NIKE, Inc. 1994 Annual Report

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6	1	5	8	0	4	9	2
7	3	1	6	3	7	2	9
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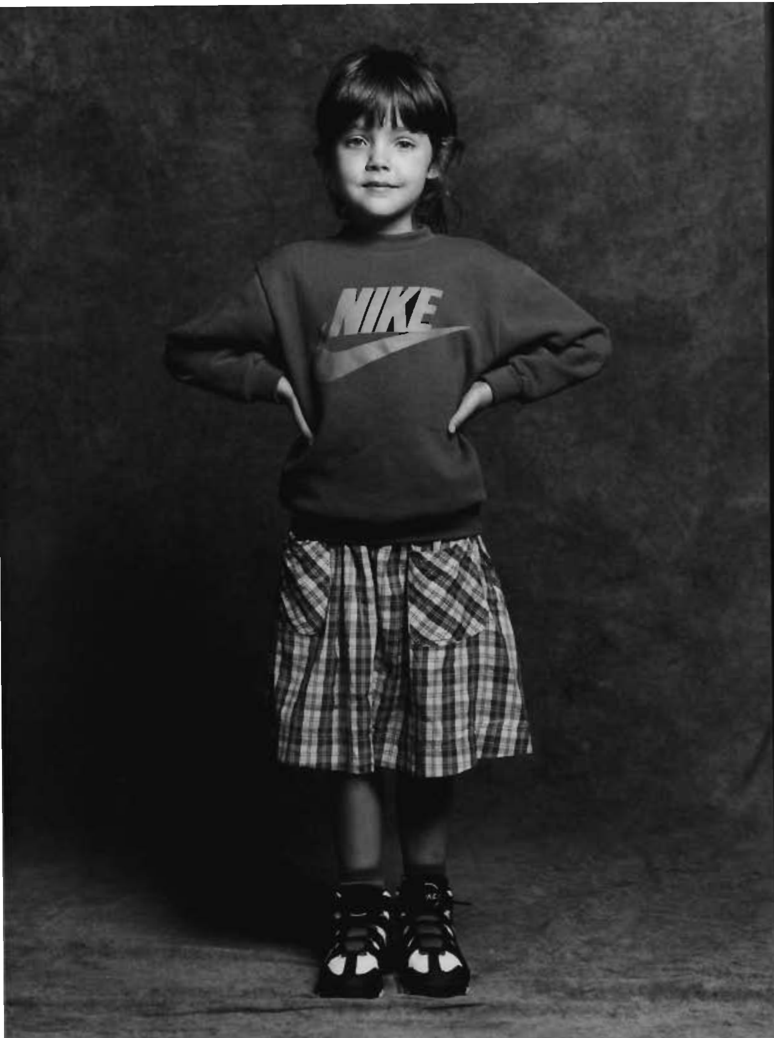

There is no
greater force than
the future. It is
wise and talented.
Strong. Rich in
confidence and
fortune . . . for
those who grow.

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FINANCIAL HIGHLIGHTS

(in thousands, except per share data)

	1994	1993	% Change
Year Ended May 31:			
Revenues	$3,789,668	$3,930,984	(3.6%)
Gross margin	1,488,245	1,543,991	(3.6%)
Gross margin %	39.3%	39.3%	—
Net income	298,794	365,016	(18.1%)
Net income per common share	3.96	4.74	(16.5%)
Return on equity	17.7%	24.5%	(27.8%)
Stock price at May 31	59	72½	(18.6%)

Selected Quarterly Financial Data (unaudited)

(in thousands, except per share data)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1994	1993	1994	1993	1994	1993	1994	1993
Revenues	$1,107,878	$1,099,862	$805,789	$875,839	$871,845	$972,004	$1,004,136	$983,279
Gross margin	440,071	433,199	309,661	346,235	334,779	375,981	403,734	388,576
Gross margin %	39.7%	39.4%	38.4%	39.5%	38.4%	38.7%	40.2%	39.5%
Net income	114,100	122,593	52,295	76,045	63,235	89,471	69,164	76,907
Net income per common share	1.49	1.60	.69	.98	.85	1.16	.93	1.00
Dividends declared per common share	.20	.15	.20	.20	.20	.20	.20	.20
Price range of common stock								
High	74¾	73¼	54⅝	90¼	52⅝	90	61⅞	79½
Low	49⅞	55	43¼	71⅛	43¾	64½	50½	67¾

So, it wasn't such a great year. Revenues down 4%. Earnings per share down 17%, etc. We all know the negatives. They get plenty of ink, because they make the most entertaining story. Fortunately there is a difference between the most entertaining story and the real story.

The real story goes something like this: It was the most successful year in history for any company in this industry, except NIKE. We've had only two years better than this one. And, although it was our first down year in seven years, we generated an 18% return on investment. You'd think that a company for which an 18% return was labeled "bad" could get higher than a 15 price/earnings multiple when the market multiple stood at 20, wouldn't you? It must be the result of last year's general business theme: All brands are dead. Or maybe we're still too new to understand. After all, we've been a public company for only 14 years.

Still, I'll concede the year was not up to our own expectations and capacity. So, for a moment, let's go with "bad" relative to predictions made one year ago of continued record growth, some of them my own in this very space.

If it was a year worse than expected, it wasn't the entire year. It was, in reality, a bad half-year. Except for European currency changes and tax rate adjustments, the first quarter was the best we've ever had. The middle two quarters sagged before an aggressive fourth quarter, our second best in history, ended with a resurgence in Futures orders to record levels for the first six months of FY '95.

Shareholders and industry watchers have great reason to believe in our basic strengths and in the vitality and resiliency of the industry.

On becoming global:

Last fall, six weeks after we announced problems in Europe would cause a drop in earnings per share for fiscal 1994, I got a phone call from one of the acerbic financial analysts.

"Haven't you got those problems fixed yet?" she asked.

"Nope," I said. "Not in six weeks, or six months. Maybe in six years."

That's the point.

When we opened an office in Taiwan in 1975, we became an international company. Becoming a *global* company requires a completely different course of action. In the last year, we:

- Installed the Futures Program in Europe
- Acquired 100% of NIKE Japan and Korea
- Acquired our distributor in Chile
- Won significant battles in our trademark fight in Spain
- Entered into a joint venture agreement to establish a 51% NIKE-owned distributor with Alpargatas CTE in Argentina.

The real story goes something like this: It was the most successful year in history for any company in this industry, except NIKE.

If we do become truly global, we'll be a much better company and have a serious advantage on the competition.

The world is round. We are working to establish brand integrity across its curved surface. If you abuse brand integrity in Singapore, your reputation will spread across Asia and ultimately back to the United States. So, too, will your successes. Your brand will come around.

To quote well-known management consultant Kenichi Ohmae from his book *The Borderless World*, "Coke has 70% of the Japanese market for soft drinks because it took the time and made the investments to build up a full range of local functioning strengths."

"Time" is the operative word in that sentence.

If we do become truly global, we'll be a much better company and have a serious advantage on the competition. When that day comes we will have an educated, integrated work force on the ground in every country, sharing a clear and current understanding with other NIKE-ites worldwide. A retailer in Singapore or Shanghai will be as important as one in New York. And every consumer will see a consistent, unwavering brand message. Maybe then our multiple will go to 16.

Onward and upward:

Kudos and gratitude to Richard King Donahue for four great years of hard work and progress. He came in as president at $2 billion in sales and pushed it to nearly $4 billion, while the stock went from $33 to $60, an increase of 17% per year. He improved processes enormously — budgetary discipline, human resources — and was instrumental in positioning NIKE to capture our destiny outside the U.S. through acquiring distributors in virtually every major country.

More than that, it was his stamp of character. Thank you, Dick Donahue.

For Tom Clarke, our new president, who has excelled at every job during his 14 years at NIKE (and that covers a lot of ground), well, good luck.

About the press:

A truly independent, recognized giant from the irreverent school of Rolling Stone journalism, a sociological researcher, and a recognized artist of the writing world chose to write a book on NIKE.

His name is Donald Katz, and after 17 intense months there is *Just Do It: The NIKE Spirit in the Corporate World.*

It does have its weaknesses. It overstates my role and has other parts that I disagree with, but it does the best job yet of understanding NIKE. So if you have a real interest in NIKE, just read it. It has 325 more pages than the Annual Report.

George Vecsey of *The New York Times*, the most prestigious paper in the world, reviewed Katz' book, but I don't think he ever read it. At least you couldn't tell from his review. It was simply two columns of incessant railing on NIKE, the terrible entity. This without ever coming to the headquarters or even talking with a corporate officer or athlete endorser about NIKE.

This blinder mentality is bad enough when judging the business world, but it is characteristic of a more serious virus that is affecting the coverage (or non-coverage) of significant cultural and political stories. The sad truth is, as television news in general, and CNN in particular, becomes increasingly invested in our lives, the print media are pushed to greater extremes, forced to choose survival over integrity, the most entertaining story over the real story, until we come to this: *The New York Times* reduced to Vecsey on NIKE.

One thing Katz touched on in the book and expressed later on ABC's *Good Morning America* is a fairly accurate take on NIKE.

"It's not the buildings or the work environment or the products or the ads that is the story. It's the fact that some employees go out on their own and get tattooed with a NIKE Swoosh."

What Katz understands, and what this report and every NIKE communication expresses, is this: We try as hard as we can to build a good company, good in every sense of the word: service, product, advertising, charitable contributions, character, and earnings per share. We hope you take the time to search beyond the headlines and learn more about us and the operational excellence that makes NIKE a good company. It may not be glamorous or entertaining, but it is the real story.

Growth is what we do best. But, it's never going to be a straight line. There have been streaks of brilliant performance. And, while FY '94 was not one of them, FY '95 is off to a good start, and we will continue our work to push the earnings trend ever upward.

Now if you'll excuse me, I gotta go get my tattoo.

Philip H. Knight

PHILIP H. KNIGHT
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

It's not the buildings or the products or the ads that is the story. It's the fact that some employees got tattooed with a NIKE Swoosh.

La réalité la voici : ce fut l'année la plus phénoménale pour chacune des entreprises dans notre industrie, sauf pour NIKE.

Eh bien, ce ne fut pas une année tellement fantastique, nos revenus en baisse de 4%, nos bénéfices par action en baisse de 17%, etc.. Nous connaissons tous les mauvaises nouvelles, on y verse beaucoup d'encre, parce que le négatif se lit mieux. Heureusement, il y a une différence entre une histoire qui se vend bien et la réalité.

La réalité la voici: ce fut l'année la plus phénoménale pour chacune des entreprises dans notre industrie, sauf pour Nike. Nous avons enregistré seulement deux meilleures années que celle-ci. Et bien que ce fut la première année de baisse en sept ans, nous avons généré 18% de retour sur l'investissement. On pourrait penser qu'une entreprise pour laquelle un retour de 18% avait été défini comme "mauvais" pourrait obtenir un coefficient cours/bénéfices plus élevé que 15 alors que l'action multiple se maintenait à 20, n'est-ce pas? C'est peut être la conséquence du thème général des affaires de l'année dernière: toutes les marques sont mortes. Ou alors: nous sommes trop jeunes pour comprendre. Après tout nous ne sommes une société par actions que depuis 14 ans.

Quoi qu'il en soit, je concède que l'année dernière n'a pas répondu à notre attente. Donc, pour le moment acceptons le terme "mauvais" par rapport aux prévisions faites il y a un an concernant notre croissance record, certaines de ces prévisions sortant de ma propre bouche dans cette même colonne.

Ce fut une année pire que celle que nous anticipions, mais cela ne s'applique pas à toute l'année. En fait ce fut une mauvaise demi-année. A l'exception des variations de taux d'échange des monnaies européennes et des révisions des taux de taxation, le premier trimestre fut le meilleur que nous ayons jamais eu. Ensuite, fléchissement dans les deux trimestres suivants, avant le quatrième trimestre, le second meilleur de notre histoire, qui se termina avec un regain de commandes futures à des niveaux record pour les premiers 6 mois de l'année fiscale 95.

Nos actionnaires et les gourous de notre industrie ont toute raison de croire en notre force inhérente et en la vitalité et ressort de l'industrie.

Globalisation

L'automne dernier quand nous avons annoncé que des problèmes en Europe causeraient une baisse dans les bénéfices par action pour l'année fiscale 1994, j'ai reçu un coup de fil de l'un des analystes financiers acerbes:

"Vous n'avez pas encore solutionné ces problèmes?"

"Vous n'avez pas encore solutionné ces problèmes?"

"Non," je lui ai répondu, "pas en six semaines, ni en six mois, peut-ître en six ans".

C'est là la question.

Quand nous avons ouvert un bureau à Taïwan en 1975, nous sommes devenus une société "internationale". Devenir une société "globale" exige une politique complètement différente. Au cours de l'année dernière nous avons:

- Mis en place le Programme "Futures" en Europe
- Acquis à 100% Nike Japon et Nike Corée
- Racheté notre distributeur au Chili
- Remporté des victoires importantes dans notre bataille pour notre marque déposée en Espagne
- Conclu un contrat de joint venture avec Alpargatas CTE Argentine dans lequel Nike possède 51%

La terre est ronde. Nous oeuvrons pour établir l'intégrité de notre marque sur toute sa surface courbe. Si vous altérez l'intégrité d'une marque à Singapour, votre réputation se propage à travers l'Asie et pour aboutir finalement aux Etats-Unis. Il en est de même pour vos succès. Votre marque bouclera la boucle.

Le consultant en gestion Kenichi Ohmae a dit dans son livre "The Borderless World" :" Coke a capturé 70% du marché des boissons gazeuses parce qu'ils ont mis suffisamment de temps et d'investissements pour mettre en place un réseau complet de gestion".

Le "temps" est le mot clé dans cette phrase.

