NIKE, Inc.
1982 Annual Report

Contents

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

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

Highlights

Selected Financial Data

	1982	1981	1980	1979	1978
Year Ended May 31:	*(in thousands, except per share data)*				
Revenues	$693,582	$457,742	$269,775	$149,830	$ 71,001
Net income	49,036	25,955	12,505	9,723	3,856
% of sales	7.1	5.7	4.6	6.5	5.4
Per common share	2.74	1.52	.77	.58	.22
Increase in working capital	37,483	45,063	16,358	7,915	2,706
At May 31:					
Working capital	$112,170	$ 74,687	$ 29,624	$ 13,266	$ 5,351
Total assets	375,473	230,289	134,615	79,826	38,964
Long-term debt	9,086	8,611	11,268	2,547	1,216
Redeemable Preferred Stock	300	300	300	300	300
Common shareholders' equity	131,960	83,021	28,756	16,281	6,588

Market Prices of Common Shares

The Company's Class B Common Stock began trading on December 2, 1980 in the over-the-counter market under the NASDAQ symbol NIKE. Effective April 1, 1982 the stock qualified to trade as a NASDAQ/National Market System Tier 1 stock.

At year-end there were eighteen security dealers making a market in the stock and there were approximately 3,300 shareholders of record. The high and low bid and asked prices since December 2, 1980 are summarized below:

Quarter Ended	*Bid*		*Asked*	
	High	*Low*	*High*	*Low*
1982				
May 31, 1982	30⅜	24⅞	30½	25¼
February 28, 1982	30¾	27	[illegible]	[illegible]
November 30, 1981	27¾	17¾	28¼	18½
August 31, 1981	25	18½	25¼	19
1981				
May 31, 1981	23	17	23½	17½
February 28, 1981	23¼	17½	24½	18

Quarterly Financial Data

	Quarter Ended			
	May 31	February 28	November 30	August 31
Year Ended May 31, 1982:	*(in thousands, except per share data)*			
Revenues	$205,058	$166,836	$145,090	$176,598
Gross profit	64,031	51,866	48,904	54,896
Net income	12,311	11,052	11,429	14,244
Net income per common share	.69	.62	.64	.80
Year Ended May 31, 1981:				
Revenues	$134,784	$109,905	$109,970	$103,083
Gross profit	37,930	29,553	32,452	29,674
Net income	7,335	5,553	6,521	6,546
Net income per common share	.41	.31	.40	.41

To Our Shareholders:

Fiscal year 1982 marked not only a record year in revenues and profits, but it also marked the conclusion of NIKE's first decade. It has been a good 10 years!

If I had been writing a President's letter in 1972, it might have read:

> *"We have just finished a fine year with sales increasing 60 percent to just less than $2 million and profits growing to a record $60,000. We are enormously excited about marketing our own line, NIKE, even though its consumer acceptance is, to date, unknown."*

What has followed has been a race across the athletic scene. As our first decade closes, we have gone from nowhere to first place in branded athletic shoe sales in the United States and currently market throughout the world. We have an apparel program, which readily complements our shoe line, with revenues for the year just ended 35 times total company revenues a decade earlier.

On June 1, 1972, we had approximately 45 employees. Today we have NIKE employees in nearly 50 locations around the world and while sales have grown 350 times, the number of NIKE employees has grown 80 times to 3,600.

A decade ago we were thrilled to see athletes, any athletes, wearing NIKE shoes. I can still remember shot-putter Dave Davis straining for 60 feet at the 1972 Olympic trials in a pair of NIKE Wet Flytes. Now, wearers of NIKE shoes have won Wimbledon; have been MVPs at the NBA All-Star game, Super Bowl, and World Series; and have won Olympic gold medals, the Boston Marathon, and set every men's distance world record from 800 meters through the marathon.

We are continually asked, "Why has this happened?"

Frequently, I cite "strategic advantages" as the primary reason for our success, but the real reason is much simpler—it's the people at NIKE.

It started with the original 45 who were just plain better than the competition. The people we have added in the ensuing years have been not only talented and hard working, but team oriented and willing to learn.

While we are extremely proud of our American heritage, all of the first NIKE shoes and most of our original debt financing came from Japan. We had the opportunity and, in fact, it was critical to our success, to closely observe large and small Japanese companies and their management styles.

Our own management style became somewhat of a hybrid—a combination of the best we have seen in the two leading industrial countries of the world.

The result has been a company responsive to and capable of change—change in the marketplace, change in methods of production, and change in our own size and relationship to the outside world.

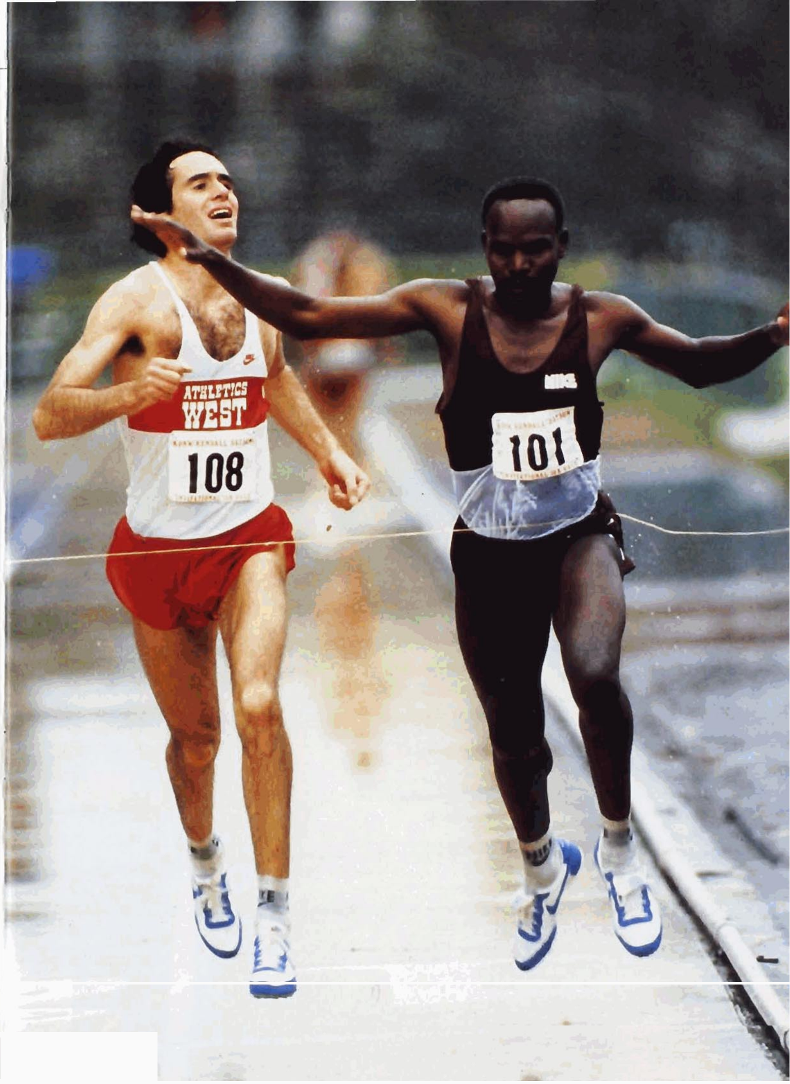
All of this is history and means very little unless it gives some insight into NIKE's future. I think it does.

During the past year, we added 800 employees, began production in Ireland, started construction of a rubber factory to produce shoe components in Malaysia, bought a small shoe factory in England, started or purchased five NIKE distribution operations outside the United States (four in Europe and one in Japan), added to or improved 60 models in our shoe line, doubled the apparel line, and engaged in approximately 100 different projects at our Corporate Technology Center.

I think I speak for most of our 3,600 NIKE employees when I say that we look to the future with great confidence. We have never been as strong, strategically or financially, as we are today. But most important, we have never been as strong in the total capability of NIKE employees.

It is extremely enjoyable and enormously satisfying to look back on the last 10 years. It really has been a decade of victory! But we do not and cannot spend much time in reflection. We are busy and our most exciting decade lies ahead.

Philip H. Knight
President



A Decade of Victory

At the 1972 United States Olympic Track and Field Trials in Eugene, Oregon, four of America's top marathoners laced on running shoes emblazoned with a unique, new Swoosh design. They were to become the first in a long line of world class athletes to wear NIKE shoes.

Sales in the ensuing year totaled slightly more than $3 million. In 1982, NIKE revenues reached $694 million. Today, our 154 basic models of shoes are manufactured in 11 countries and sold in more than 40 countries. NIKE shoes can be seen on virtually every sand-lot, playground, court, and playing field in America and we are aggressively expanding our market across Europe, Asia, and Latin America.

