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 NIKE, Inc. and its subsidiaries (the Company). All significant intercompany transactions and balances have been eliminated.

Recognition of revenues:

Wholesale revenues are recognized when title passes and the risks and rewards of ownership have passed to the customer based on the terms of sale. Title passes generally upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Retail store revenues are recorded at the time of sale. Provisions for sales discounts and returns are made at the time of sale.

Advertising and promotion:

Advertising production costs are expensed the first time the advertisement is run. Media (TV and print) placement costs are expensed in the month the advertising appears. The majority of the Company's promotional expenses result from payments under endorsement contracts. Accounting for endorsement payments is based upon specific contract provisions. Generally, endorsement payments are expensed uniformly over the term of the contract after giving recognition to periodic performance compliance provisions of the contracts. Prepayments made under contracts are included in prepaid expenses or other assets depending on the length of the contract. Total advertising and promotion expenses were $1,000.5 million, $978.2 million and $978.6 million for the years ended May 31, 2001, 2000 and 1999, respectively. Included in prepaid expenses and other assets was $122.3 million and $158.7 million at May 31, 2001 and 2000, respectively, relating to prepaid advertising and promotion expenses.

Cash and equivalents:

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

Inventory valuation:

Inventories are stated at the lower of cost or market. Inventories are valued on a first-in, first-out (FIFO) basis. During the year ended May 31, 1999, the Company changed its method of determining cost for substantially all of its U.S. inventories from last-in, first-out (LIFO) to FIFO. See Note 11.

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 over 2 to 40 years and principally on a declining balance basis for machinery and equipment over 2 to 15 years. Computer software is depreciated on a straight-line basis over 3 to 10 years.

Identifiable intangible assets and goodwill:

At May 31, 2001 and 2000, the Company had patents, trademarks and other identifiable intangible assets recorded at a cost of $218.6 million and $215.2 million, respectively. The Company's excess of purchase cost over the fair value of net assets of businesses acquired (goodwill) was $322.5 million and $323.5 million at May 31, 2001 and 2000, respectively.

Identifiable intangible assets and goodwill are being amortized over their estimated useful lives on a straight-line basis over five to forty years. Accumulated amortization was $143.8 million and $127.8 million at

May 31, 2001 and 2000, respectively. Amortization expense, which is included in other income/expense, was $15.6 million, $18.5 million and $19.4 million for the years ended May 31, 2001, 2000 and 1999, respectively.

Impairment of long-lived assets:

When events or circumstances indicate the carrying value of a long-lived asset may be impaired, the Company uses an estimate of the future undiscounted cash flows to be derived from the remaining useful life of the asset to assess whether or not the asset is recoverable. If the future undiscounted cash flows to be derived over the life of the asset do not exceed the asset's net book value, the Company then considers estimated fair market value versus carrying value in determining any potential impairment.

Foreign currency translation and foreign currency transactions:

Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income in shareholders' equity. Gains and losses resulting from transactions that are made in a currency different from the functional currency of the applicable Company entity are recognized in earnings as they occur or, for hedging contracts, when the underlying hedged transaction affects earnings. Foreign currency transaction gains and losses were a $129.6 million gain, a $36.1 million gain, and a $32.3 million loss for the years ended May 31, 2001, 2000, and 1999, respectively.

Derivatives:

The Company enters into foreign currency contracts in order to reduce the impact of certain foreign currency fluctuations. Firmly committed transactions and the related receivables and payables may be hedged with forward exchange contracts or purchased options. Anticipated, but not yet firmly committed, transactions may be hedged through the use of purchased options. Premiums paid on purchased options and any realized gains are included in prepaid expenses or accrued liabilities and are recognized in earnings when the transaction being hedged is recognized. Gains and losses arising from foreign currency forward and option contracts and cross-currency swap transactions are recognized in income or expense as offsets of gains and losses resulting from the underlying hedged transactions. Hedge effectiveness is determined by evaluating whether gains and losses on hedges will offset gains and losses on the underlying exposures. This evaluation is performed at inception of the hedge and periodically over the life of the hedge. Occasionally, hedges may cease to be effective and are thus terminated prior to recognition of the underlying transaction. Gains and losses on these hedges are deferred until the point in time ineffectiveness is determined and will be included in the basis of the underlying transaction. Hedges will also be terminated if the underlying transaction is no longer expected to occur. When this occurs, all related deferred gains and losses are recognized in earnings immediately. Cash flows from hedging activities are classified in the same category as the cash flows from the related foreign exchange transaction activity. See Note 15 for further discussion.

Income taxes:

United States income taxes are provided currently on financial statement earnings of non-U.S. subsidiaries expected to be repatriated. The Company determines annually the amount of undistributed non-U.S. earnings to invest indefinitely in its non-U.S. operations. The Company accounts for income taxes using the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of other assets and liabilities. See Note 6 for further discussion.

Earnings per share:

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per common share is calculated by adjusting weighted average outstanding shares, assuming conversion of all potentially dilutive stock options and awards. See Note 9 for further discussion.

Management estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications:

Certain prior year amounts have been reclassified to conform to fiscal year 2001 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

Recently issued accounting standards:

Effective June 1, 2001, the Company will adopt Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (FAS 133).