Si nous devenons vraiment mondiaux, nous deviendrons une bien meilleure entreprise et nous en retirerons un sérieux avantage sur notre concurrence. Quand ce jour viendra nous aurons une force ouvrière éduquée, intégrée et à pied d'oeuvre dans chaque pays, partageant une entente claire et toujours actuelle avec tous les Nike-ites du monde entier. Un détaillant à Singapour ou à Shanghaï sera aussi important qu'un autre à New York. Et chaque consommateur recevra un message uniforme et constant, c'est peut être alors que notre multiple atteindra 16.

Toujours plus haut

Bravo et grand merci à Richard King Donahue pour quatre ans de travail dur et de progrès. Quand il assuma ses fonctions de président nos ventes atteignaient 2 milliards de dollars, et il les a doublées, alors que nos actions passaient de 33 dollars à 60 dollars, un accroissement de 17% annuellement. Il a amélioré nos procédés de façon spectaculaire – discipline budgétaire et ressources humaines – et il a joué un grand rôle dans l'expansion internationale de Nike grâce à l'établissement de distributeurs dans virtuellement chaque pays majeur.

Et ce qui plus est, il a mis partout son empreinte. Merci Dick Donahue.

Pour notre nouveau Président Tom Clarke, qui a excellé dans chaque poste qu'il a occupé durant ses 14 ans chez Nike (et cela couvre pas mal de territoire), eh bien bonne chance.

Un mot sur les media

Un géant de l'école irrévérente de journalisme Rolling Stone, un chercheur sociologue et artiste reconnu dans le monde de la littérature a choisi d'écrire un livre sur Nike.

Il s'appelle Donald Katz, et après 47 mois de travail intense il a sorti: "Just Do It: The Nike Spirit in the Corporate World".

Ce livre a quelques faiblesses. Il exagère mon rôle et il comprend certaines parties avec lesquelles je ne suis pas d'accord, mais c'est peut être l'ouvrage qui a le mieux compris Nike. Donc si ce sujet vous intéresse, lisez-le, il a 325 pages de plus que notre Rapport annuel.

George Vecsey du New York Times, le journal le plus prestigieux du monde, a écrit une critique du livre de Katz, mais je ne crois pas qu'il l'aie jamais lu. En fait c'est ce que l'on pourrait croire quand on lit son article. Il a vitupéré au sujet de Nike sur deux colonnes. Il n'est jamais venu nous voir, il n'a jamais parlé à l'un de nos hauts cadres ni à aucun de nos athlètes Nike.

Cette mentalité à oeillères est déjà mauvaise lorsqu'on juge le monde des affaires, mais elle révèle une maladie encore plus symptomatique qui mine le reportage (ou non-reportage) d'événements importants culturels ou politiques. La triste réalité est que les nouvelles télévisées, et CNN en particulier, prennent de plus en plus de place dans nos vies, la presse écrite est poussée à des extrêmes, forcée de choisir entre survie et intégrité, entre la nouvelle la plus sensationnelle ou la plus vraie, jusqu'à ce que nous en arrivions à ceci: Le New York Times réduit à publier Vecsey à propos de Nike.

Si nous devenons vraiment mondiaux nous deviendrons une bien meilleure entreprise et nou en retirerons un sérieux avantage sur notre concurrence.

Ce ne sont pas les bâtiments, ni l'atmosphère de travail, les produits ni la publicité qui racontent l'histoire. C'est le fait que certains employés sortent et vont se faire tatouer le Swoosh NIKE.

L'une des choses que Katz a dite dans son livre et qu'il a exprimée plus tard sur Good Morning America, le programme d'ABC, est une analyse plutôt juste de Nike.

" Ce ne sont pas les bâtiments, ni l'atmosphère de travail, les produits ni la publicité qui racontent l'histoire. C'est le fait que certains employés sortent et vont se faire tatouer le Swoosh Nike".

Ce que Katz comprend, et ce que ce rapport et chaque communication de Nike exprime, c'est cela: nous nous efforçons de construire une bonne entreprise, bonne dans tous les sens du mot: service, produit, publicité, oeuvres de charité, personnalité et dividendes. Nous espérons que vous prendrez le temps d'aller plus loin que les gros titres pour en apprendre davantage sur notre compte et sur l'excellence de notre organisation qui font de Nike une bonne entreprise. Cette histoire n'est peut être pas sensationnelle ni amusante mais elle est vraie.

La croissance est notre fort. Mais cette croissance n'ira jamais en ligne droite. Nous avons eu des pics de performance brillante, et bien que 94 ne représente pas l'un de ces pics, l'année fiscale 95 s'annonce bien, et nous continuerons d'oeuvrer pour pousser nos bénéfices toujours plus haut.

Maintenant, si vous voulez bien m'excuser, je cours me faire tatouer.

Philip N. Knight

PHILIP KNIGHT
PRÉSIDENT DU CONSEIL D'ADMINISTRATION ET
PRÉSIDENT, DIRECTEUR GÉNÉRAL

Nun denn, es war kein besonders großartiges Jahr. Einnahmenrückgang um 4%, Gewinnrückgang pro Aktie um 17%, etc. Wir alle kennen die negativen Punkte. Sie sind es, die Schlagzeilen machen, denn sie machen die Story so unterhaltsam. Glücklicherweise entspricht diese unterhaltsame Geschichte aber nicht der wirklichen.

Die tatsächliche Story ist in etwa folgende: Es war das erfolgreichste Jahr für einige Unternehmen in dieser Branche, außer für NIKE. Wir haben bisher nur zwei Jahre gehabt, die besser waren als dieses. Und obwohl es unser erstes Jahr mit rückläufigen Zahlen seit sieben Jahren war, haben wir einen Gewinn im Verhältnis zum investierten Kapital von 18% erzielt. Man sollte denken, daß eine Firma, deren 18% Rendite als "schlecht" bezeichnet wird, einen höheren Kurs-Gewinn-Faktor als 15 erreichen müßte, wenn der Faktor am Markt bei 23 liegt, nicht wahr? Es muß wohl das Ergebnis des allgemeinen Dilemmas des letzten Jahres sein: Alle Marken sind tot. Oder wir sind einfach noch zu neu, um zu verstehen. Schließlich sind wir erst seit 14 Jahren eine Aktiengesellschaft.

Ich gebe aber zu, daß das Jahr nicht unsere Erwartungen erfüllt hat und auch nicht unseren Kapazitäten entsprach. Lassen Sie uns deshalb die Bewertung "schlecht" im Verhältnis zu den Prognosen betrachten, die vor einem Jahr – teilweise von mir selbst – geäußert wurden und von einem anhaltenden Rekordwachstum ausgingen.

Wenn das Jahr auch schlechter als erwartet war, so betraf dies doch nicht das ganze Jahr. In Wirklichkeit war es nur ein schlechtes Halbjahr. Abgesehen von den Veränderungen auf dem europäischen Währungsmarkt und von Steuererhöhungen war das erste Quartal das beste, das wir je hatten. Es folgten ein schlechtes zweites und drittes Quartal und schließlich ein aggressives viertes, das das zweitbeste seit unserem Bestehen war und an dessen Ende die Termingeschäfte für die ersten sechs Monate des Finanzjahres '95 Rekordhöhen erreichten.

Aktionäre und Beobachter der Branche haben ausreichend Grund, zuversichtlich zu sein, was unsere Stärke und die Dynamik und Unverwüstlichkeit der Branche betrifft.

Um nun zum allgemeinen Thema zu kommen:

Im vergangenen Herbst, sechs Wochen, nachdem wir angekündigt hatten, daß die Probleme in Europa einen Rückgang des Gewinns pro Aktie im laufenden Finanzjahr zur Folge haben würden, erhielt ich einen Anruf von einer der akribischen Finanzanalysistinnen:

"Könnt Ihr diese Probleme nicht in den Griff bekommen?" fragte sie.

"Nein", sagte ich. "Nicht in den nächsten sechs Wochen und auch nicht in sechs Monaten. Vielleicht in sechs Jahren."

So sieht's aus.

Als wir 1975 ein Büro in Taiwan eröffneten, waren wir ein "internationales" Unternehmen. Um ein weltweites Unternehmen zu werden, bedarf es einer vollständig anderen Strategie. Im vergangenen Jahr:

- führten wir das 'Futures Program' in Europa ein;
- übernahmen wir 100% von NIKE Japan
- übernahmen wir den Vertrieb in Chile
- gewannen wir unseren Warenzeichen-Prozeß in Spanien
- schlossen wir mit Alpargatas CTE Argentina einen Vertrag über Vertriebsanteile von 51% und eröffneten gemeinsam den Vertrieb in Brasilien.

Die Welt ist rund. Wir sind um Markenintegrität auf dem ganzen runden Globus bemüht. Wenn ein Unternehmen die Markenintegrität in Singapur mißbraucht, verbreitet sich sein Ruf in ganz Asien und schließlich auch in den USA. Das gleiche gilt für den Erfolg. Die Marke wird bekannt.

Um den bekannten Unternehmensberater Ken Ohmae aus seinem Buch The Borderless World zu zitieren: "Cola gehören 70% des japanischen Marktes für Erfrischungsgetränke, da sich das Unternehmen die Zeit genommen und die entsprechenden Investitionen getätigt hat, um ein vollständiges Netz von vor Ort tätigen Mitarbeitern aufzubauen."

"Zeit" ist das entscheidende Wort in diesem Satz.

Wenn wir wirklich ein weltweites Unternehmen werden, werden wir viel besser sein und erhebliche Wettbewerbsvorteile genießen. Wenn dieser Tag kommt, werden wir in jedem Land über gut ausgebildete und integrierte Arbeitskräfte verfügen, die im weltweiten NIKE-Verband gut miteinander harmonieren. Ein Einzelhändler in Singapur oder Shanghai wird ebenso wichtig sein wie einer in New York. Und jeder Verbraucher wird die beständige und unerschütterliche Botschaft von NIKE erkennen. Vielleicht erreichen wir dann einen Faktor von 16.

Vorwärts und aufwärts:

Meinen Respekt und Dank an vorigen Präsident Richard King Donahue für vier große Jahre harter Arbeit und Fortschritt. Er stieg ein bei einem Umsatz von 2 Milliarden Dollar und brachte ihn auf nahezu 4 Milliarden, während der Kurs von $ 30 auf $ 60 stieg – eine Zunahme von 17% pro Jahr. Er hat enorme Verbesserungen erzielt – so z.B. in bezug auf Haushaltsdisziplin und Arbeitskräftepotential – und hat seinen Anteil daran, daß es NIKE gelungen ist, auch außerhalb der USA durch die Übernahme von Vertriebsstellen in nahezu jedem größeren Land Fuß zu fassen.

Diese Entwicklung wurde praktisch von ihm geprägt. Danke, Dick Donahue.

Tom Clarke, unser neuer Präsident der in diesen 14 Jahren in jedem Job bei NIKE hervorragende Leistungen vollbracht hat (und zwar auf zahlreichen Gebieten), wünsche ich viel Glück.

Zur Presse:

Eine wirkliche unabhängige, anerkannte Größe aus der respektlosen Welt des Rolling Stone Journalismus, Bereich soziologische Forschungen, und anerkannter Künstler in der Welt des Schreibens, hat ein Buch über NIKE verfaßt: Sein Name ist Donald Katz, und nach 17 arbeitsreichen Monaten ist es da: Just Do It: The NIKE Spirit in the Corporate World.

Das Buch hat seine Schwachstellen. Es übertreibt meine Rolle, und auch mit einigen anderen Passagen bin ich nicht einverstanden, aber bisher übermittelt es noch am besten die NIKE-Botschaft. Wenn Sie also wirklich Interesse an NIKE haben, lesen Sie das Buch. Es hat 325 Seiten mehr als der Geschäftsbericht.

George Vecsey von der New York Times, der angesehendste Zeitung der Welt, hat Katz' Buch rezensiert, aber ich glaube, daß er das Buch niemals gelesen hat. Zumindest kann man dies aus seiner Rezension nicht ableiten. Sie umfaßt nur zwei Spalten mit lauter Beschimpfungen über NIKE, dieser schrecklichen Firma. Und dies, ohne daß der Autor jemals die NIKE-Zentrale besucht oder gar mit einem Firmenmitarbeiter oder mit einem NIKE-Vertreter in der Sportwelt über NIKE gesprochen hat.

Diese Scheuklappenmentalität ist schlimm genug, wenn man die Geschäftswelt beurteilt, sie ist jedoch auch emblematisch für einen noch ernsthafteren Virus, der die Berichterstattung (oder Nicht-Berichterstattung) über wichtige kulturelle und politische Ereignisse untergräbt.

Die tatsächliche Story ist in etwa folgende: Es war das erfolgreichste Jahr für einige Unternehmen in dieser Branche, außer für NIKE.

Wenn wir wirklich ein weltweites Unternehmen werden, werden wir viel besser sein und erhebliche Wettbewerbsvorteile genießen.

Die traurige Wahrheit ist: Da uns die Fernsehnachrichten im allgemeinen und CNN im speziellen immer mehr in Beschlag nehmen, sind die Druckmedien gezwungen, immer größere Extreme zu präsentieren, Überleben über Integrität zu stellen, die unterhaltsamste Story statt des wahren Sachverhaltes zu drucken, bis wir hierzu kommen: die mächtige New York Times reduziert auf Vecsey über NIKE.

Sowohl in seinem Buch als auch später in Good Morning America von ABC hat Katz NIKE ziemlich genau getroffen:

"Es sind nicht die Gebäude oder die Arbeitsumgebung oder die Produkte oder das Zubehör, um die es geht. Vielmehr geht es einfach darum, daß einige Mitarbeiter von sich aus losziehen, um sich eine Tätowierung des NIKE Swoosh machen zu lassen."