Those initial running shoes have been joined by high performance athletic shoes [illegible] light-sportswear.

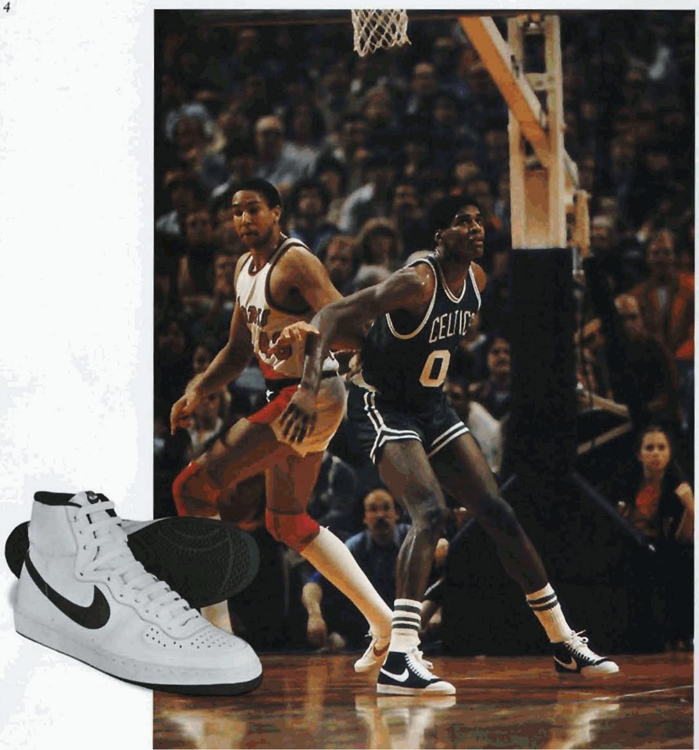
Recognizing our growth, *Forbes* magazine, in its 34th Annual Report on American Industry, placed NIKE, Inc. at the top of its "Who's Where in Profitability" list, based on return on equity and return on capital.

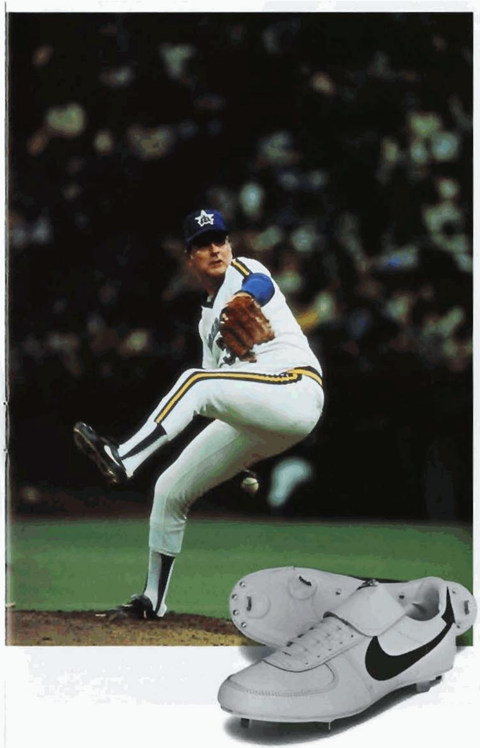
Time magazine recognized NIKE's growth record by singling out founder and president Phil Knight as one of America's leading entrepreneurs.

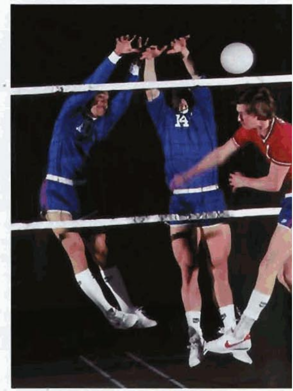
We believe this continued expansion reflects the success of a sound set of management principles. NIKE's philosophy has been to ensure quality production through economical sources of supply, stressing continued innovation and aggressive marketing.

Top athletes [illegible] aiding performance while providing protection against injury. It has been our experience that a correlation exists between consumer demand for NIKE athletic shoes and an awareness that top athletes compete in them. Many of the features developed for these world class performers are incorporated into NIKE shoes at various price levels.

In 1982, we spent approximately $5.7 million on product research, development and evaluation [illegible] Exeter, New Hampshire, [illegible]







July 1982, all of NIKE's Exeter manufacturing was transferred to a recently purchased 302,000 square foot factory. The existing 87,000 square foot building is now totally devoted to product research, development, and evaluation. NIKE's Exeter Sport Research Laboratory is already recognized as one of the most extensive of its kind in the world.

The Exeter Corporate Technology Center houses an Advanced Concepts Department, a Chemistry and Materials Research Department, the Sport Research Laboratory, and a Product Development Department. The coordination between each of the departments leads to new and advanced NIKE products.

The Advanced Concepts Department studies NIKE's potential use of new and advanced materials resulting from scientific discovery. The department's research engineers also study ideas and concepts submitted to NIKE by inventors, designers, and medical professionals.

The Chemistry and Materials Research Department tests the characteristics and durability of material for use in footwear including, but not limited to, leather, synthetic upper materials, sockliners, fabrics, adhesives, and midsole and outsole compounds.

At the Sport Research Laboratory, research scientists analyze the relationship between various shoe designs and performance athletic shoe characteristics such as flexibility, cushioning, rearfoot and forefoot control, and energy economy. These investigations are accomplished through applied biomechanics, exercise physiology, and functional anatomy research. The lab also analyzes and quantifies the feedback from athletes who participate at all levels in extensive field tests of NIKE prototypes for performance and durability.

It is in the Product Development Department that the new NIKE shoes for various sports are born. Applying the data, information, and testing results received from the other departments, final prototypes are designed and prepared for production. The department is assisted by a Design Concepts and Engineering Committee, a group of medical and other specialists from fields related to athletic shoe design.

NIKE management is totally committed to translating prototypes developed through product research and development into quality products manufactured on a consistent basis. Once prototypes are standardized and committed to volume production, NIKE personnel supervise quality control inspections at each production source throughout the world to ensure that high production standards are met.

In 1982, approximately 95 percent of NIKE shoes were manufactured on a contract basis by 25 foreign suppliers located in Korea, Taiwan, Japan, Hong Kong, Malaysia, Thailand, the Philippines, England, and China. The balance was manufactured by NIKE-owned plants in the northeastern United States, Ireland, and England.

In October, production commenced at our factory in Navan, Ireland, which by the end of the year was producing approximately 20,000 pairs of technologically advanced shoes per month for distribution principally in Common Market countries. The Navan facility was joined at the end of 1982 by a NIKE factory in Yorkshire, England, which is producing high quality soccer shoes.

New NIKE contract manufacturing facilities were established in The People's Republic of China. NIKE was among the first major American companies to obtain production from facilities in China, where several factories are now producing limited numbers of athletic shoes to our specifications.

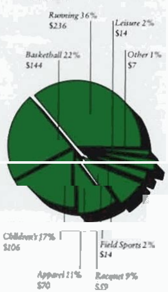
NIKE International Ltd., a wholly owned subsidiary, completed its first year as our principal marketing arm for sales of NIKE products outside the United States. Foreign revenues reached $43 million compared with $26 million last year.

During 1982, NIKE International began the distribution, marketing, and sale of NIKE products in the United Kingdom, France, and Sweden, with distribution in Germany commencing this summer. These countries were previously served by independent distributors.

We currently have agreements to sell NIKE products in 49 nations. In 42 countries we are represented by independent distributors, including 18 added since last year.

Eleven of our distributors are also licensees, authorized to manufacture and sell NIKE products. All licensing agreements provide for NIKE's approval of product lines and on-site quality control inspections.

United States Sales by Category
in Millions



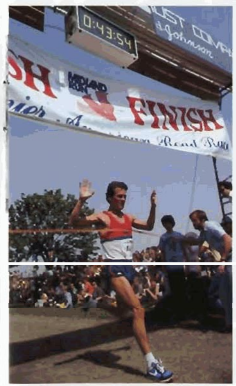
Last year, NIKE International expanded its European marketing and promotions office in Amsterdam, The Netherlands, and opened an office in San Juan, Puerto Rico, to serve Latin America. An office will be opened in Hong Kong this fall to serve Asian distributors outside of Japan.