As required upon adoption of FAS 133, a one-time transition adjustment will be recorded as of June 1, 2001 on both the consolidated statement of income and consolidated balance sheet. The Company estimates the transition adjustment on the consolidated statement of income to be a charge of approximately $5.1 million, net of tax effect. This amount relates to an investment that will be adjusted to fair value in accordance with FAS 133. The transition adjustment on the consolidated balance sheet represents the initial recognition of the fair values of hedge derivatives outstanding on the adoption date and realized gains and losses on effective hedges for which the underlying exposure has not yet affected earnings. The transition adjustment on the consolidated balance sheet is estimated to be an increase in current assets of $118.5 million, an increase in noncurrent assets of $87.0 million, an increase in current liabilities of $151.6 million, and an increase in other comprehensive income of approximately $59.0 million, net of tax effects.

The Company expects to adopt SFAS No. 142, "Goodwill and Other Intangible Assets" on June 1, 2002 (FAS 142). As required by FAS 142, the Company will perform an impairment test on goodwill and other intangible assets as of the adoption date. Thereafter, the Company will perform impairment tests annually and whenever events or circumstances occur indicating that goodwill or other intangible assets might be impaired. Amortization of goodwill and certain other intangible assets, including those recorded in past business combinations, will cease. The Company has not yet determined what the impact of FAS 142 will be on the Company's results of operations and financial position.

Note 2 — Inventories:

Inventories by major classification are as follows:

	May 31, 2001	May 31, 2000
	(in millions)	
Finished goods	$1,399.4	$1,416.6
Work-in-progress	15.1	17.3
Raw materials	9.6	12.1
	$1,424.1	$1,446.0

Note 3 — Property, Plant and Equipment:

Property, plant and equipment includes the following:

	May 31, 2001	May 31, 2000
	(in millions)	
Land	$ 177.2	$ 180.6
Buildings	695.4	503.4
Machinery and equipment	1,117.3	981.9
Leasehold improvements	391.9	279.6
Construction in process	171.0	448.3
	2,552.8	2,393.8
Less accumulated depreciation	934.0	810.4
	$1,618.8	$1,583.4

Capitalized interest expense incurred was $8.4 million, $4.8 million and $6.9 million for the years ended May 31, 2001, 2000 and 1999, respectively.

Note 4 — Short-Term Borrowings and Credit Lines:

Commercial paper outstanding, notes payable to banks and interest-bearing accounts payable to Nissho Iwai American Corporation (NIAC) are summarized below:

	May 31, 2001		May 31, 2000	
	Borrowings (in millions)	Interest Rate	Borrowings (in millions)	Interest Rate
Notes payable and commercial paper:				
U.S. operations	$710.0	4.07%	$691.9	6.42%
Non-U.S. operations	145.3	6.50%	232.3	3.72%
	$855.3		$924.2	
NIAC:				
U.S. and Europe operations	$ —	—	$ 12.6	6.36%
Rest of world operations	30.4	5.14%	47.3	7.15%
	$ 30.4		$ 59.9	

The Company has outstanding loans at interest rates at various spreads above the banks' cost of funds for financing non-U.S. operations. Certain of these loans are secured by accounts receivable and inventory.

U.S. operations were funded principally with commercial paper. At May 31, 2001 there was $710.0 million outstanding and at May 31, 2000 there was $691.9 million outstanding under these arrangements, net of discounting.

The Company purchases through NIAC certain athletic footwear and apparel it acquires from non-U.S. suppliers. These purchases are for the Company's operations outside of the U.S. and Europe. Accounts payable to NIAC are generally due up to 60 days after shipment of goods from the foreign port. The interest on such accounts payable accrues at the 60 day London Interbank Offered Rate (LIBOR) as of the beginning of the month of the invoice date, plus 0.75%.

At May 31, 2001, the Company had no outstanding borrowings under its $1.25 billion committed credit facility with a group of 20 banks. This credit facility has a 364-day revolver (due 364 days from the borrowing date) for $750.0 million and a five-year revolver (due five years from the borrowing date) for $500.0 million. Each year, the $750 million, 364-day facility can be extended 364 days, and the $500 million, five-year facility can be extended one year. Based on the Company's current senior unsecured debt ratings, the interest rate charged on any outstanding borrowings on the $750.0 million revolver would be the prevailing LIBOR rate plus 0.24%, and the interest rate charged on any outstanding borrowings on the $500.0 million revolver would be the prevailing LIBOR rate plus 0.22%. The facility fees for the $750.0 million and the $500.0 million revolvers are 0.06% and 0.08%, respectively, of the total commitment. Under these agreements, the Company must maintain, among other things, certain minimum specified financial ratios with which the Company was in compliance at May 31, 2001.

Note 5 — Long-Term Debt:

Long-term debt includes the following:

	May 31,	
	2001	2000
	(in millions)	
6.51% Medium term notes, payable June 16, 2000	$ —	$ 50.0
6.69% Medium term notes, payable June 17, 2002	50.0	50.0
6.375% Medium term notes, payable December 1, 2003	199.7	199.6
4.3% Japanese yen notes, payable June 26, 2011	85.3	98.2
2.6% Japanese yen notes, maturing August 20, 2001 through November 20, 2020	73.2	84.2
2.0% Japanese yen notes, maturing August 20, 2001 through November 20, 2020	32.5	37.4
Other	.6	1.0
Total	441.3	520.4
Less current maturities	5.4	50.1
	$435.9	$470.3

In December 1996, the Company filed a $500.0 million shelf registration with the Securities and Exchange Commission (SEC) and issued $200 million seven-year notes, maturing December 1, 2003. In June 1997, the Company issued an additional $100 million in medium-term notes under this program with maturities of June 16, 2000 and June 17, 2002. The note that matured on June 16, 2000 was repaid. Interest on the remaining note outstanding is paid semi-annually. The proceeds from all three issues were subsequently exchanged for Dutch guilders and loaned to a European subsidiary. The Company entered into swap transactions to hedge the foreign currency exposure related to the repayment of these intercompany loans. (See Note 15.) In February 1999, the Company filed a shelf registration with the SEC for the sale of up to $500 million in debt securities, of which $200 million had been previously registered but not issued under the December 1996 registration.

