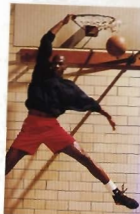




NIKE INC., 1991



ANNUAL REPORT



In September of 1990 I drove through what used to be the Berlin Wall and three miles past it to the largest sporting goods store in East Germany. There, hanging from the seventh floor, were the two banners you see in the picture to the right. They displayed a familiar slogan from the West—as relevant to this people's hard-won freedom as to the sale of sporting goods.

It was a personal thrill and once again proved that Freedom is one of a mere handful of international languages. Another is Sports and Fitness, the foundation on which we have built our \$3 billion business.

Around the world, people of all cultures are increasing their participation in fitness activities. All are motivated by the common desire for athletic and personal excellence. This report is intended to be a celebration of that common human emotion, depicted so graphically by the accompanying photographs.

At NIKE, we are also committed to excellence. Fiscal 1991 was another record year for our company, as you will see when you read the financial pages in this annual report. But as proud as we are of our performance in 1991, the real story is our emphasis on the future.

Your management has chosen to build a good company—not because it is easy, but because it is hard. Building a good company is as much an art or sport as it is business.

NIKE—a simple sneaker company to many newspaper readers—is transforming into an international consumer products company. Companies attacking international markets generally will take one of two approaches: (1) lay a solid infrastructure and build off of it forever, or (2) cream it without regard to the long term. Obviously, we have chosen the first approach.

Specifically, over the past decade, we have built an international management team of more than 1500 people. In Western Europe we own the distribution rights over 90% of our sales. NIKE has hired more than 1000 people in the last 12 months, mostly dictated by our desire to service and support our international growth. What those 1000 new employees will accomplish for the Company and its shareholders is, I believe, entirely predictable:

Shortly after the middle of the decade, NIKE will be a bigger company outside the United States than inside. Given the speed and power of global communications, there will no longer be a different brand leading the market in each hemisphere. There will be one world leader in sports and fitness. You can easily guess which brand gets my vote.

Building a strong international organization to prepare for this bright future was not done without overcoming many obstacles, nor are we close to having overcome them all. There have been many surprises, some with a very special flavor. For example:

In January, Anand Panyarachun, the extraordinarily capable president of the largest NIKE factory in Thailand, resigned. It was a big loss, but he had good reason: He was named Prime Minister by the King.

NIKE VP Neal Lauridsen scheduled an Asian office move with painstaking detail, but forgot to include the local, customary goat sacrifice in the budget. (Planning, Neal, planning.)

Sergey Bubka of the Soviet Union, a land which has spent the last 70 years under communism, gets a bonus from us every time he lifts his NIKE shoes to a new world record in the pole vault. He has taken the record up one-quarter inch seven times so far this year. So much for the theory it will take a long time for the Russian people to understand capitalism.

Shoemakers in Italy keep the crocodile skins in the vault and leave the lira out on the workbenches.

Cobras occasionally find their way into the rubber rooms in Malaysian factories and disrupt the workers, affecting the mix time of outsole components.



With more than a decade of this type of activity, the good news is we have lots of experience; the bad news is it's beginning to seem normal.

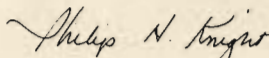
The payoff from overcoming all these challenges can be seen in our 1991 international growth of 80% to \$862 million in revenues. We are at last, after many sometimes comical fits and starts, after 10 years of hard work, a serious threat not only in Europe, but in Asia as well.

Through it all, the people at NIKE have continued to demonstrate great dedication and personal sacrifice. More examples of this came recently when we decided to move our European headquarters from Germany to Amsterdam, The Netherlands. Bertrand Galliocher, formerly General Manager of NIKE France, has been named VP Operations for Europe. Through Bertrand the city's life I learned to love Paris, the city of his birth. His passion for its beauty, majesty and history brought the city to eyes for me, a simple Oregonian. His accepting the position in Amsterdam meant a move of self and family away from his beloved Paris. He exchanged a deep passion for a greater one.

No less sacrifice has been made by the three other vice presidents who will complete the European management team: Dave Edwards, Managing Director, from Portland, Oregon; Anders Hanson, VP Sales, from Stockholm, the city of the long summer nights; John de la Forest, VP Marketing, from his beloved Geordieland in the United Kingdom. They've all gone off to Amsterdam to climb the Matterhorn. (Bad geography: Great attitude.)

We have come a long way from a tiny operation in my mother's laundry room. But we have not come as far as we have yet to go. Our evolution into an international consumer products company will continue from this solid foundation.

Outside operations may take a while to catch up to the reality. But we will, over the coming years, continue to make the annual report a meaningful way for you, our shareholders, to see and feel and share our vision for the future. In so doing, we hope you'll stay with us for the rest of the journey.



Philip H. Knight

Chairman of the Board
and Chief Executive Officer

株主の皆様へ

1990年9月、私はもともとペルリンの壁があったところを通り過ぎ、そこから車で3マイルほど離れた東ドイツ最大のスポーツ用品店を訪れました。その建物の7階には2つの黒い扉がかかっていたのですが「10ページの写真集を開き、西側では見慣れたこのスローガンも、スポーツ用品の宣伝も全く見えない。人々が自由のために戦った旗と目標の象徴のように思えたのです。これに一人の無名な女性を見た瞬間は、「自由」という言葉が、数少ない万国共通の言葉であることを再確認させるを得ませんでした。この他の例に、「スポーツとイベント」が挙げられますが、当社の30個の国によるビジネスはこの基盤の上に構築されています。

文化を問わず、今や世界中の人々がフィットネスと運動に参加し始めています。その目的はたがごとく「優れた運動習慣と健康美の達成にあるわけですが、この無言のうちに、人類共通のような熱意を再確認するのを目的に作成されたものです。ここに載せられた業績写真はまさにこれを象徴するにあつたものとしたいと思います。

ナイキは、優秀な目標設定と最大の努力を注ぎました。この年度報告書の特長表からも明らかのように、1991年営業年度の業績は再度、史上最高を記録しています。しかし、1991年の業績を誇りにすることも重要ですが、当社の真の目的は世界の再興にあるべきです。

よりよい企業の建設。これが当社のマネジメントが掲げた目標です。そうする方が早くではなく、至善の境にたどり着くための道です。この道には、芸術やスポーツの世界同様、ビジネスの世界にもあてはまることです。

多くの人がかつて平凡な運送業の会社に過ぎなかったナイキも、今や、国際的な企業へと変身しつつあります。海外市場への進出を促したという方法が考えられます。一つは、別国に社内機構をまず置き、それを基盤に長期的成長を計る方法です。他方は、長期的成長を促したがる企業は海外市場を先取りし、社内顧客の方法を漸次拡大したかみ次第で、勢を伸ばし、当社は、過去10年間に1,500名を拡大し国際的なマネジメントチームを育成してきました。ヨーロッパでは、販売力の80%以上が当社所有の販路網による売上占められています。さらに当社の海外成長を支援するため、過去1年間に当社が採用した従業員は1,000名を超えています。これは当社員が、当社がもたらした偉大な功績をもちたすかほ言うに及びません。

1980年代中期になると、ナイキの国際事業部門は国内を上回る規模に成長しました。今日のグローバル・コミュニケーションのスピードとパワーを加速すると、世界市場で異なるブランドが主要市場を握るという現象はやがて過去の現象と同じになります。それに伴って、世界のスポーツウェアブランドをリードする一つのブランドが作られることになるのです。このブランドがわれわれ自身であるべきだと思えます。

こうした明るい将来に対応できる強力な国際組織の構築は一度でもし得るものではありません。これまで、数多くの重要な業績を上げたのは勿論のこと、そうした開発が何回も試みられているわけでもありません。過去、数多くの失敗やワウツクが有りましたが、その中でも、弊社はコアな例をここに挙げておきます。

1月、タイ最大のナイキ工場は社長と副社長、マネージャーが辞任、その極めて有能な人材を失ったことは、当社にとって最大の損失であったのですが、辞任の計画は実行されずじまいでした。を言うのも、タイ国王が彼を国務院に任命したからで、辞任の計画は詳細に立てたものの、地元で慣習的に執行された。

それを副社長とローリー・ドーンはアジア事務所の取締役を詳細に立てたものの、地元で慣習的に執行された。その山脈のいかにえの儀式を予習に頼みおろしたというミスがありました(何事も計画、計画...)。

70年になつて再審主義が支配したソビエト出身のセルゲイ・アブを選手は、神楽舞がドナ・クレウ・シユエを地上高く持ち上げ、世界記録を更新するたびに当社から賞金を受領。その回数も今年は、世界記録を4分の1インチずつ更新して何と7回。ソ連人は資本主義を理解させるのに時間がかかると思ったのはこの誰がたののでしょうか。

オアリーの個人はワニを金庫にしまい、代わりに作業場にワニを飼っているとか、ソビエト工場では、今でも時給がワニの作業場に決し、作業員による職能のミックス作業に支障をきたしているそうです。

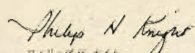
10年以上はわたって、こうした出来事があったらならぬ。それは、よく言えば、貴重な経験を積むがごとく、悪く言えば、何事も日常茶飯事に化したことといえます。

これらのチャレンジを乗り越えた成果は、1991年の成長率80%、収益も僅か300万ドルという国際部門の現在の業績に明白に現れています。再び美しい話のような緊急事態に陥って、その後10年間に費やされた多大な努力は、当社の存在をヨーロッパばかりでなくアジアにおいても最大の脅威といわれるまでに牽引したのです。

これを克服したには、ナイキの人々の功労と自身の努力にはなりません。これが私に示されたのは、当社がヨーロッパ市場で成功するために必要な人々とチームを築く必要があったことでした。ナイキ・フランスの元取締役、マネージャーであったバートランド・ダウソンがヨーロッパ市場で成功するために必要な人々とチームを築く必要があったことでした。彼の生れ故郷に彼を私の故郷とするようになったのは幾分おかげで、彼の功績を賞する熱気が、オレゴン生まれの選手が毎にバリの美と尊敬そして歴史を築いてくれたのです。その彼が一家揃ってアムステルダム行きを承諾してくれたのは、彼がそれ以上の情熱を当社に傾けていたからといえます。

ヨーロッパのマネジメント・チーム構築に当たって、これに劣らない献身を示してくれた副社長は他に3名います。オレゴン州ポートランド出身のマネージャー、ダグ・エドワーズ、デュー・エドワーズ、自費で買取られたストックホルム出身のセールスマン兼副社長アムステルダム・ハンズ、そして、数あるイギリス人の中で唯一のマネージャー兼副社長ジョン・マクフォレスト、彼らは、アムステルダムでマネージャーに似た性格で数回を繰り返したのです。

私の功績の築き上げに始まって、今日まで長い道のりを歩んでまいりました。とはいえず、この道のりが終わるわけでもありません。当社が引継ぎ国際的な企業を築くには、この堅固な基盤をもっと今後より強い努力を重ねていかなければなりません。これを果たするのに多少の時間がかかるのはやむを得ませんが、当社の年度報告書を株主の皆様にとって意味のあるものとし、当社の未来のビジョンを皆様自身の目で確かめ、心で感じ、共に分かち合っていくために、私ども一同、今後とも努力を惜しまない所存です。今後とも皆様のご支援を賜りますよう心からお願い申し上げます。



Philip H. Knight
フィリップ H. ナイク

会長兼最高経営責任者

À L'ATTENTION DE NOS ACTIONNAIRES

En septembre 1990, je traversais en voiture ce qui avait été le Mur de Berlin et, cinq kilomètres plus loin, je me trouvais devant le plus grand magasin d'articles de sport d'Allemagne de l'Est. Superpusés depuis le septième étage, on pouvait voir les deux bâtiments qui se trouvent sur la phonographie par un. Elles portaient un slogan courant dans nos pays occidentaux, slogan tout aussi approprié à la liberté d'expression que ce peuple qui a la vente d'articles de sport.

Un sentiment une vive émotion. C'était une fois de plus la preuve que liberté est l'un des rares mots véritablement plurielles. Tout comme sport et forme, qui sont la base-même sur laquelle nous avons construit notre entreprise qui vire aujourd'hui 3 milliards de dollars.

