

Nike, Inc. Consolidated Statement of Income

(in millions, except per share data)

YEAR ENDED MAY 31,	2000	1999	1998
Revenues	\$8,995.1	\$8,776.9	\$9,553.1
Costs and expenses:			
Cost of sales	5,403.8	5,493.5	6,065.5
Selling and administrative	2,606.4	2,426.6	2,623.8
Interest expense (Notes 4 and 5)	45.0	44.1	60.0
Other income/expense, net (Notes 1, 10 and 11)	23.2	21.5	20.9
Restructuring charge, net (Note 13)	(2.5)	45.1	129.9
Total costs and expenses	8,075.9	8,030.8	8,900.1
Income before income taxes	919.2	746.1	653.0
Income taxes (Note 6)	340.1	294.7	253.4
Net income	\$ 579.1	\$ 451.4	\$ 399.6
Basic earnings per common share (Notes 1 and 9)	\$ 2.10	\$ 1.59	\$ 1.38
Diluted earnings per common share (Notes 1 and 9)	\$ 2.07	\$ 1.57	\$ 1.35

The accompanying notes to consolidated financial statements are an integral part of this statement.

Nike, Inc. Consolidated Balance Sheet

(in millions)

MAY 31,	2000	1999
ASSETS		
Current Assets:		
Cash and equivalents	\$ 254.3	\$ 198.1
Accounts receivable, less allowance for doubtful accounts of \$65.4 and \$73.2	1,567.2	1,540.1
Inventories (Note 2)	1,446.0	1,170.6
Deferred income taxes (Notes 1 and 6)	111.5	120.6
Income taxes receivable	2.2	15.9
Prepaid expenses (Note 1)	215.2	219.6
Total current assets	3,596.4	3,264.9
Property, plant and equipment, net (Note 3)	1,583.4	1,265.8
Identifiable intangible assets and goodwill (Note 1)	410.9	426.6
Deferred income taxes and other assets (Notes 1 and 6)	266.2	290.4
Total assets	\$5,856.9	\$5,247.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt (Note 5)	\$ 50.1	\$ 1.0
Notes payable (Note 4)	924.2	419.1
Accounts payable (Note 4)	543.8	473.6
Accrued liabilities	621.9	553.2
Total current liabilities	2,140.0	1,446.9
Long-term debt (Notes 5 and 14)	470.3	386.1
Deferred income taxes and other liabilities (Notes 1 and 6)	110.3	79.8
Commitments and contingencies (Notes 12 and 15)	—	—
Redeemable Preferred Stock (Note 7)	0.3	0.3
Shareholders' Equity :		
Common stock at stated value (Note 8):		
Class A convertible – 99.2 and 100.7 shares outstanding	0.2	0.2
Class B – 170.4 and 181.6 shares outstanding	2.6	2.7
Capital in excess of stated value	369.0	334.1
Unearned stock compensation	(11.7)	—
Accumulated other comprehensive income	(111.1)	(68.9)
Retained earnings	2,887.0	3,066.5
Total shareholders' equity	3,136.0	3,334.6
Total liabilities and shareholders' equity	\$5,856.9	\$5,247.7

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Nike, Inc. Consolidated Statement of Cash Flows

(in millions)