In June 1996, one of the Company's Japanese subsidiaries borrowed 10,500 million Japanese yen in a private placement with a maturity of June 26, 2011. Interest is paid semi-annually. The agreement provides for early retirement after year ten.

In July 1999, another of the Company's Japanese subsidiaries assumed 13,000 million in Japanese yen loans as part of its agreement to purchase a distribution center in Japan, which serves as collateral for the loans. These loans mature in equal quarterly installments during the period August 20, 2001 through November 20, 2020. Interest is also paid quarterly.

Amounts of long-term debt maturities in each of the years ending May 31, 2002 through 2006 are $5.4 million, $55.5 million, $205.2 million, $5.5 million and $5.6 million, respectively.

Note 6 — Income Taxes:

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

	Year Ended May 31,		
	2001	2000	1999
		(in millions)	
Income before income taxes:			
United States	$470.7	$530.4	$598.7
Foreign	450.7	388.8	147.4
	$921.4	$919.2	$746.1
Provision for income taxes:			
Current:			
United States			
Federal	$158.5	$205.0	$210.2
State	31.6	30.6	34.3
Foreign	76.2	58.8	50.1
	266.3	294.4	294.6
Deferred:			
United States			
Federal	64.2	32.7	(7.6)
State	2.6	1.6	4.0
Foreign	(1.4)	11.4	3.7
	65.4	45.7	0.1
	$331.7	$340.1	$294.7

The Company has indefinitely reinvested approximately $81.0 million of the cumulative undistributed earnings of certain foreign subsidiaries, of which $25.0 million was earned in the year ended May 31, 2001. Such earnings would be subject to U.S. taxation if repatriated to the U.S. The amount of unrecognized deferred tax liability associated with the undistributed earnings was approximately $19.9 million.

A benefit was recognized for foreign loss carryforwards of $118.6 million at May 31, 2001, of which $4.0 million, $6.0 million, $31.6 million, $8.3 million and $8.1 million expire in the years ended May 31, 2004, 2005, 2006, 2007, and 2008, respectively. Foreign loss carryforwards of $60.6 million do not expire.

As of May 31, 2001 the Company had utilized all foreign tax credits.

Deferred tax liabilities (assets) are comprised of the following:

	May 31,	
	2001	2000
	(in millions)	
Undistributed earnings of foreign subsidiaries	$ 53.9	$ 24.9
Depreciation	18.4	4.9
Other	20.5	14.9
Gross deferred tax liabilities	92.8	44.7
Allowance for doubtful accounts	(16.3)	(16.0)
Inventory reserves	(17.2)	(16.3)
Sales return reserves	(18.4)	(20.8)
Deferred compensation	(40.1)	(36.2)
Reserves and accrued liabilities	(40.1)	(33.1)
Tax basis inventory adjustment	(16.8)	(14.7)
Depreciation	(25.7)	(33.3)
Foreign loss carryforwards	(33.2)	(72.2)
Other	(21.5)	(18.4)
Gross deferred tax assets	(229.3)	(261.0)
Net deferred tax assets	$(136.5)	$(216.3)

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

	Year Ended May 31,	
	2001	2000
U.S. federal statutory rate	35.0%	35.0%
State income taxes, net of federal benefit	2.4	2.3
Other, net	(1.4)	(0.3)
Effective income tax rate	36.0%	37.0%

Note 7 — Redeemable Preferred Stock:

NIAC is the sole owner of the Company's authorized Redeemable Preferred Stock, $1 par value, which is redeemable at the option of NIAC or the Company at par value aggregating $0.3 million. A cumulative dividend of $0.10 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, 2001. 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 110 million and 350 million, respectively. 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.

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 37.5 million 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, 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. A committee of the Board of Directors administers the 1990 Plan. 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, 2001, the committee has granted substantially all non-statutory stock options at 100% of fair market value on the date of grant under the 1990 Plan.

During the year ended May 31, 2001, the Company granted 25,000 shares of restricted stock at a market value of $39.875 per share under the 1990 plan. A portion of the grant was immediately vested, a portion will vest in one year and a final portion in two years. The shares are subject to forfeiture if employment terminates prior to vesting. During the year ended May 31, 2000, the Company granted 427,000 shares of restricted stock at a market value of $27.69 per share. The restrictions lapse and recipients of the restricted shares become vested in the shares over a three-year period from the date of grant. The shares are subject to partial forfeiture if employment terminates within the three-year period. Recipients of restricted shares are entitled to cash dividends and to vote their respective shares. The value of all of the restricted shares was established by the market price on the date of grant. Unearned compensation was charged for the market value of the restricted shares. The unearned compensation is shown as a reduction of shareholders' equity and is being amortized ratably over the vesting period. During the years ended May 31, 2001 and 2000, respectively, the Company recognized $4.3 million and $1.0 million in selling and administrative expense related to the grants, net of forfeitures.