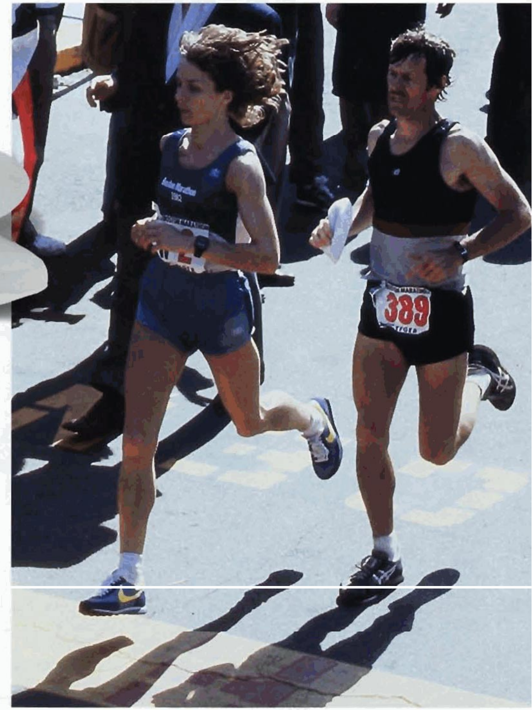
Our most notable marketing success outside the United States occurred in Japan, where sales of NIKE Japan Corporation (a 51 percent owned subsidiary), which became operational late in the year, reached $11 million. We anticipate a continuing strong demand for NIKE products in the Japanese marketplace.

We are pleased with the progress we have made throughout the world during the past year and believe we have built a solid foundation for NIKE production and sales in the years to come.

In 1982, domestic footwear sales increased 45 percent to $580 million and accounted for 84 percent of total revenues. Nearly 40 million pairs of NIKE shoes were sold to approximately 9,500 retail accounts throughout the United States.

Sixty-four percent of our domestic footwear sales were ordered as part of the NIKE "futures" program under which customers ordering five or six months in advance





are guaranteed a delivery date and specific price. These advance ordering programs allow us to adjust production schedules by accurately projecting market trends.

NIKE's continuing growth led to the establishment of a central United States distribution and sales center in a 325,000 square foot building constructed for the company in Memphis, Tennessee. It will complement existing centers in New Hampshire and Oregon and will more efficiently service NIKE's retail accounts located in the midwestern and southern United States.

When stocked this summer, the Memphis warehouse will house up to six million pairs of athletic shoes. A second phase, which will distribute NIKE apparel, is planned for early 1983, nearly doubling apparel distribution capacity. The increased apparel distribution capacity is needed to handle the continuing growth in NIKE apparel sales.

At the opening of NIKE's second decade, market estimates place the number of Americans engaging in active physical exercise at 100 million. Worldwide participation exceeds that figure several fold, with evidence of increased physical fitness awareness just now emerging. Although most NIKE shoes and apparel are designed for a specific sport, a large percentage are worn for all-purpose active use or casual purposes. Against such a background, NIKE believes that 1982 was a year in which a firm foundation was laid for the next decade.

Shoes

Running Shoes

From early morning training runs to the New York and Boston marathons, from small town high school dual meets to the elite track and field stadiums of Europe, 1982 was a banner year for athletes wearing NIKE shoes as well as for the scientists, medical specialists, and design technicians who created them.

Revenues from running shoe sales in the United States increased 58 percent from $149 million in 1981 to $236 million, on sales of 31 different models (nine of which were new or technically improved) and 15 track and field shoes (two of which were new).

Living up to our reputation as an innovative leader in the athletic shoe business, NIKE introduced the new Terra T/C, a combination training and competition shoe, featuring PHYLON midsole material. This shoe is revolutionary in that it provides superior, long lasting cushioning in a shoe that is only slightly heavier than the lightest racing shoes in the world.

In light of the approach of the Los Angeles Olympic Games, we were especially pleased by the performances registered by the men and women of Athletics West, the NIKE sponsored Olympic development program.

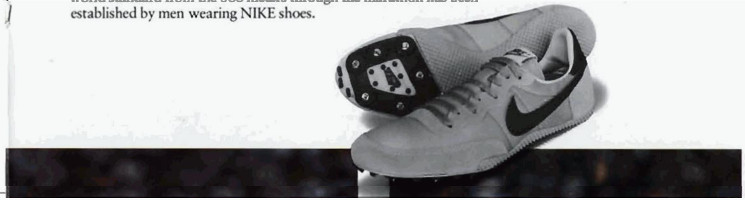
Alberto Salazar, a member of Athletics West, thrilled America with his stirring, world record victory in the New York Marathon followed by his win in the Boston Marathon, remarkable in that it occurred just nine days after he ran the fourth fastest 10,000 meters in history. Athletics West athletes set five world and 11 American records, and 10 athletes captured national track and field championships. Given these results, NIKE believes that Athletics West competitors will be highly competitive members of the 1984 Olympic team.

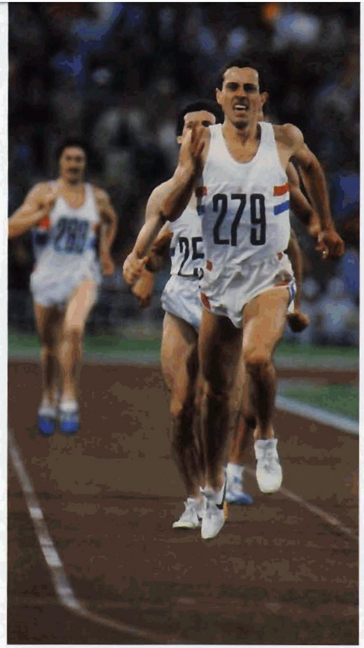
The summer of 1981 was highlighted by an amazing series of new world records in the mile run. The world watched as the mile record was first broken by Sebastian Coe, then Steve Ovett, and then Coe again. The millions who watched or read about the races in magazines and newspapers saw that not only Mr. Coe and Mr. Ovett, but most of the other top milers in those record assaults had laced up their NIKE shoes before the sound of the starter's gun.

In the 5,000 meters, 1981 world records by Henry Rono and Anne Audain were broken in 1982 by Dave Moorcroft and Mary Decker Tabb, who later added the women's mile record. All were competing in NIKE shoes.

The summer of 1981 was also the time when sports fans took notice of Carl Lewis, a young sprinter and long jumper from the University of Houston. Not since Jessie Owens has one man dominated those two events as Carl Lewis did, recording both the fastest 100 meters and longest long jump ever registered without the aid of trailing wind or high altitude. Not only was Mr. Lewis running and jumping in NIKE shoes, he has been working with our scientists and technicians at the NIKE Sport Research Laboratory to develop a highly advanced jumping shoe.

Alberto Salazar's world marathon record completed a unique sweep, as every world standard from the 800 meters through the marathon has been established by men wearing NIKE shoes.





Even though NIKE's involvement with world class athletes is impressive, we take great pride in our involvement with the broad base of the sport from age group through Masters runners. During the past year we sponsored or assisted in nearly 1,000 roadraces, track and field events, and walking events in communities across the United States.

At the grass roots level, NIKE instituted a unique, back-to-the-basics program that has placed 10 technical representatives in running centers across the country. In addition to providing technical support to dealers selling high performance NIKE shoes, these representatives conduct clinics for local high schools and running clubs, as well as representing NIKE at local events.

With our growth has come added corporate community responsibility. NIKE has become a leading sponsor of the national Special Olympics for handicapped athletes. During a six-month period last year, we provided more than a quarter million pairs of shoes to Special Olympians.

Court Shoes

For NIKE court shoes, 1982 was a satisfying year both on the playing courts and drawing boards.

Revenues from court shoe sales in the United States rose 23 percent, from $165 million to $203 million, on sales of 39 athletic shoe models, 16 of which were new or significantly improved.

After four years of extensive research and development, NIKE completed initial testing of an advanced NIKE-Air basketball shoe, using both college and professional athletes.

If initial research proves conclusive, this shoe, the Air Force I, with its patented NIKE-Air midsole unit, will be the first basketball shoe to offer a significant improvement in both human energy efficiency and injury prevention. NIKE believes the Air Force I, which should be available to consumers in the fall of 1982, is a revolutionary development in footwear available to the serious basketball player.

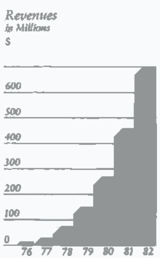
With our more traditional high quality basketball shoes, NIKE had an impressive year in 1982. Two teams among the NCAA championship "final four" wore NIKE brand shoes, joining more than half of the players in the National Basketball Association, including Moses Malone, the league's MVP, George Gervin, scoring leader, and more than half of the NBA All-Stars.

