

2015 NIKE, INC. INVESTOR MEETING



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

Good morning everybody and welcome to Nike World Headquarters. As Kelley said, we're very excited to have you here today and thank you all for coming. We have a great day planned and a lot to share. Let me start by just reminding you that the energy of sports and the energy surrounding Nike Inc. and our brands are really at an all-time high.

And we're here to talk to you about how we're going to take that energy and grow the business across every one of our dimensions. Looking at the results from the past 10 years since 2005, Nike stock has significantly appreciated against the S&P 500.

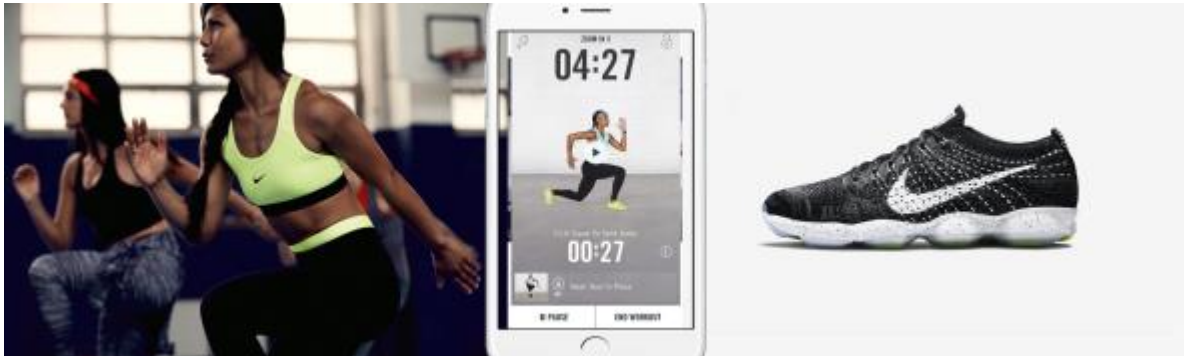


Our revenue has more than doubled, our EPS has more than tripled and we have outperformed the broader market and delivered top quartile total shareholder returns. You know it's clear that Nike is a growth company and we have never been more confident that we'll continue that pace of success. The opportunities for sport are really everywhere and that means that the opportunity for Nike is everywhere.

Based on the potential we see for Nike Inc. moving forward we expect to deliver \$50 billion in revenue by 2020.



The goal for today's meeting is to show you how we plan to deliver against that opportunity, to show you how Nike is built for growth now and for years to come. Nike is built for growth because we serve the consumer completely. Consumer expectations are higher than ever. They want it personal, they want all access and they want it now. And it's why we invest in areas like digital that fuel our authentic connections. And we obsess amazing products that consumers could never imagine and personal experiences they'll never forget.



We're also built for growth because we run a complete offense. We leverage the multiple dimensions we have as a company, our brands, the categories of sport, the geographies and marketplaces in which we live, the strength of our strategy, the health of our balance sheet and of course the expertise of our management teams.

This is how we use scale as a competitive advantage, yet stay nimble. You'll hear more from the team today about the specific growth areas within our complete offense. We'll be focused on our biggest geos like North America, China and Western Europe, our biggest categories like running and basketball and of course our fastest growing opportunities, from Women's to DTC to Ecommerce.

And finally, Nike is built for growth because we drive a relentless innovation mindset across the company. We have amazing talent but we're also quick to partner with the world's best if it will get us to our future faster. Our laser focus in these areas is how Nike consistently delivers strong results in a rapidly changing environment.

We stay ahead because when the playing field shifts we look for opportunity. And that's when we aggressively grow the market for sports. And as we all know today the shifts are happening at very high speeds. You've all heard about the skyrocketing numbers of the middle-class. Asia alone is expected to triple its middle-class population by 2020. And with that, attitudes and behaviors are changing.



For sport, that means that a sustained interest in healthy living has replaced short-term fitness trends. Women in particular have fueled the new lifestyle of sport driving the growth of athletic

apparel and footwear. In fact global athletic apparel has grown at a faster rate than overall apparel the last 4 years. And we all know that buying habits are evolving daily.

Mobile has taken over. And the global Ecommerce business will have doubled to \$3 trillion from 2014 to 2020. These are the kind of seismic shifts that create tremendous opportunity and play right into our strengths. These are the kind of opportunities that will propel us to \$50 billion. \$50 billion, that's an ambitious goal, we know that.

We make it our daily mission to achieve ambitious goals. We have to because the athletes we serve set very high goals. They continuously get better, they learn and then they set the bar even higher. And that attitude, that competitive drive sounds a lot like us. Every day, every day we ask ourselves, is this the best we can do?



