



Long before he signed a \$90 million endorsement deal with Nike, LeBron James was living in style, driving to high school in his \$50,000 Hummer purchased on a loan by his mother.

By BOAZ HERZOG and JASON QUICK
THE OREGONIAN

The mail kept coming to inmate 38980-060. One from Adidas. Another from Reebok. Yet another from Nike.

Two or three a week, from each of them, since Day One, Eddie Jackson said. He had been in the Loretto (Pa.) Federal Correction Institution since Jan. 7, and the frequent mail wasn't the only correspondence from the shoe companies. Reebok sent a representative to get face-to-face advice on landing an important client, Jackson said.

For the shoe companies, it was not important that Jackson was serving a three-year sentence for issuing phony home loans and running a check scam that netted him \$197,000. What was important was that Jackson was the surrogate father of LeBron James, making Jackson one of the people closest to the most heralded high school basketball player ever.

"If they have a kid they are interested in, they want to make everyone around him happy," Jackson said from prison last week.

So the letters came. The visit was made. And the pursuit was on.

In the end, Nike won out, signing the 18-year-old James to a \$90 million endorsement deal on May 22. It included a \$10 million signing bonus and incentives that could double James' take, according to published estimates confirmed by people involved in the negotiations.

Only a handful of people know what happened on the road to the \$90 million deal, and most of them are not talking. James and his mother, Gloria, declined to be interviewed, as did Reebok. But through interviews with Jackson, Adidas, Nike and the two negotiators of the deal — agent Aaron Goodwin and Portland attorney Fred Schreyer — a wild and extravagant picture emerges.

The mad dash to lure James included a Malibu, Calif., mansion party hosted by Adidas, a tantalizing \$10 million sign-now-and-it's-yours check dangled by Reebok and rap songs written in his honor and performed live at Nike.

"It was a journey that people only read about, or

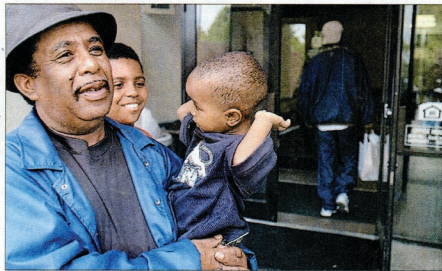
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RIGHT: "LeBron is our hero," says Jeff Taylor, 60, with grandchildren, Jabrel, 11, and Kharri, 1. Taylor has lived in the same apartment complex as James the past seven years. "But around here, he is still known as a little kid."

ROSS WILLIAM HAMILTON/THE OREGONIAN

Winning LEBRON JAMES

How did Nike beat out its rivals to sign a teen phenom some are calling the next Michael Jordan? It wasn't just the shoes



James: Full-court press includes parties, 8-figure checks

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dream about having," Jackson said. Three of the best-known companies in the world went to such extremes because stars sell shoes. The companies think James could become the most popular basketball player since Michael Jordan — whose Air Jordan shoes helped make Nike an international icon.

The parties, flattery and prison communications were all part of a contest to see who could get closest to James.

"The secret to this business is really understanding the relationship pattern," said Ralph Greene, Nike's global director of basketball sports marketing. "In any case, there are several people that are important, and it's a matter of how you are able to get next to those folks."

Reebok starts late

The pursuit of James started three years ago, when Adidas executive Sonny Vaccaro saw a tape of him playing as a high school freshman.

"This is a different one," Vaccaro recalls thinking, "a special one."

After more than two decades of scouting potential superstar basketball players for Nike and then Adidas, "he was the best I ever saw," Vaccaro said last week. Shortly thereafter, Adidas signed a deal to outfit James' high school team in Akron, Ohio, with free shoes and uniforms.

During James' senior year, the pace quickened. Adidas and Nike each dispatched representatives to dine on James and his family. They showed up at his games. They showered him with free shoes and shirts. They became a familiar face.

Reebok laid low, waiting until later to show serious interest. So when the race for LeBron, by then routinely referred to as King James, entered its final stage last month, industry insiders considered Nike and Adidas the front-runners.

By early May, the James camp was ready to hear formal sales pitches from all three companies. They asked Reebok to go first, they pleased Nike and Adidas, who each wanted to go last, according to Schreyer.

Reebok has repeated requests by The Oregonian and other news organizations to comment on the negotiations. "For us, this story is done," Reebok spokeswoman Denise Kaigler said last week. "We have moved on."