YEAR ENDED MAY 31,	2000	1999	1998
Cash provided (used) by operations:			
Net income	\$579.1	\$451.4	\$399.6
Income charges (credits) not affecting cash:			
Depreciation	188.0	198.2	184.5
Non-cash portion of restructuring charge	—	28.0	59.3
Deferred income taxes	36.8	37.9	(113.9)
Amortization and other	35.6	30.6	49.0
Changes in certain working capital components:			
(Increase) decrease in inventories	(275.4)	226.0	(58.0)
(Increase) decrease in accounts receivable	(27.1)	134.3	79.7
Decrease (increase) in other current assets and income taxes receivable	65.6	25.0	(12.6)
Increase (decrease) in accounts payable, accrued liabilities and income taxes payable	157.3	(170.4)	(70.1)
Cash provided by operations	759.9	961.0	517.5
Cash provided (used) by investing activities:			
Additions to property, plant and equipment	(419.9)	(384.1)	(505.9)
Disposals of property, plant and equipment	25.3	27.2	16.8
Increase in other assets	(51.3)	(60.8)	(87.4)
Increase (decrease) in other liabilities	5.9	1.2	(18.5)
Cash used by investing activities	(440.0)	(416.5)	(595.0)
Cash provided (used) by financing activities:			
Additions to long-term debt	0.1	—	101.5
Reductions in long-term debt including current portion	(1.8)	(1.5)	(2.5)
Increase (decrease) in notes payable	505.1	(61.0)	(73.0)
Proceeds from exercise of options	23.9	54.4	32.2
Repurchase of stock	(646.3)	(299.8)	(202.3)
Dividends – common and preferred	(133.1)	(136.2)	(127.3)
Cash used by financing activities	(252.1)	(444.1)	(271.4)
Effect of exchange rate changes on cash	(11.6)	(10.9)	12.1
Net increase (decrease) in cash and equivalents	56.2	89.5	(336.8)
Cash and equivalents, beginning of year	198.1	108.6	445.4
Cash and equivalents, end of year	\$254.3	\$198.1	\$108.6
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	\$ 45.0	\$ 47.1	\$ 52.2
Income taxes	221.1	231.9	360.5
Non-cash investing and financing activity:			
Assumption of long-term debt to acquire property, plant, and equipment	\$108.9	—	—

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Nike, Inc. Consolidated Statement of Shareholders' Equity

(in millions)

	COMMON STOCK				CAPITAL IN EXCESS OF STATED VALUE	UNEARNED STOCK COMPENSATION	ACCUMULATED OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS	TOTAL
	CLASS A		CLASS B						
	SHARES	AMOUNT	SHARES	AMOUNT					
BALANCE AT MAY 31, 1997	101.7	\$0.2	187.6	\$2.7	\$210.6	\$ —	\$ (31.3)	\$2,973.7	\$3,155.9
Stock options exercised			2.1		57.2				57.2
Conversion to Class B Common Stock	(0.2)		0.2						
Repurchase of Class B Common Stock			(4.4)		(5.3)			(197.0)	(202.3)
Dividends on common stock								(132.9)	(132.9)
Comprehensive income:									
Net income								399.6	399.6
Foreign currency translation (net of tax benefit of \$3.7)								(15.9)	(15.9)
Comprehensive income								(15.9)	383.7
BALANCE AT MAY 31, 1998	101.5	0.2	185.5	2.7	262.5	—	(47.2)	3,043.4	3,261.6
Stock options exercised			2.7		80.5				80.5
Conversion to Class B Common Stock	(0.8)		0.8						
Repurchase of Class B Common Stock			(7.4)		(8.9)			(292.7)	(301.6)
Dividends on common stock								(135.6)	(135.6)
Comprehensive income:									
Net income								451.4	451.4
Foreign currency translation (net of tax benefit of \$12.5)								(21.7)	(21.7)
Comprehensive income								(21.7)	429.7
BALANCE AT MAY 31, 1999	100.7	0.2	181.6	2.7	334.1	—	(68.9)	3,066.5	3,334.6
Stock options exercised			1.3		38.7				38.7
Conversion to Class B Common Stock	(1.5)		1.5						
Repurchase of Class B Common Stock			(14.5)	(0.1)	(17.3)			(627.1)	(644.5)
Dividends on common stock								(131.5)	(131.5)
Issuance of shares to employees			0.5		13.5	(13.5)			—
Amortization of unearned compensation						1.8			1.8
Comprehensive income:									
Net income								579.1	579.1
Foreign currency translation (net of tax benefit of \$9.3)								(42.2)	(42.2)
Comprehensive income								(42.2)	536.9
BALANCE AT MAY 31, 2000	99.2	\$0.2	170.4	\$2.6	\$369.0	\$ (11.7)	\$(111.1)	\$2,887.0	\$3,136.0

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