We work with elite athletes because they understand the demands on their bodies and they know what their equipment needs to do. And our job is to translate their insights and turn that into something amazing for everybody. And nobody is better at this than Nike. This is what we do. And it should be obvious then that to get the best insights we choose to work with the best athletes.

And by a wide margin they choose us. When it comes to partners I would take Nike's roster of athletes any day. From the ones that we all know that need no introduction, LeBron and Kobe and KD, Cristiano and Neymar, Serena, Roger and Rory to the next generation of stars like Kyrie Irving, Anthony Davis, Robert Lewandowski, Alex Morgan, Odell Beckham Jr., Mike Trout, Jewell Lloyd.



And teams and federations like FC Barcelona, the Brazilian National Football Team, USA Track and Field and colleges from Duke to Ohio State to Oregon. And of course leagues and associations, the NFL, the Premier League, the China Super League, the National Women's Soccer League and soon, of course the NBA.

Nike has a personal relationship with the greatest athletes from every sport from every corner of the world. And we partner because it's the fastest path to innovation and together we create the future of sport. You know it sounds simple but it's not easy. We're constantly being pushed or inspired by the athlete to create something new, something new and better. And those demands have created a special culture at Nike, one that's wired to collaborate, to fail fast, to learn faster and to invent. In fact over the past 25 years Nike has built the third largest design patent portfolio in the US. And what sets us apart is our ability to build a business around our breakthroughs. We invent and then we scale across sport categories and geographies.



We've done it in the past with Nike Air, with Dri-Fit, with Free, Lunar and we're doing it now with Flyknit and of course there's much more on the horizon. But, as I said before, innovation drives not only what we make but also how we make it and how we connect to the world. At Nike, innovation is a mindset. It drives how we think about efficiencies, about reducing our impact, about how we invest in relationships with consumers. It's also why we attract and pursue other great partners to help us in our mission. Alliances with Apple and NASA and MIT are some of the ones that you know about. And today you'll hear about more.

From concept to creation we are aligning our great talent with some of the world's most skilled teams. We're constantly looking for ways to completely disrupt the industry and to create something better for the athlete and then extend our relationship, much like Flyknit is doing. Flyknit actually shows the power of innovation to transform. For the athlete it means less compromise in performance. We can create footwear that is both light and strong. For the designer it gives them more control over design, placing material exactly where it's needed with incredible precision.



Having saved over 2 million pounds of waste since 2012, Flyknit is also more sustainable and more efficient to produce. And, as you can see, solving for a performance problem has created a new style. Flyknit delivers product that is just plain beautiful. As we've accelerated our capabilities with Flyknit it's also evolving how we work as a team.

The lines between programming and designing have been blurred. What we've discovered is it's important for the design teams to understand what drives the automated making process so they

can take full advantage of all that it can do. And with this in mind I'm excited to announce a new hub for innovation at the Nike World Headquarters, the Nike Advanced Product Creation Center.



This is a 125,000 square foot facility that will house some of our most advanced manufacturing and design technologies. Technologies like new knitting machines, 3-D printing and automation across the board. Next to the machines will be the workspaces for engineers and material scientists and designers all working together to develop the next breakthrough like Flyknit.

This is the part that excites me the most. You know for much of my time here at Nike the creative process has involved a lot of back and forth, shipping samples and trips to Asia to perfect the product. Now today's process has completely accelerated. With a technology like Flyknit all we have to do is send our design files to the coders, program the machines and send the code to the factory to make the final product. That's it.

And this is the kind of work we'll be doing at the Advanced Product Creation Center. We've increased speed and communication and we're matching the world's best product expertise with the latest technologies. We'll be inventing new ways to give consumers more choice, more personalized product and faster delivery. This is exactly the type of investment that will accelerate our separation in the marketplace.

You know if innovation drives everything we do, then digital is an accelerator. Digital has fundamentally transformed our business end to end, impacting really how we design, how we manufacture and how we serve the consumer. It expands creativity and creates scale. Yet it makes us even more personal as a brand and agile as a company. And of course digital is how we all access the world.



At Nike it's at the heart of our real-time connection to the consumer. And through our digital ecosystem we inspire you to be more active, we connect you to the most motivated community in the world and we give you quick access to your favorite product. And what separates Nike is that we connect all three.

And for us it's not enough to have a thriving digital community- we want to serve completely and that includes product. We take it a step further by seamlessly linking the entire journey from digital to in-person experiences at retail and events. Everything we do adds up to giving you the best of Nike wherever you need it. When we serve you completely we become the home of your athletic life.