Was Katz begreift und dieser Bericht und alles, was von NIKE kommt, zum Ausdruck bringt, ist folgendes: Wir tun unser Bestes, um ein gutes Unternehmen aufzubauen - gut in jedem Sinne des Wortes: Service, Produkt, Werbung, Zuwendungen an karitative Einrichtungen, Charakter und Gewinn pro Aktie. Wir hoffen, daß Sie ich die Zeit nehmen, auch hinter die Schlagzeilen zu schauen und auf diese Weise mehr über uns und die ausgezeichneten Leistungen erfahren, die NIKE zu einem guten Unternehmen machen. Mag sein, daß dies nicht so glanzvoll und unterhaltsam ist, aber es ist zumindest die wahre Story.

Wachstum ist unsere Stärke. Aber der Weg wird niemals nur geradeaus führen. Zwischendurch gab es Phasen mit ausgezeichneten Ergebnissen. Und wenn das Finanzjahr '94 auch nicht zu diesen Phasen gehörte, so hat doch das Finanzjahr '95 gut begonnen, und wir werden auch weiterhin daran arbeiten, den Gewinntrend immer nach oben zu steuern.

Aber jetzt müssen Sie mich entschuldigen, ich muß mir meine Tätowierung besorgen.

Philip H. Knight

PHILIP H. KNIGHT
GENERALDIREKTOR
UND PRÄSIDENT

Bueno, no fue un año tan maravilloso. Descenso de los ingresos del 4 %. Descenso del dividendo por acción del 17%, etc. Todos conocemos las cifras negativas. Se les dedica bastante tinta, porque constituyen la historia más atractiva. Afortunadamente, hay una diferencia entre la historia más atractiva y la historia real.

La historia real es más o menos ésta: Fue el año más exitoso en la historia de cualquier empresa de nuestro ramo, excepto para NIKE. Hemos tenido sólo dos años mejores que éste. Y, aunque fue nuestro primer año de descenso en siete años, generamos un 18% de rendimiento de la inversión. Se podría esperar que una empresa en la que un 18% de rendimiento se califica como "malo", pueda obtener más que un múltiplo precio-ganancias de 15, cuando el múltiplo del mercado es 23, ¿no creéis? Debe ser consecuencia del tono comercial general del año pasado: Todas las marcas están muertas. O quizás somos todavía demasiado jóvenes para entenderlo. Después de todo, sólo llevamos 14 años ofreciendo acciones al público.

Sin embargo, confieso que los resultados de este año se quedaron por debajo de nuestras expectativas y de nuestra capacidad. Así que, por un momento, partamos de "mal" con respecto a las predicciones del año pasado, algunas de ellas mías, y hechas en este mismo espacio, sobre un crecimiento récord continuo.

Si bien fue un año peor de lo esperado, no lo fue tampoco todo el año. Fue, en realidad, un medio año malo. Aparte de los cambios monetarios y ajustes de los tipos impositivos en Europa, el primer trimestre fue el mejor de nuestra historia. Los dos trimestres siguientes fueron en descenso antes de que un cuarto trimestre agresivo, el número dos de nuestra historia, terminara con un resurgimiento de los pedidos de futuros a niveles récord, para los primeros seis meses del ejercicio del 95.

Los accionistas y observadores de la industria tienen mucha razón al creer en nuestras fuerzas fundamentales y en la vitalidad y el poder de recuperación de la industria.

En cuanto a nuestra actividad mundial:

El otoño pasado, seis meses después de que anunciáramos que los problemas en Europa causarían una baja del dividendo por acción para este ejercicio, me llamó por teléfono uno de los más ásperos analistas financieros.

"¿No has arreglado esos problemas todavía?" me preguntó.

"No", le dije. "No en estas seis semanas, ni en seis meses. Quizás en seis años."

He ahí la esencia.

Cuando abrimos una oficina en Taiwán en 1975, éramos una empresa "internacional". Para convertirse en una empresa mundial se requiere una línea de acción completamente distinta. El año pasado:

- Instalamos el Programa de Futuros en Europa
- Adquirimos el 100% de NIKE Japón
- Adquirimos distribución en Chile
- Ganamos batallas importantes en nuestro proceso sobre la marca registrada en España.
- Entramos a un acuerdo mutuo para establecer una distribución con el 51% de nuestra propiedad con Alpargatas CTE en Argentina.

El mundo es redondo. Estamos trabajando para establecer integridad de marca en toda su superficie curva. Si abusas de la integridad de marca en Singapur, tu reputación se extenderá por toda Asia y finalmente de regreso a los Estados Unidos. Lo mismo ocurrirá con tus éxitos. Tu marca dará toda la vuelta.

Para citar al conocido consultor de administración Ken Ohmae en su libro The Borderless World, "Coca Cola tiene el 70% del mercado japonés de refrescos porque se tomó su tiempo e hizo inversiones para crear toda una gama de puntos fuertes para la operación local."

"Tiempo" es la palabra clave en esta frase.

Si nos convertimos realmente en una empresa mundial, seremos mucho mejores y tendremos importantes ventajas frente a la competencia. Cuando llegue ese día tendremos una mano de obra capacitada e integrada en el terreno en cada país, que compartirá una visión clara y actual con otra gente de NIKE a nivel mundial. Un detallista en Singapure o Shanghai será tan importante como uno en Nueva York. Y todos los consumidores verán un mensaje de marca consistente y firme. Quizás entonces nuestro múltiplo suba a 16.

Ascendiendo progresivamente:

Aplausos y gratitud para el que fuera Presidente, Richard King Donahue por cuatro años de trabajo duro y progreso. Entró cuando estábamos en $2.000 millones de ventas, que empujó hasta casi los $4.000 millones, mientras que el stock pasó de $33 a $60, un incremento del 17% anual. Mejoró substancialmente los procesos – disciplina presupuestaria, recursos humanos – y contribuyó materialmente a preparar a NIKE para conquistar nuestro destino en el exterior de los Estados Unidos mediante la adquisición de distribuciones en prácticamente todos los países importantes.

Aún más que eso, fue el sello de su carácter. Gracias Dick Donahue.

Para nuestro nuevo Presidente Tom Clarke, que sobresalió en todos los cargos que ocupó durante sus 14 años trabajando en NIKE (y esto abarca muchos ámbitos), le deseamos, por supuesto, buena suerte.

Sobre la prensa:

Un gigante reconocido, verdaderamente independiente y proveniente del irrespetuoso mundo del periodismo Rolling Stone, la investigación sociológica, y un artista reconocido en el mundo de la escritura, decidió escribir un libro sobre NIKE.

Su nombre es Donald Katz, y después de 17 meses de intenso trabajo creó: Just Do It: The NIKE Spirit in the Corporate World.

Tiene sus puntos débiles. Exagera mi papel y tiene otras partes con las que no estoy de acuerdo, pero hasta ahora es el mejor esfuerzo que se ha hecho por comprender a NIKE. Así que si estás verdaderamente interesado en NIKE, simplemente léelo. Tiene 325 páginas más que el Informe Anual.

George Vecsey del New York Times, el periódico

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más prestigioso del mundo, reseñó el libro de Katz, pero no creo que lo haya leído nunca. Al menos no se podría deducir de la reseña. Constaba de dos simples columnas que despotricaban incesantemente contra NIKE, la terrible entidad. Todo esto sin haber venido a la oficina principal ni una sola vez y sin siquiera haber hablado sobre NIKE con un directivo de la empresa o con alguno de nuestros atletas.

Esta mentalidad arbitraria, aparte de ser ya bastante mala para juzgar el mundo de los negocios, es emblemática de un virus más grave que está afectando la cobertura (o no cobertura) de importantes historias culturales y políticas. La triste realidad es que, a medida que las noticias de la televisión en general y de CNN en particular, llegan a ocupar un lugar cada vez más importante en nuestras vidas, los medios de comunicación impresos se ven empujados hacia extremos cada vez mayores, forzados a elegir la supervivencia por encima de la integridad, la historia más atractiva por encima de la historia verdadera, hasta llegar a este punto: el poderoso New York Times reducido a Vecsey escribiendo sobre NIKE.

Un aspecto que Katz logró en el libro y más tarde expresó verbalmente en el programa Good Morning America de ABC, es una imagen bastante fiel de NIKE.

"La historia no la forman ni los edificios ni el ambiente de trabajo ni los productos ni los anuncios, sino el hecho de que algunos empleados van por sí mismos a tatuarse un NIKE Swoosh."

Lo que Katz entiende, y lo que tratamos de transmitir con este informe y con cada comunicación de NIKE es esto: Hacemos todo lo que podemos por construir una buena empresa, buena en todos los sentidos de la palabra: servicio, producto, publicidad, contribuciones benéficas, carácter y dividendos por acción. Esperamos que tomen tiempo para mirar más allá de los titulares y aprender más sobre nosotros y sobre la excelente actuación que hace que NIKE sea una buena empresa. Puede no ser una historia fascinante ni atractiva, pero es la historia verdadera.

Crecer es lo que mejor hacemos. Sin embargo, nunca será una línea recta. Ha habido períodos de resultados sublimes. Y aunque el ejercicio del 94 no fue uno de ellos, el ejercicio del 95 ha empezado bien, y continuaremos nuestro trabajo para empujar las ganancias a cada vez mayor altura.

Ahora, si me disculpáis, voy a hacerme un tatuaje.

Philip H. Knight

PHILIP H. KNIGHT
PRESIDENTE DE LA JUNTA DIRECTIVA
Y PRINCIPAL JEFE EJECUTIVO

ご承知の通り、昨年は業績の芳しい年とはいえませんでした。利益は4%の落ち込み、1株あたりでは17%下がりました。否定的な部分は全て把握しています。話をおもしろくするためにメディアではいろいろなことがいわれていますが、幸いなことに、このおもしろく書かれた話と事実では食い違いがあります。

事実とは以下のようなものです：昨年この業界では、どの企業も始まって以来の好景気を博しました。しかしナイキにとっては最高ではなく、ナイキは過去に昨年を上回った年が2年あります。加えてここ7年間で初めての落ち込みを記録したにもかかわらず、我が社は18%の収益をあげています。株式収益率（P／E）が23という市況であれば、収益率が18%でも「不振」といわれる企業は株式収益率（P／E）が15以上になるはずだと思われるでしょう。あるいはナイキは新しすぎて把握ができないのかもしれません。何といっても上場企業としてのナイキの歴史は14年にすぎないのです。

以上の点にもかかわらず、私は昨年の成績は我々の期待と能力を反映したものではなかったと認めざるを得ません。そこでこの「不振」について、記録的な成長を遂げていた昨年に作られた見込みに関連づけて考え、また私の考えも述べてみたいと思います。

まず、見込みを下回る年であったとしても、実際は全年を通じたものではなく、問題は半期だったということです。事実、欧州通貨の変更と税率調整を除き、上四半期は過去最高の業績を記録しました。その後第2、3四半期は落ち込んだものの、再び最終四半期で過去第2位の業績へと持ち直し、この結果、95年度の上半期へ向けての記録的な額の受注をもって終了しました。

株主と業界専門家には我が社の体力とバイタリティ、さらに回復力に信頼を置く十分な理由があります。

国際化へ向けて：

昨秋、欧州での問題が1994年度株価の収益悪化につながる可能性があると発表した6週間後、私は手厳しい財政分析専門家から電話を受けました。

「例の問題は解決しましたか？」　彼女が聞きました。

「まだです。」私は答えました。「6週間や6ヵ月で解決できる問題ではありません。多分6年かかるでしょう。」

ポイントはここにあります。

1975年に台湾に支社を開設した時のナイキは「国際」企業でした。しかし本当にグローバルな企業になるには、全く違った活動が要求されます。昨年私達は：

- 欧州での将来計画を設定した。
- ナイキジャパンを100%の傘下とした。
- チリでの流通網を獲得した。
- スペインで登録商標に関わる論争で有意義な勝利を治めた。
- アルゼンチンのアルパルゲートスCTEと、ナイキが51%を所有する流通網を築くことで、ジョイントベンチャー締結。

世界は丸くつながっています。この球体に私達はブランドイメージを広げようと努力しています。シンガポールでブランドイメージが落ちるようなことがあれば、これはアジアに広がり、やがて米国に跳ね返ってきます。成功するケースも同じで、ブランドイメージは国際的に高まります。

著名な経営コンサルタントである大前研一氏の著書「ボーダーレス・ワールド」では、以下のように書かれています；コークは日本で70%の市場シェアがある。これは、地元で機能するよう万全の体勢を整えるために、時間をかけ、投資を行ったためである。

「時間」という言葉がこの中のキーワードです。

私達が真にグローバルな企業となれば、企業の質も格段に上がり、競争上の利点も大きく増すことになります。これが実現した暁には、教育のある人材が各国に配置され、他の国々で活躍するナイキ社員とのアップデイトな情報交換、十分な意志の疎通が行われる環境が確立しているはずです。またシンガポール、あるいは上海の小売り業者は、ニューヨークの同業者と同じ位重要な存在となるでしょう。さらに消費者に対しては、変わることのないブランドとしてのメッセージを送り続けるというわけです。その時には私達の株式収益率は16を越えることでしょう。

前進と向上：

ここで4年間にわたる精勤とその成果に対し、リチャード・キング・ドナヒュー前社長に感謝と賞賛の意を表したいと思います。彼は社長就任当時20億ドルだった売り上げ高を約40億ドルまでに引き上げました。この結果、株価は＄33から＄60に上昇、年間で17%の伸びとなりました。彼は予算分野、人材資源の面などで、大々的な業務の改善を

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実行しました。さらに戦略的に重要な国々における流通網を獲得することで、米国外への進出というナイキの宿命達成への足場を築いてくれました。

何よりもこの業績は彼の人格を示すものでもあります。ありがとう、ディック・ドナヒュー。

さらに新社長のトム・クラークは、ナイキでの14年間（多くの分野において）、あらゆる面で素晴しい仕事をしてくれました。グッド・ラック。

メディアについて：

畑違いともいえるローリングストーン流ジャーナリズムで、また社会学的リサーチで知られ、全くの一匹狼の大物と目されている、また執筆業界でも認められている芸術家が、ナイキについての本を書きました。

