

JULY 13, 2011

TO OUR SHAREHOLDERS,

NIKE, Inc. is about innovation. That's the role of a leader. That's how we serve the athlete, reward our shareholders, and continue to lead our industry. And we've done a pretty good job of that. In the last 10 years we more than doubled our revenue. We increased our gross margin more than 5 percentage points and grew diluted EPS at a compounded rate of 15 percent. We nearly tripled our cash flow from operations, paid out over \$3 billion in dividends and repurchased over \$7 billion in stock. In that same time our market cap more than tripled, driving a 17 percent average annual return to shareholders.¹

At the beginning of fiscal 2011, we committed to amplifying our innovation agenda and driving growth at the category, brand and country level. And we did just that:

- NIKE, Inc. Revenue was up 10 percent to a record \$20.9 billion.
- NIKE Brand Revenue was up 10 percent to a record \$18.1 billion.
- Our Other Businesses grew 9 percent to a record \$2.7 billion.
- NIKE Brand futures orders are up 15 percent.
- And Earnings Per Share grew 14 percent, coming in at \$4.39 – also a new record.

The last 12 months also revealed many changes in our world. The global economy continues to recover but as we've seen, it's a slow and volatile recovery. Consumers, particularly youth, face nagging unemployment. Governments are wrestling with high levels of debt. And rising costs for raw materials, energy and labor are sparking inflation in world economies. We're not immune to these factors and expect them to exert pressure on our gross margins in the first half of fiscal 2012.



World Cup 2010

Brazil was one of 9 national teams wearing the lightest most sustainable football kits NIKE has ever created.

¹ Ten year metrics are calculated by comparing fiscal 2011 to fiscal 2001 results. Average annual return to shareholders is based on the aggregate stock appreciation and dividend payments paid on NIKE stock over the time period from 5/31/2001 to 5/31/2011.

But external forces do not control our destiny. We do. We are well resourced and positioned to navigate the global economy, create competitive separation, and deliver profitable growth. The developing markets hold enormous opportunity for NIKE, Inc. Within the next 20 years, as much as 65 percent of the world's population could be middle class – most of that in China, India and Brazil. We're performing very well in these markets, and we're ideally positioned to capitalize on their potential. In our more mature developed markets, the economies are recovering at a slower pace. But the strength of our products and brands should enable us to continue to outgrow the market, as we've consistently done in North America.

The key for NIKE, Inc. in any market is to drive innovation at every level – brand, product, retail, operations, events, and communications. That's at the core of our growth strategy. In May 2010, I stated a goal for NIKE, Inc. to deliver \$27 billion of revenue in fiscal 2015. I'm excited to tell you that we're ahead of schedule, so we're revising that number. When I look at the strengths of our company and the opportunity we have going forward, I believe we can exceed that goal, and reach \$28-30 billion in revenue by fiscal 2015.

Today we have seven distinct, high-energy brands – each with a powerful connection to its consumers. Those connections give us the insights we need to create amazing products and experiences. That's the fundamental cycle that continually drives growth. And while each brand has enormous potential in its own right, the real power of NIKE, Inc. comes from making the overall value of our portfolio greater than the sum of the parts. We define our portfolio as the NIKE, Inc. brands and everything that drives them: our products, retail partners and executions, supply chain, strong balance sheet and very focused management team.

We use the power of our portfolio to manage risk and to attack our biggest growth opportunities. It's the source of our financial capital. It gives us the scale necessary to drive down costs. It enables us to leverage our resources across multiple brands and categories. And it all revolves around one thing: innovation. We innovate to serve the athlete. We innovate to grow the company. And we innovate to inspire the world.

INNOVATE TO SERVE THE ATHLETE.

We deliver amazing products and experiences. This is easy in theory, but tougher in execution. When we launched NIKE Free technology,



U.S. Open of Surfing

Carissa Moore dominated the competition in Huntington Beach to win the biggest purse in women's surfing history.

we knew it would change the industry. But we didn't know that it would be a \$1.5 billion business at retail just three years later.

Within our apparel business, we saw significant growth over the last year. For example, NIKE Pro is now the leading Women's Base Layer brand in the U.S., and on the Men's side we've taken significant market share, and are within 5 points of the lead as of May 2011.

