

JULY 1, 2010

TO OUR SHAREHOLDERS,

In the challenging economic environment of the last year we saw opportunity. We chose to rebuild the company to leverage our strengths and pursue our potential. We elevated our category offense, as that keeps us close to consumers. We created six new, strategic geographies to focus our efforts where the passion and culture of sport are strongest. We pushed forward with an aggressive retail agenda in-store and online, knowing that's where people vote on our products. And we doubled our innovation agenda, because that's what we do best. Today NIKE, Inc. is a stronger company than ever before.

- Our revenue at \$19 billion is down 1 percent from last year – but we've never been more profitable. EPS and futures orders are up. Inventories are in great shape.
- Our affiliate brands, Cole Haan, Converse, Hurley, NIKE Golf and Umbro, contributed more than \$2.5 billion in revenue, an increase of 5 percent over last year – that's a record.
- Revenue from direct to consumer – our NIKE-owned stores and online business – increased 12 percent to nearly \$2.5 billion – that's a record.
- Gross margins came in at 46.3 percent for the year – that's a record.
- And we generated \$2.8 billion in free cash flow from operations and now have over \$5 billion in cash and short-term investments on our balance sheet – yes, two more records.



The LunarGlide+ shoe with Dynamic Support reinvents stability and reaffirms NIKE's leadership in running.

But wait, there's more. What the full-year numbers don't show is the tremendous acceleration we generated in the back half of fiscal 2010. In most key markets around the world our business strengthened while our major competitors weakened. That's a trend we intend to accelerate.

Nowhere is this trend more apparent than what we did for World Cup. *Write the Future* is the most creative, complete and integrated campaign we've ever done – our lightest, most sustainable performance product, new traction technology, an online community that numbers in the tens of millions and fully immersive and interactive consumer experiences online and at retail. This helped NIKE generate more excitement and leadership than anybody else in the game.

Another trend we're committed to is sustainability. Few areas of the global economy show as much potential and we've become a leader in this space. In fiscal 2010 we expanded our Considered Design

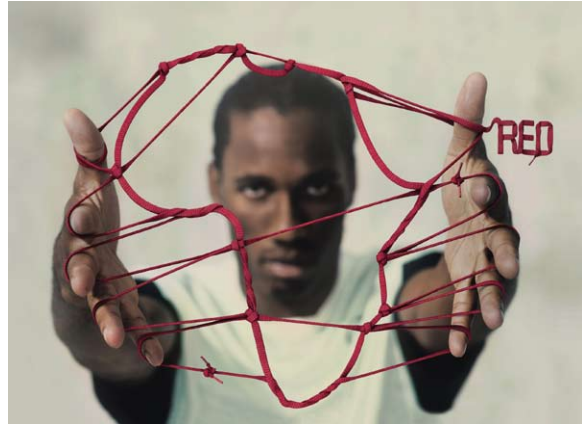
ethos by launching an open-source community for patents and intellectual properties called *The GreenXchange*. The NIKE Foundation expanded *The Girl Effect* – a powerful social and economic collaboration with the NoVo Foundation to combat inter-generational poverty. And we launched *Lace Up, Save Lives* with (RED) and The Global Fund to leverage the power of NIKE, Inc. and global football in the fight against HIV/AIDS in Africa. I firmly believe it is more than a responsibility to invest in the common good; it is an opportunity to become a better company and to create genuine shareholder value.

I know that shareholders are totally focused on our results. But inside NIKE we're equally focused on the reasons for our success. So much of what we achieve is tied to the universal appeal of sports. And we saw some amazing moments for NIKE and fans around the world. As I write this, Kobe just won his second Finals MVP in a row. LeBron did the same for the season. And Dwyane Wade was named the All Star Game MVP. Inter Milan won the Champions League Final. Roger Federer completed his career Grand Slam with win #16. Michelle Wie won her first LPGA event. Manny Pacquiao became the first boxer to win titles at seven different weights. And who can forget Drew Brees and his little boy grinning up at all that confetti? Some things are just magical. And in uncertain times, the magic of sports is even more powerful.

I consider it a privilege to be a part of these moments. They inspire me and everybody else at NIKE. We sell a lot of shoes and clothes, but ultimately we're in the business of human potential. Our job is to bring inspiration and innovation to every athlete in the world. And as our co-founder Bill Bowerman said, if you have a body, you're an athlete. The better we do that, the more successful we become.

And now we move into a new fiscal year. Nobody is out of the woods yet. We're sure to face more challenges as unemployment, input costs, foreign currency and market volatility play themselves out. We can't control the global economy. But as we've demonstrated time and time again, the things we *can* control will continue to serve us just as they did in the last year.

The NIKE brand will always be our greatest competitive advantage. It's the source of our most advanced R&D. It delivers insight and scale and leverage to every NIKE, Inc. brand and business. It's the source of our culture and personality that connect so strongly with consumers around the world. The Nike Brand is a source of instant credibility and opportunity that we never take for granted.



Lace Up Save Lives unites NIKE, (RED), The Global Fund and the world football community in the fight against HIV/AIDS in Africa.



I've made it clear to our leadership team that we will not leave any key growth opportunities untapped. China is a great example. We're the leading force in this incredible market. And we will leverage that position to exceed our current market revenue of \$1.7 billion, and that's just for the NIKE Brand. Action Sports is our fastest growing category, and we have three brands that speak straight to the heart of that consumer – NIKE, Converse and Hurley. And we'll continue to engage and connect with our consumers, through our categories, through the products we create, in the stores they visit and in the communities where they live.