彼の名前はドナルド・カッツといい、17ヵ月に及ぶ猛烈な執筆活動の末、「JUST DO IT：企業世界におけるナイキ精神」を書き上げました。

内容には欠点もあります。例えば文中で私の役割がおおげさに書かれていたり、私が必ずしも賛成しない部分もあります。しかしナイキを語るという点においては最高の出来です。興味のある方は是非読んでみて頂きたいと思います。同書はこの年次レポートより325ページ多くなっています。

世界で最も権威ある新聞、ニューヨーク・タイムスのジョージ・ベクシーがこの本の書評を書いていますが、私は彼が実際にこの本を読んだとは思っていません。少なくともこの書評を見る限りでは、そうは思えないはずです。書評は簡単な2つのコラムで、ナイキに関する厳しい批判が並べられており、内容はひどいものです。この書評は本社にも届けられず、社内の幹部やナイキの契約スポーツ選手にも話がありませんでした。

こういった人を惑わす心理作用は、ビジネス上の判断を鈍らせる十分な理由にもなりますが、文化的、あるいは政治的に重要な話題の報道（あるいは報道されないものも）を浸食するさらに質の悪いビールスの象徴ともいえます。特にCNNなどその典型ですが、テレビのニュースが私達の生活にどんどん浸透してきており、また活字メディアは今まで以上に過激になってきているのが悲しい現実です。つまり高潔という報道の精神よりも生存力が第一と化してしまっており、事実より人をひきつけようという内容の報道になってしまっているのです。あのニューヨーク・タイムスですら、ナイキに関してベクシーのレベルまで落ちたというわけです。

カッツ氏の本で触れられ、後にABCのグッドモーニングアメリカで取り上げられた点についてはナイキを非常に的確に現わしています。

「ナイキという会社は社員が自らの意志で出かけ、NIKE Swooshと刺青を入れてもらう、そんな会社である。つまり事務所の建物でも、仕事環境でも、製品でも、広告でもないのである。」

カッツ氏も理解しており、またこのレポートを始めナイキを語るものに必ず使われるフレーズは「『よい』会社をつくるため、私達は最大の努力をしている。」です。「よい」という意味は、サービス、製品、広告、慈善事業、キャラクター、株式の収益率などあらゆる要素を意味します。皆様には是非こういった文章を読んで内容の意味するところをご理解頂き、我が社の理解を深めると共に、ナイキがよい会社であるのは運営の素晴しさにあるという事実をおわかり頂きたいと思います。この本は特に魅力的な本でも、すごくおもしろいものでもありません。しかし事実が書かれた本です。

成長という状態が最も好ましいものではありますが、まっすぐ伸び続けるということはありません。輝かしい業績をあげた年もありましたが、94年度は必ずしもそういった年ではありませんでした。しかし95年度は幸先のいいスタートを切りました。私達はこの上りカーブを続けるよう努力を続けるつもりです。

さてこの辺で失礼させて頂き、私も刺青を入れに行きたいと思います。

Philip H. Knight

フィリップH.ナイト
会長兼最高経営責任者

NORTH AMERICA

Of the companies listed in the 1980 Fortune 500, 200 no longer exist. NIKE went public in 1980 and today ranks 28th in *Fortune* magazine's 100 Largest Diversified Service Companies. Why? Because NIKE competes. And we always play to win. The same things that separated the performers in the past will distinguish them in the future: a competitive spirit, the ability to respond, and diverse, genuine product.

NIKE is at its best when rapid changes in the marketplace reward agility and broad-based product innovation. FY '94 was such a year. In the United States, basketball continued to dominate the U.S. footwear market with 40 percent of total footwear revenue. At NIKE basketball revenues declined 22 percent. Yet, in total, NIKE's U.S. footwear revenues dropped only 5 percent. More significantly, NIKE generated growth in several key footwear categories: Cross-Training is up 12 percent, Tennis 10 percent, Aerobics 7 percent, Walking 27 percent and Outdoor is up 32 percent. NIKE is # 1 in Cleated, shodding 50% of pro baseball players and most of the top college football teams. Our Organized Team Sports apparel is worn by 22 top college basketball and football teams. No other manufacturer of sports and fitness products has greater overall market penetration, as many innovative points of contact at the retail level, or as much respect among consumers.

NIKE's agility is especially apparent in the Outdoor Division. In many ways, this category requires a different approach than the sports-oriented categories that are so much a part of NIKE's success. In Outdoor, there are no high-paid athletes, no national event sponsorships, no global ad campaigns. Instead, there is the power of a life trend toward simplification, value-based decision-making, eco-awareness and self-empowerment. NIKE's authentic products are gaining rapid acceptance in this market. Outdoor revenues topped $150 million in FY '94, a three-fold increase in just three years. In FY '95, we plan to assume leadership as the #1 sport sandal brand in the United States. In fact, the Air Deschütz sandal, now in its sixth season, is selling more units than any other NIKE shoe. Outdoor shoes like the new Air Mada will help NIKE exceed $200 million in Outdoor revenues in FY '95. NIKE is stronger than it has ever been. Pure product and marketing presence continue to carve out growth in traditional categories and harvest high yields in new ones.

"Nature is as
playful as she is
intense. It is a
counterbalance.
And awe-inspirin
It's the closest t
the god-source
you can get."

SADIE JOHNSON, *Outdoor Enthusiast*

"My father was a great soccer player. A national player. Yet his career didn't influence me at all. I came to love soccer on my own."

Soccer. It is truly the world force in sports, the most popular team game on the planet, played by men and women of all ages. As the World Cup swept through the United States this year, traditional American sports media and consumers opened their eyes to the enormity of the game and the passion of its players and fans. Worldwide viewership throughout the Cup exceeded 30 billion. The July final attracted more than a billion viewers, 4.5 times the best Super Bowl audience. NIKE is positioned to aggressively pursue brand leadership in soccer, and it is in Europe where the battle is joined.

NIKE strengths are many. Soccer is now a separate division at NIKE, focused completely on market penetration, product excellence and athlete endorsement activity. Many of the world's best players are wearing the NIKE Tiempo Premier shoe, including Bebeto, Romario, and eight more Brazilian World Cup champions, Ian Wright and the Arsenal Football Club, Tab Ramos of Team USA, Paolo Maldini of AC Milan, and Andreas Möller of Juventus, Italy. These are the superstars of soccer, the human faces to the corporate force of NIKE as we build for the 1998 World Cup in France (and Korea in 2002).

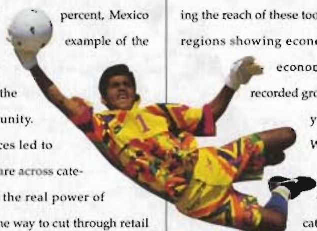
Europe also represents exceptional opportunity in categories where NIKE already dominates. Basketball is a huge participant and fan activity in Spain and Italy, helping fuel unit growth of 22 percent in both countries. In Norway NIKE sells approximately 35 percent more running shoes than the nearest competitor. In fact, in overall footwear market share, NIKE is #1 in Spain, France, Benelux (Belgium, Holland, Luxembourg), Finland, Italy, and the United Kingdom. Overall European market share is approximately 20 percent, while the market leader has seen its share drop from 46 percent to 33 percent over the last four years.

NIKE is also #1 in Sweden, a fact that will be brought to light as the World Track and Field Championships swing into Göteborg in the summer of 1995. Among worldwide mass marketing venues, it is the third largest, behind only the Olympics and the World Cup. The last World Championships in Stuttgart (August 1993) attracted 400,000 spectators in eight days while another 3.65 billion people in 202 countries watched on television.

Large portions of the audience for the games will be in Eastern European nations. These and other new markets, including India and South Africa, are being pursued by NIKE out of new management facilities in Vienna.

In the United States, 70% of the money spent by 13- to 18-year-old boys on footwear is spent buying NIKE shoes. That's not true in Mexico . . . yet. Half of Mexico's 90 million consumers are under 22 years old. These and other consumers are very sports and brand conscious and will become only more so in the future.

In a year that saw NIKE's Latin American revenues grow 27 percent, Mexico stood out as an example of the strong partnership between NIKE and the global retail community. These retail alliances led to increased market share across categories and proved the real power of merchandising as one way to cut through retail clutter and reach consumers with a consistent NIKE brand message.

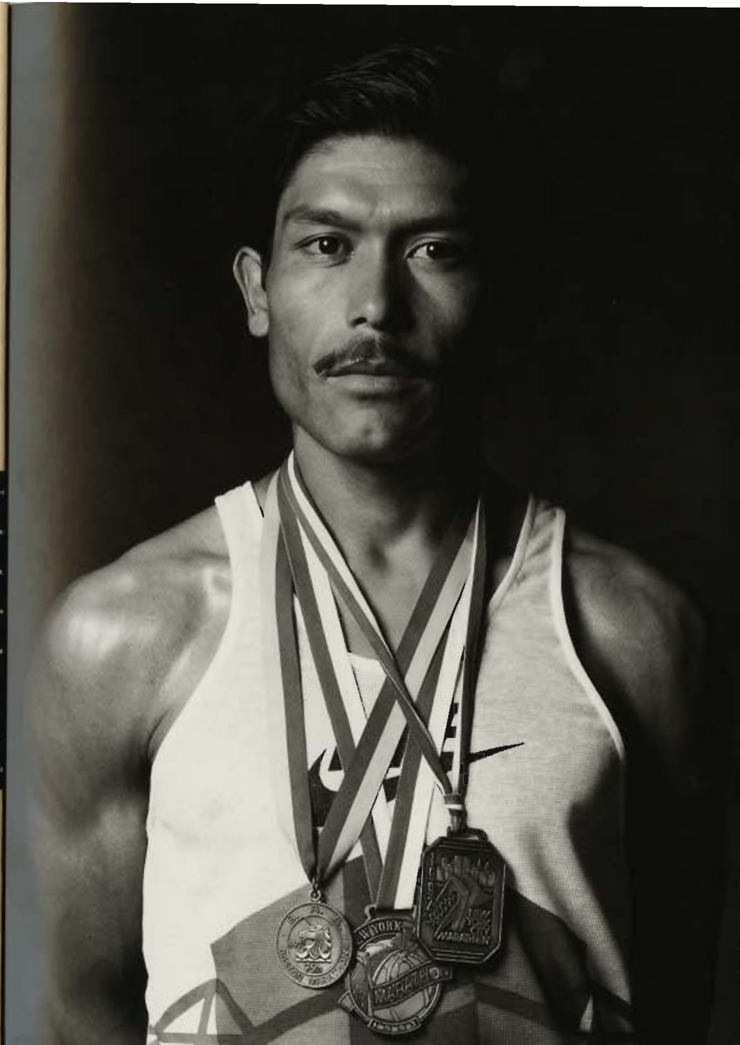


In soccer, NIKE is the only company offering "American" footwear in Mexico, which is a positive distinction in a country with very high U.S. brand preferences. Basketball is also huge. The first exhibition game of the NBA 1993-'94 season played to an overflow crowd of fans who knew as much about Charles Barkley, David Robinson and Chris Webber as anyone. This enthusiasm is allowing NIKE to leverage its unique presence in the sport at the professional and grassroots levels. Because NIKE supports sports and fitness at all levels, we are able to connect with consumers as individuals, schools, neighborhoods and communities. In fact, NIKE and the Jalisco State Sports Commission are joining forces to restore up to 100 basketball courts for neighborhood use.

Running dominates the market in Brazil and Argentina, and NIKE dominates running around the world. In Latin America we are busy localizing our products and communications, and expanding the reach of these tools into promising new regions showing economic growth. Chile's economy, for example, has recorded growth for 11 consecutive years. NIKE is there. With advanced media channels, retail development, telecommunications and a competitive business climate relative to other countries in the area, Santiago is the ideal place for NIKE to nurture markets in that country as well as in Peru and Bolivia.

It is this mix of market strength and segmentation that will grow NIKE in a region of incredible diversity. And, as governments slowly catch up to the foresight of the private sector through the signing of NAFTA, opportunities for NIKE in Latin America will continue to bloom.

"When I starte
competing again
quality runners
I knew right aw
I was better tha
most. All that
remained was
establishing tha



ANDRES ESPINOSA, *Distance Runner*

MAKATO SUZUKI, *Pitcher*

Baseball in Japan
more like a
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sort. But what
emains the same
l over is the
esire to com-
ete and to win."

ASIA PACIFIC

NIKE products are designed, developed, manufactured, transported, sold and marketed in more than 90 countries on six continents. Of these, none is more important to NIKE's heritage and future than the Asia-Pacific region. Thirty-two factories throughout Asia produce NIKE shoes. These producer nations are rapidly becoming consumer nations, helping NIKE revenues grow from $76 million to $200 million over the last two years.

NIKE holds 12 percent market share, a figure made more significant in light of the $1 trillion of Western capital expected to funnel into the region over the next decade. Key to NIKE's growth is the control of distribution rights in Australia, New Zealand, Singapore, Hong Kong, Malaysia, Taiwan, Korea and Japan, with each of these "NIKE-owned" countries reporting strong growth.

The two newest "NIKE-owned" countries, Japan and Korea, will bring significant contributions to regional revenues. Japan, one of the largest markets outside the U.S., represents an additional $200 million. Korea will generate nearly $70 million in the next year. When added to the existing $200 million in regional revenues, Japan and Korea will boost the projected

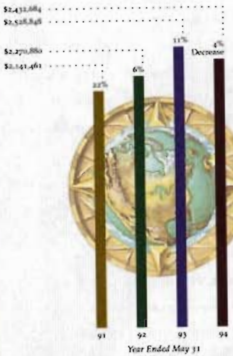
Asia-Pacific business to nearly $500 million in FY '95. Immediate growth in Japan will be sustained by: NIKE products and presentation of image in the key categories of basketball, cross-training and tennis; NIKE sports heroes, whose appeal transcends all barriers; and NIKE's 20-year relationship with the sports, business and cultural leaders of Japan.

