



9 Nike Business Overview

Business Overview:

Nike, Inc. is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities.

Virtually all Nike products are manufactured by independent contract manufacturers, many of which produce for other globally recognized brands. Most Nike products are made outside of the United States.

Nike, Inc. also includes six U.S.-based wholly owned subsidiaries.

This report covers activities of the Nike brand, as well as Brand Jordan and Nike Golf, which together represent about 90 percent of company revenues, unless where otherwise noted.

Nike has a long-term goal of incorporating subsidiary companies into its corporate responsibility efforts and reporting.

Nike, Inc Subsidiaries

Cole Haan Holdings Inc., based in Maine, sells dress and casual footwear and accessories for men and women under the brand names of Cole Haan, g Series and Bragano.

Nike Bauer Hockey Inc., based in New Hampshire, manufactures and distributes hockey ice skates, apparel and equipment, as well as equipment for in-line skating and street and roller hockey.

Hurley International LLC, based in California, designs and distributes action sports apparel for surfing, skateboarding and snowboarding, and youth lifestyle apparel and footwear.

Nike IPHD Inc., based in Oregon, makes AIR-SOLE cushioning components used in Nike footwear products and sells small amounts of various plastic products to other manufacturers.

Converse Inc., based in Massachusetts, designs and distributes athletic and casual footwear, apparel and accessories.

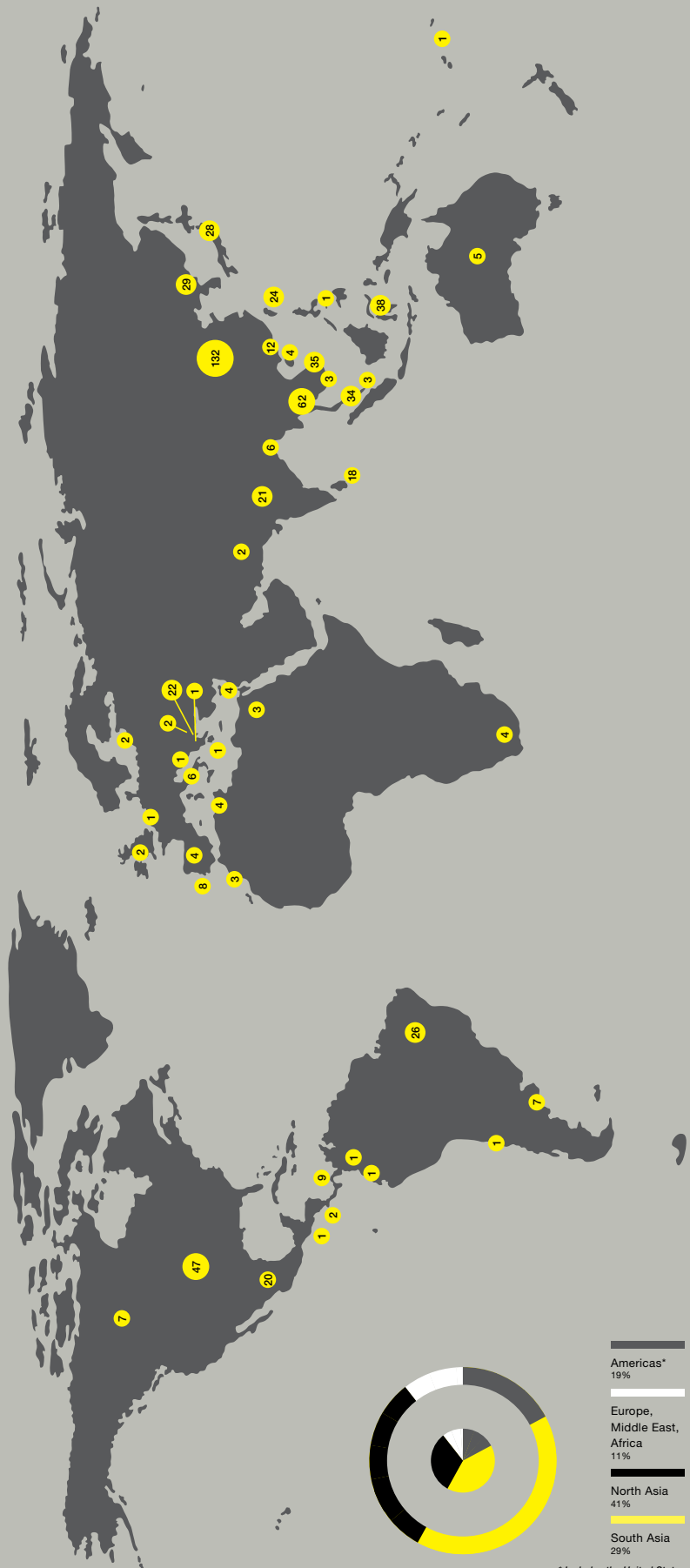
Exeter Brands Group LLC, based in New York and Beaverton, Oregon, includes the Tailwind, Starter, Team Starter, and Asphalt brand names and is the master licensee of the Shaq and Dunkman brands. The Exeter Brands Group is devoted to designing and marketing athletic footwear and apparel for the value retail channel.