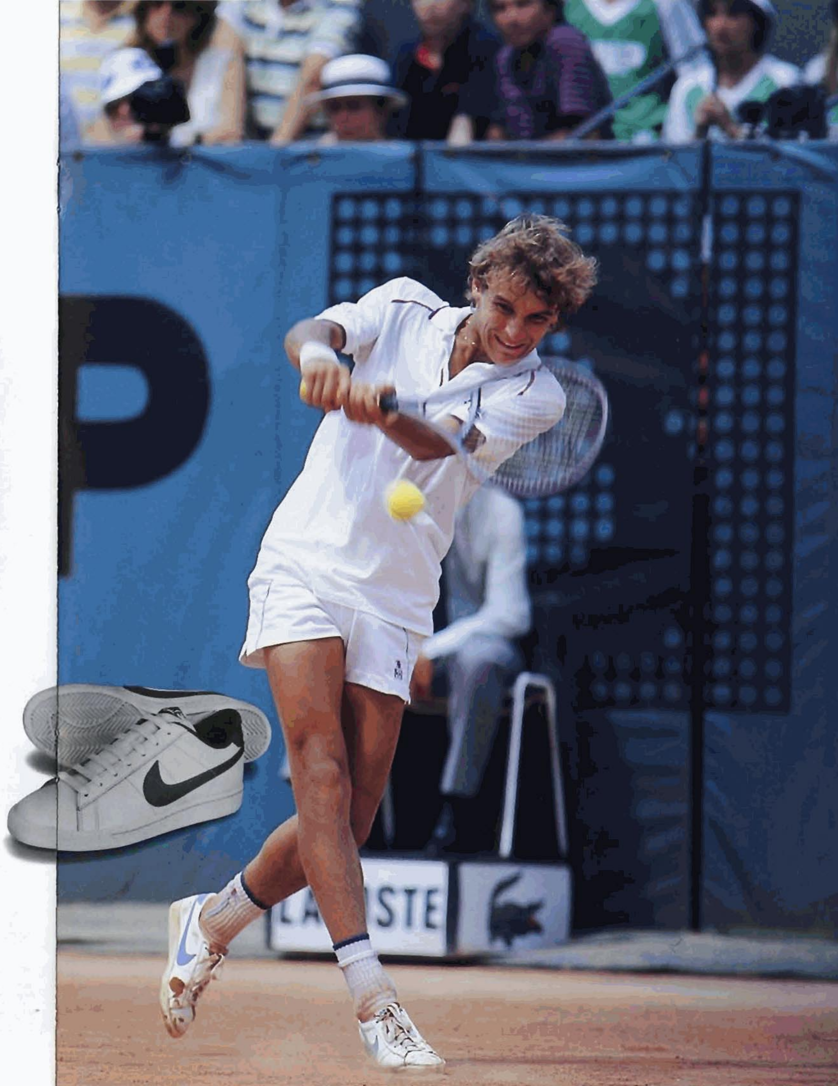
Throughout the year, NIKE product development technicians directed their efforts toward model by model improvements in the tennis line. The new shoes, to be introduced this fall, will offer greater comfort, durability, and cushioning. Although tennis shoe sales remained at approximately 1981 levels, initial dealer response to the improved line has been favorable.

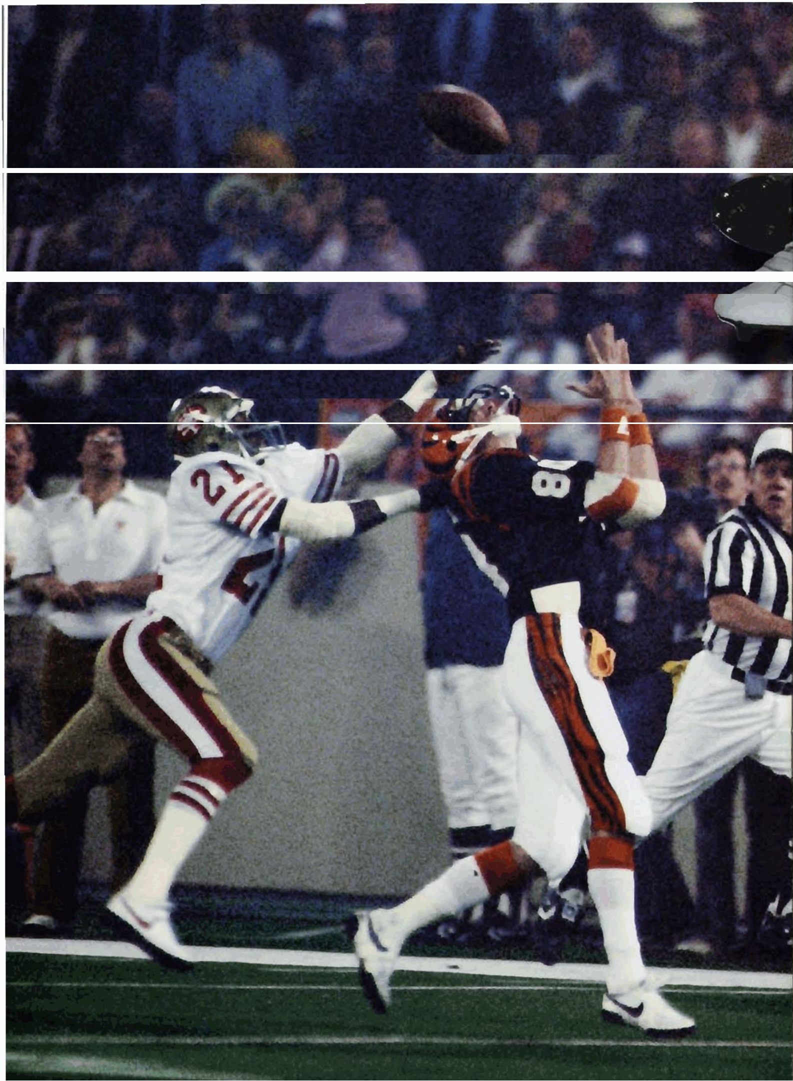
The undisputed name in tennis news throughout the past year was John McEnroe, number-one ranked and winner of Wimbledon and the U.S. Open in 1981. Again, when the United States won the Davis Cup competition, it was John McEnroe and his doubles partner, Peter Fleming, who led the way, both wearing NIKE tennis shoes.

NIKE aided the blossoming women's pro tennis circuit by sponsoring a 10 event, developmental circuit that provided aspiring professionals and talented amateurs with an opportunity to gain pro-circuit experience.

NIKE's racquetball program was spearheaded by the development of a new three-quarter, high topped racquetball shoe to be marketed later this summer. On the courts, number-one pro rankings for both men and women belonged to athletes sporting NIKE shoes.







Cleated Shoes

During 1982, sales of NIKE cleated shoes in the United States rose by 56 percent, from $9 million to $14 million. We improved or introduced more than half of our line of 33 models, including eight of 13 soccer shoes.

When NIKE decided to design and market football shoes, the company had little experience in cleated shoes. The solution? NIKE brought athletic trainers and equipment managers from more than a dozen of the perennial collegiate football powers to the Exeter research center in the summer of 1980 to aid in the design of the new football shoes. These were people who knew more about football shoes and related injuries than anyone in the country. For several days they reviewed the positive and negative features of what was then available on the market and brainstormed improvements and innovations. The NIKE football line, which was introduced this year, grew out of those Exeter sessions, extensive work by NIKE research and development personnel, and the testing of prototypes by athletes.

Last fall, seven of the top 10 teams in the final collegiate football rankings were teams whose players were predominantly wearing NIKE shoes. It became commonplace to see NIKE cleats on teams in national and regional games throughout the season and in the bowl games. In professional football, nearly one-half of the players selected for the NFL Pro Bowl, including record smashing Dan Fouts, quarterback of the San Diego Chargers, wore NIKE football shoes.

Although baseball may not be as vast an overall market as football, the results of NIKE's promotions efforts in this sport were no less impressive. Pro baseball players playing in NIKE shoes included Nolan Ryan, who pitched a record breaking fifth no-hitter, and Gaylord Perry, the 43-year-old "Ancient Mariner," who became the twelfth man in baseball history to win 300 games.

For the first time in history, three players were named as the most valuable player in a World Series: L.A. Dodgers Ron Cey, Pedro Guerrero, and Steve Yeager. All three wear NIKE cleats. They were joined by regular season MVPs Mike Schmidt and Rollie Fingers, who also won the American League Cy Young Award.