In the long term, all look to China. There are 60 million people with an income of $1,000 or more per year, the level at which consumerism flourishes. There is a department store in Guangzhou that hosts 300,000 shoppers on any given weekend day. And, when NIKE opened a Concept Shop in Shanghai, extra security was required to control the throng of shoppers lined up in pre-dawn anticipation. This enthusiasm, along with a savings rate of approximately 36 percent, is prompting NIKE to double its product offering in China in FY '95. Contrary to conventional thinking, much of the beachhead established by NIKE is top-level product designed for serious athletes.

Right now, while NIKE has the leading edge in market share, there is no real brand leader in China. It's a bow wave of opportunity, and NIKE is there with product innovation, a consistent brand message, the power of a global advertising presence and, most important, simple understanding. These are the keys to Asia . . . and the future.

U.S. REVENUES

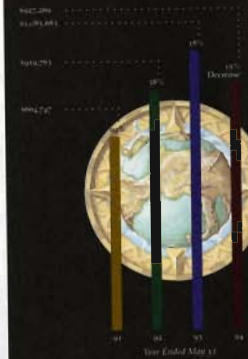
(In thousands)



NIKE commands a dominant 32 percent market share in the United States. Combined U.S. NIKE-brand footwear and apparel revenues are 52 percent larger than the nearest competitor.

EUROPEAN REVENUES

(In thousands)



In 1994, sluggish markets in Germany and France, combined with a strong U.S. dollar, negatively impacted European results. The company's 12 NIKE-owned subsidiaries accounted for 97 percent of regional revenues.

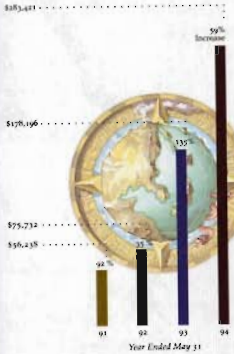
LATIN AMERICA/CANADA AND OTHER REVENUES

(In thousands)

Revenues in Mexico nearly doubled in 1994, offset partially by a decline in Canadian revenues. NIKE acquired its Chilean distributor and formed a new joint-venture covering Argentina and Brazil.

ASIA/PACIFIC REVENUES

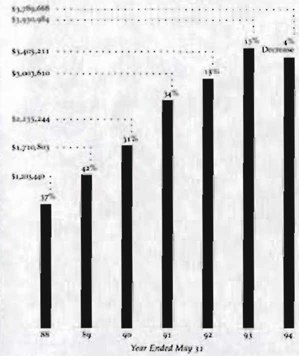
(In thousands)



NIKE acquired its Japanese distributor in December 1993. Japan is one of the largest markets for NIKE outside the U.S. and, together with China, offers substantial opportunity for future growth.

CONSOLIDATED REVENUES

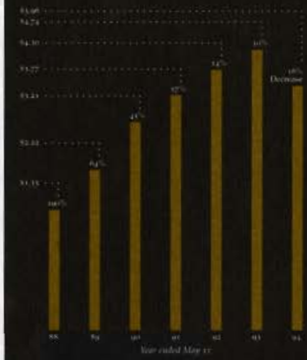
(In thousands)



Since 1988, consolidated revenues have grown at an annual compounded rate of 21 percent. Despite 1994's 4 percent decline in revenues, fiscal '94 was the second-best year ever achieved by any company in the sports & fitness industry.

EARNINGS PER COMMON SHARE

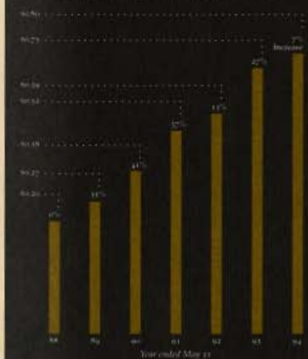
(adjusted to reflect the 2-for-1 stock split paid October 5, 1990)



NIKE is one of the most profitable companies in the sports and fitness industry. Earnings per share have grown at an annual compounded rate of 20 percent since 1988.

CASH DIVIDENDS PER COMMON SHARE

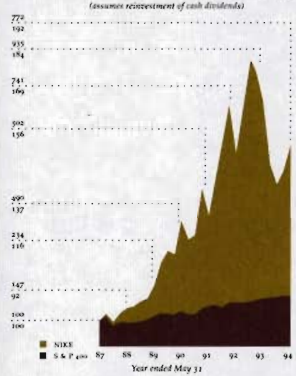
(adjusted to reflect the 2-for-1 stock split paid October 5, 1990)



NIKE pays one of the highest annual cash dividends in the industry and targets a payout ratio of 15 to 25 percent of annual earnings per share. Dividends have increased six years in a row at an annual compounded rate of 26 percent.

TOTAL INVESTMENT RETURN VS. S&P 400

(assumes reinvestment of cash dividends)



$1,000 invested in NIKE stock on May 31, 1987 would have been worth $7,720 on May 31, 1994. A similar investment in the S&P 400 Index would have been worth $1,920.

FINANCIALS

FINANCIAL HISTORY

(in thousands, except per share data and financial ratios)

	1994	1993	1992	1991	1990	1989	1988
Year Ended May 31:							
Revenues	$3,789,668	$3,930,984	$3,405,211	$3,003,610	$2,235,244	$1,710,803	$1,203,440
Gross margin	1,488,245	1,543,991	1,316,122	1,153,080	851,072	635,972	400,060
Gross margin %	39.3%	39.3%	38.7%	38.4%	38.1%	37.2%	33.2%
Net income	298,794	365,016	329,218	287,046	242,958	167,047	101,695
Net income per common share	3.96	4.74	4.30	3.77	3.21	2.22	1.35
Average number of common and common equivalent shares	75,456	77,063	76,602	76,067	75,668	75,144	75,278
Cash dividends declared per common share	.80	0.75	0.59	0.52	0.38	0.27	0.20
Cash flow from operations	576,463	265,292	435,838	11,122	127,075	169,441	19,019
Price range of common stock							
High	74¾	90¼	77⅜	54½	41½	19 ⅞	13¼
Low	43⅛	55	35⅛	26	19	11 9/16	7
At May 31:							
Cash and equivalents	$ 518,816	$ 291,284	$ 260,050	$ 119,804	$ 90,449	$ 85,749	$ 75,357
Inventories	470,023	592,986	471,202	586,594	309,476	222,924	198,470
Working capital	1,208,444	1,165,204	964,291	662,645	561,642	419,599	295,937
Total assets	2,373,815	2,186,269	1,871,667	1,707,236	1,093,358	824,216	707,901
Long-term debt	12,364	15,033	69,476	29,992	25,941	34,051	30,306
Redeemable Preferred Stock	300	300	300	300	300	300	300
Common shareholders' equity	1,740,949	1,642,819	1,328,488	1,029,582	781,012	558,597	408,567
Year-end stock price	59	72½	58	39¾	39¼	19	12⅛
Market capitalization at May 31	4,318,800	5,499,273	4,379,574	2,993,020	2,942,679	1,417,381	899,741
Financial Ratios:							
Return on equity	17.7%	24.5%	27.9%	31.7%	36.3%	34.5%	27.4%
Return on assets	13.1%	18.0%	18.4%	20.5%	25.3%	21.8%	16.7%
Inventory turns	4.3	4.5	3.9	4.1	5.2	5.1	5.0
Current ratio at May 31	3.2	3.6	3.3	2.1	3.1	2.9	2.2
Price/Earnings ratio at May 31	14.9	15.3	13.5	10.5	12.2	8.6	9.0
Geographic Revenues:							
United States	$2,432,684	$2,528,848	$2,270,880	$2,141,461	$1,755,496	$1,362,148	$ 900,417
Europe	927,269	1,085,683	919,763	664,747	334,275	241,380	233,402
Asia/Pacific	283,421	178,196	75,732	56,238	29,332	32,027	21,058
Canada, Latin America, and other	146,294	138,257	138,836	141,164	116,141	75,248	48,563
Total Revenues	$3,789,668	$3,930,984	$3,405,211	$3,003,610	$2,235,244	$1,710,803	$1,203,440

All per common share amounts have been adjusted to reflect the 2-for-1 stock split paid October 5, 1990. The Company's Class B Common Stock is listed on the New York and Pacific Exchanges and trades under the symbol NKE. At May 31, 1994, there were approximately 77,000 shareholders. Years 1993 and prior have been restated to reflect the implementation of Statement of Financial Accounting Standard No. 109 – Accounting for Income Taxes (see Notes 1 and 6).

Highlights

- In fiscal 1994 revenues decreased for the first time in seven years, slipping 4% from the record $3.93 billion for fiscal 1993. On a positive note, however, fiscal year 1994 began with record first quarter revenues and ended with record fourth quarter revenues. For the first time in the Company's history, two $1 billion revenue quarters were achieved in the same fiscal year.
- Net income also decreased for the first time in seven years, declining 18% to $298.8 million (or $3.96 per share), from the record $365.0 million (or $4.74 per share) earned in fiscal 1993. Decreased revenues and increased selling and administrative expenses were the primary factors.
- Fiscal 1994 was the second-best revenue year and third-best net income year in the Company's history. Momentum, slowed after the record first quarter, was regained in the fourth quarter, and a 10% increase in Futures orders indicates renewed growth heading into the first six months of fiscal 1995.

Results of Operations

A decrease in revenues and increased selling and administrative expenses were the primary factors in reduced earnings for fiscal 1994, while increased revenues and improved gross margins, offset partially by increased selling and administrative expenses, were the highlight of earnings growth in fiscal 1993. Despite a sluggish economy in the United States and abroad, the Company has been able to sustain its worldwide market share. The Company faces a mature market in the United States, where industry sources expect growth rates to range between 3 and 5%. The Company's international markets are less mature, however, and offer more potential for future growth. Accordingly, the Company has continued to invest in international infrastructure in order to prepare for that future growth, resulting in an increase in selling and administrative expenses as a percentage of revenues. Through its aggressive worldwide marketing efforts and international infrastructure spending, the Company hopes to exceed those underlying market growth rates and thereby continue to increase its worldwide market share. However, until economies in the U.S. and Europe show full recovery, the Company may not realize those growth rates.

The 4% decrease in 1994 revenues was attributable to both U.S. and international footwear along with U.S. apparel. The U.S. footwear revenue decline of 5% was attributable to a 2% decrease in pairs shipped and a 3% decrease in average sales price per pair. The most notable reason for the decrease was a 22% decline in basketball category revenue, offset partially by increases in cross-training, outdoor, and women's fitness categories. International revenues declined $45 million (3%) overall from 1993, composed of a $51 million (5%) decrease in international footwear revenues and a $6 million (2%) increase in international apparel revenues. International revenues decreased as a result of poor economies in Europe, negatively impacting operations and currency translation of revenues. This was partially offset by increases in revenues from Asia and Latin America, primarily as a result of the acquisition of NIKE's Japan distributor during the third quarter of fiscal 1994. The 15% growth in 1993 revenues as compared to 1992 was primarily attributable to an increase of 24% in international footwear and apparel revenues and a 13% increase in U.S. footwear revenues. Increases in international revenues were a result of gains in market share, expansion of the 1993 international market for sports and fitness products, and the establishment of NIKE-owned operations in place of independent distributors in order to control all aspects of the business, while U.S. footwear was up due to increases of 10% in pairs shipped and 3% in average selling prices. Other brands include Cole Haan®, Tetra Plastics, Sports Specialties (acquired during fiscal 1993) and i.e.™ (discontinued during fiscal 1994). The breakdown of revenues follows:

(in thousands)

Year Ended May 31,	1994	% CHG	1993	% CHG	1992	% CHG
United States footwear	$1,868,900	(5)%	$1,968,500	13%	$1,744,200	4%
United States apparel	338,500	(6)	360,500	(2)	368,500	13
Other brands	225,300	13	199,800	26	158,200	17
Total United States	2,432,700	(4)	2,528,800	11	2,270,900	6
International footwear	998,200	(5)	1,049,100	21	867,500	33
International apparel	358,800	2	353,100	32	266,800	27
Total International	1,357,000	(3)	1,402,200	24	1,134,300	32
Total NIKE	$3,789,700	(4)%	$3,931,000	15%	$3,405,200	13%

Gross margin remained level at 39.3% for fiscal 1994 and fiscal 1993, and increased from 38.7 % in fiscal 1992. Steady gross margin performance reflects a solid U.S. inventory position resulting from strong inventory management and the Company's innovative advance order Futures Program. Strong consumer demand and internally controlled close-out distribution channels also contributed to improved margins. Consolidated global NIKE brand margin increased for fiscal 1994 over both fiscal 1993 and 1992, but was reduced by decreases from other brands. International gross margin for fiscal 1994 was consistent with 1993, experiencing close-out sales in the first half of the year and a resulting improved inventory/lower close-out position in the second half. Partially offsetting the second half improvement was the effect of changing from royalty arrangements (100% margin) to normal wholesale margin operations in new NIKE-owned subsidiaries. International gross margin experienced a decline in fiscal 1993 due to poor European economies resulting in higher close-out sales. The Company continues to place strong emphasis on inventory management, minimizing foreign exchange risk, and production sourcing in order to maximize gross profit.

Total selling and administrative expenses as a percentage of revenues were 25.7% in 1994 compared to 23.5% in 1993 and 22.4% in 1992. Increases in the percentage over 1993 are primarily attributable to lower revenues, with increases in total expense primarily attributable to new NIKE-owned international operations and other planned growth in international infrastructure. Increases in 1993 expenses over 1992 were primarily attributable to the Company's aggressive worldwide advertising campaigns along with increases in operations, most significantly in work force. The Company expects to continue to invest in growth opportunities and therefore, expects selling and administrative expenses during fiscal 1995 to increase slightly as a percentage of revenues.

