

JULY 22, 2013

TO OUR SHAREHOLDERS,

Seven years ago in my first letter as CEO I wrote, “We are committed to being nimble and strong and focused in everything we do. This is critical for any company operating in a global marketplace that is in a state of constant change.”

Those timeless NIKE commitments have proven more valuable than anyone could've known at that moment.

Sports and athletes. Innovation. Technology. Performance. Strategy. Sustainability. Speed. Culture. Investment. Passion. Community. These are the elements of our success and our potential. And none of them are static. How well we balance these elements – embrace, develop and leverage them – that is the art of growth. And we grow more skilled in that art every year.

PROFITABLE GROWTH OVER THE LONG TERM

In the last 10 years we more than doubled our revenue, grew diluted EPS at a compounded rate of 15 percent, and returned over \$15 billion to shareholders through dividend payments and share repurchases. I know what you're thinking, “That's great, but what have you done for me lately?” It's a fair question.

In fiscal year 2013, continuing operations revenues for NIKE, Inc. grew 8 percent to \$25.3 billion. It took us 18 years to get to our first \$2 billion in revenue. We added about that much in just the last 12 months. Gross margin increased 10 basis points compared to last year in what remains a challenging cost environment. And diluted earnings per share grew 11 percent to \$2.69. These are strong results in an important year for NIKE as we work to increase our growth potential in every brand, product platform, category and geography.

In North America, our biggest geography, the NIKE Brand surpassed \$10 billion as we added \$1.5 billion of new revenue in this geography alone. That growth was broad based – across all product types, in our wholesale and Direct-To-Consumer (DTC) business, and across nearly all our key NIKE Brand categories.



Li Na

Li Na on the cover of Time Magazine's 100 Most Influential People in the World.

And it was extremely profitable growth. EBIT for the geography grew 25 percent to \$2.5 billion. For 30 years I've been hearing people say, "North America is tapped out." I'm glad we didn't listen.

ONE MILLION PAIRS OF SHOES IS JUST THE BEGINNING

Actually we sell more pairs of shoes than that every day. We're also one of the world's largest producers of apparel. Our supply chain, our balance sheet, our people and our relentless flow of innovation continue to set us apart and position us for success. These competitive advantages have been central to our growth so far. But we're more interested in where they can take us.

We believe we can transform the marketplace. That means creating a more productive, innovative retail environment – one with more capacity and consistency in presenting NIKE, Inc. brands, categories and products. We did that in FY 2013 with our wholesale partners and in our DTC business. We opened a new NIKE Brand Experience store in Ipanema, Brazil, our first in that market. The new Running store in Manhattan's Flatiron building has become a hot spot for the Manhattan running community. And more than 250,000 people visited our NIKE stores in London over the course of the Olympics.

Online we combined more than 70 separate brand sites into a single destination for consumers to shop and connect with the NIKE Brand. That helped us streamline and accelerate the shopping experience, and we integrated social media platforms to connect consumers to NIKE athletes.

The result – our NIKE Brand DTC business grew 23 percent to \$4.3 billion, with strong performance from both our brick-and-mortar stores and e-commerce, which grew an impressive 31 percent for the year.

And we continue to work with our retail partners to leverage what we do in DTC. That helps create concepts like the NIKE Yardline store with Champs, the first year-round American football specialty store. It joins other successful partnerships – our House of Hoops stores with Foot Locker, the NIKE Track Club with Finish Line, and the NIKE Field House with Dick's Sporting Goods.



Flyknit

This production technology uses an ultra-light thread to create a single-layer upper that eliminates overlays, reduces weight and minimizes waste.

We're running a complete offense to elevate retail and transform the marketplace, and it's working.

ONE BILLION NEW CONSUMERS ON THE WAY

That's how many more consumers will enter the middle class in the next 10 years. Most of them will be in the BRICS countries – Brazil, Russia, India, China and South Africa.

The Emerging Markets and China are massive opportunities for NIKE. Each market has a unique heritage, culture and commercial environment. At the same time, they all share a universal connection to sport and competition. In China we continue to work with our retail partners to deliver the right product and elevate merchandising and store productivity. We believe this is a crucial competitive advantage as China transitions from a manufacturing-led economy to a consumer-led economy. Our opportunity is to connect with these consumers to help them achieve their potential and celebrate their love of sports.