Dans le monde entier, des gens de toutes cultures partagent un façon croissante à des activités sportives, tous motivés par un objectif commun : la réussite sportive et personnelle. Ce compte rendu a pour but de célébrer ce désir commun, que les photographies illustrent si bien.

Cette réussite est aussi un objectif de la société NIKE. L'année fiscale 1991 a encore constitué une année record pour notre société alors que vous pourrez le constater à la lecture du rapport financier contenu dans le compte rendu annuel. Néanmoins, nous avons beau être fières de nos résultats pour l'année 1991, il nous paraît encore plus important de mettre l'accent sur l'avenir.

La direction a choisi de construire une entreprise performante, non parce que c'est une telle tâche mais parce qu'il est un défi difficile, un art, ou bien un sport, autant qu'une activité commerciale.

NIKE qui pour beaucoup n'est qu'une simple entreprise de chaussures de sport est en train de se transformer en entreprise internationale de biens de consommation. Les sociétés qui cherchent à conquérir les marchés internationaux adoptent généralement l'une des deux stratégies suivantes : elles suivent à partir de laquelle elles se développent : soit un développement continu, soit elles élargissent le marché sans avoir de but à long terme. Il est évident que nous avons choisi la première approche.

Au cours des dix dernières années en particulier, nous avons mis en place une équipe de direction internationale qui comprend plus de 1500 personnes. En Europe de l'ouest, nous disposons des droits de distribution pour plus de 90 % de nos ventes. Amériques principalement par le souhait d'entretenir et de soutenir sa croissance sur les marchés internationaux, NIKE a engagé plus de 1000 personnes au cours des 12 derniers mois. Je pense qu'il est ainsi de deviner ce que cette nouvelle équipe apportera à l'entreprise et à ses actionnaires.

Depuis 1995, NIKE sera une entreprise plus importante à l'étranger qu'aux États-Unis. Compte tenu de la vitesse et de la puissance d'une communication mondiale, les marchés d'un côté et de l'autre de l'Atlantique ne seront plus dominés par des marchés différents. Une seule marque sera numéro Un mondial dans le domaine du sport et de la forme. Vous devinez facilement celle à qui va mon suffrage.

La construction d'une organisation internationale solide, ayant pour objectif la préparation de cet avenir brillant, ne s'est pas faite sans que nous ayons eu à surmonter beaucoup de problèmes dont certains sont encore loin d'être résolus. Nous avons eu beaucoup de surprises, et certaines d'entre elles n'ont pas manqué de piquant.

En janvier dernier, Anand Panayachan, président honoraire de la plus importante usine NIKE de Thaïlande, a donné sa démission. Pour nous, ce fut une grande perte : il avait apporté de bonnes raisons de nos quittes : le roi l'avait nommé premier ministre.

Lors d'un déménagement du bureau de l'Asie, Neal Lauridsen, vice-président de NIKE, pensait avoir mérité un coup de pouce trop prévu dans son budget, mais il avait omis le traditionnel sacrifice de la chèvre, coutume en vigueur dans la région. (Il faut toujours penser à tout, Neal !)

Nous offrons au Soviétique Sergey Bubka, dont le pays est communiste depuis 70 ans, une prime chaque fois qu'il égale ou même ses NIKE vers un nouveau record mondial de saut à la perche. Cette année, il a déjà amélioré le record d'à peu près 7 mm à sept reprises. Voilà qui remet en question la théorie que les Soviétiques mettront longtemps à comprendre les rouages du capitalisme.

En Italie, les fabricants de chaussures laissent les peaux de crocodile dans leur coffre etissent trainer des lasses de laines sur les établis.

En Malaisie, il arrive que les cobras se fient au passage dans les ateliers de caoutchouc et, jetant la confusion parmi les ouvriers, influent sur le temps nécessaire au mélange des composants de semelles de chaussures.

Fort de plus de 10 ans de ce type d'activité, nous avons l'avantage d'avoir acquis une grande expérience ; et nous sommes à ce compte comblés à nous paraitre normal.

La maîtrise de tous ces obstacles a été payante. On peut le constater au travers d'une croissance de 80 % sur le marché international pour l'année 1991, pour 862 millions de dollars. Enfin, après 10 ans de travail acharné, après un grand nombre de crises et de départs parfois comiques, nous sommes devenus une sérieuse menace, non seulement en Europe mais en Asie également.

Pendant toute cette période, le personnel de NIKE n'a cessé de faire preuve d'enthousiasme et de dévouement. Parmi les exemples récents, on peut citer celui du transfert de notre siège européen d'Allemagne aux Pays-Bas, à Amsterdam. Bertrand Gallacher, auparavant directeur général de NIKE France, vient d'être nommé vice-président des opérations pour l'Europe. C'est Bertrand qui m'a communiqué son amour pour l'Europe, qui suis de l'Oregon, la passion qui l'exprimait pour la beauté, la grandeur et l'histoire de Paris m'a fait découvrir cette ville sous un tout autre jour. Accepter le poste qui lui était proposé à Amsterdam signifiait que sa famille et lui-même devaient quitter Paris qui leur est cher. A une profonde pause, il en substitue une autre encore plus grande.

Les trois vice-présidents, qui complètent l'équipe de direction européenne, ont été eux aussi d'importants sacrifices. Dave Edwards, directeur général, a quitté Portland dans l'Oregon ; Anders Hansson, vice-président des ventes, a laissé Stockholm et ses longues nuits d'été ; John de la Forest, vice-président du marketing, a abandonné Royaume-Uni et la chère terre de Newcastle. Ils sont tous partis pour Amsterdam escalader le Cervin. (Géographie 0, conduite : 20/20)

Nous avons parcouru un long chemin depuis la petite blanchisserie de ma mère où nous avons démarré notre affaire, mais nous sommes pas encore arrivés au but. C'est à partir de cette base solide que notre transformation en entreprise internationale de biens de consommation se poursuivra.

Vu de l'extérieur, il n'est peut-être pas toujours aisé de comprendre ce que se passe. Mais dans les années à venir, nous continuerons à rendre le compte rendu annuel plus clair et plus pertinent à vos yeux, afin que vous soyez en mesure de voir, ressentir et partager notre vision de l'avenir. C'est aussi, nous l'espérons, vous nous accompagner jusqu'au bout de notre voyage.

Philip H. Knight

Philip H. Knight

Président du Conseil d'Administration
Directeur général

AN UNSERE AKTIONÄRE

Im September 1990 passierte ich den Streifen, wo früher einmal die Berliner Mauer stand, und fuhr vier Kilometer weiter zum größten Sportgeschäft von Ostberlin. Vom siebten Stock des Gebäudes hingens die zwei Fahnen, die Sie in dem Bild auf der ersten Seite sehen. Die Fahnen tragen einen wohlklingenden Slogan aus dem Westen – einen Slogan, der ebenso für die Welt erkämpfte Freiheit steht wie Menschen, wie für den Verkauf von Sportartikeln aus dem Osten.

Es war ein aufregendes Moment für mich und bewies, daß Freiheit eher der weniger Begriff ist, die auf der ganzen Welt die gleiche Bestätigung auslösen. Zu diesen Begriffen zählen auch Sport und Fitness – die Grundlage, auf der wir unser 5 Milliarden Dollar-Unternehmen aufgebaut haben.

Rund um die Welt machen immer mehr Menschen aus allen Kulturkreisen Sport zu einem wichtigen Teil ihres Lebens. Sie alle werden durch den gemeinsamen Wunsch nach sportlichen und persönlichen Bestleistungen motiviert. Dieser Bericht versteht sich als Würdigung dieses Wunsches, der in den begleitenden Photos so eindringlich zum Ausdruck kommt.

Die treibende Kraft hinter NIKE ist ebenfalls das Streben nach Bestleistungen. Das Geschäftsjahr 1991 war ein weiteres Rekordjahr für unser Unternehmen, wie Sie bei der Lektüre des Bilanzteils in diesem Jahresbericht sehen werden. Doch bei allem Stolz auf unsere Leistung im vergangenen Jahr liegt unser eigentlicher Schwerpunkt in der Zukunft.

Das oberste Ziel der Geschäftsführung ist der Aufbau eines guten Unternehmens – nicht weil es einfach ist, sondern weil es schwierig ist und die größte Taler, die gleiche Stärke und Ausdauer erfordert, die jeder erfolgreiche Sportler oder Künstler in seine Arbeit einbringen muß.

NIKE – im Bewußtsein vieler noch ein schlichter Sportschuherhersteller – verwandelt sich zunehmend in ein internationales Verbrauchergüterunternehmen. Früher, die internationalen Märkte in Angriff nehmen, verfolgen gewöhnlich eine von zwei möglichen Strategien.

Sie entwickeln zunächst eine solide Infrastruktur und bauen kontinuierlich darauf auf, oder 2. Sie betonen ihre Märkte ohne Rücksicht auf langfristige Ziele aus. Wir verfolgen offensichtlich die erste Strategie.

Während des vergangenen Jahres haben wir ein internationales Management-Team mit mehr als 1500 Mitarbeitern aufgebaut. Die Westeuropäer besitzen vor die Verantwortlichen für über 90 % unseres Abverkaufs in den letzten 12 Monaten über 1000 neue Arbeitskräfte eingestellt, um seine Dienstleistungen zu verbessern und sein internationales Wachstum zu steigern. Was diese 1000 neuen Mitarbeiter für unser Unternehmen und seine Aktionäre erreichen werden, ist meiner Überzeugung nach leicht absehbar:

Mitte der 90er Jahre wird NIKE außerhalb der USA größer als innerhalb des Landes. Angesichts der Schnelligkeit und Effizienz der globalen Kommunikation werden die einzelnen Weltregionen nicht mehr von verschiedenen Marktführern beherrscht werden. Es wird nur noch ein führendes Unternehmen auf dem weltweiten Sport- und Fitnessmarkt geben. Sie können sich leicht ausrechnen, auf welche Marke ich setze.

Der Aufbau einer starken internationalen Organisation, die uns den Vorstoß in diese erfolgreiche Zukunft ermöglicht, verliert leicht nicht an Schweregrad. Wir mühen eine Vielzahl von Hindernissen überwinden, die keineswegs alle aus dem Weg geräumt werden können. Es gab auch einige sonderbare Überraschungen:

Im Januar trat Anand Panayachan, der außerordentlich führende Direktor des größten NIKE-Werks in Thailand, zurück. Der Verlust schmerzte uns, doch Herr Panayachan hatte überzeugende Gründe für sein Ausscheiden: Der König ernannte ihn zum Premierminister.

NIKE-Vizepräsident Neal Lauridsen plante den Umzug seines Büros in Asien bis ins kleinste Detail, vergaß aber, das örtliche Zeitgenosse in seinen Entwürfen einzubeziehen. (Man muß mich doch an alles denken, Neal !)

Stabschefsergei Sergej Bubka aus der Sowjetunion, einem Land, das die letzten 70 Jahre unter kommunistischer Herrschaft verbrachte, bekommt jedesmal einen Bonus von uns, wenn er seine NIKEs über eine neue Rekordmarke schwingt. In diesem Jahr hat er bislang sieben Weltrekorde aufgestellt. So viel zu der Theorie, daß sich russische Volk erst nach einer langen Übergangszeit an den Kapitalismus gewöhnen wird.

Schuldenszene in Indien lassen die Krokodile am Leben und machen Schuhe für Vögel.

In unseren Werken in Malaysia sorgt gelegentlich eine Kobra, angelockt vom Gummigeruch, für Produktionsstopps in der Solenherstellung.

Solche Überraschungen sind seit nunmehr gut zehn Jahren auf der Tagesordnung. Wir haben uns an sie gewöhnt. Und wir haben gelernt, mit ihnen fertig zu werden.