Consolidated interest expense decreased $10.5 million from 1993 as a result of scheduled repayment of $50 million of long-term debt, reduced average short-term borrowings and lower interest rates. The 1993 reduction of $5 million from 1992 was a result of lower borrowings and interest rates. During 1995, given increased NIKE-owned operations and increasing interest rates, the Company expects average interest expense to exceed 1994 levels.

Cash generated by operations increased cash available for investments resulting in increased interest income, which is included in other income/expense, in fiscal years 1994 and 1993. Other expenses for fiscal 1994 include approximately $7 million of non-recurring specific obligations related to the shutdown of certain facilities in conjunction with the consolidation of European warehouses.

The Company's effective income tax rate increased to 39.1% from 38.6% in fiscal 1993 and 36.9% in fiscal 1992, reflecting the higher overall rate due primarily to the 1% increase from the Omnibus Budget Reconciliation Act of 1993, which was retroactive to January 1, 1993. Additionally, the Company adopted Financial Accounting Standards Board (FASB) Statement 109 "Accounting for Income Taxes" during the first quarter of fiscal 1994, which required application of the 1% increase to deferred taxes. Partially offsetting these increases was the Company's decision to permanently reinvest foreign earnings overseas, resulting in a decrease in tax expense. See further discussion in Notes 1 and 6 to the Consolidated Financial Statements. The Company anticipates the effective tax rate for fiscal 1995 will approximate the rate in fiscal 1994.

The results of consolidated operations were negatively affected by strengthening of the U.S. dollar in comparison to foreign currencies. Generally, a stronger U.S. dollar will result in lower translation of operating results in these consolidated statements than would a weaker U.S. dollar.

Worldwide orders for athletic footwear and apparel scheduled for delivery between June and November 1994 are approximately $1.8 billion, 10% higher than such orders in the comparable period of the prior year. These orders are not necessarily indicative of total revenues for subsequent periods because the mix of advance orders and "at once" shipments may vary significantly from quarter to quarter and year to year. Additionally, as international operations continue to shift to a greater emphasis on Futures orders, this mix again may vary. Finally, exchange rate fluctuations can also cause differences in the comparisons.

The Company's international operations are subject to the usual risks of doing business abroad, such as the imposition of import quotas or anti-dumping duties. In this regard, the European Union (the "EU") has imposed quotas that restrict the importation into the EU of footwear manufactured in The People's Republic of China (the "PRC"). Such quotas are applicable throughout all of the Member States that comprise the EU. The Company has been closely monitoring EU quota proposals for the past several years and has had contingency plans in place. While such quotas have required the Company to limit the quantities of footwear sourced in the PRC, they have not had a material adverse impact on the Company's business.

The Company has learned that the EU Commission, at the request of the European footwear manufacturers, might initiate an anti-dumping investigation covering footwear imported from the PRC, Indonesia and Thailand. The Company has recently been advised that such a complaint has been submitted to the EU Commission. However, as of the date of this report, the complaint has not been made public. The Company is unable to predict to what extent its footwear will be covered by such an investigation, or the likelihood that the EU Commission will ultimately impose anti-dumping duties on any of the Company's footwear imports. If the EU Commission were to impose such duties, it is possible that the Company would be forced to shift some production from the PRC to other countries in order to maintain competitive prices. The Company believes that it is prepared to deal effectively with any such duties that may arise and that any adverse impact would be of a short-term nature.

The Company continues to closely monitor international trade restrictions and to develop contingency plans. The Company believes that its major competitors would be similarly impacted by any such restrictions.

Liquidity and Capital Resources

The Company's financial position remains extremely strong at May 31, 1994. Cash and equivalents increased $228 million (78%) as a result of a record $576 million in cash provided by operations, offset partially by cash used for planned financing and investing activities and the repurchase of Company stock. Working capital at May 31, 1994, increased $43 million over May 31, 1993, resulting from higher cash and equivalents and accounts receivable partially offset by decreased inventories and increases in current liabilities. The Company's current ratio was 3.2 at May 31, 1994, compared to 3.6 at May 31, 1993, decreasing primarily due to the addition of NIKE-owned subsidiaries with assets substantially equivalent to liabilities.

Inventory levels have decreased $123 million since May 31, 1993, primarily due to reductions in U.S. footwear, U.S. apparel and European inventories, offset partially by the additions of new NIKE-owned subsidiaries. In general, reductions are a result of strong inventory management in relation to anticipated revenue levels. Additionally, relative to May 31, 1993, a larger volume of inventory representing orders scheduled for delivery to retailers during the next quarter was received from factory sources subsequent to year-end. Accounts receivable increased $36 million due to the addition of NIKE-owned subsidiaries, offset partially by reductions in other regions in relation to fourth quarter revenues.

Cash provided by operations was a record $576 million in 1994 compared to $265 million and $436 million in 1993 and 1992, respectively. The increase in the current year is a result of decreased inventory levels, offset partially by decreases in net income and non-cash charges. The 1993 decrease was primarily a result of increased inventory levels, offset partially by increases in net income and non-cash charges.

Additions to property, plant and equipment for fiscal 1994 were $95 million, with the most significant component related to the consolidation of European apparel warehouses, which began and was substantially completed during fiscal 1994. Additions to property, plant and equipment of $97 million and $106 million in fiscal 1993 and 1992, respectively, related to the expansion of existing U.S. headquarters and U.S. and international warehouse facilities to satisfy increased capacity needs, along with investments in management information systems and new NIKE retail locations. Anticipated capital expenditures for fiscal 1995 approximate $130 million, with the primary components consisting of the consolidation of European footwear warehouses. Funding is expected to be provided primarily by operations.

Current liabilities increased $109 million, with much of the increase due to the addition of new NIKE-owned subsidiaries which added operationally related debt, including notes and accounts payable and accrued liabilities. The reduction in current portion of long-term debt is due to the retirement of two $25 million notes at the beginning of fiscal 1994.

Additional investing activities in 1994 included the acquisition of certain international distributors, including Japan, and in 1993 included the acquisition of Sports Specialties, which designs and markets licensed headwear.

During fiscal 1994, the Company announced that the Executive Committee of its Board of Directors, acting within limits set by the Board, authorized a plan to repurchase a maximum of $450 million NIKE Class B Common Stock over a period of up to three years. Funding has, and is expected to continue to come from operating cash flow in potential combination with occasional short- or medium-term borrowings. The timing and the amount of shares purchased will be dictated by working capital needs and stock market conditions. As of May 31, 1994, the Company had repurchased 2.8 million shares at a total cost of $140.1 million.

Dividends per share of common stock for fiscal 1994 rose $.05 over fiscal 1993 to $.80 per share. Dividend declaration in all four quarters has been consistent since February 1984. Based upon current projected earnings and cash flow requirements, the Company anticipates continuing a dividend and reviewing the amount during the second quarter board meeting. The Company's policy continues to target an annual dividend in the range of 15% to 25% of trailing twelve-month earnings.

The Company's commercial paper program, rated A1 by Standard and Poor's Corporation and P1 by Moody's Investors Service, requires the support of committed and uncommitted lines of credit. No amounts were outstanding under this program at May 31, 1994 and 1993. Additionally, no amounts were outstanding at May 31, 1994 and 1993, under a committed $300 million multiple option credit facility. See Note 4 of the Consolidated Financial Statements for further details concerning the Company's short-term borrowing. NIKE's debt-to-equity ratio was consistent, with ratios of .4:1, .3:1 and .4:1 at May 31, 1994, 1993 and 1992, respectively.

Management believes that funds generated by operations, together with currently available resources, will adequately finance anticipated fiscal 1995 expenditures, with the potential exception of the stock repurchase program discussed above.

FINANCIAL REPORTING

Management of NIKE, Inc. is responsible for the information and representations contained in this report. The financial statements have been prepared in conformity with the generally accepted accounting principles we considered appropriate in the circumstances and include some amounts based on our best estimates and judgments. Other financial information in this report is consistent with these financial statements.

The Company's accounting systems include controls designed to reasonably assure that assets are safeguarded from unauthorized use or disposition and which provide for the preparation of financial statements in conformity with generally accepted accounting principles. These systems are supplemented by the selection and training of qualified financial personnel and an organizational structure providing for appropriate segregation of duties.

An Internal Audit department reviews the results of its work with the Audit Committee of the Board of Directors, presently consisting of three outside directors of the Company. The Audit Committee is responsible for recommending to the Board of Directors the appointment of the independent accountants and reviews with the independent accountants, management and the internal audit staff, the scope and the results of the annual examination, the effectiveness of the accounting control system and other matters relating to the financial affairs of the Company as they deem appropriate. The independent accountants and the internal auditors have full access to the Committee, with and without the presence of management, to discuss any appropriate matters.

REPORT OF INDEPENDENT ACCOUNTANTS

Portland, Oregon
July 5, 1994

To the Board of Directors and
Shareholders of NIKE, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of cash flows and of shareholders' equity present fairly, in all material respects the financial position of NIKE, Inc. and its subsidiaries at May 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

NIKE, INC. CONSOLIDATED STATEMENT OF INCOME

(in thousands, except per share data)

Year Ended May 31,	1994	1993	1992
Revenues	$3,789,668	$3,930,984	$3,405,211
Costs and expenses:			
Cost of sales	2,301,423	2,386,993	2,089,089
Selling and administrative	974,099	922,261	761,498
Interest expense (Notes 3, 4 and 5)	15,282	25,739	30,665
Other (income)/expense, net (Notes 1, 9 and 10)	8,270	1,475	2,141
	3,299,074	3,336,468	2,883,393
Income before income taxes	490,594	594,516	521,818
Income taxes (Note 6)	191,800	229,500	192,600
Net income	$ 298,794	$ 365,016	$ 329,218
Net income per common share (Note 1)	$ 3.96	$ 4.74	$ 4.30
Average number of common and common equivalent shares (Note 1)	75,456	77,063	76,602

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, INC. CONSOLIDATED BALANCE SHEET

(in thousands)

May 31	1994	1993
Assets		
Current assets:		
Cash and equivalents	$ 518,816	$ 291,284
Accounts receivable, less allowance for doubtful accounts of $28,291 and $19,447	703,682	667,547
Inventories (Note 2)	470,023	592,986
Deferred income taxes (Note 6)	37,603	23,499
Prepaid expenses	40,307	42,452
Total current assets	1,770,431	1,617,768
Property, plant and equipment, net (Notes 3 and 5)	405,845	377,995
Goodwill (Note 1)	157,187	159,579
Other assets	40,352	30,927
Total assets	$2,373,815	$2,186,269
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt (Note 5)	$ 3,857	$ 52,985
Notes payable (Note 4)	127,378	108,165
Accounts payable (Note 4)	210,576	135,701
Accrued liabilities	181,889	138,563
Income taxes payable	38,287	17,150
Total current liabilities	561,987	452,564
Long-term debt (Notes 5 and 12)	12,364	15,033
Non-current deferred income taxes (Note 6)	18,228	31,978
Other non-current liabilities (Note 1)	39,987	43,575
Commitments and contingencies (Note 11)	—	—
Redeemable Preferred Stock (Note 7)	300	300
Shareholders' equity (Note 8):		
Common Stock at stated value:		
Class A convertible – 26,679 and 26,691 shares outstanding	159	159
Class B – 46,521 and 49,161 shares outstanding	2,704	2,720
Capital in excess of stated value	108,284	108,451
Foreign currency translation adjustment	(15,123)	(7,790)
Retained earnings	1,644,925	1,539,279
Total shareholders' equity	1,740,949	1,642,819
Total liabilities and shareholders' equity	$2,373,815	$2,186,269

The accompanying notes to consolidated financial statements are an integral part of this statement.