On the soccer fields, the most important development for NIKE came with the introduction of a new line of shoes designed for players in the mid range and upper range of playing skills. These shoes offer a significant improvement over past NIKE soccer shoes in both durability and technical excellence. They are being produced primarily at NIKE's newly acquired factory in Yorkshire, England, where an extensive soccer research program is being implemented.

Concurrently, NIKE signed a contract to supply shoes to Aston Villa, English champion and winner of the European Cup Championships.

In the United States, noted professional soccer players wearing NIKE shoes include Steve Zungul, who is recognized as the world's leading indoor soccer player; Julie Veee, the North American Soccer League's indoor MVP; and Joe Morrone, NASL Rookie of the Year.

Other Shoes

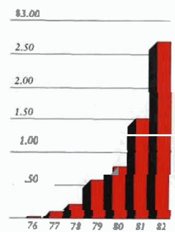
Revenues from the sale of children's shoes in the United States increased 65 percent to $106 million compared to $64 million last year, while revenues from the sale of leisure shoes rose 73 percent to $14 million.

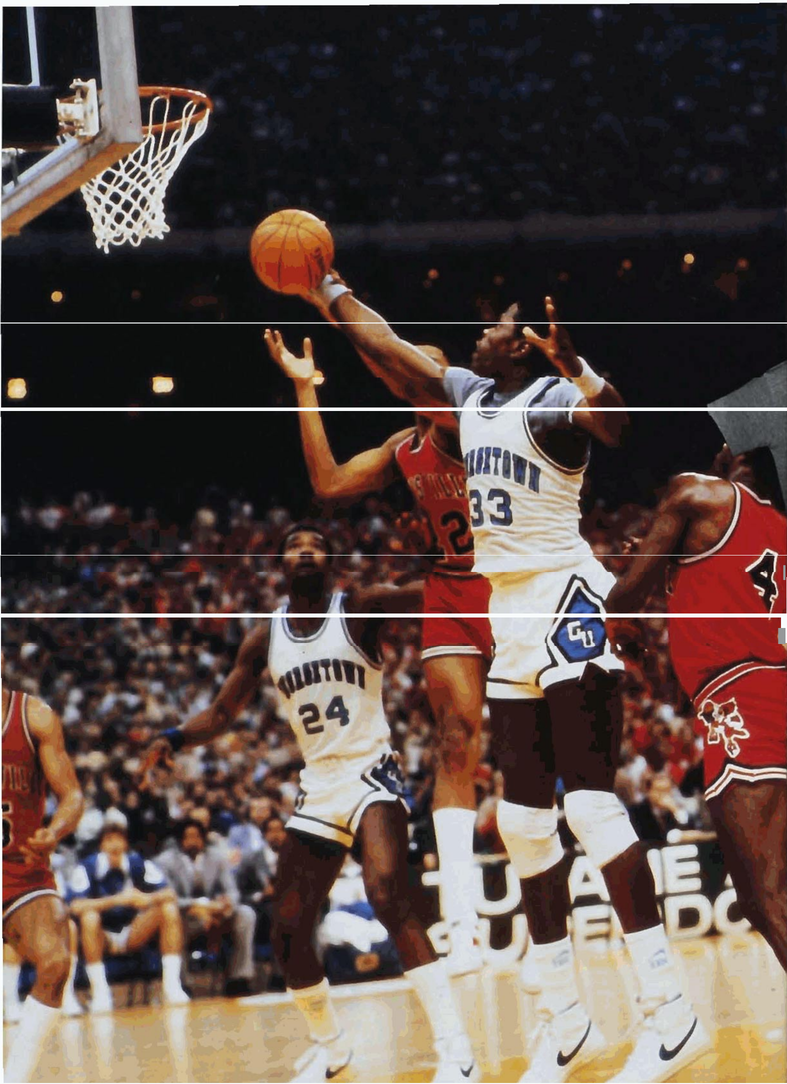
The line of 20 children's shoes features several new models including, for the first time, shoes especially designed for the unique requirements of infants' feet.

The Tyro and Lil Nipper models are new athletic style shoes designed to accommodate an infant's developing foot with features including flexible midsoles to aid young walkers and a lacing system that opens wide to aid in putting on the shoes. The Derby shoe includes these features with the addition of a Velcro or similar hook and loop closure system allowing young children the freedom to put on their own shoes.

New shoes for children will feature special shapes that ensure an anatomically correct fit for a child's developing feet.

Net Income per Common Share





In 1982, NIKE introduced shoes specifically designed for casual wear. Most significant was the development of the Air-Leisure series featuring five models built upon a version of the patented NIKE-Air midsole unit that has been successfully used in running and basketball shoes.

Laboratory tests show that NIKE-Air midsole units, which were the result of six years of research prior to their 1978 introduction in running shoes, reduce fatigue and absorb shock, while offering superior comfort and durability. Thus, NIKE's Air-Leisure shoes should offer a positive alternative for those who spend many hours every day walking or standing.

NIKE's new line of ultra-light hiking boots received gratifying recognition during 1982. They were the subject of several positive reviews in outdoor magazines and were used by a number of expeditions in the United States and across the world, including the approach before the assault on the unconquered north face of Mount Everest, the world's highest peak.

Apparel

During 1982, NIKE became a force in the active sportswear market with apparel revenues climbing to $70 million from $33 million last year.

We believe the increase in revenues was the result of an increase in the availability of the NIKE line to both retailers and consumers; a broadening of the scope of the line itself; improvements in the quality and design of the sportswear; and, finally, the prestige attached to the NIKE name.

In 1981, orders for NIKE apparel exceeded our ability to fill them. During 1982, we made significant improvements in both production sources and distribution capabilities. The number of contract factories increased from approximately 25 to 35, and a new apparel distribution center was opened in Beaverton, Oregon. Next winter, an additional 300,000 square foot apparel distribution center will be opened at NIKE's Memphis, Tennessee, facility.

To better serve active sportswear accounts, approximately half of NIKE's 27 sales representative groups added personnel to specialize in apparel.

To meet demand, NIKE expanded production sources in Hong Kong and Taiwan, bringing production in the Far East to approximately 20 percent of total production, with the balance being manufactured to NIKE specifications in the United States.

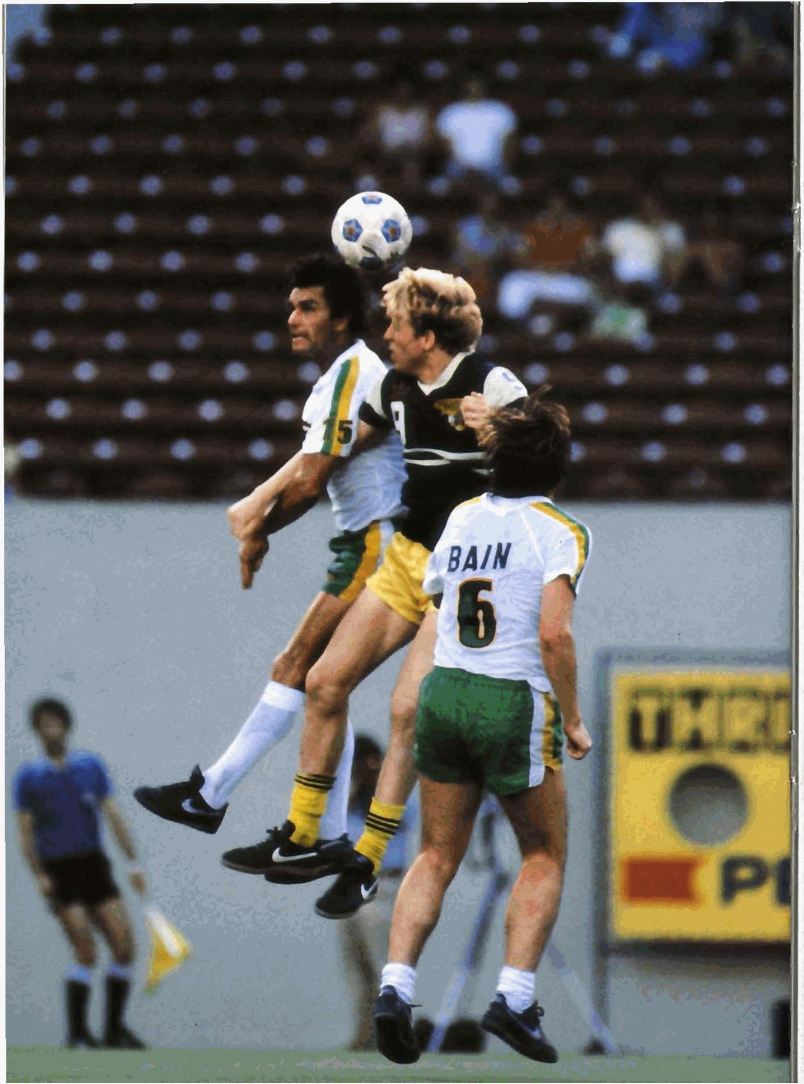
In apparel, as with NIKE shoes, we are placing on-site technical representatives at factories that manufacture NIKE sportswear under contract to ensure that the finished product conforms to NIKE quality standards.

