

MARK PARKER

Chairman, CEO & President

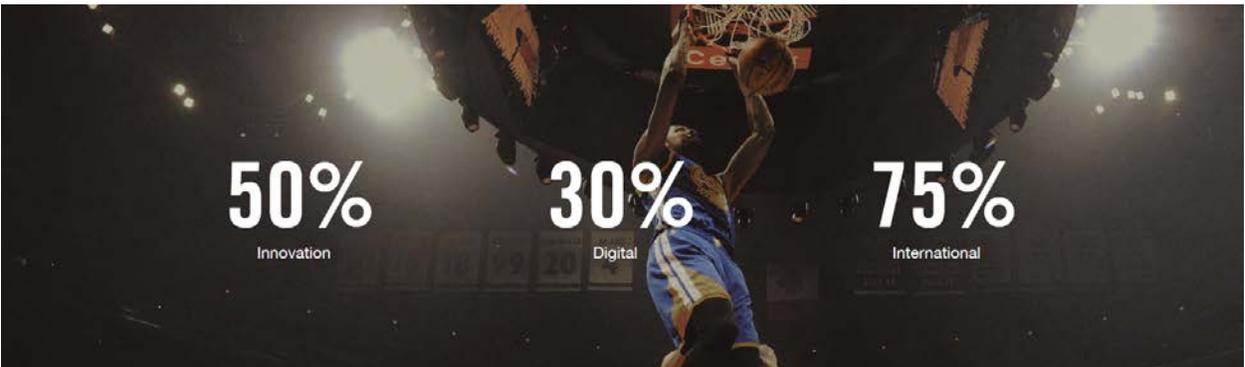
Mark Parker, Chairman, President & Chief Executive Officer, NIKE, Inc.

Good morning. Good morning, everybody. It's really great to have you here. I'm really glad you could join us this morning.

From the beginning, our mission at NIKE has been to bring inspiration and innovation to every athlete in the world. And the importance of that mission and our relentless drive to serve our consumers are as resolute today as ever. At the same time, we are driving change throughout our business to take advantage of all the big shifts in the athletic landscape. Where others see disruption to old models, we see opportunities for new growth. And that's why we are so excited to share our approach.



And whether that's redefining the North America retail landscape or accelerating our international momentum, we've mobilized against our priorities, and we're driving growth in new ways. And we expect that over the next 5 years, over 50% of our growth will originate from new innovation concepts that will scale across multiple categories. We expect that digital revenue, both owned and through partners, will increase from nearly 15% today to over 30%; and nearly 3/4 of our growth will come from outside the U.S.



We will deliver the sustainable, profitable growth you expect from NIKE with new dimensions to match today's dynamic marketplace. And that's what today is really all about, is helping you all, our investors, better understand the aggressive shifts that we're making in service of our athletes and our mission. So we will detail how the Consumer Direct Offense and our Triple Double strategy will lead this transformation and how we'll ignite our next phase of long-term, sustainable, profitable growth. We are very confident that executing this strategy will drive high single-digit revenue growth and mid-teens EPS growth over the next 5 years. Later in the day, Andy will share more detail on the drivers of our projected growth, both across the near-term and the long-term.



So how will we fuel this growth? We're really driven by 3 core beliefs. We believe in the growing popularity of sports and active lifestyles. We believe in the empowered consumer who has unprecedented options, and we believe that the global demographic shifts are really tailwinds for our business.

