NIKE EMPLOYEE PLANNING SERIES

The Nike Retirement Vesting Decision

How age 55, five years of service, and your grant date can change the value of RSUs and stock options

A retirement date can determine whether an unvested award accelerates, continues vesting, vests only in part, or is forfeited. Nike's public filings describe different retirement treatment for stock options and stock awards, with another important dividing line at the September 1, 2024 annual grant. The surprising result is that a stock option may be the riskier investment but the better-protected employee benefit. Every grant must be analyzed separately, and the participant's award agreement controls.

SEPARATE THE TWO RISKS Stock Options can expire without value and can create leverage, timing, exercise-cost, and tax risk. RSUs generally retain some economic value while the stock remains above zero. That investment comparison does not answer which unvested award is better protected when employment ends.

SORT EVERY GRANT BY ITS RULES Identify the award type, grant date, one-year anniversary, vesting schedule, exercise price, expiration date, and retirement language. Awards granted before the September 1, 2024 annual grant may not receive the same treatment as later awards.

TEST THE RETIREMENT DATE BEFORE NOTICE Model the value preserved and forfeited at age 55 with five full years of service, at the next grant anniversary or vesting date, and - for certain older stock options - at age 60 with five years of service. Obtain written grant-level confirmation before relying on the result.

Four Award Categories - Four Different Outcomes

Nike's 2026 proxy states that termination treatment differs for awards granted on or after the September 1, 2024 annual grant and awards granted before it. The public agreements and proxy disclosures provide a useful map of the rule changes, but an employee's grant notice, award agreement, plan appendices, participant records, and official retirement classification remain the controlling documents.

STOCK OPTIONS GRANTED ON OR AFTER THE SEPTEMBER 1, 2024 ANNUAL GRANT

RETIREMENT ELIGIBLE AT 55 + 5 The publicly filed Form of Stock Option Agreement under the NIKE, Inc. Stock Incentive Plan, attached as Exhibit 10.26 to NIKE's Annual Report on Form 10-K for the fiscal year ended May 31, 2024, defines retirement eligibility as age 55 with at least five full years of employment or service. Upon a voluntary resignation on or after the first anniversary of the grant date, outstanding unvested stock options vest and become exercisable. Vested stock options may generally be exercised for up to four years after retirement, but never beyond the original expiration date.

A GRANT LESS THAN ONE YEAR OLD For a voluntary retirement before the first grant anniversary, the publicly filed Form of Stock Option Agreement provides for forfeiture of the unvested stock option and generally leaves only the standard three-month exercise period for any vested portion. A qualifying involuntary termination before that anniversary receives prorated vesting and generally a one-year exercise window, subject to the agreement's requirements.

STOCK OPTIONS GRANTED BEFORE THE SEPTEMBER 1, 2024 ANNUAL GRANT

EARLY RETIREMENT - AGE 55 + 5 For qualifying older stock options that have been outstanding at least one year, unvested stock options generally continue vesting on the original schedule after retirement. Vested stock options may generally be exercised for up to four years following termination, subject to the stock option's original term.

NORMAL RETIREMENT - AGE 60 + 5 For qualifying older stock options, retirement at age 60 with at least five years of service generally accelerates the remaining vesting. The disclosed exercise period is again up to four years after termination, without extending the stock option beyond its original expiration date.

RSUS AND PSUS

CURRENT STOCK AWARDS For disclosed awards granted on or after the September 1, 2024 annual grant, retirement at age 55 with five full years of service generally produces immediate vesting of a prorated portion of unvested RSUs; the remainder is forfeited. A prorated portion of eligible PSUs may remain earnable based on actual performance and settle on the original schedule.

PRE-FISCAL 2025 STOCK AWARDS Nike's proxy states that these older stock awards do not provide retirement treatment. Do not assume that reaching age 55 protects an unvested RSU or PSU balance. Without another applicable provision in the agreement, unvested awards remain exposed to forfeiture when employment ends.

ONE YEAR IS NOT THE SAME AS ONE TRANCHE The disclosed stock option language uses the first anniversary of the grant date or says the stock option has been outstanding for at least one year. Employees may describe this as 'one tranche has vested,' and the dates may coincide, but the phrases are not legally interchangeable. Use the written agreement's exact test.

> **Planning principle:** Grant date can matter as much as award type. One Nike employee may hold several overlapping retirement rule sets on the same separation date.

The Risk Paradox: Investment Risk vs. Forfeiture Risk

Conventional wisdom correctly describes stock options as the riskier investment. The retirement decision adds a different question: which contractual right is most likely to survive the end of employment? Those two risk rankings can point in opposite directions.

WHY THE STOCK OPTION IS THE RISKIER INVESTMENT

LEVERAGE AND THE EXERCISE PRICE An RSU generally has economic value as long as the stock price remains above zero. A stock option has intrinsic value only when the stock price exceeds its exercise price. A price decline can reduce the stock option's value disproportionately or leave it underwater, even after it has vested.

TIME AND EXECUTION A stock option expires. Its value depends on the stock price, strike price, remaining term, volatility, and the holder's ability to exercise before the applicable deadline. Exercise can also require cash or a sale of shares and can create wage income and withholding before the retained shares are diversified.

WHY THE STOCK OPTION MAY BE BETTER PROTECTED AT RETIREMENT

OLDER AWARDS CREATE THE SHARPEST CONTRAST A qualifying pre-fiscal 2025 Nike employee stock option may continue vesting on its original schedule after an age-55 retirement, or its remaining unvested portion may accelerate at age 60, subject to the governing agreement. In either case, the retirement provision can preserve the right to acquire shares that had not yet vested when employment ended. A pre-fiscal 2025 RSU may have no comparable retirement treatment; absent another applicable provision in its agreement, its unvested units may be forfeited when employment ends. The economically safer instrument can therefore be the more forfeitable employment benefit.