Unsere Erhebung hat sich 1991 in einem 80-prozentigen Wachstum unserer internationalen Einnahmen auf 862 Millionen Dollar niederschlagen. Nach vielen, manchmal kleinen Anfangsschwierigkeiten und Unfällen und nach 10 Jahren harter Arbeit haben wir es letztendlich geschafft, die Märkte in Europa und in Asien zunehmend in den Schritzen zu stellen.

Während dieser Zeit haben die Mitarbeiter von NIKE gezeigt, daß sie bereit und fähig sind, sich mit ganzem Kraft für das Unternehmen zu engagieren und große persönliche Opfer zu bringen. Dies wurde erst kürzlich einmal unter Beweis gestellt, als wir beschlossen, unser europäisches Hauptquartier von Deutschland nach Amsterdam zu verlegen. Bertrand Gallacher, ehemals Geschäftsführer von NIKE Frankreich, vor zum Vizepräsidenten von NIKE in Europa ernannt worden. Durch Bertrands Augen lernte ich Paris, seine Geburtsstadt, lieben. Ich bin auf dem Lande in Oregon aufgewachsen, aber Bertrand öffnet meine Augen für die Schönheit, Anmut und Geschichte der Stadt. Als er die Stellung in Amsterdam annahm, mußte er sich und seine Familie von seinem geliebten Paris trennen. Er gab eine große Leidenschaft für eine große auf.

Die drei anderen Vizepräsidenten, die das europäische Management-Team vervollständigen, haben ebenso große Opfer gebracht: Geschäftsführer Dave Edwards packt zur Zeit seine Koffer in Portland, Oregon; Anders Hansen, unser Verkaufsführer, verläßt Stockholm, die Stadt der langen Sommerächte; und Marketing-Leiter John de la Forest, muß seinem geliebten Newcastle Adieu sagen. Sie alle kommen nach Amsterdam, um ihnen der Erfolg von NIKE am Herzen liegt.

Wir hätte geschah, daß wir es so weit bringen würden, als ich NIKE in Wachsteler meiner Mutter starb? Das heißt natürlich nicht, daß wir uns jetzt auf unseren Lobreden auslassen können. Wir haben noch einen weiten Weg vor uns. Aber ein Wachsteler ist eine ziemlich solide, pragmatische Grundlage für eine Firma, die sich zunehmend zum internationalen Verbrauchsgüter-Unternehmen entwickelt.

Es dauert gewöhnlich eine Weile, bevor Ziel und Wirklichkeit zusammenfallen. Aber wir werden Sie, unsere Aktionäre, auch in den kommenden Jahren durch unseren Jahresbericht an unserer Vision für die Zukunft teilhaben lassen. Dadurch hoffen wir zu erreichen, daß Sie uns auch auf dem Rest unserer Reise begleiten.

Philip H. Knight

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Vorsitzender des Verwaltungsrats
und Vorstandsvorsitzender

À L'ATTENTION DE NOS ACTIONNAIRES

En septembre 1990, je traversais en voiture ce qui avait été le Mur de Berlin et, cinq kilomètres plus loin, je me trouvais devant le plus grand magasin d'articles de sport d'Allemagne de l'Est. Suspendus depuis le septième étage, on pouvait voir les deux bâtiments qui se trouvent sur le plancton de la page un. Elles portaient un slogan courant dans nos pays occidentaux, slogan tout aussi approprié à la liberté d'acquisition de ce peuple qu'à la vente d'articles de sport.

J'en ressentis une vive émotion. C'était une fois de plus la preuve que liberté est l'un des rares mots véritablement pluriétaires. Tout compte sur forme, qui soit la base-même sur laquelle nous avons construit notre entreprise qui vae aujourd'hui 5 milliards de dollars.

Dans le monde entier, des gens de toutes cultures participent de façon croissante à des activités sportives, tous motivés par un objectif commun : la réussite sportive et personnelle. Ce compte rendu a pour but de célébrer ce désir commun, que les photographes illustrent si bien.

Cette réussite est aussi un objectif de la société NIKE. L'année fiscale 1991 a encore constitué une année record pour notre société ainsi que vous pourrez le constater à la lecture du rapport financier contenu dans le compte rendu annuel. Néanmoins, nous avons beau être fiens de nos résultats pour l'année 1991, il nous paraît encore plus important de mettre l'accent sur l'avenir.

La direction a choisi de construire une entreprise performante, non parce que c'est une tâche facile mais parce qu'il s'agit d'un défi, un art, ou bien un sport, autant qu'une activité commerciale.

NIKE qui pour beaucoup n'est qu'une simple entreprise de chaussures de sport est en train de se transformer en entreprise internationale de biens de consommation. Les sociétés qui cherchent à conquérir les marchés internationaux adoptent généralement l'une des deux stratégies suivantes : elles commencent par la vente d'un produit solide à partir de laquelle elles se développent continuellement, soit elles créent le marché sans avoir de but à long terme. Il est évident que nous avons choisi la première approche.

Au cours des dix dernières années en particulier, nous avons mis en place une équipe de direction internationale qui comprend plus de 1500 personnes. En Europe de l'ouest, nous disposons des droits de distribution pour plus de 90 % de nos ventes. Ammés principalement par le souhait d'entretenir et de soutenir sa croissance sur les marchés internationaux, NIKE a engagé plus de 1000 personnes au cours des 12 derniers mois. Je pense qu'il est assé de deviner ce que cette nouvelle équipe apportera à l'entreprise et à ses actionnaires.

Depuis 1995, NIKE sera une entreprise plus importante à l'étranger qu'aux États-Unis. Compte tenu de la vitesse et de la puissance d'une communication mondiale, les marchés d'un côté et de l'autre de l'Atlantique ne seront plus dominés par des marchés différents. Une seule marque sera numéro 1 mondial dans le domaine du sport et de la forme. Vous devinez facilement celle à qui va mon suffrage.

La construction d'une organisation internationale solide, ayant pour objectif la préparation de cet avenir brillant, ne s'est pas faite sans que nous ayons eu à surmonter beaucoup de problèmes dont certains sont encore loin d'être résolus. Nous avons eu beaucoup de surprises, et certaines d'entre elles n'ont pas manqué de piquant.

En janvier dernier, Anand Panayachan, président hors pair de la plus importante usine NIKE de Thaïlande, a donné sa démission. Pour nous, ce fut une grande perte ; il avait pourvu de bonnes raisons de nos quitter : le m'i l'avait nommé premier ministre.

Lors d'un déménagement du bureau de l'Asie, Neal Lauridsen, vice-président de NIKE, pensait avoir mérité le plus haut honneur tout prévu dans son budget, mais il avait omis le traditionnel sacrifice de la chèvre, coutume en vigueur dans la région. (Il faut toujours penser à tout, Neal !)

Nous offrons au Soviétique Sergey Bubka, dont le pays est communiste depuis 70 ans, une prime chaque fois qu'il nous emmène ses NIKE vers un nouveau record mondial de saut à la perche. Cette année, il a déjà amélioré le record d'à peu près 7 mm à sept reprises. Voilà qui remet en question la théorie que les Soviétiques mettront longtemps à comprendre les rouages du capitalisme.

En Italie, les fabricants de chaussures laissent les peaux de crocodile dans des coffres et laissent traîner des lasses de cuir sur les établis.

En Malaisie, si les arives ne les cobras se fraient un passage dans les ateliers de caoutchouc et, jetant à l'inconnu parmi les ouvriers, influent sur le temps nécessaire au mélange des composants de semelles de chaussures.

Fort de plus de 10 ans de ce type d'activités, nous avons l'avantage d'avoir acquis une grande expérience ; nous sommes, c'est que tout commerce à nous paraître normal.

La maîtrise de tous ces obstacles à été payante. On peut le constater au travers d'une croissance de 80 % sur le marché international pour l'année 1991, soit 962 millions de dollars. Enfin, après 10 ans de travail acharné, après un grand nombre de crises et de départs parfois comiques, nous sommes devenus une sérieuse menace, non seulement en Europe mais en Asie également.

Pendant toute cette période, le personnel de NIKE n'a cessé de faire preuve d'enthousiasme et de dévouement. Parmi les exemples récents, on peut citer celui du transfert de nos locaux aux Pays-Bas, à Amsterdam, Bertrand Galliocher, directeur général, a usé de son autorité pour convaincre nos collègues américains de venir travailler à Amsterdam, ce qui a permis à notre société de continuer à communiquer son amour pour Paris, sa ville natale. Pour moi, qui suis de l'Oregon, la passion qui s'exprime tout à la beauté, la grandeur et l'histoire de Paris m'a fait découvrir cette ville sous un tout autre jour. Accepter le poste qui lui était proposé à Amsterdam signifiait que sa famille et lui-même devaient quitter Paris qui leur est cher. A une profonde passion, il en substitue une autre encore plus grande.

Les trois vice-présidents, qui complètent l'équipe de direction européenne, ont eu aussi d'importants sacrifices. Dave Edwards, directeur général, a quitté Portland dans l'Oregon ; Allen Hanson, vice-président des ventes, a laissé Stockholm et ses longs jours d'été ; John de Wit, vice-président du marketing, a été abandonné par le ciel de la France ; et Royannez-Uri et le ciel de Newcastle. Ils sont tous partis pour Amsterdam escalader le Cervin. (Géographie 0, conduite : 20/20 !)

Nous avons parcouru un long chemin depuis la petite blanchisserie de ma mère où nous avons démarré notre affaire, mais nous sommes pas encore arrivés au but. C'est à partir de cette base solide que notre transformation en une entreprise internationale de biens de consommation se poursuivra.

Vu de l'extérieur, il n'est peut-être pas toujours assé de comprendre ce qui se passe. Mais dans les années à venir, nous continuerons à rendre le compte rendu annuel plus clair et plus pertinent à vos yeux, afin que vous soyez en mesure de voir, ressentir et partager notre vision de l'avenir. C'est ainsi que, nous l'espérons, vous nous accompagnerez jusqu'au bout de notre voyage.

Philip H. Knight
Philip H. Knight

Président du Conseil d'Administration
Directeur général

AN UNSERE AKTIONÄRE

Im September 1990 passierte ich den Streifen, wo früher einmal die Berliner Mauer stand, und fuhr vier Kilometer weiter zum größten Sportgeschäft von Ostberlin. Von sieben Stock des Gebäudes hing ein Zehn-Fußer, die Sie in dem Bild auf der ersten Seite sehen. Die Fäden zeigen einen wohlklesenen Mann in den Hosen - einen Slagen, der ebenso für die Welt erkämpfte Freiheit des Menschen, wie für den Verkauf von Sportartikeln.

Es war ein aufregendes Moment für mich und bewies, daß Freiheit einer der wenigen Begriffe ist, die auf der ganzen Welt die gleiche Bedeutung auslösen. Zu diesen Begriffen zählen auch Sport und Fitneß - die Grundlage, auf der wir unser 5 Milliarden Dollar-Unternehmen aufgebaut haben.

Rund um die Welt machen immer mehr Menschen aus allen Kulturkreisen Sport zu einem wichtigen Teil ihres Lebens. Sie alle werden durch den gemeinsamen Wunsch nach sportlichen und persönlichen Bestleistungen motiviert. Dieser Bericht versteht sich als Würdigung dieses Wunsches, der in den begleitenden Fotos so eindrücklich zum Ausdruck kommt.

Die treibende Kraft hinter NIKE ist ebenfalls das Streben nach Bestleistungen. Das Geschäftsjahr 1991 war ein weiteres Rekordjahr für unser Unternehmen, wie Sie bei der Lektüre des Bilanzteils in diesem Jahresbericht sehen werden. Doch bei allem Stolz auf unsere Leistung im vergangenen Jahr liegt unser eigener Schwerpunkt in der Zukunft.

Das oberste Ziel der Geschäftsführung ist der Aufbau eines guten Unternehmens - nicht weil es einfach ist, sondern weil es schwierig ist und die gleiche Toleranz, die gleiche Stärke und Ausdauer erfordert, die jeder erfolgreiche Sportler oder Künstler in seine Arbeit einbringen muß.