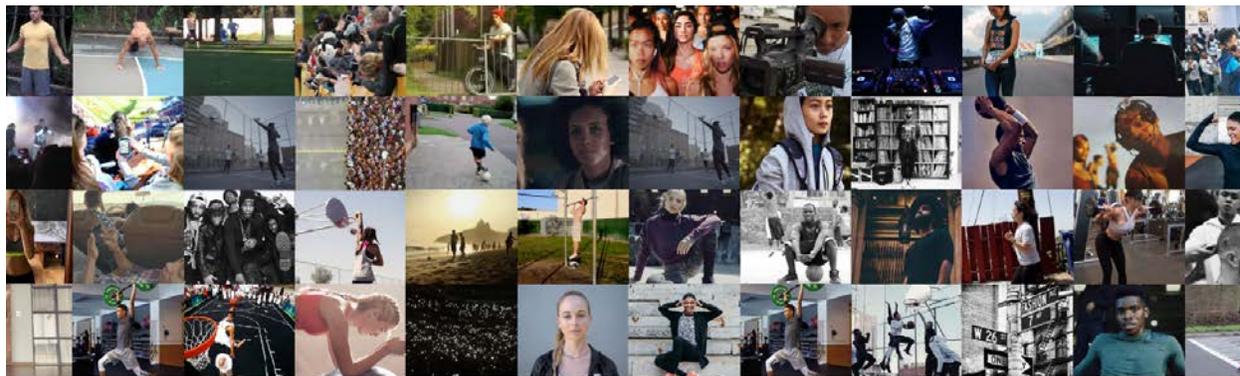
So let's start with the truth that most people want to lead healthier lives. As they increasingly embrace wellness and fitness, sport is becoming their lifestyle. And as a result, NIKE is becoming more meaningful for more moments in a consumer's life. For example, 40% of Americans participate at least once a week in high-calorie-burning activity. In a developing market like China, the scale of sport is staggering. Over 400 million people are active at least once a week.



And the ways we consume sport content is also changing dramatically. Today, sports fans have new ways to feel connected to their favorite teams and athletes. The NBA, for example, has over 1.3 billion social media followers across the league, teams and player pages. And while some say that sport viewership is slowing, it's actually taking on new life through streaming and social media. In the U.S., for example, live sports makes up less than 2% of traditional TV programming but generate 50% of Twitter's TV-related conversations.

It's also clear that we operate in an age of empowered consumers. They set a new expectations from brands. In their mobile-led world, their options are really limitless. They are infinitely informed. As an example, more than 80% of shoppers consult their phones for price comparisons and availability before they shop

in brick-and-mortar. And that's why we're so focused on building a seamless marketplace. A point of contact should never be a point of friction.



They also have limitless or infinite choices. Within seconds, anyone can quickly shop tens of thousands of NIKE styles. And when they buy, they're voting for products that are measurably better and distinctive, which is why we lead, and we always have, with innovation.

And their world is infinitely faster. Most consumers believe orders placed by noon should be delivered on the same day. In response, smart supply chains have redefined convenience. We're turning NIKE's scale and our vertically integrated assets into a speed advantage.



Even more energizing is that this powered consumer is about to explode in population. Over 2 billion digital natives in markets like China, India or Latin America will join the middle class by 2030. In North America, NIKE's primary consumer base is 50 million people. If population trends in China continue at the expected rate, our projected consumer based in that market is more than 10x larger.

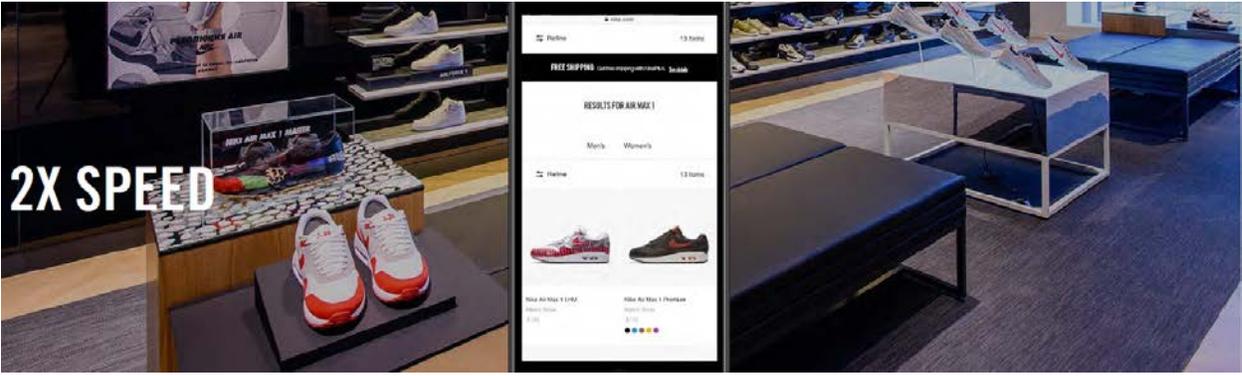
NIKE is on the right side of change, and we're incredibly excited about these new opportunities to connect our brand and products with consumers in new and powerful ways. And that's why we've sharpened our approach. We've aligned, as you know, against the Consumer Direct Offense to serve athletes faster and more personally at scale. And for our teams, it's creating end-to-end alignment and more focus on the opportunities with the greatest returns. It's adding resources against 3 core areas of our business through our Triple Double. That's 2X Innovation, 2X Speed and 2X Direct. You'll hear a lot more about this today.