CURRENT AWARDS NARROW - BUT DO NOT ERASE - THE DIFFERENCE A current Nike employee stock option that has reached its first anniversary may become fully vested and exercisable at a qualifying retirement under the publicly filed agreement. By comparison, a current RSU generally receives only prorated vesting, with the remainder forfeited. From a vesting perspective, the stock option may be better protected because a larger portion - potentially all - of the unvested award can survive the retirement date. That preserved participation can still lose its investment value if the stock price does not exceed the exercise price before expiration.

A SINGLE RETIREMENT DATE CAN PRODUCE FIVE RESULTS

Consider a retirement-eligible employee age 58 with more than five years of service who voluntarily resigns. A qualifying older stock option may continue vesting. A current stock option at least one year old may vest in full. A current stock option less than one year old may be forfeited. An older RSU granted before the September 1, 2024 annual grant may receive no retirement treatment under the public disclosures; absent another applicable provision in its agreement, its unvested units may be forfeited when employment ends even if the employee satisfies age 55 with five full years of service. A current RSU may vest only on a prorated basis. The employee has one retirement date, but each grant answers to its own agreement.

DO NOT COMPARE FACE VALUES

RSU VALUE Start with the number of units expected to vest multiplied by an assumed stock price, then reduce for taxes, concentration policy, and any delay before settlement. Unvested units that do not survive retirement should not be counted as retirement assets.

STOCK OPTION VALUE Separate intrinsic value - the positive difference between stock price and exercise price - from remaining time value. Include the number of stock options preserved, the vesting calendar, exercise cash, tax cost, expiration risk, and the possibility that an underwater stock option never produces value.

THE THREE DATES TO TEST

ELIGIBLE NOW Calculate the exact rights preserved and forfeited if retirement occurs on the currently proposed date.

NEXT ANNIVERSARY OR VEST Measure whether waiting until a first grant anniversary or scheduled vest changes an all-or-nothing result, and compare that value with the cost of working longer.

AGE 60 For older qualifying stock options, compare continued vesting at age 55 with accelerated vesting at age 60. Do not apply the age-60 rule to a newer award unless its agreement says so.

Planning principle: Before deciding what to sell after retirement, determine what will still exist after retirement.

Build the Nike Retirement Equity Audit

A retirement decision should be made from a grant-level schedule, not a single total shown on an equity portal. Complete the audit while records and internal support remain accessible, then obtain written confirmation for the proposed separation date.

THE SIX-PART RETIREMENT PROCESS

1. INVENTORY EVERY GRANT Record award type, grant date, first anniversary, vesting dates, units or stock option shares, exercise price, original expiration, vested amount, unvested amount, and the agreement governing that specific grant.

2. VERIFY RETIREMENT ELIGIBILITY Confirm the exact date the employee reaches age 55 with five full years of service. For older stock options, also identify the age-60 date. Verify how Nike counts service, leave, rehire periods, and the official employment end date.

3. CLASSIFY THE SEPARATION Determine whether the event will be recorded as a voluntary resignation, qualifying retirement, involuntary termination, reduction in force, divestiture, or another category. The label can change vesting, release requirements, and the post-termination exercise window.

4. REQUEST A WRITTEN GRANT-BY-GRANT OUTCOME For each award, document what vests immediately, continues on schedule, remains performance-contingent, is prorated, is forfeited, and the last date each stock option can be exercised. Resolve any difference between the portal summary and the agreement before giving notice.

5. VALUE AND TAX THE RIGHTS SEPARATELY Calculate RSU value apart from stock option value. Model exercise costs, wage income, withholding, estimated taxes, concentration risk, trading restrictions, and liquidity. Coordinate this analysis with Papers #2, #7, and #9 rather than treating vesting as an automatic hold-or-sell decision.

6. COORDINATE THE FULL RETIREMENT CALENDAR Place equity outcomes beside PSP and salary, deferred-compensation distributions, the Nike 401(k) and any NUA analysis, health coverage, Social Security and Medicare timing, portfolio withdrawals, charitable plans, and the household tax projection.

QUESTIONS TO RESOLVE BEFORE GIVING NOTICE

WHICH GRANTS FALL ON EACH SIDE OF SEPTEMBER 1, 2024? Do not apply the newest rule to an older award or the older rule to a newer award.

WHICH STOCK OPTIONS HAVE REACHED THEIR FIRST ANNIVERSARY? Use the grant date in the agreement rather than an informal 'one tranche vested' description.

WHAT CHANGES IF RETIREMENT MOVES? Test the next grant anniversary, scheduled vest, age-60 date for older stock options, tax year, and health-care transition.

WHAT IS THE FINAL EXERCISE DEADLINE? Record the company-confirmed date for every vested stock option and account for blackout, pre-clearance, processing, and market holidays.

Educational overview. The participant's grant notice, award agreement, plan appendices, Nike records, official separation classification, and professional legal and tax advice control. Public proxy disclosures principally describe named executive officer awards and may not apply identically to every employee. Sources: NIKE, Inc. 2026 Proxy Statement, Potential Payments Upon Termination or Change-in-Control; NIKE, Inc. 2024 Proxy Statement, Benefits Triggered on Certain Employment Terminations; NIKE, Inc. Stock Option Agreement (2024 Form 10-K, Exhibit 10.26); NIKE, Inc. Restricted Stock Unit Agreement (2024 Form 10-K, Exhibit 10.27). Reviewed August 2026.