During the years ended May 31, 2001 and 2000, the Company also granted shares of restricted stock under the Long-Term Incentive Plan ("LTIP"), adopted by the Board of Directors and approved by shareholders in September 1997. Under the LTIP, awards are made to certain executives based on performance targets established over varying time periods. Once performance targets are achieved, the shares of stock are issued and remain restricted for an additional three years, subject to forfeiture if the executive's employment terminates within that period. Plan participants are entitled to cash dividends and to vote their respective shares. The value of the restricted shares is established by the market price on the date of grant. Unearned compensation is charged for the market value of the restricted shares. The unearned compensation is shown as a reduction of shareholders' equity and is being amortized ratably over the service and vesting periods. Under the LTIP, a total of 115,000 restricted shares with an average market value of $47.56 were issued during the year ended May 31, 2001, and a total of 33,000 restricted shares with an average market value of $51.06 were issued during the year ended May 31, 2000. The Company recognized $2.3 million and $2.0 million of selling and administrative expense in the years May 31, 2001 and 2000, respectively, net of forfeitures.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," (FAS 123) defines a fair value method of accounting for employee stock compensation and encourages, but does not require, all entities to adopt that method of accounting. Entities electing not to adopt the fair value method of accounting must make pro forma disclosures of net income and earnings per share, as if the fair value based method of accounting defined in this statement had been applied.

The Company has elected not to adopt the fair value method; however, as required by FAS 123, the Company has computed for pro forma disclosure purposes, the fair value of options granted during the years ended May 31, 2001, 2000 and 1999 using the Black-Scholes option pricing model. The weighted average assumptions used for stock option grants for each of these years were a dividend yield of 1%; expected

volatility of the market price of the Company's common stock of 39%, 37%, and 34% for the years ended May 31, 2001, 2000, and 1999, respectively; a weighted-average expected life of the options of approximately five years; and interest rates of 5.4% for the year ended May 31, 2001, 5.8%, 6.2% and 6.6% for the year ended May 31, 2000 and 5.5% and 4.9% for the year ended May 31, 1999. These interest rates are reflective of option grant dates throughout the year.

Options were assumed to be exercised over the 5 year expected life for purposes of this valuation. Adjustments for forfeitures are made as they occur. For the years ended May 31, 2001, 2000 and 1999, the total value of the options granted, for which no previous expense has been recognized, was computed as approximately $5.0 million, $129.8 million and $61.6 million, respectively, which would be amortized on a straight line basis over the vesting period of the options. The weighted average fair value per share of the options granted in the years ended May 31, 2001, 2000 and 1999 are $17.27, $15.81 and $17.33, respectively.

If the Company had accounted for these stock options issued to employees in accordance with FAS 123, the Company's pro forma net income and pro forma earnings per share (EPS) would have been reported as follows:

	2001			2000			1999		
	Net Income	Diluted EPS	Basic EPS	Net Income	Diluted EPS	Basic EPS	Net Income	Diluted EPS	Basic EPS
	(in millions, except per share data)								
As reported	$589.7	$2.16	$2.18	$579.1	$2.07	$2.10	$451.4	$1.57	$1.59
Pro Forma	559.0	2.05	2.07	551.2	1.97	2.00	434.3	1.51	1.53

The pro forma effects of applying FAS 123 may not be representative of the effects on reported net income and earnings per share for future years since options vest over several years and additional awards are made each year.

The following summarizes the stock option transactions under plans discussed above (adjusted for all applicable stock splits):

	Shares	Weighted Average Option Price
	(in thousands)	
Options outstanding May 31, 1998	11,373	$26.30
Exercised	(2,665)	15.25
Surrendered	(399)	46.70
Granted	3,556	48.76
Options outstanding May 31, 1999	11,865	34.97
Exercised	(1,237)	18.23
Surrendered	(852)	52.86
Granted	8,294	40.94
Options outstanding May 31, 2000	18,070	38.02
Exercised	(2,944)	19.24
Surrendered	(1,302)	44.80
Granted	341	40.71
Options outstanding May 31, 2001	14,165	$41.28
Options exercisable at May 31,		
1999	5,991	$22.13
2000	6,655	28.72
2001	6,626	39.70

The following table sets forth the exercise prices, the number of options outstanding and exercisable and the remaining contractual lives of the Company's stock options at May 31, 2001:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining	Number of Options Exercisable	Weighted Average Exercise Price
	(in thousands)		(years)	(in thousands)	
$ 9.56 – $21.00	1,607	$17.12	3.10	1,607	$17.12
27.50 – 27.69	3,749	27.69	8.77	924	27.69
28.13 – 48.44	4,143	46.96	6.94	2,341	47.56
48.69 – 74.88	4,666	55.49	7.67	1,754	56.24

Note 9 — Earnings Per Share:

The following represents a reconciliation from basic earnings per share to diluted earnings per share. Options to purchase 8.3 million and 9.7 million shares of common stock were outstanding at May 31, 2001 and May 31, 2000, respectively, but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. No such antidilutive options were outstanding at May 31, 1999.

	Year Ended May 31,		
	2001	2000	1999
	(in millions, except per share data)		
Determination of shares:			
Average common shares outstanding	270.0	275.7	283.3
Assumed conversion of dilutive stock options and awards	3.3	3.7	5.0
Diluted average common shares outstanding	273.3	279.4	288.3
Basic earnings per common share	$ 2.18	$ 2.10	$ 1.59
Diluted earnings per common share	$ 2.16	$ 2.07	$ 1.57

Note 10 — Benefit Plans:

The Company has a profit sharing plan available to substantially all U.S.-based employees. The terms of the plan call for annual contributions by the Company as determined by the Board of Directors. Contributions of $13.1 million, $15.7 million and $12.8 million to the plan are included in other income/expense in the consolidated financial statements for the years ended May 31, 2001, 2000 and 1999, respectively. The Company has a voluntary 401(k) employee savings plan. The Company matches a portion of employee contributions with common stock. Plan changes during the year ended May 31, 2001 included a larger Company match percentage and a change to immediate vesting of the Company match, compared to a previous vesting schedule over 5 years. Company contributions to the savings plan were $12.7 million, $6.7 million and $7.4 million for the years ended May 31, 2001, 2000 and 1999, respectively, and are included in selling and administrative expenses.