(in thousands)

Year Ended May 31,	1994	1993	1992
Cash provided (used) by operations:			
Net income	$ 298,794	$365,016	$329,218
Income charges (credits) not affecting cash:			
Depreciation	64,531	60,393	47,665
Deferred income taxes and purchased tax benefits	(23,876)	4,310	8,222
Other non-current liabilities	(3,588)	19,847	9,992
Other, including amortization	8,067	12,951	9,355
Changes in certain working capital components:			
Decrease (increase) in inventory	160,823	(97,471)	115,392
Decrease (increase) in accounts receivable	23,979	(62,538)	(74,430)
Decrease (increase) in other current assets	6,888	(5,133)	(6,239)
Increase (decrease) in accounts payable, accrued liabilities and income taxes payable	40,845	(32,083)	(3,337)
Cash provided by operations	576,463	265,292	435,838
Cash provided (used) by investing activities:			
Additions to property, plant and equipment	(95,266)	(97,041)	(106,492)
Disposals of property, plant and equipment	12,650	5,006	4,065
Acquisition of subsidiaries:			
Goodwill	(2,185)	(52,003)	—
Net assets acquired	(1,367)	(25,858)	—
Additions to other non-current assets	(5,450)	(3,036)	(7,494)
Cash used by investing activities	(91,618)	(172,932)	(109,921)
Cash provided (used) by financing activities:			
Additions to long-term debt	6,044	1,536	45,901
Reductions in long-term debt including current portion	(56,986)	(5,817)	(3,467)
Decrease in notes payable	(2,939)	(2,017)	(194,668)
Proceeds from exercise of options	4,288	7,055	4,159
Repurchase of stock	(140,104)	—	—
Dividends – common and preferred	(60,282)	(53,017)	(43,760)
Cash used by financing activities	(249,979)	(52,260)	(191,835)
Effect of exchange rate changes on cash	(7,334)	(8,866)	6,164
Net increase in cash and equivalents	227,532	31,234	140,246
Cash and equivalents, beginning of year	291,284	260,050	119,804
Cash and equivalents, end of year	$ 518,816	$291,284	$260,050

(in thousands)

Year Ended May 31,	1994	1993	1992
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 11,300	$ 20,800	$ 29,200
Income taxes	189,800	235,200	184,100
Supplemental schedule of non-cash investing activities:			
The Company had a like-kind exchange of certain equipment during the year as follows:			
Cost of old equipment	$ 24,057	—	—
Accumulated depreciation	(14,502)	—	—
Cash received	652	—	—
Book value of new asset	$ 10,207	—	—
The Company acquired new NIKE subsidiaries during the year as follows:			
Assets acquired	$ 124,966	—	—
Less: cash paid	(3,552)	—	—
Liabilities assumed	$ 121,414	—	—

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, INC. CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in thousands)

	Common Stock Class A Shares	Common Stock Class A Amount	Common Stock Class B Shares	Common Stock Class B Amount	Capital In Excess Of Stated Value	Foreign Currency Translation Adjustment	Retained Earnings	Total
Balance at May 31, 1991	27,438	$164	47,858	$2,712	$ 84,681	$ (4,428)	$ 949,660	$1,032,789
Stock options exercised			214	1	9,118			9,119
Conversion to Class B Common Stock	(519)	(3)	519	3				—
Translation of statements of foreign operations						5,114		5,114
Net income							329,218	329,218
Dividends on Redeemable Preferred Stock							(30)	(30)
Dividends on Common Stock							(44,515)	(44,515)
Cumulative effect of change in accounting for income taxes (see Notes 1 and 6)							(3,207)	(3,207)
Balance at May 31, 1992	26,919	161	48,591	2,716	93,799	686	1,231,126	1,328,488
Stock options exercised			342	2	14,652			14,654
Conversion to Class B Common Stock	(228)	(2)	228	2				—
Translation of statements of international operations						(8,476)		(8,476)
Net income							365,016	365,016
Dividends on Redeemable Preferred Stock							(30)	(30)
Dividends on Common Stock							(56,833)	(56,833)
Balance at May 31, 1993	26,691	159	49,161	2,720	108,451	(7,790)	1,539,279	1,642,819
Stock options exercised			167	1	6,287			6,288
Conversion to Class B Common Stock	(12)	—	12	—				—
Repurchase of Class B Common Stock			(2,819)	(17)	(6,454)		(133,633)	(140,104)
Translation of statements of international operations						(7,333)		(7,333)
Net income							298,794	298,794
Dividends on Redeemable Preferred Stock							(30)	(30)
Dividends on Common Stock							(59,485)	(59,485)
Balance at May 31, 1994	26,679	$159	46,521	$2,704	$108,284	$(15,123)	$1,644,925	$1,740,949

The accompanying notes to consolidated financial statements are an integral part of this statement.

NIKE, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies:

Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated. To facilitate the timely preparation of the consolidated financial statements, the accounts of certain international operations have been consolidated for fiscal years ending in April.

Recognition of revenues:

Revenues recognized include sales plus fees earned on sales by licensees.

Advertising:

Advertising production costs are expensed the first time the advertisement is run. Media (TV and print) placement costs are expensed in the month the advertising appears.

Cash and equivalents:

Cash and equivalents represent cash and short-term, highly liquid investments with maturities essentially three months or less.

Inventory-valuation:

Inventories are stated at the lower of cost or market. Cost is determined using the last-in, first-out (LIFO) method for substantially all U.S. inventories. International inventories are valued on a first-in, first-out (FIFO) basis.

Property, plant and equipment and depreciation:

Property, plant and equipment are recorded at cost. Depreciation for financial reporting purposes is determined on a straight-line basis for buildings and leasehold improvements and principally on a declining balance basis for machinery and equipment, based upon estimated useful lives ranging from three to thirty-two years.

Goodwill:

At May 31, 1994 and 1993, the Company's excess of purchase cost over the fair value of net assets of businesses acquired was $157,187,000 and $159,579,000, respectively, net of amortization of $25,025,000 and $22,181,000, respectively. This excess is being amortized on a straight-line basis over five to forty years. Goodwill amortization expense was $7,018,000, $5,083,000 and $4,818,000 for the years ended May 31, 1994, 1993 and 1992, respectively, which is included in other income/expense.

Other non-current liabilities:

Other non-current liabilities include amounts with settlement dates beyond one year, and are primarily composed of long-term deferred endorsement payments of $33,586,000 and $38,328,000 at May 31, 1994 and 1993, respectively. Deferred payments to endorsers relate to amounts due beyond contract termination, which are discounted at various interest rates and accrued over the contract period.

Endorsement contracts:

Accounting for endorsement contracts is based upon specific contract provisions. Generally, endorsement payments are expensed uniformly over the term of the contract after giving recognition to periodic performance compliance provisions of the contracts.

Foreign currency translation:

Assets and liabilities of international operations are translated into U.S. dollars at current exchange rates. Income and expense accounts are translated into U.S. dollars at average rates of exchange prevailing during the period. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are taken directly to a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in income.

Forward exchange contracts:

The Company enters into forward exchange contracts in order to reduce the impact of foreign currency fluctuations on primarily non-U.S. purchases of inventory. Gains or losses on these transactions are matched to inventory purchases and charged or credited to cost of sales as such inventory is sold.

Income taxes:

Deferred income taxes are recognized for timing differences between income for financial reporting purposes and taxable income. Income taxes are provided currently on financial statement earnings of international subsidiaries expected to be repatriated. The Company intends to determine annually the amount of undistributed international earnings to invest indefinitely in its international operations.

In June 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (FAS 109). The adoption of FAS 109 changes the Company's method of accounting for income taxes from the deferred method (APB 11) to an asset and liability approach. Previously the Company deferred the past tax effects of timing differences between financial reporting and taxable income. The asset and liability approach requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of other assets and liabilities.

The Company's Consolidated Balance Sheet has been restated for the effects of the FAS 109 adoption. See Note 6 for further discussion.

Net income per common share:

Net income per common share is computed based on the weighted average number of common and common equivalent (stock option) shares outstanding for the periods reported.

Reclassifications:

Certain prior year amounts have been reclassified to conform to the 1994 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

Note 2 - Inventories:

Inventories by major classification are as follows:

(in thousands) May 31,	1994	1993
Finished goods	$465,065	$587,081
Work-in-progress	2,915	3,951
Raw materials	2,043	1,954
	$470,023	$592,986

The excess of replacement cost over LIFO cost approximated $19,367,000 at May 31, 1994, and $22,542,000 at May 31, 1993. During 1994 and 1992, certain inventory quantities were reduced resulting in liquidations, which were not material, of LIFO inventory quantities carried at different costs prevailing in prior years as compared with the cost of those years' purchases.

Note 3 - Property, plant and equipment:

Property, plant and equipment includes the following:

(in thousands) May 31,	1994	1993
Land	$ 59,761	$ 50,851
Buildings	154,731	152,368
Machinery and equipment	317,782	296,680
Leasehold improvements	54,383	46,611
Construction in process	52,428	24,522
	639,085	571,032
Less accumulated depreciation	233,240	193,037
	$405,845	$377,995

Capitalized interest expense relating to construction of the Company's world headquarters and other projects was $270,000, $767,000 and $636,000 for the fiscal years ended May 31, 1994, 1993 and 1992, respectively.

Note 4 - Short-term borrowings and credit lines:

Notes payable to banks and interest bearing accounts payable to Nissho Iwai American Corporation (NIAC) are summarized below:

	Banks					
	U.S. Operations		International Operations		NIAC	
(in thousands)	Borrowings	Interest Rate	Borrowings	Interest Rate	Borrowings	Interest Rate
May 31, 1994	$6,462	4⅞%	$120,916	4¾%	$118,274	4 2/3%
May 31, 1993	$4,597	4½%	$103,568	8 1/3%	$57,542	3½%

At May 31, 1994 and 1993, NIKE had no outstanding borrowings under its $300 million unsecured multiple option facility with sixteen banks, which matures on November 30, 1995. This agreement contains optional borrowing alternatives consisting of a committed revolving loan facility and a competitive bid facility. The interest rate charged on this agreement is determined by the borrowing option and under the committed revolving loan facility is either the Prime Rate or London Interbank Offered Rate (LIBOR) plus .30%. The agreement provides for annual fees of .125% of the total commitment. Under the agreement, the Company must maintain, among other things, certain minimum specified financial ratios and balances. Domestic subsidiaries had $6,462,000 and $4,597,000 outstanding at May 31, 1994, and May 31, 1993, respectively, under unsecured, uncommitted short-term credit agreements.

Ratings for the Company to issue commercial paper, which is required to be supported by committed and uncommitted lines of credit, are A1 by Standard and Poor's Corporation and P1 by Moody's Investor Service. At May 31, 1994 and 1993, there were no balances outstanding under these arrangements.

The Company has outstanding loans at interest rates at various spreads above the banks' cost of funds for financing international operations. Certain of these loans can be secured by accounts receivable and inventory.

The Company purchases through NAIC substantially all of the athletic footwear and apparel it acquires from non-U.S. suppliers. Accounts payable to NIAC are generally due up to 115 days after shipment of goods from the foreign port. Interest on such accounts payable accrues at the ninety day LIBOR rate as of the beginning of the month of the invoice date, plus .30%.

Note 5 - Long-term debt:

Long-term debt includes the following:

(in thousands) May 31,	1994	1993
8.45% unsecured term loan, due July 1993	$ —	$25,000
7.90% unsecured term loan, due June 1993	—	25,000
9.43% capital warehouse lease, payable in quarterly installments through 2007	9,098	9,628
Other	7,123	8,390
Total	16,221	68,018
Less current maturities	3,857	52,985
	$12,364	$15,033

Amounts of long-term maturities in each of the five fiscal years 1995 through 1999 respectively, are $3,857,000, $3,536,000, $1,210,000, $976,000 and $898,000.

Note 6 – Income taxes:

Income before income taxes and the provision for income taxes are as follows:

(in thousands)

Year Ended May 31,	1994	1993	1992
Income before income taxes:			
United States	$318,367	$372,996	$317,560
International	172,227	221,520	204,258
	$490,594	$594,516	$521,818
Provision for income taxes:			
Current:			
United Sates			
Federal	$121,892	$126,071	$ 91,652
State	23,832	26,425	22,306
International	64,034	74,866	68,337
	209,758	227,362	182,295
Deferred:			
United States			
Federal	(12,931)	1,741	11,030
State	(1,868)	1,229	200
International	(3,159)	(832)	(925)
	(17,958)	2,138	10,305
	$191,800	$229,500	$192,600

During fiscal 1994 the Company determined approximately $56,000,000 of its undistributed international earnings were permanently reinvested in certain international subsidiaries. This resulted in a reduction of $12,800,000 in the 1994 provision for deferred income taxes.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law, raising corporate rates 1%. This resulted in an increase of approximately $7,200,000 in tax expense, computed as the impact of the 1% applied retroactively to earnings from January 1, 1993, and also to deferred taxes in accordance with FAS 109.

As discussed in Note 1, the Company adopted FAS 109 during the first quarter of the current year. The Company has elected to report the cumulative effect of the FAS 109 adoption as of May 31, 1987. The cumulative effect of $3,207,000 has been recorded as a reduction in common shareholder's equity for each of the years subsequent to 1987. There was no impact on the results of operations previously reported for the years 1987 through 1993. The adoption of FAS 109 had no effect on income taxes, the provision for income taxes, and the effective tax rates for the years ended May 31, 1993 and 1992.

As of May 31, 1994, the Company has utilized all foreign tax credits.

Deferred tax liabilities (assets) are comprised of the following:

(in thousands)

May 31,	1994	1993
Undistributed earnings of international subsidiaries	$ 16,405	$ 28,182
Acquired tax benefits	5,554	6,421
LIFO inventory	2,504	2,681
Acquisition basis adjustment	1,361	1,793
Depreciation	2,896	1,883
Tax reserves and accrued liabilities	332	2,835
Inventory reserves	1,744	—
Other	1,213	855
Gross deferred tax liabilites	32,009	44,650
Allowance for doubtful accounts	(6,795)	(6,900)
Inventory reserves	(13,071)	(5,272)
Deferred compensation	(6,724)	(5,006)
Tax reserves and accrued liabilites	(10,592)	(7,156)
Tax basis inventory adjustment	(7,100)	(9,321)
Depreciation	(1,408)	(949)
Other	(5,694)	(1,567)
Gross deferred tax assets	(51,384)	(36,171)
	$(19,375)	$ 8,479

A reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate follows:

Year Ended May 31,	1994	1993	1992
U.S. Federal statutory rate	35.0%	34.0%	34.0%
State income taxes, net of federal benefit	3.2	3.3	3.0
Tax benefit from permanent reinvestment of international earnings	(2.6)	—	—
Impact of rate increase	1.5	—	—
Other, net	2.0	1.3	(.1)
Effective income tax rate	39.1%	38.6%	36.9%

During 1982, the Company purchased future tax benefits for $15,277,000. Tax benefits of $5,554,000 in excess of the purchase price have been recognized as of May 31, 1994 and are classified in non-current deferred income taxes.

Note 7 - Redeemable Preferred Stock:

Nissho Iwai American Corporation (NIAC) is the sole owner of the Company's authorized Redeemable Preferred Stock, $1 par value, which is redeemable at the option of NIAC at par value aggregating $300,000. A cumulative dividend of $.10 per share is payable annually on May 31 and no dividends may be declared or paid on the Common Stock of the Company unless dividends on the Redeemable Preferred Stock have been declared and paid in full. There have been no changes in the Redeemable Preferred Stock in the three years ended May 31, 1994. As the holder of the Redeemable Preferred Stock, NIAC does not have general voting rights but does have the right to vote as a separate class on the sale of all or substantially all of the assets of the Company and its subsidiaries, on merger, consolidation, liquidation or dissolution of the Company or on the sale or assignment of the NIKE trademark for athletic footwear sold in the United States.

