

WE
ARE
ON THE
OFFENSE,
ALWAYS.







NIKE BASKETBALL



NIKE WOMEN'S TRAINING



NIKE SPORTSWEAR



NIKE MEN'S TRAINING



NIKE FOOTBALL



NIKE RUNNING

I'm very pleased with how we have enhanced the position, performance, and potential of all the brands and categories in the NIKE, Inc. family.

To Our Shareholders,

When I stepped into the CEO role 2½ years ago, the leadership team reaffirmed a simple concept that I knew was true from my nearly 30 years of experience here – NIKE is a growth company. That fact shaped the long-term financial goals we outlined more than seven years ago. It also inspired our goal of reaching \$23 billion in revenue by the end of fiscal 2011. Fiscal 2008 illustrated the power of that financial model, the strength of our team, and the ability of NIKE to bring innovative products and excitement to the marketplace.

Our unique role as the innovator and leader in our industry enables us to drive consistent, long-term profitable growth. In 2008 we added \$2.3 billion of incremental revenue to reach \$18.6 billion – up 14 percent year over year with growth in every region and every business unit. Gross margins improved more than a percentage point to a record high of 45%, and earnings per share grew 28 percent. We increased our return on invested capital by 250 basis points¹, increased dividends by 23%, and bought back \$1.2 billion in stock.

2008 was a very good year.

As we enter fiscal 2009 we are well-positioned for the future. The NIKE brand continues to grow in relevance and influence. We're focused on six key categories – running, basketball, football, men's training, women's training and sportswear. Each category team is immersed in its sport's culture, connecting with consumers and building deep relationships. These connections are the source of insights we use to create the innovative products that fill our pipeline. NIKE is a premium brand, and we earn that reputation by delivering experiences that surpass the expectations of our consumers.

Our portfolio of brands also continues to grow. Converse is mid-way through its 100th anniversary celebration. This brand delivered its best year ever in fiscal 2008 and continues to grow in the U.S. and in the key emerging markets of China, Russia and Brazil. Hurley and Cole Haan also had record years for revenue and pre-tax income. And NIKE Golf increased revenue and pre-tax income as we continue to deliver innovation and widen our lead as the largest apparel brand in the golf industry.

Growth in our portfolio of brands is only half the story. The other half is change. Our portfolio is based on three things – pursuing the greatest growth opportunities; leveraging NIKE resources and capabilities; and serving consumers with premium products and experiences. In applying these three principles we saw opportunities to take action in 2008. We sold the Starter and Bauer businesses, and we acquired Umbro, one of the world's great football brands and a source of tremendous growth potential for NIKE, Inc. as we continue to expand our position as the biggest football presence on the planet.

After all the work we have done this year, I'm very pleased with how we have enhanced the position, performance, and potential of all the brands and categories in the NIKE, Inc. family. They illustrate the commitment we have to athletes and the unique role we play in sports and the cultures that surround our consumers.

As I write this we're heading into the Beijing Olympics – a moment that NIKE has been working toward for 30 years. NIKE is the number-one sports brand in China, which is also our largest sourcing country and our biggest market outside the U.S. During the past four years we have worked with thousands of athletes from more than 100 countries. We've gained valuable insights nobody else has and used them to design and deliver some of the best performance innovations NIKE has ever developed. From the Hyperdunk basketball shoe, Zoom Victory Spike, and LunaRacer to Swift apparel and the Pre Cool Vest – NIKE product innovation is setting new standards in all 28 Olympic sports. And we'll continue to connect with Chinese consumers long after the Olympic torch goes out, bringing innovative products, retail experiences, and communications to this exciting marketplace.

We'll give the world a chance to catch its breath from Beijing, but only for a minute. On August 31 we launch The Human Race, the world's biggest single running event in history – runners around the world competing and connecting simultaneously through the power of NIKE+ technology – raising funds for global causes with every mile. This is what NIKE is all about – innovating on multiple fronts and creating a bigger more vibrant marketplace. That's what we do best and we're doing it all over the world.

And our world is changing. The digital age is fueling change at its fastest rate in history. Power is in the hands of consumers. They have near infinite choices and unlimited access to those choices. The cost of entry into their world has risen dramatically. To be relevant, to be accepted, a company must bring its authentic self to market. For NIKE this means vast new opportunities to reach and reward consumers – with product innovation and compelling experiences at retail and online. We're leveraging those opportunities by sharing our passion for sports and design and communications – our own never-ending story.

More than ever our story involves the commitment to innovate for a better world. We're very focused on creating products that reduce their environmental impact and showcase sustainable innovation. We're committed to helping improve working conditions across the industry's supply chain. And we continue to invest in our communities through programs like Let Me Play and our partnership with the Lance Armstrong Foundation. Every day we see how social and environmental change can promote innovation and growth in our business and in the world.

This year we were named one of the world's most ethical companies (*Ethisphere Magazine*), one of the world's top sustainable stocks (*Sustainable Business and KLD*), #3 in 100 Best Corporate Citizens (*CRO Magazine*), one of the 100 Best Places to Work (*Fortune* magazine), and the World Wildlife Fund and others have recognized NIKE for our work on climate change. I'm grateful that we're being noticed for our contributions, but our work in this area is a journey. There is always more to do.