Brazil is also an economy in rapid transition. With the World Cup coming up in 2014 and the Olympics in 2016, the world is soon going to learn a lot more about life and business in this dynamic economy. While it's too early to unveil our plans for Brazil, the product and brand experiences we have planned are more ambitious than anything we've done before.



Neymar

Neymar laced up the new Hypervenom boot and scored four goals on the way to Brazil's victory in the Confederations Cup. He also took home the Golden Ball Award for best player.

ONE MILLION IDEAS TO CHOOSE FROM

That's about how many opportunities we come across in a year. But we don't have the time or resources to develop them all. That's why we are such relentless editors – at every level – brand, marketplace, category and product. We are laser focused on investing in only those ideas and partnerships that align with our values, add to our capabilities, and promise significant sustainable growth potential.

The ideas that excite us most are the ones where we have the potential to innovate. That's what inspires us as a team and distinguishes us as a company.

Innovation drives everything at NIKE. It gives us new technologies and materials, helps us create iconic products and services that people want, and game-changers they can't even imagine.

Innovation gets us closer to athletes and consumers. It shatters the traditional methods of manufacturing and distribution, and bridges the physical and digital worlds of sport. Innovation makes NIKE more competitive, sustainable and profitable.

And innovation introduces us to amazing partners who can help us create success for the business and momentum for systemic solutions to save our resources, our planet and our future. A great example was the Launch 2020 event that we hosted, bringing together 150 of the world's best thinkers to advance game-changing technologies and innovations to bring about a more sustainable textiles industry.

I believe there is more opportunity in the world and more capability inside NIKE than ever. That's why we're accelerating our innovation agenda – delivering more new ideas and solutions more quickly – and we're leveraging those across our sport categories, geographies and brands.

ONE BILLION MOMENTS THAT CAPTURE THE PASSION OF SPORT

LeBron James winning his second ring, second Finals MVP award, and becoming the youngest player to win a fourth MVP title. (By the way, rounding out the top five MVP vote getters were Kevin Durant, Carmelo Anthony, Chris Paul and Kobe Bryant: A NIKE/Jordan Brand sweep.) ... Tiger Woods fighting his way back to #1 in the world ... Rory McIlroy doing everything he can to take it back ... Colin Kaepernick going head to head with Joe Flacco in the Super Bowl ... Rafael Nadal at Roland Garros ... Serena Williams at Wimbledon, the U.S. Open, the French Open and winning gold in London ... Li Na on the cover of Time Magazine's 100 Most Influential People in the World.

We also created a lot of special moments ... the neon genius of NIKE Volt footwear on 400 athletes in the London Olympics ... the 40th anniversary of Title IX (which was signed into US law the same week that the NIKE brand debuted at the 1972 Olympic Trials) ... 200,000 young people braving the sweltering Shanghai summer heat to be part of the NIKE+ Festival of Sport ... and 85,000 women training and competing in eleven NIKE She Runs races around the world. These are the events that represent the personal accomplishments of everyday athletes worldwide.



LeBron James

A second ring, the youngest person to win four league MVP awards. Witness.

Because we're successful in our core businesses, we're also able to pull people together and be a partner and a catalyst to create positive change in the world. In FY13 we launched Designed to Move, a movement to bring young people closer to the joys and benefits of physical activity. We reached out to people impacted by devastating events – Hurricane Sandy, Sandy Hook, Boston, Oklahoma, the earthquake in the Sichuan Province. And we continue to bring economic opportunity to adolescent girls through the Girl Effect work of the NIKE Foundation.

ONE AMAZING LEADERSHIP TEAM

Finally, we recently announced strategic management changes for our organization, chief among them the decisions by Charlie Denson and Gary DeStefano to retire from their roles with NIKE. They were instrumental in growing NIKE around the world. Perhaps their most important legacy is the deep bench of enterprise leaders they helped develop, who now help lead the company.