NIKE - im Bewußtsein vieler noch ein schlechter Sportschuhersteller - verwandelt sich zunehmend in ein internationales Verbrauchergüterunternehmen. Firmen, die internationale Märkte in Angriff nehmen, verfolgen gewöhnlich eine von zwei möglichen Strategien : Sie entwickeln zunächst eine solide Infrastruktur und bauen kontinuierlich darauf auf, oder 2. Sie betreten ihre Märkte ohne Rücksicht auf langfristige Ziele aus. Wir verfolgen offensichtlich die erste Strategie.

Während des vergangenen Jahres haben wir ein internationales Management-Team mit mehr als 1500 Mitarbeitern aufgebaut. In Westeuropa besitzen wir die Vertriebsrechte für über 90 % unserer Absatzmärkte. NIKE in den letzten 12 Monaten über 1000 neuen Mitarbeiter für unser Unternehmen und seine Aktionäre erreichen werden, ist meiner Überzeugung nach leicht absehbar.

Mitte der 90er Jahre wird NIKE außerhalb der USA größer als innerhalb des Landes. Angesichts der Schnelligkeit und Effizienz der globalen Kommunikation werden die einzelnen Weltregionen nicht mehr von verschiedenen Marktbeherrschern beherrscht werden. Es wird nur noch ein führendes Unternehmen auf dem weltweiten Sport- und Fitneßmarkt geben. Sie können sich leicht ausrechnen, auf welche Marke ich setze.

Der Aufbau einer starken internationalen Organisation, die uns den Vossatz in diese erfolgreiche Zukunft ermöglicht, verliert freilich nicht ohne Schwierigkeiten. Wir mühen eine Weltzahl von Verantwortlichen überwinden, die keineswegs alle aus dem Westgebiet werden können. Es gab auch einige sonderbare Überraschungen:

Im Januar trat Anand Panayachan, der außerordentlich fähige Direktor des größten NIKE-Werks in Thailand, zurück. Der Verlust schmerzte uns, doch Herr Panayachan hatte überzeugende Gründe für sein Ausscheiden: Der König ernannte ihn zum Premierminister.

NIKE-Vizepräsident Neal Lauridsen plante den Umzug seines Büros in Asien bis ins kleinste Detail, vergab aber, das örtliche Zeitungsport in seinen Zeit einzureisen. (Man muß sich eben doch an alles denken, Neal !)

Stabschefsergey Bubka aus der Sowjunion, einem Land, die die letzten 70 Jahre unter kommunistischer Herrschaft verbrachte, bekommt jedesmal einen Bonus von uns, wenn er seine NIKEs über seine neue Rekordmarke schwingt. In diesem Jahr hat er bislang sieben Weltrekorde aufgestellt. So viel zu der Theorie, daß sich das nussische Volk erst nach einer langen Übergangszeit an den Kapitalismus gewöhnen wird.

Schuldenslagen in Italien lassen die Kokselle am Leben und machen Schuhe für uns.

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Solche Überraschungen sind seit nunmehr gut zehn Jahren auf der Tagesordnung. Wir haben uns an sie gewöhnt. Und wir haben gelernt, mit ihnen fertig zu werden.

Unsere Ertragskraft hat sich 1991 in einem 80-prozentigen Wachstum unserer internationalen Einnahmen auf 862 Millionen Dollar vergrößert. Nach vielen, manchmal knappen Anfangsschwierigkeiten und Unfällen und nach 10 Jahren harter Arbeit haben wir es letztendlich geschafft, die Produktion in Europa und in Asien zunehmend in den Schatten zu stellen.

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Vorsitzender des Verwaltungsrats
und Vorstandsvorsitzender

A NUESTROS ACCIONISTAS

En el mes de septiembre de 1990 me encontraba conduciendo mi vehículo a través de lo que solía ser el muro de Berlín, y tres millas más allá, en dirección a la tienda de artículos deportivos más grande de la entonces Alemania Oriental. En dicho lugar, desde un séptimo piso, se veían los dos países y se podía observar en las páginas uno. Estos mostraban un deporte que resultaba más familiar al mundo occidental, cuyo mensaje era tan relevante para la libertad tan duramente conseguida por esta gente como para las ventas de artículos deportivos.

Para mí fue una experiencia asombrosa y demostró una vez más que la libertad es uno de los pocos lenguajes internacionales. Otro es el de los deportes y actividades para conseguir un apaciguado estado físico, base sobre la cual hemos construido un negocio de tres mil millones de US\$.

En todo el mundo, gente de todas las culturas está aumentando su participación en actividades que permitan obtener un buen estado físico. Todos están motivados por el deseo común de lograr una excelencia atlética y personal. El motivo de este informe es celebrar esas emociones humanas, tan bien reflejadas gratificantes en las fotografías que se incluyen.

En NIKE también nos proponemos llegar a la excelencia. El período fiscal 1991 fue otro año récord para nuestra compañía, como verá cuando lea las páginas financieras en este informe anual. Estamos orgullosos de nuestro logro en 1991, pero nuestro verdadero énfasis está en el futuro.

Su gerencia ha decidido crear una buena compañía — esto no es nada fácil, sino todo lo contrario. Crear una buena compañía puede ser tanto un deporte como el arte de los negocios.

NIKE — que para muchos de los lectores de prensa es simplemente una empresa de zapatillas — se está transformando en una compañía internacional de productos de consumo. Las empresas que desean atacar mercados internacionales generalmente se inclinan por uno de estos dos enfoques: (1) establecen una infraestructura sólida y a partir de allí siguen creciendo en forma permanente, o (2) no tienen en cuenta el largo plazo. Obviamente nosotros hemos elegido el primer enfoque.

En concreto, a lo largo de la década pasada, hemos ido construyendo un equipo de gerencia internacional de más de 1.500 personas. En Europa occidental contamos con los derechos de distribución de más del 90% de nuestros ventas. NIKE ha contratado a más de 1.000 personas en los últimos 12 meses, principalmente por nuestro deseo de atender y apoyar nuestro crecimiento internacional. Lo que esos 1.000 nuevos empleados puedan lograr para la compañía y sus accionistas es, bajo mi opinión, totalmente predecible.

Una vez comenzada la segunda mitad de esta década, NIKE será una empresa más grande fuerte que dentro de los Estados Unidos. Debido a la velocidad y al poder de las comunicaciones globales no habrá ya una marca líder diferente en el mercado en cada hemisferio. Habrá un solo líder mundial en artículos deportivos. Puede usted adivinar fácilmente hacia qué marca van mis votos.

Para llegar a preparar a una organización internacional para este futuro tan brillante se debieron superar numerosos obstáculos, y siempre quedan otros por ser superados. Han habido muchas sorpresas, y algunas de ellas con un sabor más especial. Por ejemplo:

En el mes de enero renunció a su cargo Anand Panyarathun, el extraordinariamente competente Presidente de la fábrica NIKE más grande de Tailandia. Fue una pérdida muy importante para la empresa pero tenía su razón de ser: el Rey de Tailandia lo nombró Primer Ministro de su nación.

El Vicepresidente de NIKE, Neal Lauridsen, programó minuciosamente una mudanza de una oficina de Asia, pero olvidó incluir en el presupuesto la costumbre local del sacrificio de la cabra (Vamos, Neal, más cuidado en esa planificación).

Sergey Bibika, de la Unión Soviética, un país que ha vivido los últimos 70 años bajo el régimen comunista, recibe una bonificación de nuestra empresa cada vez que eleva sus NIKE hacia un nuevo récord mundial en salto con pértiga. El ha elevado su récord 63 centímetros en siete ocasiones en lo que va del año. ¿Quién dirá que el pueblo ruso necesitará mucho tiempo para comprender el capitalismo?

En Italia los fabricantes de calzado guardan la piel de cocodrilo en los cajones y dejan sus liras sobre los bancos de trabajo.

Las cobras ocasionalmente hallan su camino hacia las salas de caucho de las fábricas en Malasia y distraen a los obreros, afectando de este modo el tiempo de mezcla de los componentes de la suela exterior.

Al contar ya con más de una década de antigüedad realizando este tipo de actividad, una buena noticia es que tenemos muchísima experiencia; la mala es que ya comienza a parecerse normal.

El resultado de superar todos estos desafíos se refleja en nuestro crecimiento internacional de un 80% en 1991, logrando ingresos por valor de US\$ 862 millones. Finalmente, después de más avances que retrocesos y de 10 años de duro trabajo, no solo nos hemos convertido en una seria amenaza en Europa, sino también en Asia.

En su conjunto, la gente de NIKE ha seguido demostrando gran dedicación y sacrificio personal. Podemos mencionar algunos ejemplos recientes, cuando decidimos trasladar nuestras centrales europeas desde Alemania a Amsterdam, en los Países Bajos.

Bertrand Gaillouet, quien había sido Director General de NIKE Francia, ha sido nombrado Vicepresidente para las operaciones en Europa. A través de Bertrand aprendí a amar a París, su ciudad natal. La pasión de Bertrand por su belleza, historia y majestuosidad hizo que la ciudad cobrara vida para mí, un simple nativo de Oregon. Al aceptar su nueva posición en Amsterdam, debí alzarle junto con su familia de su bienamado París. Bertrand dejó una gran pasión por otra aún más poderosa.

Otros sacrificios similares han sido realizados por los otros tres vicepresidentes que completarán el equipo gerencial europeo: Dave Edwards, Director General de Portugal, Oregon, Alan G. Hanson, Vicepresidente de Ventas, de Estocolmo; la ciudad de las largas neves estivales; John de la Forest, Vicepresidente de Marketing, de su estimada tierra Groland, en el Reino Unido. Todos han partido hacia Amsterdam para escalar el Matterhorn. (Cero en geografía. Diez en actitud).

Hemos andado un largo camino desde nuestros modestos comienzos en el lavadero de la casa de mi madre. Pero aún no hemos llegado tan lejos como nos lo hemos propuesto. Nuestra evolución hacia una compañía internacional de productos de consumo continuará progresando desde estos cimientos tan sólidos.

Las percepciones exteriores tardarán un poco en ajustarse a la realidad. Pero sin lugar a dudas, en los años venideros, continuaremos realizando nuestros mejores esfuerzos para que el informe anual tenga gran significado para nuestros accionistas, para que puedan percibir y compartir nuestra visión de futuro. Esperamos fervientemente que nos acompañen en el resto de nuestra travesía.

Philip H. Knight
Philip H. Knight

Presidente del Consejo
y Director General

NIKE stands for Sports and Fitness—a truly universal language that

manifests itself in every culture. Some activities are unique to an

individual culture, some are shared worldwide. Whatever the activity,

wherever it takes place, dedication and commitment to excellence

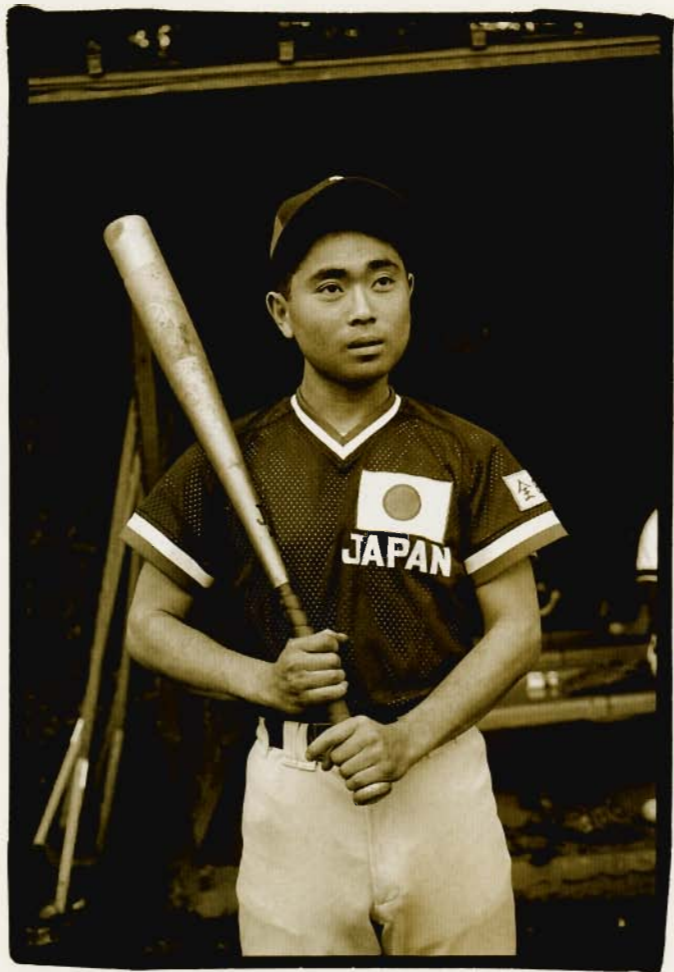


are present. NIKE is present, too, sometimes in unexpected ways.

