

COMPANY PROFILE

NIKE, Inc.

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COMPANY OVERVIEW

NIKE, Inc. (NIKE or 'the company') is one of the world's largest designers, marketers and distributors of athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. The company operates in the Americas, Europe, the Middle East, Africa and Asia. It is headquartered in Beaverton, Oregon and employed about 62,600 people as of May 31, 2015.

The company recorded revenues of \$30,601 million during the financial year ended May 2015 (FY2015), an increase of 10.1% over FY2014. The operating profit of the company was \$4,175 million in FY2015, an increase of 13.5% compared to FY2014. The net profit of the company was \$3,273 million in FY2015, an increase of 21.5% over FY2014.

KEY FACTS

Head Office	NIKE, Inc. One Bowerman Drive Beaverton Oregon 97005 6453 USA
Phone	1 503 671 6453
Fax	
Web Address	http://www.nike.com/
Revenue / turnover (USD Mn)	30,601.0
Financial Year End	May
Employees	62,600
New York Stock Exchange Ticker	NKE

BUSINESS DESCRIPTION

NIKE is primarily engaged in the design, development, and worldwide marketing and selling of athletic footwear, apparel, equipment, accessories and services. The company sells its products through NIKE-owned retail stores, as well as through various independent distributors and licensees, in virtually all countries across the world. The company also offers its products through its website: nike.com.

The company operates through six business segments, classified based on geographical presence: North America, Western Europe, emerging markets, Greater China, Central and Eastern Europe, and Japan. Each of these geographic segments operates primarily in one industry: the design, marketing, licensing and selling of athletic footwear, apparel, and equipment.

NIKE offers its products across four categories: footwear, apparel, equipment and other.

The company manufactures and sells footwear for specific athletic use such as running, training, basketball and soccer. NIKE's footwear products are also designed for kids, as well as other athletic and recreational uses such as cricket, lacrosse, tennis, volleyball, wrestling, walking, and outdoor activities. The company also manufactures and sells various products for casual and leisure use.

NIKE sells sports apparel for most of the sports and fitness activities for which it offers footwear. The company also markets apparel with licensed college and professional team and league logos.

The company sells a wide range of performance equipment and accessories under the NIKE brand name, designed for sports activities. These include bags, socks, sport balls, eyewear, timepieces, digital devices, bats, gloves, protective equipment, golf clubs, and other sports equipment. The company also sells a range of plastic products to other manufacturers through its wholly-owned subsidiary, NIKE IHM.

Wholly-owned subsidiaries of NIKE include Converse and Hurley International. Converse designs, distributes and licenses casual sneakers, apparel and accessories under the Converse, Chuck Taylor, All Star, One Star, Star Chevron and Jack Purcell trademarks. Hurley International designs and distributes a line of action sports and youth lifestyle apparel and accessories under the Hurley trademark.

At the end of FY2015, the company operated 185 NIKE factory stores across the US, 33 NIKE in-line stores (including employee-only stores), 92 Converse stores (including factory stores), and 29 Hurley stores (including factory and employee stores). Internationally, NIKE operated 512 NIKE factory stores, 73 NIKE in-line stores (including employee-only stores), and seven Converse stores (including factory stores).

NIKE owns a full product line distribution center in Memphis, Tennessee. Additionally, it has four other distribution centers, three of which are leased. The apparel and equipment products of the company are also shipped from its Foothill Ranch, California distribution center. Converse and Hurley products are shipped primarily from Ontario, California. NIKE operates 45 distribution centers outside of the US.

HISTORY

NIKE was founded as Blue Ribbon Sports in 1964 by Bill Bowerman and Phil Knight. Blue Ribbon Sports was engaged in the distribution of Tiger shoes, a product of Japan-based Onitsuka Tiger, in the western US. The founders turned their agreement into a partnership in 1966. The company was incorporated in 1967 as BRS, a successor to the Blue Ribbon Sports partnership. In 1968, BRS opened its first west retail store in Eugene, Oregon.

The company's Swoosh trademark and the NIKE brand name were created in 1971. In the same year, the company introduced its first apparel product, NIKE T-shirt. In 1972, the company's agreement with Onitsuka Tiger ended. BRS launched NIKE line of footwear for athletes during 1972. The company established its first US track and field training club for athletes in 1977. The company changed its name from BRS to NIKE in 1978.

NIKE signed a deal with tennis player John McEnroe, as its brand ambassador, in 1978 and engineered its first air-sole footwear cushioning unit (durable bags filled with pressurized gas) with former NASA employee Frank Rudy. NIKE introduced its first pair of running shoes, the Tailwind, with its patented air-sole cushioning technology in 1979.