And this is not something we're waiting for. We have the platform and the teams in place today to deliver it, to be personal at scale. We have one billion consumer touchpoints a year, powering the largest athletic network in the world. You know I spoke earlier about the tremendous energy of our brands right now. We have four powerful brands that have deep roots in youth culture.



The Nike and Jordan brands through sport, Hurley through surf and Converse through music and creativity. We have authentic connections because we work at it. No one invests in consumer relationships the way that we do. And that's why we're so confident that we're built for growth for decades to come. We have individual brands that are truly loved and a Nike Inc. global footprint to bring that emotion to even more people.

Take Converse and the Jordan Brand for example. There's never been more potential for these two great brands as we find ways to diversify their products and expand their global footprints. We were excited to see the Chuck Taylor get a performance innovation boost last quarter with the introduction of the Chuck II. It added a new Lunarlon II sock liner, more comfortable materials to the Converse Classic and brought new energy to Converse as a brand.



This was just a glimpse of the future of Converse and how we'll develop new ways to excite their dedicated consumers. Leveraging the power of Nike for Converse is huge. And then let's turn to the Jordan brand. You know Michael Jordan's legend transcends sport and culture across gender, age and geographies. He is by all definitions, a living icon.



Today the Jordan brand supports athletes and delivers amazing performance basketball innovation. But consider that the majority of the Jordan brand business is in the US, it's in one sport, in footwear with one gender. You know to us that represents a world of opportunity for one of the world's greatest brands. And I think the time has come for the Jordan brand to spread its wings and grow beyond the sport of basketball.

Our diverse brands are critical to the success of our complete offense. So are our partnerships. Take our recent announcement with the NBA as an example. You know we're talking about a global game that is played in hundreds of countries with the potential to ignite the consumer's passion around 72 teams across the NBA, the WNBA and the D Leagues.

The NBA's influence is not only expansive but it's inclusive. Nearly half of the NBA viewers are women. And with the power of our three brands, Nike, Jordan and Converse we can bring added value to the NBA and the sport of basketball by driving more innovation and fueling the excitement around the culture of the game around the world.



I've talked with Commission Adam Silver about our role enriching the fan experience. What can we do to digitally connect the fan to the action they see on the court? How can we learn more about the athlete, real-time? I think sitting courtside might feel a lot different in years to come. You know with the NBA, Nike is going to be more than a supplier. We will be a strategic partner to grow and advance the game.

You know our size is our real strength, we know that and we use it. But to leverage, truly leverage our scale we operate as smaller teams. We stay nimble and flexible by being on the ground in every market, which puts us closer to the athlete and the consumer and in a better position to see the opportunities. It's how we develop seamless shopping experiences in New

York City or spark a new running boom in Shanghai or fuel a sneaker culture for women in London. We not only see the opportunities, we have the power to act on them. We grow the overall market and because of our track record of success, we can take more risk. We can take more bets and I think we've shown that we make pretty good bets. So what are we betting on? What are the opportunities that we see?



You know over the next few years we're imagining and building a future that includes bridging the gap between the elite athlete and the everyday athlete. Giving you the best of Nike whenever you want it. Building and serving your unique needs. And products that adapt to you, on demand, real time.

You know in sports, momentum is everything and we've proven that we have it on our side. We have the resources, the drive, the opportunity to grow for years. We exist to serve the consumer, we drive a strategy that allows us to be personal at scale and we inspire a relentless culture of innovation.



Over the next few hours you're going to hear a lot more detail from our talented team. They are the ones that are adapting and evolving our strategy to make sure that we're aligned against the biggest priorities and delivering what matters the most to the consumer. So thanks again everybody. And now I'd like to welcome our President of the Nike Brand, Trevor Edwards.

Presenters during this meeting made forward-looking statements based on current expectations and those statements are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed in the reports filed with the SEC, including forms 8-K, 10-K, and 10-Q.

Presentations may discuss non-GAAP financial measures, including references to certain components of NIKE Brand revenues, which are expressed in wholesale equivalents. NIKE Brand wholesale equivalent revenues consist of (1) sales to external wholesale customers and (2) internal sales from our wholesale operations to our Direct to Consumer operations, which are

charged at prices that are comparable to prices charged to external wholesale customers. References to NIKE Brand wholesale equivalent revenues are only intended to provide context as to the total size of our NIKE Brand market footprint if we had no Direct to Consumer operations and should not be relied upon as a financial measure of actual results. Participants may also make references to other non-public financial and statistical information and non-GAAP financial measures. Discussion of non-public financial and statistical information and presentations of comparable GAAP measures and quantitative reconciliations can be found at Nike's website, <http://investors.nike.com>.