These photos from Asia, North America, Latin America and Europe show

real people communicating in the universal language of Sports and Fitness.

NIKE's language. NIKE's heritage. NIKE's future.



A Personal Best for NIKE, Inc.

In the fiscal year just completed, NIKE solidified its position as the world's leading Sports and Fitness company. If financial results are our stopwatch, then NIKE ran its best race ever.

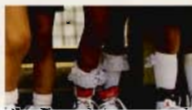
As the gap between NIKE and the competition in the athletic footwear race widens, we continue to find new success in new businesses. The primary source for this exceptional performance has continued to drive NIKE for nearly two decades—commitment to innovation.

This commitment led NIKE to become the first company in the Sports and Fitness industry to exceed \$3 billion in worldwide revenues and \$2 billion in the U.S. in fiscal 1991.

Growth Through Diversity

A 22% increase pushed NIKE's apparel sales to \$326 million in the U.S. and beyond \$500 million worldwide, making NIKE an international leader in authentic, athletic clothing. We have built this business by inventing clothing that works for real athletes. Whether it is a NIKE-F.I.T.™ jacket for a mountain biker or a denim and Lycra™ short for Andre Agassi, NIKE apparel provides genuine performance.

Opportunity is never there for a lot of deep machines





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Growth Through Diversity

A 22% increase pushed NIKE's apparel sales to \$526 million in the U.S. and beyond \$500 million worldwide, making NIKE an international leader in authentic, athletic clothing. We have built this business by inventing clothing that works for real athletes. Whether it is a NIKE-F.I.T.™ jacket for a mountain biker or a denim and Lycra® short for Andre Agassi, NIKE apparel provides genuine performance.

Open-mindedly, we have always been a leader in doing whatever we can do better than anyone else. Where past successes are viewed with honor,





Revenues from accessories grew dramatically as NIKE bags, hats and socks became part of the accepted gear of leading athletes all over the world. From Wembley Stadium to Chicago Stadium, Sports and Fitness consumers recognize that the quality they have come to expect in NIKE shoes is present throughout our expansive product line.

A Citizen of the World

Our international business grew 80%, showing particular strength in Europe. In France sales increased 97%, in Germany 82%, and in the U.K. sales doubled during 1991. More importantly, while other companies are still talking about how to prepare for Europe 1992, NIKE positioned itself for Europe 2000 by moving key country managers to a new central European headquarters in Amsterdam, The Netherlands.

This management team of four has a combined tenure at NIKE of 43 years and the commitment to take us to the # 1 position on that continent. They have also created the template for regional management that will be effective in Asia and Latin America. At NIKE innovation starts with products, but applies to systems and management as well.

and after are as important as the moment itself.

The moments before





*Significant Success—
Now and in the Future*

Our casual footwear business grew 16%, led by Cole-Haan,[®] a foundation upon which we intend to build great future growth. Our women's footwear brands, SIDE 1[®] and *i.e.*, are important parts of that growth plan as well. Innovative products like Tensile-Air™ give NIKE the potential to dominate the comfort/casual shoe market, just as we dominate the athletic shoe market.

Even in the United States' athletic shoe market, where other brands found growth difficult, the NIKE brand moved ahead, growing 22%. In the women's performance footwear market, innovative aerobics shoes like the Air Elite[®] Ultra and walking shoes like the Air Healthwalker helped NIKE's sales to women grow even more quickly than our sales to men.

NIKE has always been a growth company. Since going public in 1980, our revenues have grown at an annual compounded rate of 25%. NIKE will continue to be a growth company. Our goal over the next five years is for the divisions and categories named above to help our revenues grow at a compound rate of 15% and double again, from this year's record of \$3 billion to a new record of \$6 billion. We will be able to do this because NIKE is not just a shoe company.

Diversity makes sports possible—super stars, amateurs and youth.

bound together by competition.





A simple shoe company cannot speak to consumers the way NIKE speaks to consumers, in the universal language of Sports and Fitness, sharing the emotion evoked by athletic competition and challenge. Our consumers are as devoted to innovation and performance as we are. We are proud to be in a business that helps people lead healthier, more rewarding lives.

Simple Reasons for Exceptional Performance

The success of NIKE on a corporate level has many sources, none more important than the NIKE brand that forms our core. We believe the NIKE brand has 10 key competitive advantages.

The first should be obvious by now — innovation. Everything we do is designed to enhance the state of the art. This is true whether it is the midsole of a new aerobics shoe, a microfiber used in a piece of outerwear, a computerized customer service system for our new apparel warehouse in Memphis, Tennessee, or a ground-breaking ad campaign in Western Europe.

A second advantage is NIKE's diversity. We make products for more than 20 different sports and sell them in 99 countries. NIKE's unique "Collections" marketing program develops coordinated groupings of footwear, apparel and accessories that have special meaning to participants in a particular

Have the heart of an athlete and the soul of a winner.

If you are to succeed, you must





sport: CHALLENGE COURT for tennis, FORCE,

FLIGHT and AIR JORDAN® for basketball,

NIKE INTERNATIONAL for running, and

PREMIER for soccer are among them. The unique

nature of these collections not only differentiates

NIKE from our competitors, it builds an emotional tie directly with Sports and Fitness consumers in each category.

NIKE's third advantage is our half-billion dollar apparel division. Not only will it play a significant role in helping the company reach its goal of doubling again in revenues by 1996, it strengthens the company by forming a base to NIKE's business that is independent of possible swings in the footwear business.

The Emotional Tie That Binds

Our fourth advantage is our domination of the men's athletic footwear business in the United States. We have achieved more than 50% market share in many sporting goods channels because

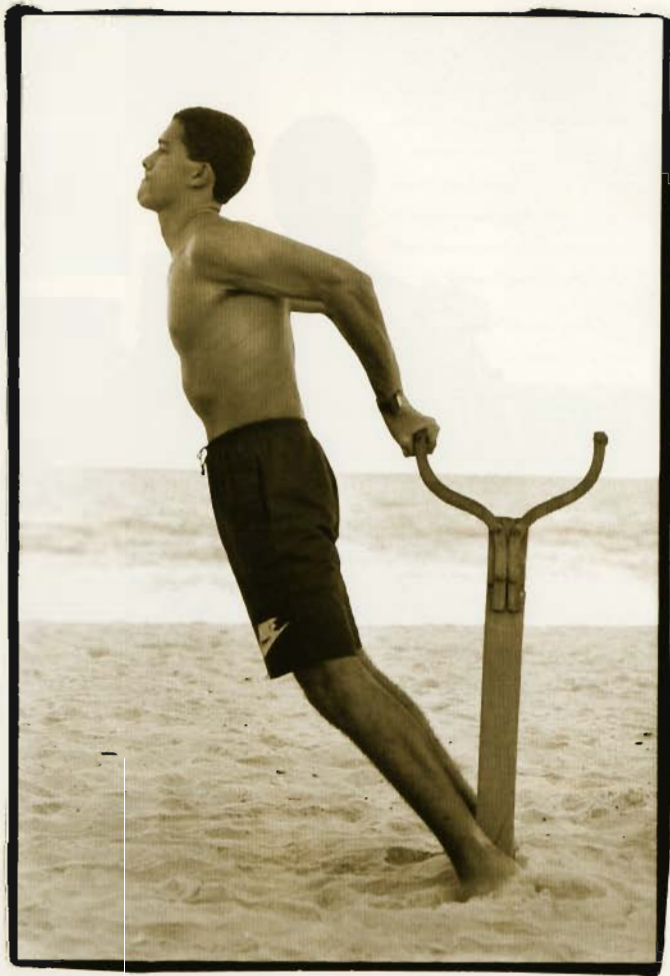
we know how to create innovative products for athletes who look to NIKE for the best.

And, we know how to communicate with these men about NIKE.

The excitement created by NIKE's television advertising to this market is a good measure of how well we understand each other.

Continuing an original of your. How and if you respond is what makes the difference.





sport: CHALLENGE COURT for tennis, FORCE, FLIGHT and AIR JORDAN® for basketball, NIKE INTERNATIONAL for running, and PREMIER for soccer are among them. The unique nature of these collections not only differentiates NIKE from our competitors, it builds an emotional tie directly with Sports and Fitness consumers in each category.

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Our fourth advantage is our domination of the men's athletic footwear business in the United States. We have achieved more than 50% market share in many sporting goods channels because we know how to create innovative products for athletes who look to NIKE for the best.

And, we know how to communicate with these men about NIKE.

The excitement created by NIKE's television advertising to this market is a good measure of how well we understand each other.

Communicating an emotional response is what makes the difference.





Our growing women's business is our fifth advantage. In footwear categories like running and cross-training, NIKE already controls more than half the market. Now we are seeing similar strength building in the other key women's categories: aerobics and walking. Our unique ability to create collections of apparel and accessories to coordinate with our footwear distinguishes NIKE from our competitors. Sixth on the list is our focus on the children's market. Our association with leading athletes like Michael Jordan, Andre Agassi, David Robinson and Bo Jackson proves to kids that NIKE is the choice of their heroes. Kids can sense authenticity, and they love innovation. NIKE represents both.

Pooria, Sarv. But Will It Play in Hamburg?
 Advantage number seven: NIKE's leadership in the U.S. market. Our emotional ties to Sports and Fitness consumers enable us to create products and communications that motivate them. We have continued to grow in established categories, like basketball and running, even as we create new categories, like outdoor cross-training. In markets outside the United States, our

These are nothing compared to the power of the human spirit.

The sky may open. The earth may quake.





eighth advantage is increasingly clear: our international organization. During the last decade, we have built this organization by buying distributorships and nurturing local management.

We are now prepared to handle the same kind of explosive growth internationally in the '90s that NIKE saw domestically in the '70s and '80s. We have made the commitment to continue investing in this growth, with increased marketing support and attention to building the infrastructure needed to sustain a multibillion dollar business.

Our final two competitive advantages, excellence in production and service, are linked. In the past year, NIKE has been singled out by trade publications in the sporting goods business in three countries for continuing to set new standards in both production and service. Most exciting is the survey of retailers conducted by Sporting Goods Dealer magazine in the United States. In that survey, retailers were asked to rank companies in 12 categories, ranging from product quality and innovation to delivery and responsiveness. NIKE won in all 12 categories. Recent surveys in Canada and the U.K. showed similar results.

Endless is the option. Measure us in. Or watch us. Or smell it. You can only seek it.





Records are Made to be Broken... Broken... Broken...

If this was a simple business, a company might be able to succeed by being good at one or two things. But, it isn't simple, and we believe the '90s will require companies to excel at many things in order to sustain growth.

Nike International team member Sergey Bubka set seven new world records in the pole vault this year. NIKE athlete Michael Jordan spurred the Chicago Bulls to the NBA World Championship this year. Nike International team member Lynn Jennings won her second consecutive World Cross-Country Championship this year. They can be proud of a great year, as

NIKE is proud of our great year.

But, by the time you read this, Bubka will probably have cleared 20 feet outdoors for the first time in history, Jordan will be back in camp preparing for the 1991-92 basketball season, and Jennings will have gone on to other challenges, first at the World Track & Field Championships in Tokyo, the 1992 World Cross-Country Championships in Boston, then the Olympic Games in Barcelona.

For these NIKE athletes and for NIKE, there is no finish line.

The face of the adult shows

commitment, the face of the child wonders, the face of hope says.





