eligible voters list as of the record date for each shareholder meeting, using a standard reconciliation methodology, to eliminate duplicate voting and the erroneous distribution of proxy voting cards. In addition, where proxy distribution providers act as vote tabulators, the tabulation process should be subject to internal and external audits. We believe these steps will facilitate end-to-end validation, enable much-needed vote confirmations, and maintain the integrity of the voting process.

We appreciate the opportunity to provide comments on the Commission's Concept Release. Please contact me with any questions you may have, or if you require additional information or clarification about any of our comments.

Very truly yours,



John F. Coburn III
Corporate Secretary and
Global Governance Counsel
NIKE, Inc.