But Schreyer and others involved in the negotiations described the company's presentation.

After school let out May 8, James and his mother jetted off to Reebok headquarters just outside of Boston.

Inside a conference room, company execs spent most of their time trying to convince James why he shouldn't sign with Nike, Schreyer said. You'll get lost in the crowd of All-Stars, they told him.

They talked about Reebok's turnaround in recent years. It had reversed sliding sales by positioning itself as a hip, young brand latching onto endorsers who fit that image. The brand's icons include the NBA's Allen Iverson, as well known for off-the-court controversy as for his high scoring average, and top-selling rappers Jay-Z and 50 Cent.

The executives showed James several sketches of what his signature shoe might look like with a Reebok logo, Schreyer said.

Then it came time to talk dollars. Reebok made a bold move. Reebok Chief Executive Paul Fireman pulled out a cashier's check for \$10 million. Sign now and this is yours, he told James.

"The temptation was like wow," Schreyer said. "But you've got to have confidence it would not get worse." It didn't.

Fun and sun with Adidas

James returned to Akron that night on a private jet.



In an attempt to sign LeBron James, Adidas bought ad space on 69 billboards and 40 buses in his hometown of Akron, Ohio, including this ad reading, "Will you do something bigger than basketball?"

The next day after school, Adidas, whose U.S. headquarters is based in Portland, sent another private jet to whisk James and his mother to Los Angeles. This time, he took along a few friends for a gizz-flick weekend.

James wanted to meet someone where "warm," and he agreed to pick up the tab for his friends to join him on the trip, said Vaccaro, Adidas' director of sport.

After arriving, the group headed straight for the Staples Center. James and crew watched the Los Angeles Lakers crush the San Antonio Spurs 110-95 Friday night to cut the Spurs' lead to 2-1 in the second-round NBA playoff series.

The next day, around noon, a limo picked up the James clan from their beachfront Santa Monica hotel, dropping them off at a posh Malibu mansion. Adidas had rented the property for the day from a wealthy record producer, Vaccaro said.

With sweeping views of the Pacific Ocean and the beach below, James sat back to take in Adidas' running trails, presented him with a prototype shoe that sported an Asian-inspired logo with his initials. They showed him a fast-paced video spliced together with shots of Adidas product lines, Vaccaro said.

They unveiled a potential marketing campaign, which included billboards sporting the Adidas three-stripes logo headlined with messages such as "Do you want to be the next superstar?" and "Will You Use Fame To Change The World?"

After lunch — chicken ribs, sweet potatoes, greens and peach cobbler — James posed for photos with Vaccaro by the pool.

"The presentation was tremendous," Vaccaro said. "They did a dog and pony show."

But he knew that might not be enough. "Nike can do Spielberg."

He was right.

Nike's dazzling show

A week later, James was dining in downtown Portland with a few Nike basketball execs at Cinesplex on a Friday evening. He slept at the Westin.

The real show commenced the next morning in Beaverton at Nike headquarters, a campus complete with a duck pond, soccer fields, an Olympic-size pool and buildings named after famous athletes.

Inside the John McEnroe building, where the company's power brokers have offices, CEO Phil Knight led off a series of brief speeches, said Greene, the Nike sports marketing director. The speeches were punctuated with PowerPoint slides displaying Nike's commanding position in the industry — a U.S. market share for athletic footwear that is double that of Adidas and Reebok combined.

The group then walked across campus for a product presentation in the Mia Hamm building, Tinker Hatfield, the architect behind Jordan's line of shoes, showed off some ideas. Months earlier, he and two other designers had visited James in Akron to get direction on how to build a shoe for him, said Goodwin, James' agent. They knew James had an artistic side; he had designed the green and gold uniforms his high school basketball team wore the past three seasons.

So Hatfield was ready when James came to town. He and other Nike employees began opening drawers that revealed one spiffy new sneaker after another — all in his size 15 and sporting his initials. James and his entourage were impressed, Goodwin said.

"Nike had shoes he could actually put on his feet," he said. "There is a difference between concepts and actual shoes."

The show wasn't over. They moved to another room, where models paraded through wearing matching clothes and accessories — from boots and sunglasses to watches and bags.

After a quick lunch break, they gathered in the Tiger Woods conference center. On a big screen, images of Nike-sponsored athletes in action rolled by, spliced together with highlight footage from James' high school games.

"Picture yourself here," the message conveyed. Up next, a team of four poets took turns rapping customized tributes to James and his talents.