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Nike International team member

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commitment, the face of the child reminds the face of that joy.

The face of the adult shows



NIKE is a global brand franchise

founded on the universal language of Sports and Fitness.



In any language, our financial results

speak for themselves.

HIGHLIGHTS

Selected Financial Data

	1991	1990	1989	1988	1987
	<i>(in thousands, except per share data)</i>				
<i>Year Ended May 31:</i>					
Revenues,	\$3,003,610	\$2,235,244	\$1,710,803	\$1,203,440	\$877,357
Net income	287,046	242,958	167,047	101,695	35,879
Net income per common share	3.77	3.21	2.22	1.35	.46
Cash dividends declared per common share	.52	.38	.27	.20	.20
<i>At May 31:</i>					
Working capital	\$ 651,788	\$ 564,521	\$ 422,478	\$ 298,816	\$325,200
Total assets	1,708,430	1,094,552	825,410	709,095	511,843
Long-term debt	29,992	25,941	34,051	30,306	35,202
Redeemable Preferred Stock	300	300	300	300	300
Common shareholders' equity	1,032,789	784,219	561,804	411,774	338,017

Selected Quarterly Financial Data

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1991	1990	1991	1990	1991	1990	1991	1990
	<i>(in thousands, except per share data)</i>							
Revenues	\$833,607	\$602,648	\$648,828	\$445,705	\$802,208	\$577,869	\$718,967	\$609,022
Gross profit	311,737	228,275	242,073	164,047	306,035	219,940	293,235	238,810
Net income	99,654	75,854	58,081	36,777	70,668	63,105	58,643	67,222
Net income per common share	1.31	1.00	.77	.49	.93	.83	.76	.89
Dividends declared per common share	.10	.08	.14	.10	.14	.10	.14	.10
Price range of common stock								
High	47 ¹ / ₁₆	26 ¹ / ₁₆	38	34 ¹ / ₁₆	53 ³ / ₁₆	29 ¹ / ₁₆	54 ¹ / ₁₆	41 ¹ / ₁₆
Low	29 ³ / ₁₆	19	26	25 ⁹ / ₁₆	34 ¹ / ₁₆	23 ¹ / ₁₆	38 ¹ / ₁₆	27 ¹ / ₁₆

All per common share amounts have been adjusted to reflect the 2-for-1 stock split paid October 5, 1990. The Company's Class B Common Stock is listed on the New York and the Pacific Stock Exchanges and trades under the symbol NKE. At May 31, 1991, there were approximately 4,300 shareholders of record.

Highlights

• Consolidated revenues exceeded \$3 billion in fiscal 1991, the first time in the sports and fitness industry that this level has been achieved. In fiscal 1990 the Company became the first in the industry to exceed \$2 billion. Revenues for 1991 are 34% higher than 1990 and 76% over 1989.

• Consolidated net income of \$287 million or \$3.77 per share represents record earnings for the fourth consecutive year, an increase of 18% over 1990 net income of \$243 million or \$3.21 per share and a 72% increase over 1989 net income of \$167 million or \$2.22 per share.

Results of Operations

Increased revenues and improved gross margins highlighted the earnings growth in 1991. Domestic footwear revenues rose 22% over 1990 on a 14% increase in pairs shipped and a 7% increase in average sales price per pair. International revenues continued to show impressive growth with an 80% increase over the previous year. Domestic apparel revenues were up 22% over 1990 revenues. Other brands include Cole Haan®, SIDE 1, i.e.,™ and newly acquired Tetra Plastics. The approximate breakdown of revenues follows:

	Year Ended May 31			
	1991	% CHG	1990	% CHG
	<i>(in thousands)</i>			
Domestic footwear	\$1,676,400	22%	\$1,368,900	29%
Domestic apparel	325,700	22	266,100	28
Other brands	139,400	16	120,500	26
Total United States	2,141,500	22	1,755,500	29
International				
Europe	664,700	99	334,300	38
Canada	98,100	7	92,100	76
Other	99,300	86	53,300	(5)
Total International	862,100	80	479,700	38
Total NIKE	\$3,003,600	34%	\$2,235,200	31%

Gross margin increased to 38.4% from 38.1% in fiscal 1990 and 37.2% in fiscal 1989. Continued gross margin improvement was primarily attributable to sales of higher margin technical products in key worldwide markets and improved production sourcing. Strong international margins were also partially benefited by a weaker U.S. dollar compared to European currencies. The Company continues to place strong emphasis on sound inventory, foreign exchange risk and production sourcing management in order to maximize gross profit.

Total selling and administrative expenses as a percentage of revenues were 22.1% compared to 20.3% in 1990 and 20.7% in 1989. Increases as a percentage of sales were primarily due to planned increases in advertising and facility related (depreciation) costs. The Company expects 1992 selling and administrative expenses as a percent of revenues to approximate 1991 levels.

Interest expense increased 161% and 96% over 1990 and 1989, respectively, due to increased short-term borrowings which resulted from significant increases in operations and levels of accounts receivable and inventories. Operational needs reduced cash available for investments and resulted in a reduction of interest income over the previous year. Interest income is included in other income and separately disclosed in Note 10 of the Financial Statements. During 1992, the Company expects average borrowing levels and the related interest expense to approximate 1991 levels.

The Company's effective income tax rate was 37.8%, 38.2%, and 38.3% for fiscal years 1991, 1990, and 1989, respectively. The tax rate exceeds the top statutory federal rate primarily due to state income taxes.

Worldwide orders for athletic footwear and apparel booked for delivery from June through November 1991 are approximately 9% higher in dollars than such orders booked in the comparable period of the prior year. These orders are not necessarily indicative of total revenues for subsequent periods because the mix of advance orders and "at once" shipments may vary significantly between domestic and international operations as well as from quarter to quarter and year to year.

Liquidity and Capital Resources

The Company's financial condition remains strong. Total assets at May 31, 1991 were 56% higher than at May 31, 1990, and shareholders' equity climbed over \$1 billion for the first time in the Company's history to \$1.033 billion, up from \$784 million at the end of the previous year. Cash and equivalents at May 31, 1991 totalled \$120 million compared to \$90 million at May 31, 1990. Working capital at May 31, 1991 increased \$87 million, or 15%, over the prior year primarily due to increases in accounts receivable and inventory, offset partially by increases in notes payable and accounts payable. The current ratio at May 31, 1991 was 2.0:1 compared to 3.1:1 at May 31, 1990, changing due to the large increase in accounts receivable and inventories with a similar increase in short-term borrowings.

Inventories have increased \$277 million over May 31, 1990 to \$587 million at May 31, 1991. Approximately \$157 million of this increase is in domestic footwear inventories. International inventories increased \$102 million in order to meet significantly increased demand. The Company expects inventories to reduce significantly during the first quarter of fiscal 1992. Inventory turned 4.1 times in 1991 compared to 5.2 times in 1990. Accounts receivable have increased 30%, in proportion to the 34% 1991 revenue growth. Notes payable and accounts payable increased \$269 million and \$58 million, respectively, in order to support higher levels of operations.

Capital expenditures for 1991 aggregated \$165 million, exclusive of the acquisition of Tetra Plastics, Inc. They are primarily attributable to the construction of the new world headquarters facility in Beaverton, Oregon, the purchase of a new midwest apparel distribution facility in Memphis, Tennessee, new distribution facilities in France and the U.K., and electronic data processing equipment. In 1990 and 1989, capital expenditures were \$87 million and \$42 million, respectively. Expenditures for 1990 were primarily for world headquarters while expenditures in 1989 were for world headquarters, the acquisition of the formerly leased eastern regional distribution facility in Greenland, New Hampshire, and electronic data processing equipment purchases. Anticipated capital expenditures for fiscal 1992 are slightly more than half of the 1991 level. Construction of the Company's new world headquarters, which began in the fall of 1988, continued during 1991. Upon completion, the total cost of the facility, including land, furniture and equipment, is expected to be \$140 million. As of May 31, 1991, the Company had expended \$103 million on the project. The Company has little invested in manufacturing plant and equipment because most of the manufacturing of NIKE products is done on a contract basis through independent factories.

During 1991, the Company acquired all the stock of Tetra Plastics, Inc. for \$37.5 million. Tetra is the manufacturer of the plastic film the Company utilizes in its production of AIR-SOLE® cushioning components.

The quarterly cash dividend (all adjusted for the 2-for-1 stock split) of \$.05 per share, initially declared in February 1984, was increased to \$.075 in the second quarter of 1989, to \$.10 per share in the second quarter of fiscal 1990 and to \$.14 per share in the second quarter of fiscal 1991. Dividends were declared in all four quarters during fiscal 1991. Based upon currently projected earnings and cash flow requirements, the Company anticipates continuing a dividend and reviewing it during the second quarter board meeting. It continues to be the Company's policy to maintain a dividend in the range of 15% to 25% of trailing twelve month earnings.

During 1991, meetings of A2 from Standard and Poor's Corporation and P2 from Moody's Investors Service were reaffirmed for the Company's commercial paper programs, which are required to be supported by committed and uncommitted lines of credit. There was \$148 million outstanding under these programs at May 31, 1991 and \$0 at

May 31, 1990. The Company also had a committed \$150 million multiple option credit facility under which no amounts were outstanding at May 31, 1991 and 1990. See Note 4 of the Consolidated Financial Statements for further details concerning the Company's short-term borrowings. NIKE's ratio of debt to equity at May 31, 1991 is .7:1 compared to .4:1 at May 31, 1990 and .5:1 at May 31, 1989. Management believes that funds generated by operations, together with currently available resources, will adequately finance anticipated 1992 expenditures.

FINANCIAL REPORTING

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

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

Portland, Oregon
July 10, 1991

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

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of cash flows and of shareholders' equity present fairly, in all material respects, the financial position of NIKE, Inc. and its subsidiaries at May 31, 1991 and 1990, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 1991, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Pricewaterhouse

NIKE, INC. CONSOLIDATED STATEMENT OF INCOME (in thousands, except per share data)

	Year Ended May 31,		
	1991	1990	1989
Revenues	\$3,003,610	\$2,255,244	\$1,710,803
Costs and expenses:			
Cost of sales	1,850,530	1,384,172	1,074,831
Selling and administrative	664,061	454,521	354,825
Interest (Notes 3, 4 and 5)	27,316	10,457	13,949
Other (income) expense (Notes 9 and 10)	(43)	(7,264)	(3,449)
	<u>2,541,864</u>	<u>1,841,886</u>	<u>1,440,156</u>
Income before income taxes	461,746	393,358	270,647
Income taxes (Note 6)	174,700	150,400	103,600
Net income	<u>\$ 287,046</u>	<u>\$ 242,958</u>	<u>\$ 167,047</u>
Net income per common share (Note 1)	<u>\$ 3.77</u>	<u>\$ 3.21</u>	<u>\$ 2.22</u>
Average number of common and common equivalent shares (Note 1)	<u>76,067</u>	<u>75,668</u>	<u>75,144</u>

NIKE, INC.
CONSOLIDATED BALANCE SHEET (in thousands)

Assets	May 31,	
	1991	1990
Current Assets:		
Cash and equivalents	\$ 119,804	\$ 90,449
Accounts receivable, less allowance for doubtful accounts of \$14,288 and \$10,624	521,588	400,877
Inventories (Note 2)	586,594	309,476
Deferred income taxes (Note 6)	25,536	17,029
Prepaid expenses	26,738	19,851
Total current assets	1,280,260	837,682
Property, plant and equipment (Notes 3 and 5)	397,601	238,461
Less accumulated depreciation	105,138	78,797
	292,463	159,664
Goodwill (Note 1)	114,710	81,021
Other assets	20,997	16,185
	<u>\$1,708,430</u>	<u>\$1,094,552</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt (Note 5)	\$ 580	\$ 8,792
Notes payable (Note 4)	300,364	311,102
Accounts payable (Note 4)	165,912	107,423
Accrued liabilities	115,824	94,939
Income taxes payable	45,792	30,905
Total current liabilities	628,472	273,161
Long-term debt (Note 5)	29,992	25,941
Non-current deferred income taxes and purchased tax benefits (Note 6)	16,877	10,931
Commitments and contingencies (Note 11)	—	—
Redeemable Preferred Stock (Note 7)	300	300
Shareholders' equity (Note 8):		
Common Stock at stated value:		
Class A convertible—27,438 and 28,102 shares outstanding	164	168
Class B—47,858 and 46,870 shares outstanding	2,712	2,706
Capital in excess of stated value	84,681	78,582
Foreign currency translation adjustment	(4,428)	1,035
Retained earnings	949,660	701,728
	<u>1,032,789</u>	<u>784,219</u>
	<u>\$1,708,430</u>	<u>\$1,094,552</u>