Nike's Contract Factory Footprint

Chart 43
Nike's Contract Factory Footprint
As of Feb. 28, 2007

COUNTRY	FACTORIES
ARGENTINA	7
AUSTRALIA	5
BANGLADESH	6
BELGIUM	1
BOSNIA	1
BRAZIL	26
BULGARIA	1
CAMBODIA	3
CANADA	7
CHILE	1
CHINA	132
COLOMBIA	1
ECUADOR	1
EGYPT	3
EL SALVADOR	2
FIJI	1
GREECE	1
GUATEMALA	1
HONDURAS	9
HONG KONG	12
INDIA	21
INDONESIA	38
ISRAEL	4
ITALY	6
JAPAN	28
JORDAN	3
KOREA	29
LITHUANIA	2
MACAU	4
MALAYSIA	34
MEXICO	20
MOLDOVA	2
MOROCCO	3
PAKISTAN	2
PHILIPPINES	1
PORTUGAL	8
SINGAPORE	3
SOUTH AFRICA	4
SPAIN	4
SRI LANKA	18
TAIWAN	24
THAILAND	63
TUNISIA	4
TURKEY	22
UK	2
USA	47
VIETNAM	35
GRAND TOTAL	652



* Includes the United States

Business Strategy:

Nike mines consumer insights and uses research and development to design premium performance athletic products.

We contract with manufacturers to make and ship products to our owned and partner retailers around the world.

We create demand for product through marketing and advertising, our presence in sports and our relationships with athletes (sports marketing). For Nike to be successful, the world of sport must be successful. To build our business, we have to fuel and respond to consumer interest around the world and continually appeal to changing demographics and new markets in a deeply competitive industry.

We also stimulate growth through smart, effective investments in people, research and development resources and a well-managed supply chain. We increase shareholder returns by effectively managing our operating costs in proportion to our growth rates.

We have shared information on the company's growth strategy, including our aim to achieve revenue of \$23 billion by FY11. This strategy is the context for our corporate responsibility efforts. We aim to achieve this growth by delivering premium products, growing in our geographic regions and elevating the retail experience. Detailed information is available online at nikebiz.com.

Financial Summary:


In FY06, Nike, Inc. reached global revenue of \$15 billion, up 9 percent from FY05. For complete information about Nike's annual financial performance, see our Form 10-K, available online at www.nikebiz.com.


Selected data for the company, including wholly owned subsidiaries, are shown here. Nike's fiscal year starts on June 1 each year. FY06 began June 1, 2005, and ended May 31, 2006. All information is reported by fiscal year unless otherwise noted.


Nike, Inc. releases information on its business performance online quarterly.


In addition, the form 10-K and other regulatory filings contain information on the company's financial, strategic and broader corporate responsibility activities including corporate governance, ownership and employment activities.

Information available online at nikebiz.com includes:

-  [Quarterly financial results](#)

-  [Quarterly news releases](#)

-  [General business news releases](#)

-  [List of Nike-approved contract factories](#)


-  [Details of audit methodology](#)

Chart 44
Selected Financial Data

Net Revenue by Global Region (millions)			
	FY06	FY05	FY04
USA	5,722.5	5,129.3	4,781.8
EMEA	4,326.6	4,281.6	3,827.7
Asia Pacific	2,053.8	1,897.3	1,610.8
Americas	904.9	695.8	604.5
Other	1,947.1	1,735.7	1,428.3
Total	14,954.9	13,739.7	12,253.1

Net Revenue by Product Line (millions)			
	FY06	FY05	FY04
Footwear	7,965.9	7,299.7	6,566.1
Apparel	4,168.0	3,879.4	3,539.1
Equipment	873.9	824.9	719.6
Other	1,947.1	1,735.7	1,428.3
Total	14,954.9	13,739.7	12,253.1

Pre-Tax Income by Global Region (millions)			
	FY06	FY05	FY04
USA	1,244.5	1,127.9	1,007.3
EMEA	960.7	917.5	744.0
Asia Pacific	412.5	399.8	352.3
Americas	172.6	116.5	97.4
Other	151.6	151.4	75.3
Corporate	(800.3)	(853.3)	(826.3)
Total	2,141.6	1,859.8	1,450.0

Other Selected Financial Data (millions)			
	FY06	FY05	FY04
Total Assets	9,869.6	8,793.6	7,908.7
Total Equity	6,285.2	5,644.2	4,781.7
Retained Earnings	4,713.4	4,396.5	3,982.9
Market Capitalization	20,564.5	21,462.3	18,724.2

Taxes Paid (millions)			
	FY06	FY05	FY04
<i>Current</i>			
U.S. Federal	359.0	279.6	185.3
U.S. State	60.6	50.7	43.3
Foreign	356.0	292.5	266.8
Subtotal	775.6	622.8	495.4
<i>Deferred</i>			
U.S. Federal	(4.2)	21.9	3.9
U.S. State	(6.8)	(5.3)	2.4
Foreign	(15.0)	8.8	2.7
Subtotal	(26.0)	25.4	9.0
Total	749.6	648.2	504.4