"Nike's entire presentation truly blew the family away," Goodwin said. Then they talked money. And later that evening, Lynn Merritt, Nike's senior director of basketball development, hosted a dinner at his home in the Murray Hill area of Beaverton.

While James madly punched the buttons on a video game console with Merritt's teenage son, Goodwin and Schreyer, who provides legal assistance to Goodwin and other agents, casually discussed the negotiations earlier in the day. As slick as the presentation had been, James' advisers weren't sold.

"It wasn't like we left the meeting in a huff," Schreyer said. "But it was clear there was a wide gap between us."

At that point, Reebok had thrown more money on the table. "We tried to suggest to them there were ways they could get there," said Schreyer, a former Nike sports marketing director.

The talking ended shortly after 9, when James and a few others took off for a Cinesplex to catch "The Matrix Reloaded."

Adidas fades; Reebok surges

The next day, James returned to Akron. The city was still littered with billboards and bus signs that Adidas had plastered up the week

of its offer. But by the time he and Goodwin showed up at James' house, Nike hadn't replied.

With no response, "the mind-set was to do a deal with Reebok," Schreyer said. James "felt good about it."

The final decision

James followed Goodwin into his Akron hotel room about 5:30. Two executives from trading card company Upper Deck awaited. Twenty minutes later, James shoved a \$1 million signing bonus check into his pocket and walked across the street to shoot hoops with friends.

Schreyer and Goodwin went upstairs to meet with Reebok at 7:30. "Nike was close to out of it" at that point, Schreyer said.

After 20 minutes of pleasantries, Fireman, the Reebok CEO, pulled out the contract to review, Schreyer said.

"If this is about money, we'll pay you more," Fireman said, according to Schreyer. It was a phrase Fireman would repeat more than once during the talks, Schreyer said.

But flipping through the pages, Schreyer noticed something wasn't right.

Some of the numbers — the ones used to calculate how much James could potentially earn through royalties and incentives — didn't match up with what Schreyer said he thought he had been told by Reebok's negotiators in the preceding week.

The terms presented "were somewhat less favorable to us," Schreyer said.

"Maybe there was a misunderstanding," he told Fireman. Fireman and his team called for a timeout to regroup.

Meantime, Goodwin's two-way pager showed Nike was willing to bid more. Doubt surrounding Reebok's deal began to creep into Schreyer's head.

"The dynamics had changed very abruptly," he said. "The advantage they clearly had enjoyed was kind of wasted."

The Reebok team came back with some concessions, Schreyer said, "but not to the extent that we were back where we felt we had started."

At the same time, he said, "Nike was sprinting to the finish line."

The next two hours were taken up with back-and-forth caucusing from the Reebok and James camps. Eventually, Fireman requested a break. Goodwin stepped

out of the room to page his younger brother, Eric, who was in their Seattle office communicating with Nike.

"Eric said, 'Aaron, you've gotta take a look at what Nike's coming with,'" Goodwin said.

The meeting adjourned about 9:30, when Fireman left to return to Boston. Goodwin got on the phone with James for an update.

"Reebok was vowing to make a huge commitment to the kid, and he could not turn away from that," Goodwin said.

On the other hand, Nike's offer had become considerably sweeter and closer to Reebok's.

"The kid started thinking, 'Hell, apples and apples. I want to go with Nike,'" Goodwin said.

Within a few more hours, the deals were essentially the same, Goodwin said.

Instead of trying to get Reebok to better Nike's offer, Goodwin chose to end negotiations.

"The truth of the matter is, we could have played the game to get the highest number, but what I said earlier to all three companies was put your best offer forward and let's make a deal," he said.

So around 1 a.m., Goodwin and Schreyer met up with James, who was hanging out with friends in a suburban T.G.I. Friday's booth. After reviewing the final offers, James made the call.

"I wanna go with Nike," Schreyer recalls him saying.

And the deal was done.

The day after

The next morning, Reebok issued a news release.

"Reebok's largest competitor simply put more money on the table, and in the final hour — after carefully considering what is in the best interest of our business and our shareholders — Reebok elected to not match this offer," according to the release.

That night, James learned which team he'll likely play for next season. The Cleveland Cavaliers, 35 miles north of Akron, won the first pick in the NBA draft through the league's elaborate lottery process.

James answered questions at a news conference, then celebrated at a party.

He was already wearing a Nike headband and shirt.

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