I won't go through all the names here, but many of them are people you already know. Even more important, they know NIKE and they know each other. They bring tremendous passion, energy and chemistry to our future. Some people will be providing leverage and continuity from their existing positions, while others will be assuming new roles.



The NFL Uniform Redesigns

This business is bigger than anyone anticipated, and it opens the door to tremendous opportunity in off-field sportswear.

These changes reflect our successes and our biggest growth opportunities. They represent five very specific – and ongoing - commitments:

1. Accelerate our innovation agenda
2. Elevate design
3. Optimize our category and go-to-market strategies
4. Integrate product creation and merchandising from design all the way through to retail
5. Sharpen our focus on supply chain and manufacturing improvements

We spend a lot of time developing our leadership talent. That's something that never stops. It allows us to adapt and evolve our competitive offense, and that's what you can expect as this team takes NIKE into the future.

Thanks,

A handwritten signature in dark ink, reading "Mark Parker". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Parker

President and Chief Executive Officer
NIKE, Inc.

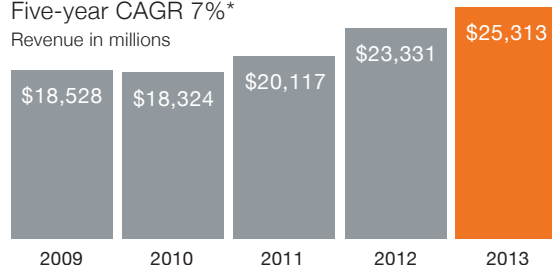
2013 SELECT FINANCIALS

NIKE, Inc. Revenue Performance

Fiscal Years 2009-2013

Five-year CAGR 7%*

Revenue in millions

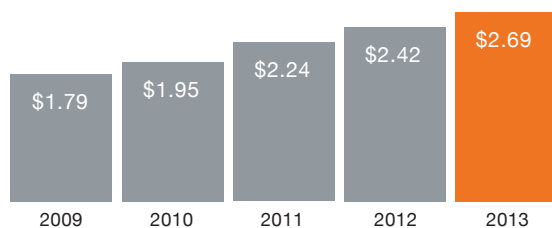


* 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2008 Revenue of \$18,075 million. The revenue amounts presented reflect the results of our continuing operations.

NIKE, Inc. Earnings Per Share Performance*

Fiscal Years 2009-2013

Five-year CAGR 8%**

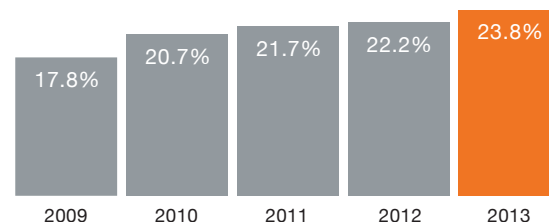


* Diluted EPS amounts presented reflect the results of our continuing operations. These amounts have been restated to reflect our two-for-one stock split on December 24, 2012 and are not directly comparable as they include non-recurring expenses and benefits such as restructuring charges and settlements.

** 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2008 diluted EPS of \$1.85.

NIKE, Inc. Return on Invested Capital*

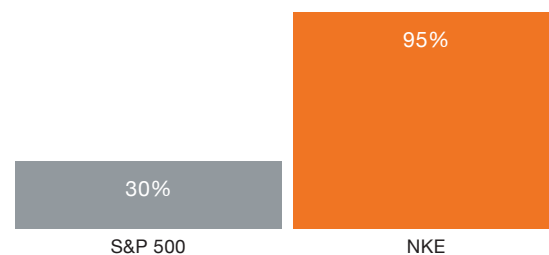
Fiscal Years 2009-2013



* Return on Invested Capital calculation is included in the quarterly earnings section of our investor relations website, <http://investors.nikeinc.com>, as one of our key financial metrics calculations. Please refer to this site for more detail on this calculation.

Five-Year NIKE, Inc. Stock Performance vs. S&P 500*

Fiscal Years 2009-2013



* Performance of the S&P 500 and NIKE stock is calculated by comparing the total returns of each assuming the reinvestment of dividends over the time period of 5/31/2008 to 5/31/2013.