In 2X Innovation, we will lead with more distinct platforms, moving from seeding to scaling a lot faster. We'll edit to amplify to give consumers better choices to match their preferences. And we'll set a new expectation for style, creating a new aesthetic to wear in all moments of their lives. To the consumer, there is no trade-off between sport and style. We know that more than half of the athletic footwear and apparel is bought for non-sport activities, and we have even more room to grow in this market.



In 2X Speed, we're investing in digital end to end to serve this insatiable consumer demand for new and fresh products. To use a sports analogy, you can't run an uptempo offense if only half your plays are designed for speed. So we're building new capabilities and analytics to deliver personalized products in real time, and we're engaging with more partners, company-wide, to move faster against our goals. In our supply chain, we've joined forces with leading robotics and automation companies, and we're serving millions of athletes and sports fans faster through manufacturing bases that are closer to our North American consumer. 2X Speed is really all about delivering the right product in the moment, 100% of the time.



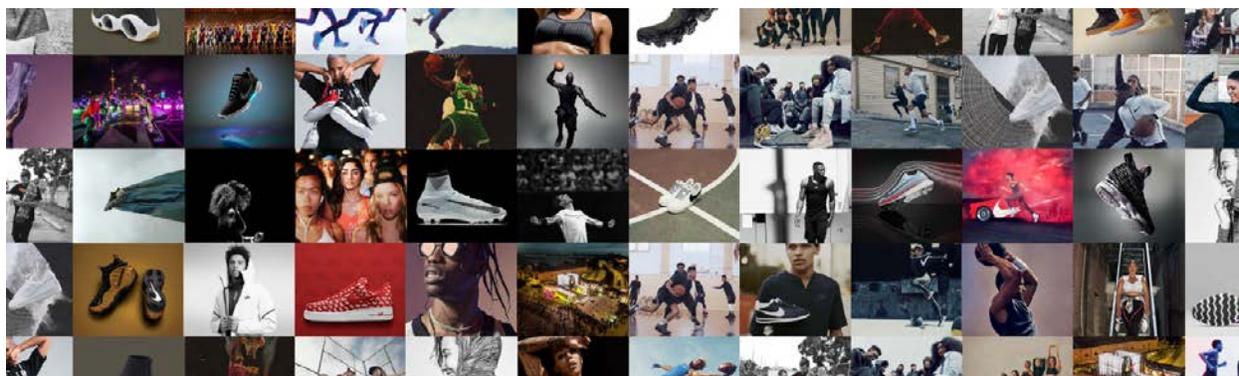
In 2X Direct, we have a lot to share today. We never ever take the strength of our brand and premium product for granted. They are indeed our most valuable assets. With 2X Direct, we want as many NIKE touch points as possible to live up to those expectations, and that's why we are investing heavily in our own channel and leading with digital. And with our strategic partners, we'll move resources away from undifferentiated retail and towards environments where we can better control with distinct consumer experiences.



And that is, in fact, how we've organized the day for you, in alignment with the Triple Double, so you will understand in more depth and detail how we're moving forward.

Today, I'm excited -- I'm a product geek, and I'm very excited that we're going to lift the curtain, not completely, but a lot more on the future of innovation. Innovation that will truly benefit the athlete, will create more value in the marketplace and it will extend our leadership.

As I've said before, growth starts with great product, and that growth comes from the scale of our powerful portfolio, where we deliver across key categories through powerful brands, up and down price points in footwear and apparel and for men and women. And that diversity means we have the flexibility to shift investments to the biggest opportunities to reach the right market at the right time. This is one of NIKE's greatest competitive advantages, especially in a very shifting landscape.



You'll hear a lot more about this throughout the day, but let me hit on just a few dimensions of our portfolio. Michael Jordan is the embodiment of the competitive spirit and greatness, and the Jordan brand continues to inspire new generations through new sports in new countries. Our high-growth innovation opportunities in Jordan are building off the momentum we see in performance basketball and supercharging new apparel franchises and developing women-specific products and experiences.