Note 11 — Other Income/Expense, Net:

Included in other income/expense for the years ended May 31, 2001, 2000, and 1999, was interest income of $13.9 million, $13.6 million and $13.0 million, respectively. In addition, included in other income/expense in the year ended May 31, 1999 was income of $15.0 million related to the change in accounting for inventories in the U.S. from the LIFO to the FIFO method. The change was not considered significant to

show the cumulative effect or to restate comparable income statements as dictated by Accounting Principles Board Opinion No. 20.

Note 12 — Commitments and Contingencies:

The Company leases space for certain of its offices, warehouses and retail stores under leases expiring from one to sixteen years after May 31, 2001. Rent expense aggregated $152.0 million, $145.5 million and $129.5 million for the years ended May 31, 2001, 2000 and 1999, respectively. Amounts of minimum future annual rental commitments under non-cancelable operating leases in each of the five years ending May 31, 2002 through 2006 are $108.9 million, $101.3 million, $88.0 million, $78.4 million, $70.1 million, respectively, and $298.8 million in later years.

As of May 31, 2001 and 2000, the Company had letters of credit outstanding totaling $851.8 million and $678.2 million, respectively. These letters of credit were issued for the purchase of inventory.

In the ordinary course of its business, the Company has pending various cases involving contractual matters, employee-related matters, distribution questions, product liability claims, trademark infringement and other matters. The Company does not believe there are any pending legal proceedings that will have a material impact on the Company's financial position or results of operations.

Note 13 — Restructuring Charges:

During the year ended May 31, 1999, a $60.1 million charge was taken to better align the Company's cost structure with expected revenue growth rates. The charge (shown below in tabular format) was primarily for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. Employees were terminated in Europe, Asia Pacific, and in the United States, and included employees affected by the Company's shift to outsourcing certain of its information technology functions. The original number of employees to be terminated was 1,291. As of May 31, 2001, 71 employees have found positions elsewhere in the Company and 1,200 have left the Company, leaving 20 still to be terminated. Due to the change in the number of employees that will be terminated, $0.1 million and $1.4 million of the reserve was reversed during the years ended May 31, 2001 and 2000, respectively.

Also included in the charge was a $20.2 million write-off of certain assets related to the change in strategies around the Company's warehouse distribution facilities in the United States.

The remaining accrual balance as of May 31, 2001 of $1.5 million will be relieved as leases expire and severance payments are completed.

Detail of the restructuring charge is as follows:

Description	Cash/ Non-Cash	FY99 Restructuring Charge	FY99 Activity	Reserve Balance at 5/31/99	FY00 Activity	Reserve Balance at 5/31/00	FY01 Activity	Reserve Balance at 5/31/01
				(in millions)				
Elimination of Job Responsibilities		$(39.9)	$21.9	$(18.0)	$14.5	$(3.5)	$1.8	$(1.7)
Severance packages	cash	(28.0)	11.7	(16.3)	12.9	(3.4)	1.8	(1.6)
Lease cancellations & commitments	cash	(2.4)	1.6	(0.8)	0.7	(0.1)	—	(0.1)
Write-down of assets	non-cash	(7.8)	7.8	—	—	—	—	—
Other	cash/non-cash	(1.7)	0.8	(0.9)	0.9	—	—	—
Change in warehouse distribution strategy		$(20.2)	$20.2	—	—	—	—	—
Write-down of assets	non-cash	(20.2)	20.2	—	—	—	—	—
Effect of foreign currency translation		—	$ 0.1	$ 0.1	$(0.1)	—	$0.2	$ 0.2
Total		$(60.1)	$42.2	$(17.9)	$14.4	$(3.5)	$2.0	$(1.5)

During the year ended May 31, 2000, a $1.1 million reserve established as part of a restructuring charge in the year ended May 31, 1998 was reversed due to changes in outstanding lease commitments.

Note 14 — Fair Value of Financial Instruments:

The carrying amounts reflected in the consolidated balance sheet for cash and equivalents and notes payable approximate fair value due to the short maturities. The fair value of long-term debt is estimated using discounted cash flow analyses, based on the Company's incremental borrowing rates for similar types of borrowing arrangements. The fair value of the Company's long-term debt, including current portion, is approximately $437.8 million, compared to a carrying value of $441.3 million at May 31, 2001 and $509.9 million, compared to a carrying value of $520.4 million at May 31, 2000. See Note 15 for fair value of derivatives.

Note 15 — Financial Risk Management and Derivatives:

The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the eventual cash flows resulting from the sale and purchase of products in foreign currencies will be adversely affected by changes in exchange rates. In addition, the Company seeks to manage the impact of foreign currency fluctuations related to the repayment of intercompany transactions, including intercompany borrowings. The Company does not hold or issue financial instruments for trading purposes. It is the Company's policy to utilize derivative financial instruments to reduce foreign exchange risks where internal netting strategies cannot be effectively employed. Fluctuations in the value of hedging instruments are offset by fluctuations in the value of the underlying exposures being hedged.