NIKE, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands)

	Year Ended May 31,		
	1991	1990	1989
Cash provided (used) by operations:			
Net income	\$287,046	\$242,958	\$167,047
Income charges (credits) not affecting cash:			
Depreciation	34,473	17,130	14,775
Deferred income taxes and purchased tax benefits	(2,668)	(946)	(8,532)
Other, including amortization	5,626	5,591	3,752
Changes in certain working capital components:			
Increase in inventory	(274,966)	(86,552)	(24,454)
Increase in accounts receivable	(119,958)	(104,527)	(37,957)
Increase in other current assets	(6,261)	(4,997)	(2,061)
Increase in accounts payable, accrued liabilities and income taxes payable	90,874	58,418	56,871
Cash provided by operations	14,166	127,075	169,441
Cash provided (used) by investing activities:			
Additions to property, plant and equipment	(164,843)	(87,195)	(42,022)
Disposals of property, plant and equipment	1,730	810	2,565
Acquisition of Tetra Plastics:			
Goodwill	(31,482)	—	—
Net assets acquired	(6,081)	—	—
Additions to other non-current assets	(10,511)	(3,044)	(1,014)
Cash used by investing activities	(211,187)	(89,429)	(40,471)
Cash provided (used) by financing activities:			
Additions to long-term debt	5,149	903	—
Reductions in long-term debt including current portion	(9,974)	(2,105)	(4,019)
Increase (decrease) in notes payable	269,262	(8,068)	(96,045)
Proceeds from exercise of options	3,211	1,652	2,517
Dividends—common and preferred	(39,114)	(28,092)	(20,510)
Cash (used) provided by financing activities	228,534	(35,710)	(118,057)
Effect of exchange rate changes on cash	(2,158)	2,764	(521)
Net increase in cash and equivalents	29,355	4,700	10,392
Cash and equivalents, beginning of year	90,449	85,749	75,357
Cash and equivalents, end of year	<u>\$119,804</u>	<u>\$ 90,449</u>	<u>\$ 85,749</u>
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest (net of amount capitalized)	\$ 27,200	\$ 10,600	\$ 14,700
Income taxes	159,900	145,900	90,700
Supplemental schedule of noncash investing and financing activities:			
During August 1988 the Company purchased its eastern distribution facility which previously was under lease. In conjunction with the purchase, long-term liabilities were assumed as follows:			
Cost of eastern distribution facility			\$ 9,519
Cash paid			(1,449)
Long-term liabilities assumed			<u>\$ 8,075</u>

NIKE, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (in thousands)

	Common Stock				Capital In Excess of Stated Value	Foreign Currency Translation Adjustment	Retained Earnings	Total
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance at May 31, 1988	14,453	\$173	22,650	\$2,696	\$69,737	\$(1,157)	\$340,325	\$ 411,774
Stock options exercised	30	—	166	2	4,490	—	—	4,492
Conversion to Class B Common Stock	(188)	(2)	188	2	—	—	—	—
Translation of statements of foreign operations	—	—	—	—	—	(999)	—	(999)
Net income—year ended May 31, 1989	—	—	—	—	—	—	167,047	167,047
Dividends on Redeemable Preferred Stock	—	—	—	—	—	—	(30)	(30)
Dividends on Common Stock	—	—	—	—	—	—	(20,480)	(20,480)
Balance at May 31, 1989	14,295	171	23,004	2,700	74,227	(2,156)	486,862	\$61,804
Stock options exercised	114	2	73	1	4,355	—	—	4,358
Conversion to Class B Common Stock	(358)	(5)	358	5	—	—	—	—
Translation of statements of foreign operations	—	—	—	—	—	3,191	—	3,191
Net income—year ended May 31, 1990	—	—	—	—	—	—	242,958	242,958
Dividends on Redeemable Preferred Stock	—	—	—	—	—	—	(30)	(30)
Dividends on Common Stock	—	—	—	—	—	—	(28,062)	(28,062)
Balance at May 31, 1990	14,051	168	23,435	2,706	78,582	1,035	701,728	784,219
Stock options exercised	—	—	276	2	6,099	—	—	6,101
Conversion to Class B Common Stock	(393)	(4)	393	4	—	—	—	—
Two-for-one Stock Split October 5, 1990	13,780	—	23,754	—	—	—	—	—
Translation of statements of foreign operations	—	—	—	—	—	(5,463)	—	(5,463)
Net income—year ended May 31, 1991	—	—	—	—	—	—	287,046	287,046
Dividends on Redeemable Preferred Stock	—	—	—	—	—	—	(30)	(30)
Dividends on Common Stock	—	—	—	—	—	—	(39,084)	(39,084)
Balance at May 31, 1991	27,438	\$164	47,858	\$2,712	\$84,681	\$(4,428)	\$949,660	\$1,032,789

NIKE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Summary of significant accounting policies:

Basis of consolidation:

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

Recognition of revenues:

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

Cash and equivalents:

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

Inventory valuation:

Inventories are stated at the lower of cost or market. Cost is determined using the last-in first-out (LIFO) method for substantially all domestic inventories. Foreign inventories were valued on a LIFO basis prior to fiscal 1990, and on a first-in, first-out (FIFO) basis thereafter.

Property, plant and equipment and depreciation:

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

Goodwill:

At May 31, 1991 and 1990, the Company's excess of purchase cost over the fair value of net assets of businesses acquired was \$114,710,000 and \$81,021,000, respectively; net of amortization of \$12,062,000 and \$8,362,000, respectively. This excess is being amortized on a straight-line basis principally over forty years.

Foreign currency translation:

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

Forward exchange contracts:

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

Income taxes:

Deferred income taxes are recognized for timing differences between income for financial reporting purposes and taxable income. Income taxes are provided currently on earnings of foreign subsidiaries expected to be repatriated.

In December 1987, the Financial Accounting Standards Board (FASB) issued new standards on accounting for income taxes which require the use of the liability method for computing deferred income taxes. One of the principal differences from the deferred method used in these financial statements is that changes in tax rates and laws will be reflected in income from continuing operations in the period such changes are enacted; whereas under the deferred method such changes were reflected over time, if at all. The Company plans to adopt this statement in fiscal 1993, as

permitted under the most recent transition rules, but has not yet quantified the effect adoption will have on the consolidated financial statements. Currently there is a proposed FASB statement which would simplify the application of these standards and defer the adoption date to fiscal 1994.

Net income per common share:

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

Stock split:

On October 5, 1990, the Company issued additional shares in connection with a two-for-one stock split effected in the form of a 100% stock dividend on outstanding Class A and Class B common stock. The per common share amounts in the Consolidated Financial Statements and accompanying notes have been adjusted to reflect this stock split.

Note 2 — Inventories:

Inventories by major classification are as follows:

	May 31,	
	1991	1990
	<i>(in thousands)</i>	
Finished goods	\$577,176	\$301,346
Work-in-process	6,401	6,126
Raw materials	3,017	2,004
	<u>\$586,594</u>	<u>\$309,476</u>

The excess of replacement cost over LIFO cost approximated \$18,958,000 at May 31, 1991 and \$18,468,000 at May 31, 1990. During 1989, certain inventory quantities were reduced resulting in liquidations, which were not material, of LIFO inventory quantities carried at different costs prevailing in prior years as compared with the cost of 1989 purchases.

Note 3 — Property, plant and equipment:

Property, plant and equipment includes the following:

	May 31,	
	1991	1990
	<i>(in thousands)</i>	
Land	\$ 44,898	\$ 11,199
Buildings	105,710	20,077
Machinery and equipment	210,173	108,358
Leasehold improvements	21,584	13,183
Construction in process	15,236	85,644
	<u>397,601</u>	<u>238,461</u>
Less accumulated depreciation	105,138	78,797
	<u>\$292,463</u>	<u>\$159,664</u>

Capitalized interest expense relating to construction of the Company's world headquarters and other projects was \$3,444,000, \$3,240,000 and \$338,000 for the fiscal years ended May 31, 1991, 1990 and 1989, respectively.

Note 4 — Short-term borrowings and credit lines:

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

	Banks				NIAC	
	Domestic Operations		Foreign Operations		Borrowings	Interest Rate
	Borrowings	Interest Rate	Borrowings	Interest Rate		
	<i>(in thousands)</i>					
May 31, 1991	\$201,939	6½%	\$98,425	10½%	\$70,709	7½%
May 31, 1990	\$ 716	8½%	\$30,386	12½%	\$39,030	8½%

At May 31, 1991, NIKE had no outstanding borrowings under its \$150 million unsecured multiple option facility with fifteen banks. At May 31, 1990, NIKE had no outstanding borrowings under a similar \$100 million facility with nine banks. Effective June 1, 1991, the Company terminated the \$150 million facility and entered into a new \$300 million unsecured multiple option credit facility with sixteen banks. This agreement contains optional borrowing alternatives consisting of a committed revolving loan facility and a competitive bid facility. The interest rate charged on this agreement is determined by the borrowing option and under the committed revolving loan facility is either the Prime Rate or London Interbank Offered Rate (LIBOR) plus .30%. The agreement provides for annual fees of .15% of the total commitment. Under the agreement, the Company must maintain, among other things, certain minimum specified financial ratios and balances. A domestic subsidiary had \$7,100,000 and \$716,000 outstanding at May 31, 1991 and May 31, 1990, respectively, under unsecured, uncommitted short-term credit agreements. At May 31, 1991 and 1990, there was \$46,500,000 and \$0, respectively, outstanding under unsecured, uncommitted short-term credit facilities with several banks.

During 1991, ratings were reaffirmed for the Company to issue commercial paper which is required to be supported by committed and uncommitted lines of credit. At May 31, 1991 and 1990, there was \$148,339,000 and \$0 outstanding under these arrangements, respectively.

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

Accounts payable to NIAC are generally due up to 115 days after shipment from the foreign port. Interest on such accounts payable accrues at the ninety day LIBOR rate as of the beginning of the month of the invoice date, plus .30%.

Note 5 — Long-term debt:

Long-term debt includes the following:

	May 31,	
	1991	1990
	(in thousands)	
8.45% unsecured term loan, due July 1993	\$25,000	\$25,000
8.25% capital equipment purchase agreement payable in installments through 1991	75	1,140
14% assumed loan, secured by certain real estate, due in installments through February 1991	—	2,268
12.25% assumed loan, secured by certain real estate, due in installments through February 1991	—	5,135
Other	5,497	1,190
Total	30,572	34,733
Less current maturities	580	8,792
	<u>\$29,992</u>	<u>\$25,941</u>

The \$25 million term loan agreement requires, among other things, the maintenance of specified financial ratios and balances and contains limits on the amount of investments and sales of assets. During June 1991, the Company borrowed an additional \$25 million under this agreement at 7.90% and due June 1993.

Amounts of long-term maturities in each of the five fiscal years 1992 through 1996 respectively, are \$580,000, \$600,000, \$25,381,000, \$234,000 and \$243,000.

Note 6 — Income taxes:

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

	Year Ended May 31,		
	1991	1990	1989
	(in thousands)		
Income before income taxes:			
United States	\$293,016	\$300,924	\$207,815
Foreign	168,730	92,434	62,832
	<u>\$461,746</u>	<u>\$393,358</u>	<u>\$270,647</u>
Provision for income taxes:			
Current:			
United States			
Federal	\$104,743	\$102,535	\$ 72,785
State	21,424	21,567	15,720
Foreign	50,174	29,689	19,499
	<u>176,341</u>	<u>153,791</u>	<u>108,004</u>
Deferred:			
United States			
Federal	(1,959)	(4,234)	(2,663)
State	(1,053)	(420)	(788)
Foreign	1,371	1,263	(953)
	<u>(1,641)</u>	<u>(3,391)</u>	<u>(4,404)</u>
	<u>\$174,700</u>	<u>\$150,400</u>	<u>\$103,600</u>

As of May 31, 1991 the Company has utilized all foreign tax credits.