Converse, our iconic youth culture brand, is creating a new foundation for growth. Converse will renew its focus on its authentic sports legacy and then combine that with NIKE's innovative platforms; tremendous opportunity to get that leverage. We already have the world's most popular shoe in the Chuck Taylor, as you know, and we're well on our way to accelerating growth through a more diversified portfolio of product: products like the Chuck '70, the Jack Purcell, the One Star and a few more surprises to come over this next year. Converse is also driving a speed agenda for their most in-demand products, including activating their own Express Lane.



Through our categories, we turn specific insights into commercial opportunities. And one of the most important changes of our Consumer Direct Offense was the creation of our standalone NIKE Women's business that goes beyond training to encompass running, sportswear and training together. And this alignment really puts us in a better position to drive consistent and holistic point of view for NIKE Women. We'll deliver more innovation in women's product with a focus on new platforms that are just for her and more choices for women sneakers; a huge opportunity, we believe. We'll continue to expand our audience with more versatile sizing options in bras and tops and bottoms, like we did this past Spring with an extended plus-size line of over 90 styles.

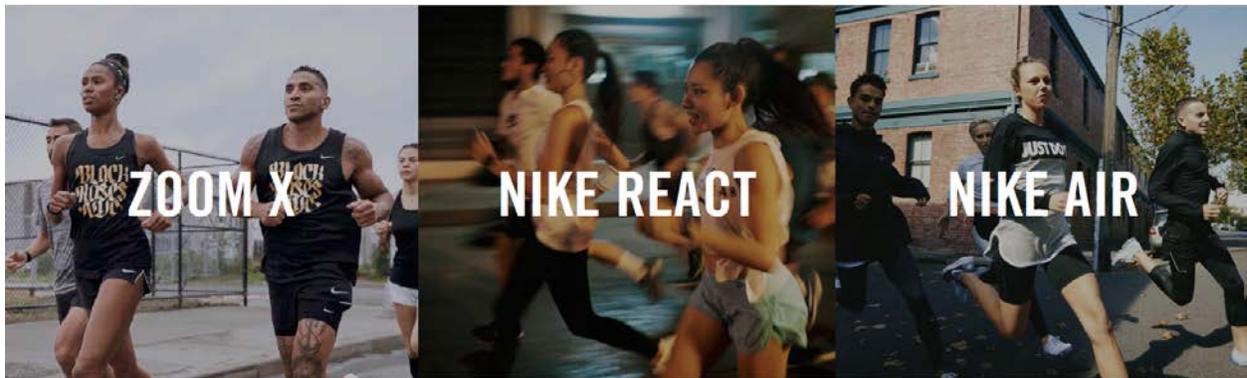


Running has always been the lifeblood of NIKE. When we build momentum there, it carries really to all parts of the company. You can feel it with our strong innovation, with the marathon podium sweeps you've seen over the last year and the communities of runners we're mobilizing around the world. Let's take a quick look.

[Video In Room]

As someone who got the running bug back in high school, I've finished my share of marathons. I'd love to see the sort of resurgence, this new landscape of running emerging.

As we all know, the running silhouette across performance and lifestyle is really fueling considerable growth in the athletic industry right now. And over the last several months, our teams have created a running revolution of sorts for NIKE and really the whole industry. We're delivering more innovation and more choice for runners than in any time in our history. We have 3 distinct platforms that cover a full spectrum of sensation. Each is really at a different stage of their adoption cycle from early launch to scaling with impact.



To deliver pure speed and energy return, we have the amazing ZoomX. In fact, the ZoomX system is capable of delivering up to 85% energy return, by far the most responsive cushioning system we've ever developed. I'm incredibly proud of this product. So you should look for ZoomX to begin to scale with the new versions of our celebrated Pegasus shoe, the most popular running shoe from NIKE.



The cushioning platform, I believe, that has the greatest potential to benefit the widest range of people is NIKE React. It delivers an incredible combination of comfort and resilience, and it's lightweight, responsive. NIKE React will scale from basketball, this season, to running to training and to sportswear.

First up is running in a -- with a new shoe we are unveiling today, the Epic React. This is the first React running shoe. It's a shoe that's both soft and responsive. It's light and durable. The React foam, like so

many of our innovations, was developed in-house. And it gives us more control over the quality of its performance, and it makes it more profitable for us in the long-term.



Another enduring intellectual property for NIKE is that of NIKE Air, and we continue to add new dimensions of NIKE Air. As a platform, it's a several billion-dollar business and growing. In fact, if Air was a standalone athletic company, it would be the third-largest in the world. VaporMax, along with the other Air Max innovations in our pipeline, over the next 5 years, will drive several billion dollars of incremental growth. And today you will see some the new VaporMax hybrids that are driving that expansion, featuring new silhouettes that cross over both performance and into sportswear.