The Company uses forward exchange contracts and purchased options to hedge certain firm purchases and sales commitments and the related payables and receivables, including other third party or intercompany foreign currency transactions, and uses purchased currency options to hedge certain anticipated but not yet firmly committed transactions. Cross-currency swaps are used to hedge foreign currency denominated payments related to intercompany loan agreements. Hedged transactions are denominated primarily in European currencies, Japanese yen, Australian dollars, Canadian dollars, and Korean won. Premiums paid on purchased options and any realized gains are included in prepaid expenses or accrued liabilities and recognized in earnings when the underlying transaction is recognized. Deferred option premium cost, net of realized gains, was $6.1 million of net cost at May 31, 2001. Deferred option premium cost, net of realized gains, was

$3.8 million of net benefit at May 31, 2000. Results related to hedges of firmly committed transactions and the related receivables and payables are deferred and are recognized in earnings or as adjustments of carrying amounts when the offsetting results are recognized on the underlying transaction. Net realized and unrealized gains on forward contracts deferred at May 31, 2001 and 2000 were $15.8 million and $42.8 million, respectively.

The estimated fair values of derivatives used to hedge the Company's risks will fluctuate over time. The fair value of the forward exchange contracts and cross-currency swaps are estimated by obtaining quoted market prices. The fair value of option contracts is estimated using option pricing models widely used in the financial markets. These fair value amounts should not be viewed in isolation, but rather in relation to the fair values of the underlying hedged transactions and the overall reduction in the Company's exposure to adverse fluctuations in foreign exchange rates. The notional amounts of derivatives summarized below do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure to the Company through its use of derivatives. The amounts exchanged are calculated on the basis of the notional amounts and the other terms of the derivatives, which relate to interest rates, exchange rates or other financial indices.

The following table presents the aggregate notional principal amounts, carrying values and fair values of the Company's derivative financial instruments outstanding at May 31, 2001 and 2000.

	May 31,					
	2001			2000		
	Notional Principal Amounts	Carrying Values	Fair Values	Notional Principal Amounts	Carrying Values	Fair Values
	(in millions)					
Currency Swaps	$ 250.0	$ 77.4	$ 87.0	$ 300.0	$ 72.4	$ 62.2
Forward Contracts	2,428.3	17.8	51.7	2,430.5	33.0	62.1
Purchased Options	727.5	17.7	20.4	265.4	8.9	5.7
Total	$3,405.8	$112.9	$159.1	$2,995.9	$114.3	$130.0

Carrying values primarily represent amounts recognized for unrealized gains and losses on contracts which do not meet the criteria for deferral accounting and unamortized premiums paid on option contracts.

The net fair value of outstanding forward contracts of $51.7 million as of May 31, 2001 was comprised of unrealized fair value losses of $22.9 million and unrealized fair value gains of $74.6 million. The net fair value of outstanding forward contracts of $62.1 million as of May 31, 2000 was comprised of unrealized fair value losses of $16.4 million and unrealized fair value gains of $78.5 million.

The normal term of foreign exchange forward and option contracts entered into is one year or less. The currency swaps have maturity dates consistent with the maturity dates of the related intercompany loan which matures partially during the year ending May 31, 2003 and during the year ending May 31, 2004. All realized results deferred at May 31, 2001 will be recorded in earnings within one year.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to derivative transactions are major financial institutions with high investment grade credit ratings and, additionally, counterparties to derivatives three years or greater are AA+ or better rated. However, this does not eliminate the Company's exposure to credit risk with these institutions. This credit risk is generally limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted. To manage this risk, the Company has established strict counterparty credit guidelines which are continually monitored and reported to senior management according to prescribed guidelines. The Company utilizes a portfolio of financial institutions either headquartered or operating in the

same countries the Company conducts its business. As a result of the above considerations, the Company considers the risk of counterparty default to be minimal.

In addition to hedging instruments, the Company is subject to concentrations of credit risk associated with cash and equivalents and accounts receivable. The Company places cash and equivalents with financial institutions with investment grade credit ratings and, by policy, limits the amount of credit exposure to any one financial institution. The Company considers its concentration risk related to accounts receivable to be mitigated by the Company's credit policy, the significance of outstanding balances owed by each individual customer at any point in time and the geographic dispersion of these customers.

Note 16 — Operating Segments and Related Information:

Operating Segments. For subsidiaries participating in NIKE brand sales activity, the Company's major operating segments are defined by geographic regions. Other brands as shown below represent activity for our subsidiaries Cole Haan Holdings, Inc., Bauer NIKE Hockey Inc., and NIKE IHM, Inc., and are considered immaterial for individual disclosure. In prior years, the Company's operations in Africa were included in the Americas region, but effective June 1, 2000, these operations are included in the EMEA (Europe, Middle East, and Africa) region. Africa information and certain other prior year segment information has been reclassified to conform with current year presentation. Where applicable, "Corporate" represents items necessary to reconcile to the consolidated financial statements; these items generally include corporate activity and corporate eliminations. The segments are evidence of the structure of the Company's internal organization. Each NIKE brand geographic segment operates predominantly in one industry: the design, production, marketing and selling of sports and fitness footwear, apparel, and equipment.

Net revenues as shown below represent sales to external customers for each segment. Intercompany revenues have been eliminated and are immaterial for separate disclosure. The Company centrally manages interest expense. Operating segment interest is primarily the result of intercompany lending, which is eliminated for consolidated purposes. The Company evaluates performance of individual operating segments based on Contribution Profit before Corporate Allocations and Income Taxes (referred to as management pre-tax income). On a consolidated basis, this amount represents Income Before Taxes as shown in the Consolidated Statements of Income. Reconciling items for management pre-tax income represent corporate costs that are not allocated to the operating segments for management reporting and intercompany eliminations for specific income statement items.

Additions to long-lived assets predominantly represent capital expenditures, which are shown below by operating segment. Other additions to long-lived assets represent additions to identifiable intangibles and goodwill, which are immaterial for disclosure. Amortization of identifiable intangible assets and goodwill is considered a corporate expense and is not attributable to any specific operating segment. See Note 1 for further discussion on identifiable intangible assets and goodwill.