Our Running category is a great example of how we drive growth through the category offense. Last year alone we held 132 runs in 28 countries, increased membership in NIKE+ by 40 percent and launched the hottest digital product with the GPS Sport Watch. The result was a currency-neutral revenue increase of 30 percent in our Running category.

We also saw some amazing sport moments and experiences this past year: World Cup, U.S. Open of Surfing, World Basketball Festival and Champions League to name just a few. Millions of athletes used NIKE digital apps to train, and billions of fans watched our athletes compete around the world.

The appetite for sports is strong and growing, and NIKE is leading the way. We consistently create and commercialize innovative products and experiences that extend our leadership position. In fact, NIKE, Inc. holds more than twice the number of invention patents than our top five competitors combined and I believe we're just getting warmed up. The opportunities to deliver meaningful product innovation have never been greater, and we've never been more excited and better prepared to take advantage of those opportunities.

INNOVATE TO GROW THE COMPANY.

We see huge opportunity to drive growth by executing on our strategy to transform the marketplace. We're on the ground around the world – identifying key markets, connecting with consumers and assessing retail opportunities. We use this knowledge to apply our resources where they make the most difference. In fiscal 2011 we opened more than 100 premium category destinations, like the Field House with Dick's Sporting Goods, House of Hoops with Foot Locker, and the Running Lab with Finish Line.

We are creating similar momentum with our direct-to-consumer business. We opened nine NIKE Brand Experience and Category Experience stores in the U.S. and Europe.



China Logistics Center

NIKE, Inc's state-of-the-art distribution center is one of the largest and most sustainable facilities in China.

Converse opened stores in New York and Boston. And NIKE, Inc. e-commerce was up 25 percent on a currency-neutral basis compared to last year. That's a big increase, but it pales in comparison to the opportunity we have to expand e-commerce across all NIKE, Inc. brands.

We also see tremendous opportunity in evolving our operational capabilities. We continually refine our operations – how we create product, how that product is manufactured, and how we get it into the hands of our retail partners and consumers. We've had some capacity and delivery challenges over the last year. That points to the tremendous demand for our product, and the need to be quicker in delivering it. And we're doing that. We just opened our new China Logistics Center (CLC) and at 120,000 square meters, it's one of the largest distribution centers in Asia. And it's on track to become the first in China to be LEED certified. The CLC will give us a huge advantage in how we handle all NIKE, Inc. products in China.

INNOVATE TO INSPIRE THE WORLD.

I think one of the great lessons of the 21st century is the need for collaboration. Nobody can solve the big challenges or reach the big opportunities of the future alone – not governments, not companies, not activists. We all have to work together. This is especially true in sustainability. I believe that any company doing business today has two simple options: embrace sustainability as a core part of your growth strategy, or eventually stop growing.

Last year we reclaimed 13 million plastic bottles from landfills in Japan and Taiwan and turned those bottles into our lightest high-performance football jerseys ever. We put those jerseys on nine national football teams at the World Cup, and that changed product creation in Football forever.

We're also working with partners to create new ways for young people everywhere to access sports. That makes our youth healthier and the future brighter for all of us. We continue to create great energy and impact with The Girl Effect, the sole focus of the NIKE Foundation. I was in Kenya and Ethiopia earlier this year and saw firsthand the overwhelming impact of inter-generational poverty. I also saw the very real sense of hope and possibility in young girls who are breaking that cycle. It's all part of NIKE's commitment to help build a better world, while we build a better company, and I'm very proud of the progress we're making.



Football Training Center

Kids in Soweto now have access to facilities and coaching, as well as HIV/AIDS testing and education.

As a CEO who came up through the product and design world, I know something about the nature of innovation. It's incredibly valuable, and equally difficult. That's where this company distinguishes itself from all others: innovation. You can look back a year and see NIKE innovation at the World Cup in South Africa and the U.S. Open of Surfing in Huntington Beach, California. Look forward a year and you'll see it in London at the Olympics and the NFL in the U.S. You'll see it in Brazil in 2014 at the World Cup and in 2016 at the next summer Olympics, and you'll see it every day in between.