The company completed its initial public offering (IPO) of Class B common stock in 1980. In the following year, BRS (a subsidiary of NIKE) merged with NIKE. In 1982, the company introduced the first NIKE basketball shoe that incorporated NIKE Air cushioning technology. In 1986, NIKE began producing its apparel collection.

NIKE launched its 'Just Do It' ad campaign and acquired Cole Haan, men's and women's footwear, accessories and outerwear brand, in 1988. The company opened its first NIKETOWN store in Portland, Oregon, in 1990. Later in the same year, NIKE opened its first European headquarters in Amsterdam, the Netherlands. The company entered into an exclusive agreement with The Athletic Congress in 1992, under which every medalist on the track and the Barcelona Games wore NIKE apparel.

NIKE acquired Sports Specialties, a marketer and distributor of licensed team logo headwear, in 1993. NIKE changed the acquired company's name as NIKE Team Sports. Further in 1993, the company introduced the Reuse-A-Shoe program, whereby old athletic shoes were collected, separated and grinded to be used in the making of athletic courts, tracks and fields.

In 1995, NIKE acquired a hockey gear manufacturer Canstar Sports, which included Bauer. The company entered into a contract with Tiger Woods to endorse NIKE Golf apparel and footwear in 1996. The company also developed apparel and footwear in his name.

NIKE formed Bauer Nike Hockey in 1998 to manufacture athletic footwear for Hockey players. The company's former Canstar brand was consolidated under the Bauer brand name in the same year. NIKE acquired Hurley International in 2002, and launched the NikeGo program, a nationwide community program to increase physical activity in American youth.

The company added Converse brand to its brand portfolio in 2003. In the following year, NIKE

established the Exeter Brands Group, a wholly-owned subsidiary, which will engage in the design, marketing and distribution of athletic footwear and apparel under the Starter, Team Starter, Asphalt, Shaq, Dunkman and Tailwind brands. In the same year, the company acquired Official Starter Properties and Official Starter, featuring a line of athletic apparel, footwear and accessory products. NIKE ceased its operations at NikeTown, Orange County in 2005.

During 2006, the company launched Untold Truth, a collection of urban sportswear. In the same year, NIKE and Google jointly launched Joga.com, an online community for football. Also in 2006, NIKE and Maven Networks introduced JogaTV, an internet television channel focused on football. Further in the same year, the company opened its first factory store in Kansas and Louisiana. Later in 2006, NIKE and Apple entered into a partnership to launch Nike+iPod products. The first product developed through this partnership was the Nike+iPod Sport Kit, a wireless system that allows NIKE footwear to connect with iPod Nano.

The company introduced a new footwear brand for women called Tailwind (produced by its subsidiary Exeter Brand Group) across three Payless stores in Manhattan and Brooklyn in 2007. In the same year, NIKE teamed up with Foot Locker, a US-based athletic apparel and footwear company, to open nearly 50 House of Hoops by Foot Locker stores in the US. House of Hoops by Foot Locker was established as a hub for basketball products offering exclusively Nike, Jordan and Converse branded basketball footwear, apparel and equipment products. Also in 2007, the company opened a flagship store in Beijing, China. NIKE launched Nike Air Native N7, an athletic shoe specially designed for Native Americans.

Further in 2007, the company launched NikeiD studio at the NIKETOWN store in central London. The store provides customers the option to personalize their sports footwear, apparel and equipment. In the same year, NIKE sold its Starter brand to Iconix Brand, a brand management company engaged in licensing, marketing and providing trend direction for an owned consumer brands portfolio, for \$60 million. Converse, the company's subsidiary, entered into an agreement with Target to offer One Star; vintage sports-inspired lifestyle apparel and footwear exclusively at Target stores. Nike Vapor, a subsidiary of the company, acquired 19.9% of Sports Direct International's holdings in Umbro. The acquisition created a platform to acquire the football brand. The company sold its Exeter Brands Group at the end of 2007.

The company sold its Bauer Hockey unit to an investor group led by investment company Kohlberg & Co and Canadian businessman W. Graeme Rouston, for \$200 million, in 2008. In the same year, NIKE extended its relationship with the US Olympic Committee as an official outfitter of the US Olympic and Paralympic teams through the London 2012 Olympic Games. Also in 2008, the company opened its first Nike Sportswear retail store in SoHo, New York City. Further in the same year, the company acquired Umbro, a UK-based global football brand.