NIKE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounts receivable, inventory and property, plant and equipment for operating segments are regularly reviewed by management and are therefore provided below.

	Year Ended May 31,		
	2001	2000	1999
		(in millions)	
Net Revenue			
United States	$4,819.0	$4,732.1	$4,750.7
EMEA	2,584.8	2,407.0	2,293.8
Asia/Pacific	1,110.0	955.1	844.5
Americas	539.1	494.1	469.1
Other brands	435.9	406.8	418.8
	$9,488.8	$8,995.1	$8,776.9
Management Pre-tax Income			
United States	$ 919.6	$ 924.3	$ 873.7
EMEA	386.3	376.9	294.8
Asia/Pacific	206.1	146.0	68.2
Americas	81.6	63.7	48.3
Other brands	41.4	68.9	15.8
Corporate	(713.6)	(660.6)	(554.7)
	$ 921.4	$ 919.2	$ 746.1
Capital Expenditures			
United States	$ 45.2	$ 29.0	$ 50.1
EMEA	26.2	46.1	88.8
Asia/Pacific	52.9	269.7	43.7
Americas	5.1	4.8	11.4
Other brands	26.3	32.4	28.4
Corporate	161.9	146.8	161.7
	$ 317.6	$ 528.8	$ 384.1
Depreciation			
United States	$ 51.2	$ 50.8	$ 22.8
EMEA	38.9	39.9	41.0
Asia/Pacific	20.5	19.4	20.8
Americas	6.3	7.1	6.4
Other brands	23.5	23.7	33.9
Corporate	57.0	47.1	73.3
	$ 197.4	$ 188.0	$ 198.2
Accounts Receivable, net			
United States	$ 622.5	$ 564.7	$ 578.6
EMEA	512.5	529.9	560.2
Asia/Pacific	194.8	200.8	141.5
Americas	144.7	123.0	110.6
Other brands	118.6	121.0	104.6
Corporate	28.3	30.0	44.6
	$1,621.4	$1,569.4	$1,540.1

NIKE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended May 31,		
	2001	2000	1999
		(in millions)	
Inventory, net			
United States	$ 744.2	$ 736.5	$ 525.3
EMEA	298.3	357.4	320.1
Asia/Pacific	125.8	115.9	81.5
Americas	72.4	65.5	69.2
Other brands	156.4	141.4	137.5
Corporate	27.0	29.3	37.0
	$1,424.1	$1,446.0	$1,170.6
Property, Plant and Equipment, net			
United States	$ 263.5	$ 271.7	$ 294.1
EMEA	208.2	240.4	272.1
Asia/Pacific	403.5	426.4	148.0
Americas	15.4	18.1	20.8
Other brands	113.4	114.4	111.7
Corporate	614.8	512.4	419.1
	$1,618.8	$1,583.4	$1,265.8

Revenues by Major Product Lines. Revenues to external customers for NIKE brand products are attributable to sales of footwear, apparel, and equipment. Revenues to external customers for Other brands include external sales by Cole Haan Holdings, Inc. and Bauer NIKE Hockey Inc..

	Year Ended May 31,		
	2001	2000	1999
		(in millions)	
Footwear	$5,623.7	$5,561.5	$5,218.4
Apparel	2,763.6	2,547.0	2,677.1
Equipment	665.6	479.8	462.6
Other brands	435.9	406.8	418.8
	$9,488.8	$8,995.1	$8,776.9

Revenues and Long-Lived Assets by Geographic Area. Geographical area information is similar to that shown previously under operating segments with the exception that Other brand activity is derived predominantly from activity in the U.S. and Americas. Revenues derived in the U.S. were $5,144.2 million $5,017.4 million, $5,042.6 million, during the years ended May 31, 2001, 2000, and 1999, respectively. Long-lived assets, which are comprised of net property, plant & equipment and net identifiable intangible assets and goodwill, attributable to operations in the U.S. were $1,201.5 million $1,222.5 million, and $1,112.3 million at May 31, 2001, 2000, and 1999, respectively.

Major Customers. During the years ended May 31, 2001, 2000 and 1999, revenues derived from one customer represented 11.8%, 12.4% and 10.3%, respectively of the Company's consolidated revenues. Sales to this customer are included in all segments of the Company.

Item 9. ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

There has been no change of accountants nor any disagreements with accountants on any matter of accounting principles or practices or financial statement disclosure required to be reported under this Item.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

The information required by Item 401 of Regulation S-K regarding directors is included under "Election of Directors" in the definitive Proxy Statement for our 2001 Annual Meeting of Shareholders and is incorporated herein by reference. The information required by Item 401 of Regulation S-K regarding executive officers is included under "Executive Officers of the Registrant" in Item 1 of this Report. The information required by Item 405 of Regulation S-K is included under "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement for our 2001 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 11. ***Executive Compensation***

The information required by this Item is included under "Director Compensation and Retirement Plan," "Executive Compensation" (but excluding the Performance Graph), "Personnel Committee Interlocks and Insider Participation" and "Employment Contracts and Termination of Employment and Change-in-Control Arrangements" in the definitive Proxy Statement for our 2001 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management***

The information required by this Item is included under "Stock Holdings of Certain Owners and Management" in the definitive Proxy Statement for our 2001 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions***

The information required by this Item is included under "Certain Transactions and Business Relationships" and "Indebtedness of Management" in the definitive Proxy Statement for our 2001 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