One for the thumb. Kobe wins his fifth NBA Championship ring. Now for the other hand.

More than 30 years ago, when I first started designing NIKE shoes, people would ask me, "What more can you do to a shoe that hasn't already been done?" I don't hear the question as often today. That's the power of innovation. I've never seen more open space to create radical new technologies and break-through concepts...in product but also in retail, communications and manufacturing. It's never really about only *one* shoe or *one* technology. Our potential is the same as the dreams of the young athletes all over the world – infinite.

Mark Parker

President and Chief Executive Officer
NIKE, Inc.



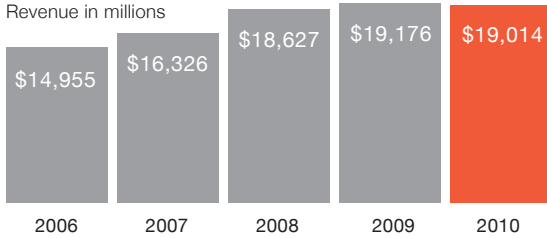
2010 SELECTED FINANCIALS

NIKE, Inc. Revenue Performance

Fiscal Year 2006-2010

5-Year CAGR 7%*

Revenue in millions

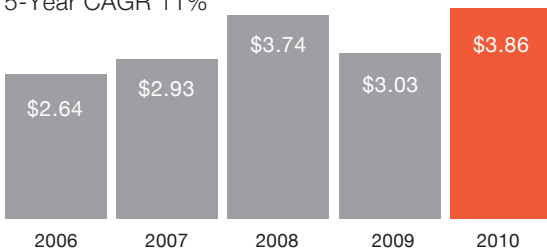


* 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2005 Revenue of \$13,740 million.

NIKE, Inc. Diluted EPS Performance*

Fiscal Year 2006-2010**

5-Year CAGR 11%***



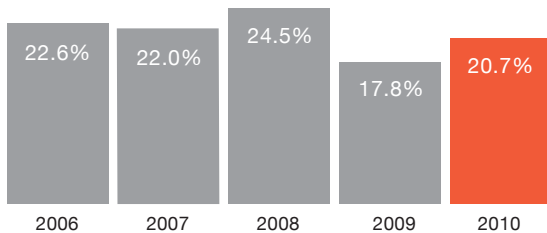
* EPS amounts are not directly comparable as they include non-recurring expenses and benefits such as impairment and restructuring charges, tax settlements and other items. To see comparable annual EPS amounts, please refer to our prior press releases and SEC filings.

** Diluted EPS amounts prior to Fiscal Year 2007 have been restated to reflect the two for one stock split that occurred in April 2007.

*** 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2005 diluted EPS of \$2.24.

NIKE, Inc. Return on Invested Capital*

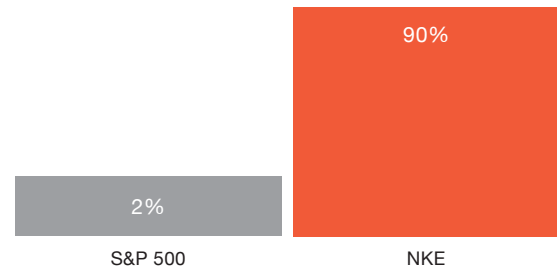
Fiscal Year 2006-2010



* Return on Invested Capital calculation is available in the financials section of our Investor Relations website, www.nikebiz.com/investors.

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

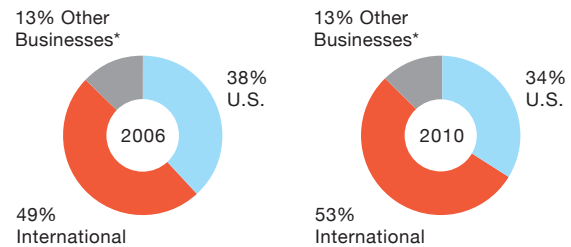
Fiscal Year 2006-2010



* 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 5/31/2005 to 5/28/2010.

NIKE, Inc. Revenue Distribution

Fiscal Year 2006 vs. 2010



* The segment labeled "Other Businesses" for fiscal 2006 represents revenues from Cole Haan, Converse Inc., Exeter Brands Group LLC, Hurley International LLC, Bauer Hockey Inc. and NIKE Golf. Fiscal 2010 includes revenues from Cole Haan, Converse Inc., Hurley International LLC, NIKE Golf and Umbro Ltd. Bauer Hockey Inc. and Exeter Brands Group LLC are not included in Fiscal 2010 as Bauer Hockey and the Starter Brand were sold in Fiscal 2008.



SHAREHOLDER INFORMATION

NIKE, Inc. common stock is listed on the New York Stock Exchange under the trading symbol 'NKE.' Copies of the Company's Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission are available from the Company without charge. To request a copy, please call 800-640-8007 or write to NIKE's Investor Relations Department at:

NIKE World Headquarters
One Bowerman Drive
Beaverton, Oregon 97005-6453

Quarterly dividends on NIKE common stock, when declared by the Board of Directors, are paid on or about July 5, October 5, January 5, and April 5. Additional financial information is available at www.nikebiz.com/investors.

INDEPENDENT ACCOUNTANTS

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Portland, Oregon 97201

REGISTRAR AND STOCK TRANSFER AGENT

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 following address:

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P.O. Box 43078
Providence, RI 02940-3078
800-756-8200
800-952-9245 (Hearing Impaired)
www.computershare.com