The sources and amounts of the provision (credit) for deferred income taxes were as follows:

	Year Ended May 31,		
	1991	1990	1989
	(in thousands)		
Inventory adjustment to market	\$ (903)	\$(1,264)	\$ 130
Reserves and accrued liabilities	1,483	17	(1,754)
Tax basis adjustments to inventory	(5,311)	359	(2,236)
Purchased tax benefits	(553)	(441)	(362)
Deferred compensation	796	(40)	(1,735)
Barter credits	92	—	1,120
Undistributed earnings of foreign subsidiaries	5,825	(1,150)	1,784
Bad debts	(979)	(1,378)	(915)
Other, net	(2,091)	506	(436)
	<u>\$(1,641)</u>	<u>\$(3,391)</u>	<u>\$(4,404)</u>

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

	Year Ended May 31,		
	1991	1990	1989
U.S. Federal statutory rate	34.0%	34.0%	34.0%
State income taxes, net of federal benefit	3.0	3.6	3.6
Other, net	.8	.6	.7
Effective income tax rate	<u>37.8%</u>	<u>38.2%</u>	<u>38.3%</u>

During 1982, the Company purchased future tax benefits for \$15,277,000. Tax benefits of \$7,540,000 in excess of the purchase price have been recognized as of May 31, 1991 and are classified as a long-term liability.

Note 7 — Redeemable Preferred Stock:

Nissho Iwai American Corporation (NIAC) is the sole owner of the Company's authorized Redeemable Preferred Stock, \$1 par value, which is redeemable at the option of NIAC at par value aggregating \$300,000. A cumulative dividend of \$.10 per share is payable annually on May 31 and no dividends may be declared or paid on the Common Stock of the Company unless dividends on the Redeemable Preferred Stock have been declared and paid in full. There have been no changes in the Redeemable Preferred Stock in the three years ended May 31, 1991. As the holder of the Redeemable Preferred Stock, NIAC does not have general voting rights but does have the right to vote as a separate class on the sale of all or substantially all of the assets of the Company and its subsidiaries, on merger, consolidation, liquidation or dissolution of the Company or on the sale or assignment of the NIKE trademark for athletic footwear sold in the United States.

Note 8—Common Stock:

The authorized number of shares of Class A Common Stock no par value and Class B Common Stock no par value are 60,000,000 and 150,000,000 respectively, after reflecting the threefold increase approved by shareholders in September, 1990. The Company also announced a two-for-one stock split which was effected in the form of a 100% stock dividend on outstanding Class A and Class B Common Stock, paid October 5, 1990. Each share of Class A Common Stock is convertible into one share of Class B Common Stock. Voting rights of Class B Common Stock are limited in certain circumstances with respect to the election of directors.

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

In 1990, the Board of Directors adopted, and the shareholders approved, the NIKE, Inc. 1990 Stock Incentive Plan (the "1990 Plan"). The 1990 Plan provides for the issuance of up to 4,000,000 shares of Class B Common Stock in connection with stock options and other awards granted under such plan. The 1990 Plan authorizes the grant of incentive stock options, non-statutory stock options, stock appreciation rights, stock bonuses, and the sale of restricted stock. The exercise price for incentive stock options may not be less than the fair market value of the underlying shares on the date of grant. The exercise price for non-statutory stock options and stock appreciation rights, and the purchase price of restricted stock, may not be less than 75% of the fair market value of the underlying shares on the date of grant. No consideration will be paid for stock bonuses awarded under the 1990 Plan. The 1990 Plan is administered by a committee of the Board of Directors. The committee has the authority to determine the employees to whom awards will be made, the amount of the awards, and the other terms and conditions of the awards. As of May 31, 1991, the committee has only granted non-statutory stock options at 100% of fair market value on the date of grant under the 1990 Plan.

The following summarizes the stock option transactions under the 1980 Plan and the 1990 Plan for the fiscal years ended May 31, 1990 and 1991:

	Shares (in thousands)	Option Price Per Share (\$)
Options outstanding May 31, 1989:	466	9.50 to 39.31
Exercised	(73)	9.50 to 30.31
Surrendered	—	—
Granted	342	40.81 to 67.13
Options outstanding May 31, 1990:	735	9.50 to 67.13
Exercised	(275)	4.75 to 32.60
Surrendered	—	—
Granted	338	26.00 to 75.37
Stock split	988	4.75 to 37.69
Options outstanding May 31, 1991:	1,786	4.75 to 37.69
Options exercisable at May 31:		
1991	333	4.75 to 33.56
1990	210	9.50 to 39.31

In addition to the option plans discussed previously, the Company has several agreements outside of the plans with certain directors and employees. As of May 31, 1991, 848,000 options with exercise prices ranging from \$.417 per share to \$25.00 per share had been granted. The aggregate compensation expense related to these agreements is \$4,521,000 and is being amortized over vesting periods from October 1980 through December 1993. The outstanding agreements expire from February 1998 through December 1998.

The following summarizes transactions outside the option plans for the two years ended May 31, 1991:

	Shares (in thousands)	Option Price Per Share (\$)
Options outstanding May 31, 1989:	203	.417 to 25.00
Exercised	(114)	.417
Surrendered	—	—
Granted	—	—
Options outstanding May 31, 1990:	89	9.50 to 25.00
Exercised	—	—
Surrendered	—	—
Granted	—	—
Stock split	89	4.75 to 12.50
Options outstanding May 31, 1991:	178	4.75 to 12.50
Options exercisable at May 31:		
1991	106	4.75 to 12.50
1990	41	9.50 to 25.00

Note 9—Profit sharing plan:

The Company has a profit sharing plan available to substantially all employees. The terms of the plan call for annual contributions by the Company as determined by the Board of Directors. Contributions of \$7,800,000, \$6,700,000 and \$4,700,000 to the plan are included in other expense in the consolidated financial statements for the years ended May 31, 1991, 1990, and 1989.

Note 10—Interest income:

Included in other income for the years ended May 31, 1991, 1990, and 1989 is interest income of \$11,062,000, \$12,324,000, and \$7,694,000, respectively.

Note 11—Commitments and contingencies:

The Company leases space for its offices, warehouses and retail stores under leases expiring from one to fifteen years after May 31, 1991. Rent expense aggregated \$20,464,000, \$15,399,000, and \$12,179,000 for the years ended May 31, 1991, 1990, and 1989 respectively. Amounts of minimum future annual rental commitments under non-cancellable operating leases in each of the five fiscal years 1992 through 1996 are \$17,086,000, \$14,751,000, \$12,474,000, \$10,906,000, \$8,652,000 and in aggregate \$114,188,000.

In the fall of 1988, the Company began construction of a new world headquarters facility. The expected cost of the facility including land, buildings and improvements is approximately \$140 million. The Company has expended \$103 million to date, and has construction and purchase commitments approximating \$21 million.

Note 12 — Operations by geographic areas:

The Company operates predominantly in one industry segment, that being the design, production and marketing of athletic and casual footwear, apparel and accessories. During 1991, 1990 and 1989, sales to one major customer amounted to 17%, 19% and 16% of total sales, respectively. Information about the Company's operations in the United States and international markets is presented below. Inter-geographic revenues and assets have been eliminated to arrive at the consolidated amounts. Expenses and assets not identifiable with the operations of a specific geographic segment have been listed separately.

	Year Ended May 31,		
	1991	1990	1989
	<i>(in thousands)</i>		
Revenues from unrelated entities:			
United States	\$ 2,141,461	\$ 1,755,496	\$ 1,362,148
Europe	664,747	334,275	241,380
Other international	197,402	145,473	107,275
	<u>\$3,003,610</u>	<u>\$2,235,244</u>	<u>\$1,710,803</u>
Inter-geographic revenues:			
United States	\$ 9,111	\$ 4,765	\$ 1,757
Europe	—	—	—
Other international	11,892	5,628	4,323
	<u>\$ 21,003</u>	<u>\$ 10,393</u>	<u>\$ 6,080</u>
Total revenues:			
United States	\$ 2,150,572	\$ 1,760,261	\$ 1,363,905
Europe	664,747	334,275	241,380
Other international	209,294	151,101	111,598
Less inter-geographic revenues	(21,003)	(10,393)	(6,080)
	<u>\$3,003,610</u>	<u>\$2,235,244</u>	<u>\$1,710,803</u>
Operating income:			
United States	\$ 325,257	\$ 315,246	\$ 230,156
Europe	134,069	55,098	35,376
Other international	51,745	42,880	30,173
Less corporate, interest and other income (expense) and eliminations	(49,325)	(19,866)	(25,058)
	<u>\$ 461,746</u>	<u>\$ 393,358</u>	<u>\$ 270,647</u>
Assets:			
United States	\$ 1,156,091	\$ 786,775	\$ 600,629
Europe	370,104	162,383	102,744
Other international	94,212	74,329	50,756
Total identifiable assets	1,620,407	1,023,487	754,129
Corporate cash and eliminations	88,023	71,065	71,281
Total assets	<u>\$ 1,708,430</u>	<u>\$ 1,094,552</u>	<u>\$ 825,410</u>

DIRECTORS

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(5) Member—Stock Option Committee

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Ronald E. Nelson
Vice President

Mark G. Parker
Vice President

George E. Porter
Vice President

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Vice President

Lindsay D. Stewart
Vice President and Corporate Counsel

John E. Jaqua
Secretary

A. Thomas Niebergall
Assistant Secretary

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Kowloon, Hong Kong

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Harvard Community Health Plan
Boston, Massachusetts*

Michael Jordan
*President
The Michael Jordan Foundation
Chicago, Illinois*

LOCATIONSWorld Headquarters

One Bowman Drive
Buckton, Oregon 97003-6453

United States Sales and Distribution Centers

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Memphis, Tennessee 38138

27253 S.W. Boons Ferry Road
Wilsonville, Oregon 97070

150 Ocean Road
Greenland, New Hampshire 03840

European Headquarters

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1213 PD Hilterson
The Netherlands

Canada Sales and Marketing Office

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Coquitlam, British Columbia
Canada V3K 6A9

Asia/Pacific Headquarters

Suite 1401-B, South Tower
World Financial Center
Harbor City, Canton Rd.
Tsimshatsi, Kowloon
Hong Kong

Latin America Headquarters

Patrol Trade Center
Rua Luis Miguel, 1110-Cj, 403
05711 Sao Paulo, Brazil

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

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

Around the world the NIKE® name and Swoosh Design® represent authentic, athletic products. In traveling the world, NIKE designers searched for candid moments of athletes in action. The fact that some of these athletes appear in this annual report in no way implies that they endorse NIKE. Rather, they represent the universal language of sports and fitness. We salute them.

NIKE wishes to thank photographer Philip Neutron for his dedication in helping to create this annual report.

SHAREHOLDERS' INFORMATIONCorporate Office

One Bowman Drive
Buckton, Oregon 97003-6453
(503) 671-6453

Annual Meeting

10 a.m., September 16, 1991
NIKE World Headquarters
One Bowman Drive
Buckton, Oregon 97003-6453

Independent Accountants

Prix Waterhouse
121 S.W. Morrison, Suite 1800
Portland, Oregon 97204

Registrar and Transfer Agent

First Chicago Trust Co. of New York
30 West Broadway
New York, NY 10007-2192

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 the Investor Relations Department at the Corporate Office.

Corporate Giving Program

NIKE's JUST DO IT Fund supports unique educational programs for inner-city youth. Detailed information on the program may be obtained by calling (503) 671-5637 or writing to NIKE, Inc., JUST DO IT Fund, Attention: Public Affairs, at the Corporate Office.



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