



"NIKE HAS NEVER BEEN STRONGER, AND OUR OPPORTUNITIES FOR GROWTH NEVER GREATER."

Mark Parker

President and Chief Executive Officer

To our shareholders,

I thought long and hard about what to say in my first letter as your new CEO. What part of the Nike story should I focus on? What do you as a shareholder want to know about our future together? What is Nike doing to grow into its potential?

As I pondered the intricacies of these issues, I kept coming back to one thing: I love this company.

For 27 years I have seen the power of Nike innovation at work. I have seen the breakthrough contributions we bring to the world of sports and culture. I have seen the pride and the humility in the eyes of our employees as the human potential we serve plays out on the world stage.

I'm honored to be a part of that.

But enough about me. Let's get down to business. We had a great year, the most successful year in Nike history, adding \$1.2 billion in revenue, bringing us to \$15 billion.

To understand where this growth came from, we need to look at the breadth of the Nike family.

The Nike brand alone represents dozens of sport performance and culture categories, delivered through four geographic regions across more than 160 countries. Add to that the other brands in the Nike family – Nike Golf, Nike Bauer Hockey, Cole Haan, Converse, Hurley and Starter – which generated nearly \$2 billion in sales. That's a lot of opportunity.

The U.S. Region delivered exceptional results, accounting for approximately 40% of our pre-tax income (PTI) growth. Product innovation and brand relevance in our Europe, Asia and Americas regions drove PTI growth by another 40%. The remaining 20% of our PTI growth came from reducing corporate expenses. All this translates into growth in diluted earnings per share of 18%.

At the center of this success is the one thing that has driven Nike since day one – innovation.

Innovation drives Nike Soccer. This year in Berlin more than half the players in the Final were in Nike boots. In fact, Nike had

more players, more boots and more goals in the tournament than any other brand.

What does this mean for you the investor? Twelve years ago, Nike Soccer was a \$40 million business. We're \$1.5 billion today.

Innovation drives Nike Golf to offer the most complete line of golf products under a single brand. The Sasquatch driver earned Editor's Choice on the *Golf Digest* Hot List. Nike irons out-numbered all others at Augusta for the second year running. And by the way, we are now the largest golf apparel company in the world.

Innovation drives the Jordan Brand, which grew more than 40% in revenues this year. Innovation is driving Women's Fitness, Nike Skate and Sport Culture toward new levels of value and credibility.

Throughout the company I see and share tremendous enthusiasm for the product design and development that is streaming through our pipeline.

We will continue to invest in the innovation engine that defines the essence of Nike's competitive advantage.

Innovation also drives our approach to Corporate Responsibility. How can we effect social change through sport? How can we use sustainability to drive design? How do we continually improve working conditions for the people who make our products? We do these things because they are the right thing to do, and because they will help us grow.

But innovation alone is not enough for us to grow responsibly and profitably. To do that requires an equally valuable attribute – excellence – a passion for doing things well.

One of our great strengths is our ability to connect with consumers. We have a shameless sense of curiosity. We want to know everything about their dreams and needs, and we're willing to dive deep to learn how to deliver relevant products and messages. This is increasingly important as consumers face a dizzying array of choices in the marketplace.

In China, for example, we are making strong connections with young consumers. Their response to the brand is beyond anything we expected, making China a \$600 million business. And we're extending our market leadership position every day.

Nike has always been more than a product or an attitude. Nike is also an experience.

Wherever a consumer interacts with the brand – in stores of our own or those of our retail partners, online, through advertising, at events – our goal is to elevate that experience through compelling products and human stories.

Our new Nike+ product concept is a breakthrough example of elevating the consumer experience. Working with the team at Apple, we developed an idea that bridges the physical world of running and training with the digital world of content and the internet. We launched Nike+ in May, and the response has been amazing. I'm excited about the success of our collaboration with Apple and where it can lead.

To deliver these kinds of products and consumer experiences profitably, we rely on operational excellence – managing costs and driving efficiency. We will continue to be very aggressive in pursuing lean manufacturing practices, materials consolidation, focusing on style and SKU productivity, and gaining Supply Chain efficiencies. We look for every opportunity to squeeze more value out of the money we spend, and that means more value for consumers and for investors.

We are committed to being nimble and strong and focused in everything we do. This is critical for any company operating in a global marketplace that is in a state of constant change. By continually refining our operational excellence,

we are able to meet these challenges head on.

Behind all of this is your team at Nike. I can tell you that other companies envy our sense of family, respect and optimism. We have the brightest, most passionate group of hard-working people in the industry, capable of creating enormous energy. It is the job of the management team to channel that energy, and to continue to recruit, retain and develop the best talent in the industry. The task is in good hands. They are curious, connected, and committed to creating success in any conditions.

Innovation and excellence. My job as your CEO, and the job of all Nike employees, is to apply these values to every opportunity, to build momentum, and to grow into our collective potential.

I look forward to it.

Thanks,

A handwritten signature in black ink, reading "Mark Parker". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Mark Parker
President and Chief Executive Officer,
NIKE, Inc.