In FY2009, NIKE consolidated its Wilsonville (Oregon) and Winchester (Memphis, Tennessee) based footwear distribution centers into a single location. During the same period, the company initiated a reorganization of the NIKE brand business into a new operating model. As a result of this reorganization, the NIKE brand operations consisted of the following six geographies: North America, Western Europe, Central/Eastern Europe, Greater China, Japan, and emerging markets.

The company launched its new Nike+ GPS App on the App Store in 2010. The new Nike+ GPS App includes several features which allow runners to use their iPhone to map every run while tracking pace,

distance, time and calories-burned. It also provides feedback during and after each run from athletes such as Paula Radcliffe and Lance Armstrong.

During 2011, NIKE collaborated with TomTom for the launch of Nike+ SportWatch GPS. In the same year, the company opened its largest distribution center in Asia, the China Logistics Center in Taicang, Jiangsu, China. Further in 2011, adidas, C&A, H&M, Li Ning, NIKE and Puma released a joint roadmap towards zero discharge of hazardous chemicals (ZDHC) in the supply chain by 2020.

In early 2012, the company announced plans to construct nearly 600,000 square foot headquarters in Shanghai, China. In the same year, NIKE entered into a strategic partnership with DyeCoo Textile Systems, a Netherlands-based company that supplies industrial carbon dioxide (CO₂) dyeing equipment and is an innovator in CO₂ dyeing technology and processes, to scale waterless dyeing technology. During the same time, the company launched Nike Free Gym+ for dynamic yoga and other mind-body activities, as well as for training activities and Nike Fit workouts.

NIKE strengthened its position as the largest sports brand in Brazilian football by partnering with four new teams, including Bahia, Coritiba, Internacional and Santos, in 2012. In the same year, Converse opened its first West Coast specialty retail store in Santa Monica, California. Also in the same year, Nike Basketball launched a series of pinnacle basketball shoes, new premium editions of the LeBron 9, Nike Kobe VII and the Nike Zoom Hyperdunk designed for playoff performance.

Also in 2012, Converse opened its first specialty retail store in Beijing, China. In the same year, Converse opened its first mall-based retail store in New Jersey. Further in the same year, the company announced plans to divest two of its wholly-owned affiliate brands, Cole Haan and Umbro, to improve its focus on driving growth in the NIKE, Jordan, Converse and Hurley brands.

In mid-2012, NIKE along with The Coca-Cola Company, Ford Motor Company, H.J. Heinz Company, and Procter & Gamble announced the formation of the Plant PET Technology Collaborative (PTC) to accelerate development and use of 100% plant-based PET materials and fiber in their products. Later in 2012, the company entered into a strategic partnership with LLamasoft, to co-develop supply chain solutions that offer both logistics and environmental benefits. In late 2012, NIKE completed the sale of Umbro affiliate brand to Iconix Brand Group for \$225 million.

In 2013, the company completed the sale of Cole Haan affiliate brand to Apax Partners, one of the world's leading private equity investment groups, for \$570 million.

NIKE and South African Football Association entered into a five-year partnership, under which NIKE will design and develop football kits for the men's and women's South African national football teams, in early 2014. Around the same time, NIKE and Under Armour (the Baltimore-based sports apparel brand) agreed to settle their trademark infringement lawsuit, in which Under Armour accused NIKE of illegally using versions of the 'I Will' slogan.

Further in 2014, NIKE, through its strategic partnerships team, took a minority stake in California-based start-up Reflektion, an innovator in online retail predictive analytics.

NIKE and Football Association of Finland announced a new partnership, under which NIKE became the

official apparel and equipment sponsor of Football Association of Finland, in 2014. In the same year, the company opened its first football-only store in Brazil. Further in 2014, USA Track & Field (USATF) and NIKE extended their partnership from 2017 through 2040. The company will continue to sponsor USATF's Indoor and Outdoor Track & Field Championships and will outfit all USATF teams in international competitions, including the Olympic Games, World Championships, Pan American Games and World Junior Championships, among others. The long-term partnership significantly increases the overall support for track and field athletes throughout the US.

NIKE launched ColorDry Polo, its first product with ColorDry technology, in mid-2014. The ColorDry technology dyes fabric with zero water, thereby saving energy and eliminating the need for added chemicals in the fabric dyeing process. In the same year, the company opened its first pop-up store in Brazil.

