

2013 NIKE, INC. INVESTOR MEETING



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WOMEN'S TRAINING

Heidi O'Neill, VP&GM – Global Women's Training

Hi everyone and welcome to the Women's product room. I'm Heidi O'Neill, Vice President and General Manager of Women's Training and Fitness.

You just got a quick peek at some of our beautiful women's product in Running, Training and Sportswear.

In the next few minutes, I will share with you how we are innovating across product, service and retail in our Women's business.

I'd like to begin with our positioning. And what's important here is that our positioning starts with the consumer.

We are looking at sport through HER eyes – and when we do this, we are opening the lens of sport for Nike.

We love the positioning of

- Run to Train
- Train to Live
- & Live in Style.

for a few reasons.

Most importantly, it's an honest reflection of how she lives – tied to how SHE defines sport and fitness. And we've kept it really simple and even used her words. It's ALSO an ownable position for Nike – we ARE the brand who can serve her most authentically in running, fitness and sport style.

This offense of Run/Train/Live also makes sense from a business perspective. These three categories make up a majority of the women's active market and together drive over 93% of NIKE's women's revenue.

Our approach is working for Nike NOW – since fiscal year 2010, we've added a billion dollars of revenue to the Women's business to reach four billion dollars in fiscal 2013.

Our futures orders are accelerating, with double digit growth in Holiday 2013 and Spring 2014, outpacing the Brand. This growth gives us confidence in the \$3B we will add to the Women's business by Fiscal 2017, to reach \$7B.

In a minute, I will show you how we are innovating her favorite items in all three categories. But before we get into specific products, I want to talk about our product ethos - Surprising Performance.

Here's what we mean by Surprising Performance:

Innovation is what she expects from NIKE. But our unified commitment to style is where we are really surprising her.

We are dedicated to not making her choose between looking good and feeling great. With this formula, we are winning with her and EVEN challenging how she views athletic footwear and apparel.

So now let's do a little window shopping - and I get to show off some of our best innovations for her.

We know her workout pant is the most important item in her gym bag.

We hold the global number one position in performance bottoms. We earned her heart with the launch of the Legend franchise. We have sold over 10M pairs of Legend pants since our launch in Fall 2011.

And we continue to make this favorite better: we nailed the fit; delivered the blackest black and obsessed the fabric to be very soft and supportive.

The Sculpt pant you see over here is our newest and best innovation in pants, just launched in Q1.

This pant (as noted by its name Sculpt) is twice as compressive as any pant in the market with the most luxurious hand feel.

The bottom line is that this pant is seriously flattering and a game changer.

We've also launched limited edition runs of tights. We now have her lining up for product in the women's business the way we've always had guys line up for sneakers.

We introduced Dri-Fit knit in Running and Training in 2013.

As you can see, these styles take color beautifully, they have a great hand feel and deliver the climate control she needs for running and training. We do this through dri-fit fabrication and strategic knit-in cooling.

These styles have been on fire since launch and are commanding a price point double that of our running tops average. And we plan to 10x this business just to keep up with consumer demand.

As Mark said, we are her go-to in footwear. We're number one in running and training, and the FREE platform is the centerpiece of our success.

Last year, we sold over 7M pairs of women's free across Running and Training.

As you can see here, we are taking the best FREE technology and making it right for her with beautiful color, prints and energy.

One of our greatest opportunities is to continue to build and own a sneaker culture for women. We really win with her when we combine our footwear expertise, our connection to youth culture, and her love of beautiful shoes.

This part of our business has never been stronger because of our leadership position in the wedge sneaker market, on the back of THIS incredible icon – the Dunk Sky Hi.

The Sky Hi franchise, which launched just a year ago, is now projected to be a hundred million dollars by the end of FY14.

The fleece market is a \$9B market that has been dominated by entry price points, one silhouette, and unremarkable fabric. The NIKE Sportswear team challenged every one of these conventions with the launch of Tech Fleece.

The Tech fleece you see here reinvents an entire classification for her with rule breaking silhouettes (such as the cape) and warmth without weight.

In our final window, you can see a running and training collection we just launched this August giving her the best of both categories.

Fabrics in this elevated collection make technical warming feel like cashmere and technical cooling feel like silk.

And finally, bras.

We have the number one sports bra in the market, but we know we can further separate through innovation.

We have the opportunity to take high support to ultra high support, knowing that 30% of women are D cup or larger and participation in high intensity workouts is growing.

This Fall 2014, we will launch a new sports bra system which solves for that need.

We're in the final stages of testing now and we are thrilled with the results. We are outperforming all competitors from a biomechanical and wear testing perspective.

Unfortunately we can't show you this product yet, but know that most importantly, this will deliver on our surprising performance .

We will reinvent high support through Nike innovation and reinvent the look of high support through beautiful design.

Nike connected with women around the world by introducing the idea that every one of us can have a personal trainer.

We launched the Nike Training Club app in 2011. This app quickly became her favorite workout in 155 countries and 8 languages. And her level of engagement with us is staggering.

We have over 10M downloads and 600,000 visits per week, for an average of 23 minutes each workout.

It didn't take us long to recognize that Nike Training Club struck a serious chord with her.

It was more than an app, it became part of her life.

So we extended Nike Training Club to gyms and events around the globe and we are now bringing the live NTC experience to over one million girls every year.

At Nike we love our sports moments and with Nike Training Club, we're having sports moments with her every day.

This past quarter we extended the idea of NIKE Training Club, to launch a new retail concept for our Women's business and to create new marketplace capacity.

We launched Nike Training Club at retail in 19 DTC doors in August 2013.

Our Nike Training Club retail concept highlights our best innovations for her, like you see in this room. It also includes services designed just for her – from bra fitting to gait analysis to pant hemming.

And at Nike Training Club, she can take an NTC class, join a run club and meet with a personal stylist.

Since launch, these doors are growing at 63% year on year in North America and 80% in Western Europe. And this growth is on top of the best year ever for Women's at Nike Retail.

All three categories are up. Units are up, and average selling price is up. This concept is driving sales per square foot results that are in-line with the industry's best.

We will be expanding this concept in our own NIKE doors – rolling out to 50 DTC doors by the end of this fiscal year.

But when we think about scaling this premium concept, we will look first to Nike.com. We know that women account for over 60% of online sales – and she's spending about 30% more time on social media than men.

Which is why we will make Nike.com our flagship for her, and 5X our women's Nike.com business by FY17.

We will also be introducing a shoppable style guide in Spring 2014.

We know how powerful the catalog is in other women's apparel and footwear verticals and will lead our industry in owning the look of run/train/live.

We will also launch 20 Nike Training Club studios. These studios will be in some of her most important cities and neighborhoods.

It will be a place where she can workout, try on product, and of course order product. Our studios will be a place where we can connect with her one on one, connect with the fitness industry- and important influencers.

As we expand further, we will leverage another critical NIKE strength, which is our wholesale partners.

We will bring the strength and learnings of our Nike Training Club to elevate the marketplace with our partners.

I can't fly you all around the world to our favorite door, Niketown London. But I am going to end by taking you there virtually.

Here's a look at our NTC launch in London and what our consumers are responding to so positively.

Thank you all for your time today, Jayme and I would like to invite you to window shop and ask us any questions about what you've heard today. I look forward to connecting with you all.