We're just beginning to tap into some huge, game-changing innovation: digital integration between athletes and technology, one-of-a-kind customization, open source design, and a quantum leap in engineering and manufacturing that closes the loop and opens the door to smarter products and more robust performance. This is the kind of change we're focused on, and we are relentless about innovating to make it happen and reach our full potential.

A handwritten signature in dark ink, reading "Mark Parker" in a cursive style with a long horizontal flourish extending to the right.

Mark Parker,
President and CEO, NIKE, Inc.

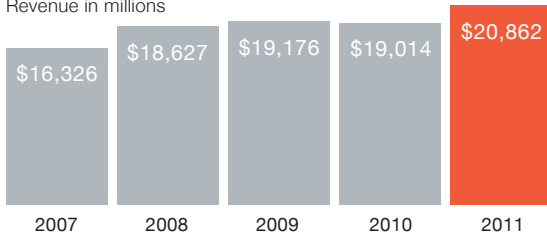
2011 SELECTED FINANCIALS

NIKE, Inc. Revenue Performance

Fiscal Year 2007-2011

Five-year CAGR 7%*

Revenue in millions

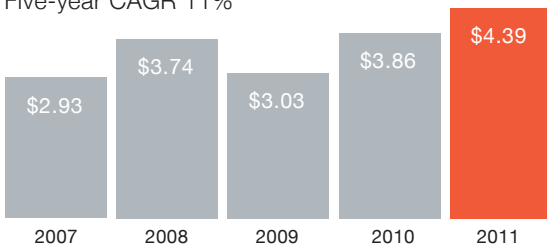


* 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2006 Revenue of \$14,955 million.

NIKE, Inc. Diluted EPS Performance**

Fiscal Years 2007-2011

Five-year CAGR 11%*

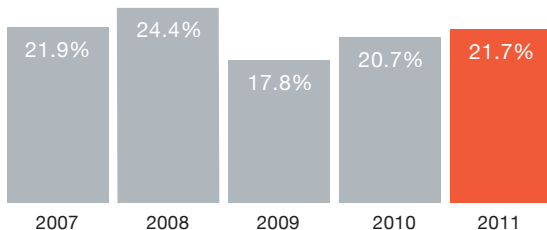


* 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2006 diluted EPS of \$2.64

** 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.

NIKE, Inc. Return on Invested Capital*

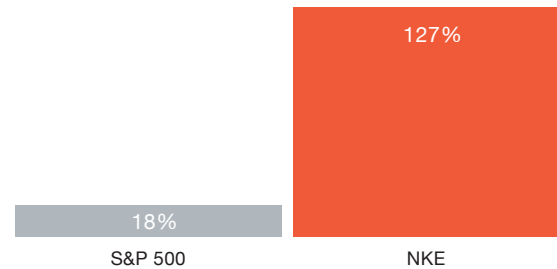
Fiscal Years 2007-2011



* 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*

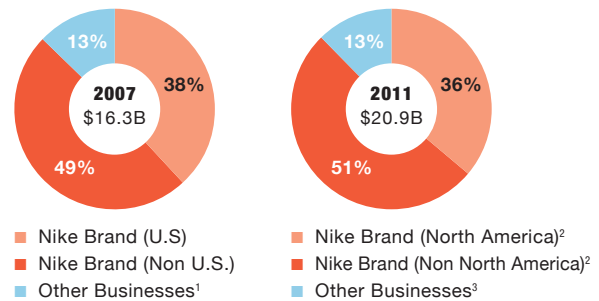
Fiscal Years 2007-2011



* 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 5/31/2006 to 5/28/2011.

NIKE, Inc. Revenue Distribution

Fiscal Years 2007 vs. 2011



¹ Fiscal 2007 Other Businesses includes: Bauer Hockey, Cole Haan, Converse, Exeter, Hurley and NIKE Golf. Bauer and Exeter were sold in fiscal 2008.

² Starting in fiscal 2010 the operating segments of the NIKE Brand were restructured into six geographies (North America, Western Europe, Central/Eastern Europe, Greater China, Japan, and Emerging Markets) from its previous structure of four regions (U.S., EMEA, Asia Pacific and Americas).

³ Fiscal 2011 Other Businesses includes: Cole Haan, Converse, Hurley, NIKE Golf and Umbro. Umbro was acquired 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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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
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800-756-8200
800-952-9245 (Hearing Impaired)
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