Also, as is the NIKE tradition with athletic shoes, we have assembled a staff of product development technicians to design apparel that is both attractive and functionally sound, using state-of-the-art materials. Innovative design during 1982 included NIKE's Running Lites, the lightest running shorts on the market; our unique Trophi rain suit, designed and engineered to keep foul weather out while venting excess perspiration; and Underunners, our polypropylene and cotton running thermals for comfort in cold weather.

To aid in market forecasting, NIKE successfully instituted a limited "advanced booking" program in which a dealer places an order six months in advance of delivery to obtain a more secure delivery date and guaranteed wholesale price. This program is similar to one that has been used successfully with NIKE shoe retailers, allowing us to accurately schedule production requirements to reflect projected market demand.

Although NIKE apparel may have its roots in running, 1982 saw a line including more than 200 items ranging from tennis shorts to rugby shirts.

We expect to expand the apparel line in the years ahead, and we believe that NIKE apparel will account for an increasing percentage of total revenues.



Management Discussion and Analysis

Operating Results

Revenues from the sale of NIKE products in fiscal 1982 were $693,582,000 compared to $457,742,000 in 1981 and $269,775,000 in 1980, as set forth below:

	Year Ended May 31,		
	1982	*1981*	*1980*
		(in thousands)	
Domestic footwear	$580,304	$398,852	$245,100
Domestic apparel	70,311	33,108	8,100
Foreign	42,967	25,782	16,575
	$693,582	$457,742	$269,775

Increases in domestic sales of footwear and apparel in 1982 resulted from increased acceptance of the Company's products. Increases were achieved in all lines of domestic footwear with the increases ranging from 21% in court shoes to 73% in leisure shoes. A portion of the gain in foreign revenue was related to direct distribution by NIKE in Japan and certain major markets in Europe [illegible] were made

Net income rose 89% to $49 million in fiscal 1982 compared to an increase of 108% in 1981. The 1982 increase is related to higher revenues (52% increase) and improved gross margins (31.7% compared to 28.3% in 1981). Selling and administrative expenses for 1982 increased to 13.7% of revenues compared to 13.3% in 1981. The increase was attributable to increased spending on the development of foreign operations. Even though borrowings increased substantially and interest rates increased slightly in 1982, interest expense as a percent of revenues declined due to the significantly higher revenues compared to a year ago.

The 108% increase in 1981 net income was attributable to higher sales volume, improved margins and economies of scale in warehousing and administrative expenses, partially offset by higher interest costs.

"Futures" orders booked for domestic delivery from June through October, 1982 are approximately 44% higher than such orders in the comparable period in 1981.

Liquidity and Capital Resources

Current assets increased $132,467,000 in 1982 compared to an increase of $89,129,000 in 1981. Inventories at May 31, 1982 aggregated $202,817,000, up $82,588,000 over 1981 levels. The 1982 increase, comprised primarily of high-volume, in line shoes and apparel, was attributable to expanded product lines; an additional distribution facility; acceptance of products shipped early by suppliers; and an intentional build-up to cover anticipated higher volume in fiscal 1983.

Inventory turns for 1982 were 2.9 compared to 3.7 in 1981 and 4.2 in 1980. The Company believes the higher inventory levels are desirable in light of anticipated higher [illegible] by the 44% increase in "Futures" orders

Capital expenditures for 1982 aggregated $18,228,000, compared to $9,914,000 in 1981 and $6,784,000 in 1980. The 1982 capital expenditures and the increase in current assets were financed by an increase of [illegible] funds provided by operations [illegible] borrow-

NIKE's current ratio for 1982 was 1.48 to 1, compared to 1.54 to 1 in 1981 and 1.31 in 1980. The debt to equity ratio at May 31, 1982 and May 31, 1981 was 1.8 to 1 compared to 3.6 to 1 in 1980.

Increased working capital requirements and projected capital expenditures of $20,000,000 for 1983 will be financed by funds generated by operations and increases in short term borrowings which are presently being negotiated.

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 [illegible] 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 directors who are not employees 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 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

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 changes in financial position and of shareholders' equity present fairly the financial position of NIKE, Inc. and its subsidiaries at May 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended May 31, 1982, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Portland, Oregon
July 19, 1982

NIKE, Inc.
Consolidated Statement of Income

Year Ended May 31,

	1982	1981	1980
	(in thousands, except per share data)		
Revenues	$693,582	$457,742	$269,775
Costs and expenses:			
Cost of sales	473,885	328,133	196,683
Selling and administrative	94,919	60,953	39,810
Interest (Notes 4 and 5)	24,538	17,859	9,144
Other expense	435	92	107
	593,777	407,037	245,744
Income before provision for income taxes and minority interest	99,805	50,705	24,031
Provision for income taxes (Note 6)	50,589	24,750	11,526
Income before minority interest	49,216	25,955	12,505
Minority interest	180	—	—
Net income	$ 49,036	$ 25,955	$ 12,505
Net income per common share (Note 1)	$2.74	$1.52	$.77
Average number of common and common equivalent shares			

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc.
Consolidated Balance Sheet

May 31,

Assets

	1982	1981
	(in thousands)	
Current Assets:		
Cash	$ 4,913	$ 1,792
Accounts receivable, less allowance for doubtful accounts of $3,877 and $2,573, respectively (Note 4)	130,438	87,236
Inventories (Notes 1, 2 and 4)	202,817	120,229
Deferred income taxes (Note 6)	2,145	1,300
Prepaid expenses	5,198	2,487
Total current assets	345,511	213,044
Property, plant and equipment (Note 3)	41,407	23,845
Less accumulated depreciation	12,485	7,673
	28,922	16,172
Other assets	1,040	1,073
	$375,473	$230,289

Liabilities and Shareholders' Equity

	1982	1981
Current Liabilities:		
Current portion of long-term debt (Note 5)	$ 3,936	$ 6,620
Notes payable to banks (Note 4)	112,673	61,190
Accounts payable (Note 4)	74,064	42,492
Accrued liabilities	22,894	15,401
Income taxes payable	19,774	12,654
Total current liabilities	233,341	138,357
Long-term debt (Note 5)	9,086	8,611
Commitments and contingencies (Note 10)	—	—
Minority interest in consolidated subsidiary	786	—
Redeemable Preferred Stock (Note 7)	300	300
Shareholders' equity (Note 8):		
Common Stock at stated value		
Class A convertible—11,976 and 13,930 shares outstanding	166	194
Class B—5,555 and 3,601 outstanding	1,414	1,386
Capital in excess of stated value	27,020	27,020
Unrealized translation gain (loss)	(67)	—
Retained earnings	103,427	54,421
	131,960	83,021
	$375,473	$230,289

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc.
Consolidated Statement of Changes in Financial Position

Year Ended May 31,

	1982	1981	1980
		(in thousands)	
Financial resources were provided by:			
Net income	$49,036	$25,955	$12,505
Add income charges not affecting working capital—			
Depreciation	5,135	3,774	2,177
Minority interest	180		
Other	194	131	63
Working capital provided by operations	54,545	29,860	14,745
Net proceeds from sale of Class B Common Stock in December 1980	—	27,8[illegible]	—
Proceeds from exercise of stock options	—	450	—
Additions to long-term debt	4,477	4,392	12,697
Disposal of property, plant and equipment	343	134	63
Minority shareholder contribution	648	—	—
	60,013	62,726	27,505
Financial resources were used for:			
Additions to property, plant and equipment	18,228	9,914	6,784
Long-term debt becoming current	4,002	7,049	3,976
Additions to other assets	161	670	357
Unrealized loss from translation of statements of foreign operations, including minority interest	109	—	—
Dividends on redeemable Preferred Stock	30	30	30
	22,530	17,663	11,147
Increase in working capital	$37,483	$45,063	$16,358