Item 14. ***Exhibits, Financial Statement Schedule, and Reports on Form 8-K***

(A) The following documents are filed as part of this report:

	Form 10-K Page No.
1. FINANCIAL STATEMENTS:	
Report of Independent Accountants	23
Consolidated Statements of Income for each of the three years ended May 31, 2001	24
Consolidated Balance Sheets at May 31, 2001 and 2000	25
Consolidated Statements of Cash Flows for each of the three years ended May 31, 2001	26
Consolidated Statements of Shareholders' Equity for each of the three years ended May 31, 2001	27
Notes to Consolidated Financial Statements	28
2. FINANCIAL STATEMENT SCHEDULE:	
II — Valuation and Qualifying Accounts	F-1

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. EXHIBITS:

3.1	Restated Articles of Incorporation, as amended (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).
3.2	Third Restated Bylaws, as amended (incorporated by reference from Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).
4.1	Restated Articles of Incorporation, as amended (see Exhibit 3.1).
4.2	Third Restated Bylaws, as amended (see Exhibit 3.2).
4.3	Indenture between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.01 to Amendment No. 1 to Registration Statement No. 333-15953 filed by the Company on November 26, 1996).
10.1	Credit Agreement dated as of November 17, 2000 among NIKE, Inc., Bank of America, N.A., individually and as Agent, and the other banks party thereto (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2000).
10.2	Form of non-employee director Stock Option Agreement (incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2000).*
10.3	Form of Indemnity Agreement entered into between the Company and each of its officers and directors (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 21, 1987).
10.4	NIKE, Inc. 1990 Stock Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 18, 2000).*
10.5	NIKE, Inc. Executive Performance Sharing Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 18, 2000).*
10.6	NIKE, Inc. Long-Term Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 22, 1997).*

10.7	Collateral Assignment Split-Dollar Agreement between NIKE, Inc. and Philip H. Knight dated March 10, 1994 (incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1994).*
12.1	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Registrant.
23	Consent of PricewaterhouseCoopers LLP, independent accountants (set forth on page F-2 of this Annual Report on Form 10-K).

* Management contract or compensatory plan or arrangement.

Upon written request to Investor Relations, NIKE, Inc., One Bowerman Drive, Beaverton, Oregon 97005-6453, NIKE will furnish shareholders with a copy of any Exhibit upon payment of $.10 per page, which represents our reasonable expenses in furnishing Exhibits.

(B) The following reports on Form 8-K were filed by NIKE during the last quarter of fiscal 2001:

Date	Item	Subject
March 10, 2001	Item 5. Other Events	Earnings release for third quarter of fiscal year 2001
April 26, 2001	Item 5. Other Events	FAS 133 effect on first quarter of fiscal year 2002

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
(in millions)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Write-Offs Net of Recoveries	Balance at End of Period
For the year ended May 31, 1999:					
Allowance for doubtful accounts	$71.4	$ 7.8	$1.8	$ (7.8)	$73.2
For the year ended May 31, 2000:					
Allowance for doubtful accounts	$73.2	$26.0	$1.8	$(35.6)	$65.4
For the year ended May 31, 2001:					
Allowance for doubtful accounts	$65.4	$32.7	$2.8	$(28.8)	$72.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the documents listed below of our report dated June 27, 2001 relating to the financial statements and financial statement schedule of NIKE, Inc., which appears in this Form 10-K:

1. Registration Statement on Form S-8 (No. 2-81419) of NIKE, Inc.;
2. Registration Statement on Form S-3 (No. 33-43205) of NIKE, Inc.;
3. Registration Statement on Form S-3 (No. 33-48977) of NIKE, Inc.;
4. Registration Statement on Form S-3 (No. 33-41842) of NIKE, Inc.;
5. Registration Statement on Form S-8 (No. 33-63995) of NIKE, Inc.;
6. Registration Statement on Form S-3 (No. 333-15953) of NIKE, Inc.;
7. Registration Statement on Form S-8 (No. 333-63581) of NIKE, Inc.;
8. Registration Statement on Form S-8 (No. 333-63583) of NIKE, Inc.; and
9. Registration Statement on Form S-3 (No. 333-71975) of NIKE, Inc.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Portland, Oregon
August 9, 2001

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 9, 2001

NIKE, INC.

By: /s/ PHILIP H. KNIGHT

Philip H. Knight
Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Principal Executive Officer and Director:		
/s/ PHILIP H. KNIGHT Philip H. Knight	Chairman of the Board, Chief Executive Officer, and President	August 9, 2001
Principal Financial and Accounting Officer:		
/s/ DONALD W. BLAIR Donald W. Blair	Chief Financial Officer	August 9, 2001
Directors:		
/s/ THOMAS E. CLARKE Thomas E. Clarke	Director	August 9, 2001
/s/ JILL K. CONWAY Jill K. Conway	Director	August 9, 2001
/s/ RALPH D. DENUNZIO Ralph D. DeNunzio	Director	August 9, 2001
/s/ RICHARD K. DONAHUE Richard K. Donahue	Director	August 9, 2001
/s/ DELBERT J. HAYES Delbert J. Hayes	Director	August 9, 2001
/s/ DOUGLAS G. HOUSER Douglas G. Houser	Director	August 9, 2001
/s/ JOHN E. JAQUA John E. Jaqua	Director	August 9, 2001
/s/ CHARLES W. ROBINSON Charles W. Robinson	Director	August 9, 2001
/s/ A. MICHAEL SPENCE A. Michael Spence	Director	August 9, 2001
/s/ JOHN R. THOMPSON, JR. John R. Thompson, Jr.	Director	August 9, 2001