Note 8 - Common Stock:

The authorized number of shares of Class A Common Stock no par value and Class B Common Stock no par value are 60,000,000 and 150,000,000, respectively. Each share of Class A common Stock is convertible into one share of Class B Common Stock. Voting rights of Class B Common Stock are limited in certain circumstances with respect to the election of directors.

The Company's Employee Incentive Compensation Plan (the "1980 Plan") was adopted in 1980 and expired on December 31, 1990. The 1980 Plan provided for the issuance of up to 3,360,000 shares of the Company's Class B Common Stock in connection with the exercise of stock options granted under such plan. No further grants will be made under the 1980 Plan.

In 1990, the Board of Directors adopted, and the shareholders approved, the NIKE, Inc. 1990 Stock Incentive Plan (the "1990 Plan"). The 1990 Plan provides for the issuance of up to 4,000,000 shares of Class B Common Stock in connection with stock options and other awards granted under such plan. The 1990 Plan authorizes the grant of incentive stock options, non-statutory stock options, stock appreciation rights, stock bonuses, and the sale of restricted stock. The exercise price for incentive stock options may not be less than the fair market value of the underlying shares on the date of grant. The exercise price for non-statutory stock options and stock appreciation rights, and the purchase price of restricted stock, may not be less than 75% of the fair market value of the underlying shares on the date of grant. No consideration will be paid for stock bonuses awarded under the 1990 Plan. The 1990 Plan is administered by a committee of the Board of Directors. The committee has the authority to determine the employees to whom awards will be made, the amount of the awards, and the other terms and conditions of the awards. As of May 31, 1994, the committee has granted substantially all non-statutory stock options at 100% of fair market value on the date of grant under the 1990 Plan.

The following summarizes the stock option transactions under the 1980 Plan and 1990 Plan for the three fiscal years ended May 31, 1994:

	Shares (in thousands)	Option Price Per Share($)
Options outstanding May 31, 1992:	1,953	4.75 to 65.38
Exercised	(322)	4.75 to 65.50
Surrendered	—	—
Granted	491	56.25 to 82.13
Options outstanding May 31, 1993:	2,124	4.75 to 82.13
Exercised	(161)	4.75 to 56.25
Surrendered	(101)	20.41 to 82.13
Granted	492	50.13 to 56.88
Options outstanding May 31, 1994:	2,354	4.75 to 56.88
Options exercisable at May 31:		
1993	665	4.75 to 65.38
1994	917	4.75 to 38.25

In addition to the option plans discussed previously, the Company has several agreements outside of the plans with certain directors, endorsers and employees. As of May 31, 1994, 1,018,000 options with exercise prices ranging from $.417 per share to $76.25 per share had been granted. The aggregate compensation expenses related to these agreements is $5,670,000 and is being amortized over vesting periods from October 1980 through October 1998. The outstanding agreements expire from February 1998 through September 2005.

The following summarizes transactions outside the option plans for the three years ended May 31, 1994:

	Shares (in thousands)	Option Price Per Share($)
Options outstanding May 31, 1992:	235	4.75 to 43.25
Exercised	(20)	4.75
Surrendered	—	—
Granted	50	56.25 to 76.25
Options outstanding May 31, 1993:	265	4.75 to 76.25
Exercised	(6)	4.75 to 12.50
Surrendered	(20)	71.75 to 76.25
Granted	30	48.13 to 51.00
Options outstanding May 31, 1994:	269	4.75 to 51.00
Options exercisable at May 31:		
1993	156	4.75 to 43.25
1994	193	4.75 to 56.25

Note 9 - Benefit plans:

The Company has a profit sharing plan available to substantially all employees. The terms of the plan call for annual contributions by the Company as determined by the Board of Directors. Contributions of $8,500,000, $10,300,000 and $8,800,000 to the plan are included in other expense in the consolidated financial statements for the years ended May 31, 1994, 1993 and 1992, respectively.

The Company has a voluntary 401(k) employee savings plan. The Company matches a portion of employee contributions vesting that portion over 5 years. Company contributions to the savings plan were $3,503,000, $3,150,000 and $2,296,000 for the years ended May 31, 1994, 1993 and 1992.

Note 10 - Other income/expense, net:

Included in other income for the years ended May 31, 1994, 1993 and 1992, is interest income of $19,064,000, $15,377,000 and $11,892,000, respectively. During fiscal year 1994 the Company recognized $7,060,000 in non-recurring specific obligations associated with the shutdown of certain facilities in conjunction with the consolidation of European warehouses.

Note 11 - Commitments and contingencies:

The Company leases space for its offices, warehouses and retail stores under leases expiring from one to fifteen years after May 31, 1994. Rent expense aggregated $37,677,000, $33,195,000 and $23,935,000 for the years ended May 31, 1994, 1993 and 1992, respectively. Amounts of minimum future annual rental commitments under non-cancellable operating leases in each of the five fiscal years 1995 through 1999 are $30,412,000, $28,189,000, $25,917,000, $19,971,000, $18,130,000, respectively, and in aggregate $252,923,000.

Lawsuits arise during the normal course of business. In the opinion of management, none of the pending lawsuits will result in a significant impact on the consolidated financial position.

Note 12 - Fair value of financial instruments:

The Company estimates the fair value of its monetary assets and liabilities based upon the existing interest rates related to such assets and liabilities compared to the current market rates of interest for instruments of a similar nature and degree of risk. Cash and equivalents and notes payable to banks approximate fair value as reported in the balance sheet. The fair value of long-term debt is estimated using discounted cash flow analyses, based on the Company's incremental borrowing rates for similar types of borrowing arrangements. The fair value of the Company's long-term debt at May 31, 1994, is approximately $12,016,000, compared to a carrying value $12,364,000. The fair value of the Company's foreign currency exchange contracts (see Note 1) is estimated based generally on rates from quoted markets. The fair value of such contracts is $13,183,000 less than the stated amount.

Note 13 - Industry segment and operations by geographic areas:

The Company operates predominantly in one industry segment, that being the design, production and marketing of athletic and casual footwear, apparel and accessories. During 1994, 1993 and 1992, sales to one major customer amounted to approximately 14% of total sales in those years. Information about the Company's operations in the United States and international markets is presented below. Inter-geographic revenues and assets have been eliminated to arrive at the consolidated amounts. Expenses and assets not identifiable with the operations of a specific geographic segment have been listed separately.

(in thousands)

Year Ended May 31,	1994	1993	1992
Revenues from unrelated entities:			
United States	$2,432,684	$2,528,848	$2,270,880
Europe	927,269	1,085,683	919,763
Other international	429,715	316,453	214,568
	$3,789,668	$3,930,984	$3,405,211
Inter-geographic revenues:			
United States	$ 3,590	$ 3,583	$ 7,265
Europe	—	—	—
Other international	8,092	9,350	9,076
	$ 11,682	$ 12,933	$ 16,341
Total revenues:			
United States	$2,436,274	$2,532,431	$2,278,145
Europe	927,269	1,085,683	919,763
Other international	437,807	325,803	223,644
Less inter-geographic revenues	(11,682)	(12,933)	(16,341)
	$3,789,668	$3,930,984	$3,405,211
Operating income:			
United States	$ 344,632	$ 401,096	$ 356,589
Europe	124,242	177,716	173,175
Other international	65,894	65,236	51,602
Less corporate, interest and other income (expense) and eliminations	(44,174)	(49,532)	(59,548)
	$ 490,594	$ 594,516	$ 521,818
Assets:			
United States	$1,171,948	$1,347,507	$1,095,180
Europe	490,465	429,660	453,794
Other international	273,236	128,080	79,862
Total identifiable assets	1,935,649	1,905,247	1,628,836
Corporate cash and eliminations	438,166	282,216	244,025
Total assets	$2,373,815	$2,187,463	$1,872,861

Directors

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Deputy Chairman of the Board of Directors and Senior Vice President, NIKE, Inc.
Eugene, Oregon

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Visiting Scholar
Massachusetts Institute of Technology
Boston, Massachusetts

RALPH D. DeNUNZIO (3) (4) (5)
President, Harbor Point Associates, Inc., private investment and consulting firm
New York, New York

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Vice Chairman of the Board
Beaverton, Oregon

DELBERT J. HAYES (2) (4)
Executive Vice President, NIKE, Inc.
Beaverton, Oregon

DOUGLAS G. HOUSER (2)
Assistant Secretary, NIKE, Inc.
Partner – Bullivant, Houser, Bailey, Pendergrass & Hoffman, Attorneys
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Partner – Jaqua & Wheatley, P.C. Attorneys
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Chairman of the Board and Chief Executive Officer, NIKE, Inc.
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Chairman, Robinson & Associates, energy consultants
Santa Fe, New Mexico

JOHN R. THOMPSON, JR. (3)
Head Basketball Coach, Georgetown University
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ROBERT T. DAVIS
Professor of Marketing, Stanford University
Palo Alto, California
Director Emeritus

THOMAS E. CLARKE (nominee)
President and Chief Operating Officer, NIKE, Inc.
Beaverton, Oregon

KENICHI OHMAE (nominee)
Chairman of the Board
McKinsey & Company
Tokyo, Japan

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(2) Member – Audit Committee
(3) Member – Personnel Committee
(4) Member – Finance Committee
(5) Member – Stock Option Committee

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Division Vice Presidents

ALEXANDER BODECKER
Beaverton, Oregon

JOHN M. DE LA FOREST
Beaverton, Oregon

GARY M. DeSTEFANO
Beaverton, Oregon

SHELLEY K. DEWEY
Beaverton, Oregon

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Beaverton, Oregon

CLARE L. HAMILL
Beaverton, Oregon

ANDERS HANSON
Amsterdam, The Netherlands

TINKER HATFIELD
Beaverton, Oregon

DAVID KOTTKAMP
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NEAL A. LAURIDSEN
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WILLIAM S. McINTOSH
Amsterdam, The Netherlands

ANDREW P. MOONEY
Beaverton, Oregon

CATHERINE B. TAYLOR
Beaverton, Oregon

GORDON THOMPSON III
Beaverton, Oregon

Locations

WORLD HEADQUARTERS
One Bowerman Drive
Beaverton, Oregon 97005-6453

UNITED STATES SALES AND DISTRIBUTION CENTERS
8400 Winchester Blvd.
Memphis, Tennessee 38125

5151 Shelby Dr.
Memphis, Tennessee 38118

27255 S.W. Boones Ferry Road
Wilsonville, Oregon 97070

EUROPEAN HEADQUARTERS
Marathon 7
1213 PD Hilversum
The Netherlands

CENTRAL EUROPEAN HEADQUARTERS
NIKE G.m.b.h.
Donau Business Ctr.
388 Handelskai/C-42
1020 Vienna, Austria

CANADA SALES AND MARKETING OFFICE
NIKE Canada Ltd.
2445 Canoe Avenue
Coquitlam, British Columbia
Canada V3K 6A9

ASIA/PACIFIC HEADQUARTERS
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World Financial Center
Harbor City, Canton Rd.
Tsimshatsui, Kowloon
Hong Kong

LATIN AMERICAN HEADQUARTERS
One Bowerman Drive
Beaverton, Oregon 97005-6453

NIKE, Inc. designs and markets a wide variety of athletic footwear, apparel and related items for competitive and recreational uses.

NIKE has attained its premier position in the industry through quality production, innovative products and aggressive marketing.

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Shareholders' Information

ANNUAL MEETING
We invite shareholders to attend our Annual Meeting on Monday, September 19, 1994 at 10:00 am, at NIKE World Headquarters, One Bowerman Drive, Beaverton, Oregon 97005-6453. A formal notice of the Annual Meeting, together with the proxy statement and proxy card, will be mailed to shareholders.

INDEPENDENT ACCOUNTANTS
Price Waterhouse
121 S.W. Morrison, Suite 1800
Portland, Oregon 97204

REGISTRAR AND STOCK TRANSFER AGENT
First Chicago Trust Co. of New York
P.O. Box 2500
Jersey City, NJ 07303-2500
(201) 324-0498

PUBLICATIONS
Copies of the Company's Form 10-K or Form 10-Q reports filed with the Securities and Exchange Commission are available from the Company without charge. To request a fax copy, please call 1-800-764-6453 or write to NIKE's Investor Relations Department at the World Headquarters address above.

DIVIDEND PAYMENTS
Quarterly dividends on NIKE common stock, when declared by the Board of Directors, are paid on or about July 2, October 1, January 3, and April 1. The Company does not currently offer a dividend reinvestment program.

INVESTOR INQUIRIES
Securities analysts, investment managers and others seeking information about the Company should write or call NIKE's Investor Relations Department at the World Headquarters address, 1-800-422-6453.

OTHER SHAREHOLDER ASSISTANCE
Communications concerning shareholder address changes, stock transfers, changes of ownership, lost stock certificates, payment of dividends, dividend check replacements, duplicate mailings, or other account services should be directed to the Company's Registrar and Stock Transfer Agent at the address or telephone number above.

CORPORATE GIVING PROGRAM
NIKE's JUST DO IT Fund supports unique educational programs for inner-city youth. Detailed information on the program may be obtained by calling (503) 671-3637 or writing to NIKE, Inc., JUST DO IT Fund, Attention: Public Affairs at the World Headquarters address.

NIKE PLAY
P. L. A. Y. – Participate in the Lives of America's Youth – is NIKE's initiative to support the rights of kids everywhere to get and stay active. By encouraging activism at all levels, NIKE aims to provide opportunities and facilities for kids to pursue the fitness and fun they deserve. To learn more about P. L. A. Y. call 1-800-929-PLAY.

NIKE

NIKE, Inc. One Bowerman Drive Beaverton, Oregon 97005 Telephone: 503-671-6453

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