Analysis of Changes in Working Capital

	1982	1981	1980
Increase (decrease) in current assets:			
Cash	$ 3,121	$ (35)	$ 75
Accounts receivable	43,202	23,375	30,857
Inventories	82,588	64,288	17,453
Deferred income taxes	845	1,165	135
Prepaid expenses	2,711	336	1,431
	132,467	89,129	49,951
Increase (decrease) in current liabilities:			
Current portion of long-term debt	(2,684)	2,753	3,411
Bank acceptances payable	—	—	(5,001)
Notes payable to banks	51,483	24,690	19,250
Accounts payable	31,572	5,560	16,653
Accrued liabilities	7,493	5,102	(1,508)
Income taxes payable	7,120	5,961	788
	94,984	44,066	33,593
Increase in working capital	$37,483	$45,063	$16,358

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc.
Consolidated Statement of Shareholders' Equity

	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	Unrealized Translation Gain (Loss)	Retained Earnings	Total
	(in thousands)							
Balance at May 31, 1979	538	$189			$ 71		$16,021	$16,281
Net income—year ended May 31, 1980							12,505	12,505
Dividends on redeemable Preferred Stock							(30)	(30)
Balance at May 31, 1980	538	189			71		28,496	28,756
Recapitalization and 30-for-1 stock split	15,602	—						—
Stock options exercised	36	36			414			450
Conversion to Class B Common Stock	(2,246)	(31)	2,246	$ 31				—
Sale of Class B Common Stock in a public offering in December 1980 (net of issuance costs of $433)			1,355	1,355	26,535			27,890
Net income—year ended May 31, 1981							25,955	25,955
Dividends on redeemable Preferred Stock							(30)	(30)
Balance at May 31, 1981	13,930	194	3,601	1,386	27,020		54,421	83,021
Conversion to Class B Common Stock	(1,954)	(28)	1,954	28				—
Loss on translation of statements of foreign operations						$ (67)		(67)
Net income—year ended May 31, 1982							49,036	49,036
Dividends on redeemable Preferred Stock							(30)	(30)
Balance at May 31, 1982	11,976	$166	5,555	$1,414	$27,020	$ (67)	$103,427	$131,960

*Prior to the recapitalization in November 1980 (Note 8), the Class A Common Stock was designated Common Stock.

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc.
Notes to Consolidated Financial Statements

Note 1—Operations and significant accounting policies:

The Company develops and markets athletic footwear and apparel. These products are distributed directly to retailers in the United States, Japan and major European markets. The products are also distributed in other markets through independent distributors and licensees. The major portion of the Company's products are manufactured for the Company by foreign contractors and imported through Nissho Iwai American Corporation (NIAC).

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.

Recognition of revenues

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

Inventory valuation

Inventories are recorded at the lower of cost, last-in first-out (LIFO), or market. The excess of replacement cost over LIFO cost approximated $7,900,000 at May 31, 1982 and $8,300,000 at May 31, 1981.

Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs are charged against income and renewals and betterments are capitalized. The cost and related accumulated depreciation of property, plant and equipment sold or otherwise disposed of are eliminated from the accounts and the resulting gains or losses are reflected in income. Depreciation for financial reporting purposes is determined on a straight-line basis for buildings and leasehold improvements and on the double declining balance basis for machinery and equipment.

Income taxes

Deferred income taxes are recognized for timing differences between income for financial reporting purposes and taxable income. Investment tax credits are recognized in the year the related assets are placed in service.

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 period retroactively adjusted for a 30-for-1 stock split effective November 1980 (Note 8).

Note 2—Inventories:

Inventories, by major classification, were as follows:

	May 31, 1982	May 31, 1981
	(in thousands)	
Finished goods	$191,239	$109,718
Raw materials	6,044	5,177
Work-in-process	5,534	5,334
	$202,817	$120,229

Note 3—Property, plant and equipment:

Property, plant and equipment were comprised of the following:

	May 31, 1982	May 31, 1981
	(in thousands)	
Land	$ 1,864	$ 1,245
Buildings	6,558	1,660
Machinery and equipment	30,628	19,054
Leasehold improvements	2,357	1,886
	41,407	23,845
Less accumulated depreciation	12,485	7,673
	$28,922	$16,172

Included with machinery and equipment are capital equipment leases of $9,004,000 and $8,720,000 at May 31, 1982 and 1981. Amortization of capital equipment leases aggregated $4,547,000 and $3,032,000 at May 31, 1982 and 1981 and is included with accumulated depreciation.

Note 4—Short-term borrowings:

Notes payable to banks, interest-bearing accounts [illegible] payable to NIAC and related unused lines of credit are summarized below:

	Banks: Domestic Operations	Banks: Foreign Operations	NIAC
	(in thousands)		
At May 31, 1982:			
Total borrowings	\$103,000	\$ 9,673	\$52,406
Interest rate	16¼%	14⅞%	16¾%
Unused credit line	\$ 7,000	\$ 3,234	\$57,594
At May 31, 1981:			
Total borrowings	\$ 61,000	\$ 190	\$36,529
Interest rate	21½%	21½%	19¼%
Unused credit line	\$ 9,000	\$ 210	\$33,471

Effective September 11, 1981, the Company entered into a \$110 million domestic revolving credit agreement with a group of five commercial banks. The agreement provides for borrowings at the prime rate plus ½% (reduced from prime plus 1%). The Company has the option of borrowing up to \$60 million of the \$110 million at interest rates based upon spreads above the banks' marginal cost of funds. The agreement requires the payment of a commitment fee of ½% on the unused line of credit. Borrowings under the line of credit were secured by accounts receivable and inventories until April 15, 1982, at which time the agreement was amended to provide for all borrowings on an unsecured basis. The line of credit agreement is renegotiated annually and, among other things, requires the maintenance of specified minimum net worth and financial ratios and limits the amount of expenditures for property, plant and equipment.

The Company has outstanding unsecured loans at interest rates at various spreads above the bank's cost of funds, for financing foreign operations.

In accordance with a September, 1980 agreement, accounts payable to NIAC are generally due 115 days after shipment from the foreign port. Interest on such accounts payable accrues at a bank's prime rate as of the beginning of the month of the invoice date, plus ¼% (reduced from 1¼% at May 31, 1981). Effective June 10, 1982, the interest rate was reduced to ½% below a bank's prime rate. Accounts payable to NIAC were secured by certain accounts receivable and inventories until April 15, 1982, at which time the September, 1980 agreement was amended to provide for borrowings on an unsecured basis.

Note 5—Long-term debt:

Long-term debt is composed of the following:

	May 31, 1982	May 31, 1981
	(in thousands)	
7% unsecured note payable to the U.S. Department of the Treasury for customs duties in 24 equal monthly instalments through September 1982	\$ 1,667	\$ 6,442
8.4%-14% capital equipment lease obligations, payable in instalments through 1988	6,267	7,227
13% Industrial Development Revenue Bond for the state of New Hampshire, secured by certain land and buildings, due in semi-annual instalments through January 1992	2,730	—
Other	2,358	1,562
	13,022	15,231
Less portion due within one year	3,936	6,620
	[illegible]	[illegible]

The note payable to the U.S. Department of the Treasury resulted from a settlement of duties on a revised appraisement method for certain athletic footwear imported prior to October 2, 1979. Duties on such footwear imported subsequent to that date have been determined on the revised appraisement method and paid on a current basis.

Amounts of long-term debt repayable during the five years following May 31, 1982 are summarized as follows:

	Long-Term Debt Excluding Capital Lease Obligations	Capital Lease Obligations: Minimum Lease Payments	Capital Lease Obligations: Amount Representing Interest	Total
	(in thousands)			
1983	\$2,537	\$2,131	\$ (732)	\$3,936
1984	682	2,073	(556)	2,199
1985	630	1,854	(331)	2,153
1986	668	1,422	(142)	1,948
1987	391	523	(24)	890
Later years	1,847	53	(4)	1,896
	\$6,755	\$8,056	\$(1,789)	\$13,022

Note 6—Income taxes:

The provisions for income taxes include the following:

	Year Ended May 31, 1982	1981	1980
	(in thousands)		
Current:			
Federal	\$43,492	\$22,077	\$ 9,793
State	7,942	3,838	1,868
	51,434	25,915	11,661
Deferred:			
Federal	(739)	(1,009)	(114)
State	(106)	(156)	(21)
	(845)	(1,165)	(135)
Total provision	\$50,589	\$24,750	\$11,526

Income tax expense was reduced by investment tax credits of \$845,000, \$603,000 and \$469,000 for the years ended May 31, 1982, 1981 and 1980, respectively.