Air is connecting deeply with consumers. It has for a long time, and driving new demand for classics, classics like the Air Max 97, the Max 95 and Tuned Air, popular favorites. And today, we have an all-new platform that will join the NIKE Air Max family, and that's the Air Max 270. The Air Max 270 is NIKE's first lifestyle-specific Air unit. The large airbag allows for significant displacement, which gives the shoe a trampoline-like feel.



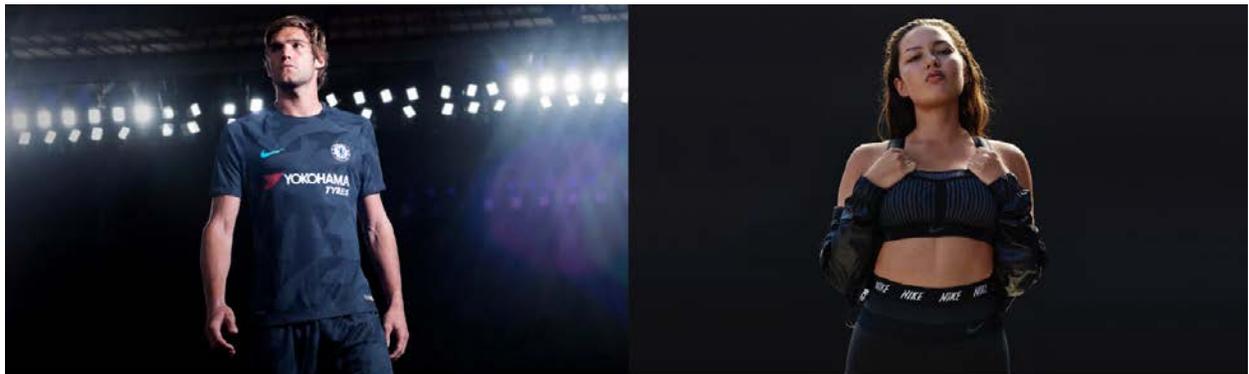
And when we talk about distinction in product, Air really gives that to NIKE, both visually and the function and the sensation. We're really going to push the edges of Air over the next several seasons, so stay tuned.

Another way to leverage the portfolio is by sharing the advancements in design, technology and new ways of thinking and new ways of making. Today, we're combining digital tools like computational design with digital knitting so we can make, test and refine very quickly. NIKE has entered the age where we create the machines to match our imagination, not the other way around.

Take the LeBron 15 for example. Its high performance and striking style were made possible by Battle Knit, which is a first in our industry. It moves beyond a single layer into a new multidimensional knit for a more provocative look and obviously more performance and support.



In apparel, we have new ways of making that are creating exciting possibilities. You know about the Flyknit Bra, and later, you will see a full range of tops and tights. And with our leading clubs and teams, we're using digital design to create single-layer jerseys that combine complex datasets like range of motion and temperature with body maps for sweat and cling.



Later today, Eric will provide detail on a new footwear production process that uses robotics to create a pair of uppers in 30 seconds. It's amazing the advancements that are happening in the manufacturing side of our business.

And last month, our materials team introduced a super material called Flyleather, which is made up of at least 50% leather. It's 40% lighter. It's 5x more abrasion-resistant and, I'm happy to say, has an 80% lower carbon footprint than traditional full-grain leather manufacturing.



So we can have high performance and we can have sustainability and profitability built into one. So innovations like Flyleather contribute to our commitment to science-based targets that will reduce our footprint as a company. Very important.

Another new major innovation you'll see today, incredibly exciting, is [Performance Fit]. You know about the HyperAdapt 1.0, which move product from static to adaptive. In the future, we believe product will be predictive. It will move at the speed of sport, really shaping to our feet in real time. We will now offer the HyperAdapt technology at a lower, more accessible price point, including non-powered adaptive footwear systems that will greatly improve overall fit.



I opened our conversation with the changing landscape in both sport and with the consumer. So new ways have created a different way to win. And throughout the day, our team is going to show you how NIKE's driving focused growth in the areas with the most potential, how we're delivering speed at scale and creating new consumer value to build a healthier marketplace. So I hope you enjoy the day.



Kobe 360