I'll point to a \$100 million partnership between the NIKE Foundation and Peter and Jennifer Buffett's NoVo Foundation. Together we are creating an exciting new initiative called the Girl Effect. The premise of the Girl Effect is as simple as it is profound – when we invest in the health, safety and education of an adolescent girl, we create a ripple effect that improves her quality of life and that of everyone around her – her family, her village, her nation and, ultimately, all of us. Global research and experience show that investing in girls and creating the Girl Effect may be the most powerful missing piece to the puzzle of alleviating poverty.

For all we have accomplished this year, we remain humbled by the amazing things we witnessed in the world of sports – Tiger Woods playing through pain to win the U.S. Open, Paul Pierce leading the Boston Celtics to their first NBA title in more than 20 years, the passion of a historic European Championships, and Rafael Nadal outlasting Roger Federer in the longest and most dramatic final in Wimbledon history.

It is epic moments like these – and the millions of everyday moments created by athletes around the world – that inspire us. Their dreams motivate us to create the most innovative product in sport, and to serve more fully every consumer who shares our passion for performance and excellence. That is our responsibility and our privilege.

As we move through fiscal 2009, now is not the time to be timid. We know that doing business as usual – doing what we've done in the past just a little bit better – is not enough. We are committed to the principals that got us here – innovation, consistency, and competitive fire. We're focused on managing for growth. Where others retract, we reach out. Where some react, we create. We are on the offense, always.

I wouldn't trade what we have with anybody in any industry.

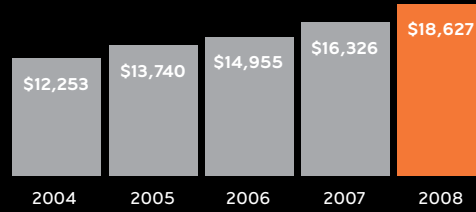
Mark Parker
President and Chief Executive Officer
NIKE, Inc.

¹A calculation of return on invested capital for NIKE, Inc. can be found at www.nikebiz.com/investors.

NIKE, Inc. Revenue Performance

Fiscal Year 2004–2008

5-Year CAGR 12%*

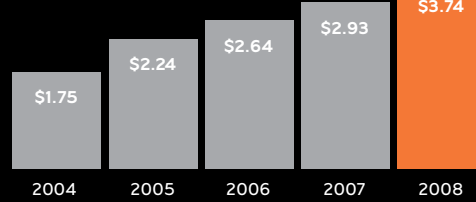


* 5-Year CAGR based on Fiscal Year 2003 Revenue of \$10,697 million Revenue in Millions

NIKE, Inc. EPS Performance*

Fiscal Year 2004–2008**

5-Year CAGR 22%*

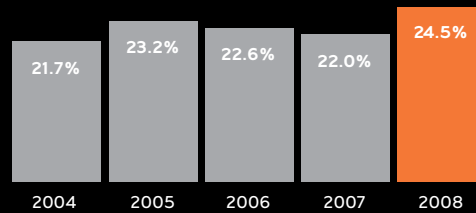


* 5-Year CAGR based on Fiscal Year 2003 diluted EPS of \$1.38

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

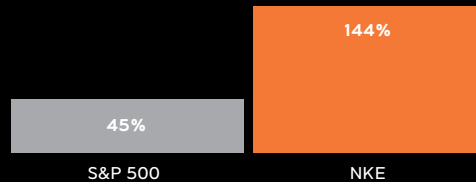
NIKE, Inc. Return on Invested Capital

Fiscal Year 2004–2008



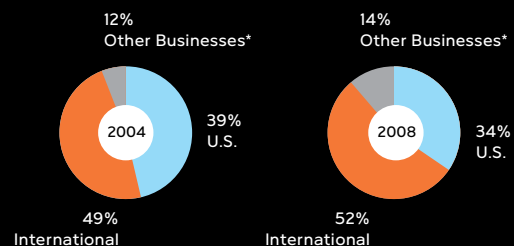
Five-Year NIKE, Inc. Stock Performance vs. S&P 500

Fiscal Year 2004–2008



NIKE, Inc. Revenue Distribution

Fiscal Year 2004 vs 2008



* The segment labeled "Other Businesses" represents revenues from Cole Haan, Converse Inc., Hurley International LLC, NIKE Bauer Hockey Inc. and NIKE Golf for fiscal 2004. Fiscal 2008 includes revenues for these businesses as well as revenues from Exeter Brands Group LLC and Umbro Ltd.

SHAREHOLDER INFORMATION

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

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

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

INDEPENDENT ACCOUNTANTS

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REGISTRAR AND STOCK TRANSFER AGENT

Communications concerning shareholder address changes, stock transfers, changes of ownership, lost stock certificates, payment of dividends, dividend check replacements, duplicate mailings, or other account services should be directed to the Company's Registrar and Stock Transfer Agent at the following address:

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Hearing Impaired: 800-952-9245
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