The sources and amounts of deferred income taxes were as follows:

	Year Ended May 31, 1982	1981	1980
	(in thousands)		
Inventory write-down to market	\$(1,065)	\$ 327	\$(645)
Customs duties	35	(1,303)	698
Others, net	185	(189)	(188)
	\$ (845)	\$(1,165)	\$(135)

The effective income tax rate differs from the statutory federal income tax rate as follows:

	Year Ended May 31, 1982	1981	1980
Federal tax provision at statutory rate	46.0%	46.0%	46.0%
State income taxes, net of federal benefit	4.2	3.9	4.1
Investment tax credit	(.8)	(1.2)	(2.0)
Other, net	1.3	.1	(.1)
	50.7%	48.8%	48.0%

Note 7—Redeemable Preferred Stock:

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, 1982. 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 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 sale or assignment of the NIKE trademark for athletic shoes sold in the United States.

Note 8–Common Stock:

In November 1980 a recapitalization was completed in which 20,000,000 shares of Class A Common Stock no par value and 30,000,000 shares of Class B Common Stock no par value were authorized. Each share of Common Stock outstanding prior to the recapitalization became 30 shares of Class A Common Stock, a 30-for-1 split. Each share of Class A Common Stock is convertible into one share of Class B Common Stock and 11,976,000 shares of Class B Common Stock are reserved at May 31, 1982 for such conversion. Voting rights of Class B Common Stock are limited in certain circumstances with respect to the election of directors.

In October 1980 the shareholders approved the adoption of the Company's Employee Incentive Compensation Plan (Option Plan) under which 840,000 shares of the Company's Common Stock are reserved for issuance. Under the terms of the Option Plan, options granted must not be at a price less than the fair market value of the Class B Common Stock at the date of grant and can be issued in either Class A or Class B Common Stock. Options for 60,000 shares were granted at prices from $20.25 to $22.00 during the year ended May 31, 1981 of which options for 13,500 are exercisable at May 31, 1982. There has been no other activity under the option plan.

The Option Plan is administered by a committee of the Board of Directors which has the authority to determine optionees, the number of shares to be covered by each option, the dates upon which each option is exercisable, the method of payment and certain other terms. The Option Plan has a stock appreciation feature which gives the committee authority to allow a specified holder to surrender his option in exchange for (1) the cash value of the difference between the option price and the fair market value of the common stock subject to option at the date of surrender, (2) the number of shares having such cash value or (3) a combination of the above. The Option Plan expires in 1990.

In October 1980 the Company amended compensation agreements with three non-employee directors to provide these directors with the right to purchase up to 360,000 shares of the Company's Class A Common Stock at $.83 per share (after the 30-for-1 split). The estimated fair market value of these shares at the date granted was $12.50 per share aggregating $4,500,000. The rights to purchase 10% of the shares vested in October 1980, an additional 40% will vest in October 1984 and an additional 10% will vest in October of each of the years 1985 through 1989 as long as the directors serve in an advisory and consultative capacity during that period and meet other specified conditions. The three directors exercised their rights to purchase 36,000 shares as of October 1980. All purchase rights must be exercised by October 1994. The Company will recognize compensation expense of $4,200,000 over the nine-year vesting period.

Note 9–Profit sharing plan:

Effective June 1, 1977, the Company established 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. The board authorized contributions of $1,750,000, $1,020,000, and $750,000 to the plan for the years ended May 31, 1982, 1981 and 1980, respectively.

Note 10–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, 1982. Rent expense aggregated $6,009,000, $3,929,000 and $2,768,000 for the years ended May 31, 1982, 1981 and 1980. The following is a schedule of minimum future rentals on noncancellable operating leases as of May 31, 1982 (in thousands).

Years Ending May 31,	
1983	$ 6,932
1984	6,676
1985	4,778
1986	3,937
1987	3,421
Later years	26,924
Total minimum future rentals	$52,668

In April, 1979, an apparel company filed a complaint against the Company alleging breach of a licensing agreement, restraint of trade and false representations. Plaintiff seeks damages of $2,000,000, an award trebling such damages, and punitive damages of $2,000,000. In October 1980, a competitor filed a counterclaim to a proceeding brought by the Company alleging that the Company has attempted to monopolize the running shoe market and that the alleged acts of monopolization constitute unfair trade practices and wrongful conduct with respect to the competitor. In October 1981, the competitor commenced proceedings under Chapter 11 of the Bankruptcy Code, and a Creditors' Committee was formed. The Committee has chosen to continue to pursue the competitor's counterclaim against the Company for injunctive relief and $10,000,000 in damages, to be trebled under the antitrust laws. The Company believes that the above-described claims are without merit and will not result in a material loss to the Company.

Supplementary Information to Disclose the Effects of Changing Prices *(unaudited)*

In accordance with the Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices," the Company presents the following information. The objective of the FASB rule is to measure the estimated effects of inflation. Historical dollar amounts as reported in the primary financial statements have been adjusted to show the effects of (1) general inflation (constant dollar), and (2) changes in specific prices (current costs). Because the Company values its inventories at the lower of cost, last-in first-out (LIFO), or market, which results in recognition of current cost of goods in cost of sales and since total property, plant and equipment are a relatively minor portion of total assets, the effects of inflation on the Company as measured under the standards presented by FASB Statement No. 33 are not significant. Also, because of the experimental nature of the required disclosures, management has not concluded that this information accurately represents the true impact inflation has on the Company.

The constant dollar information was derived by applying the Consumer Price Index in current year average dollars to the related historical costs. The current cost information was derived by applying published government and private indexes to the related historical costs in current year average dollars. The depreciation and amortization amounts under both the constant dollar and current cost methods were computed by applying the appropriate indexes against the historical amounts. The provision for income taxes under both methods has not been changed because the FASB 33 adjustments are not tax deductible.

Consolidated Statement of Operations Adjusted for the Effects of Changing Prices (in thousands)

	Year Ended May 31, 1982		
		Adjusted for	
	As Reported	Constant Dollars	Current Cost
Revenues	$693,582	$693,582	$693,582
Cost of sales*	470,574	470,574	470,574
Depreciation	5,135	5,731	5,669
Selling and administration*	93,095	93,095	93,095
Interest	24,538	24,538	24,538
Other expense	435	435	435
	593,777	594,373	594,311
Income before provision for taxes and minority interest	99,805	99,209	99,271
Provision for income taxes	50,589	50,589	50,589
Income before minority interest	49,216	48,620	48,682
Minority interest	180	180	180
Net income	$ 49,036	$ 48,440	$ 48,502
Unrealized gain from decline in purchasing power of net amounts owed		$ 4,990	$ 4,990

The increase in inventories and property, plant and equipment resulting from general inflation of $11,896 offset a decrease in the specific prices of such assets of $11,169. At May 31, 1982, the current cost of inventories was $210,717 and the current cost of property, plant and equipment, net of accumulated depreciation and amortization was $31,889. Corresponding historical cost amounts were $202,817 for inventories and $28,922 for property, plant and equipment.

*Exclusive of depreciation.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for the Effects of Changing Prices

	Year Ended May 31				
	1982	1981	1980	1979	1978
	(in thousands, except per share and CPI data)				
Revenues:					
As reported	$693,582	$457,742	$269,775	$149,830	$ 71,001
Constant dollars	693,582	498,272	328,774	206,375	106,711
Constant dollar information:					
Net income	48,440				
Net income per common share	2.71				
Net assets at year-end	151,494				
Current cost information:					
Net income	48,502				
Net income per common share	2.71				
Net assets at year-end	137,081				
Decrease in current cost of inventories and property, plant and equipment, net of inflation	11,169				
Other information:					
Purchasing power gain on net monetary items	4,990				
Market price per common share at year-end as reported	29⅞	22¾	*	*	*
Average consumer price index	280.3	257.5	230.0	203.5	186.5

**Prior to December 2, 1980, the Company was privately owned and no market prices were available.*

Shareholders' Information

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Corporate Office

3900 S.W. Murray Blvd.
Beaverton, Oregon 97005
(503) 641-6453

Annual Meeting

10 a.m., September 20, 1982
Greenwood Inn
10700 S.W. Allen Blvd.
Beaverton, Oregon 97005

Registrar and Transfer Agent

Seattle-First National Bank
1001 Fourth Avenue
P.O. Box 24186
Seattle, Washington 98124

Co-Registrar and Co-Transfer Agent

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Independent Accountants

Price Waterhouse
101 S.W. Main Street—Suite 1700
Portland, Oregon 97204

Form 10-K

A copy of the Company's 10-K filed with the Securities and Exchange Commission is available without charge to any shareholder. Requests should be sent to the attention of Director of Shareholder Relations at the Corporate Office.

NIKE

NIKE, Inc.
3900 S.W. Murray Blvd.
Beaverton, Oregon 97005