Further in mid-2014, the company created NikeLab, a new customer destination which will enhance the retail experience in both physical spaces and through e-commerce. Through NikeLab, the customers will have access to information about Nike's innovations. NikeLab will also expand the company's consumer engagement globally through Twitter, Instagram and via We Chat in China.

In April 2015, NIKE opened its first community store in Washington, DC.

In the following month, the company opened its first women's-only store in Europe, Nike King's Road. Also in May 2015, NIKE opened its first New York community store in Brooklyn.

In November 2015, the company opened its new factory store in Lubbock, Texas. The new store supports athletes from all sports and features a large multi-purpose outdoor sport court.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
Mark G. Parker	President and Chief Executive Officer	Executive Board	16819730 USD
Philip H. Knight	Chairman of the Board	Non Executive Board	
Elizabeth J. Comstock	Director	Non Executive Board	246098 USD
John G. Connors	Director	Non Executive Board	271098 USD
Timothy D. Cook	Director	Non Executive Board	276098 USD
John J. Donahoe II	Director	Non Executive Board	418688 USD
Johnathan A. Rodgers	Director	Non Executive Board	261098 USD
John R. Thompson, Jr.	Director	Non Executive Board	271239 USD
Alan B. Graf, Jr.	Director	Non Executive Board	276098 USD
John C. Lechleiter	Director	Non Executive Board	266098 USD
Phyllis M. Wise	Director	Non Executive Board	276098 USD
Michelle A. Peluso	Director	Non Executive Board	271267 USD
Travis A. Knight	Director	Non Executive Board	
Eric D. Sprunk	Chief Operating Officer	Senior Management	4952181 USD
Andrew Campion	Executive Vice President and Chief Financial Officer	Senior Management	
John F. Slusher	Executive Vice President, Global Sports Marketing	Senior Management	
Jeanne P. Jackson	President, Product and Merchandising	Senior Management	4703386 USD
Trevor A. Edwards	President, NIKE Brand	Senior Management	5232074 USD
David J. Ayre	Executive Vice President, Global Human Resources	Senior Management	
Hilary K. Krane	Executive Vice President, Chief Administrative Officer and General Counsel	Senior Management	
John Coburn	Vice President and Corporate Secretary	Senior Management	
Kelley Hall	Vice President, Corporate Finance and Treasurer	Senior Management	
Chris Abston	Vice President and Corporate Controller	Senior Management	

KEY EMPLOYEE BIOGRAPHIES

Mark G. Parker

Board:Executive Board
Job Title:President and Chief Executive Officer
Since:2006
Age:59

Mr. Parker has been the President and Chief Executive Officer at NIKE since 2006. He has also been a Director at the company since 2006. Mr. Parker joined NIKE in 1979 with primary responsibilities in product research, design and development, marketing, and brand management. He was appointed Divisional Vice President in charge of development in 1987, Corporate Vice President in 1989, General Manager in 1993, Vice President of Global Footwear in 1998, and President of the NIKE Brand in 2001.

Philip H. Knight

Board:Non Executive Board
Job Title:Chairman of the Board
Age:77

Mr. Knight currently serves as the Chairman of the Board at NIKE. He has been a Director at the company since 1968. Mr. Knight is a Co-Founder of the company. He served as the President at NIKE from 1968 to 1990 (except for the period from 1983 through 1984) and from 2000 to 2004. Prior to 1968, Mr. Knight was a Certified Public Accountant at Price Waterhouse and Coopers & Lybrand and was an Assistant Professor of Business Administration at Portland State University.

Elizabeth J. Comstock

Board:Non Executive Board
Job Title:Director
Since:2011
Age:55

Ms. Comstock has been a Director at NIKE since 2011. She currently serves as the Chief Executive Officer of General Electric Business Innovation division and the Chief Marketing Officer at General

Electric Company (GE). At GE, Ms. Comstock was appointed Vice President of Communications for National Broadcasting Company (NBC) News Communications in 1994, Senior Vice President for NBC Corporate Communications in 1996, Vice President of Corporate Communications in 1998, Corporate Vice President and Chief Marketing Officer in 2003, President of NBC Universal Integrated Media in 2006, and Senior Vice President and Chief Marketing Officer in 2008. Prior to joining GE in 1994, she held a succession of positions at NBC, CBS, and Turner Broadcasting. Ms. Comstock is a trustee at the Smithsonian's Cooper-Hewitt National Design Museum.

John G. Connors

Board:Non Executive Board
Job Title:Director
Since:2005
Age:56

Mr. Connors has been a Director at NIKE since 2005. He is a Partner at Ignition Partners, a Seattle-area venture capital firm. Mr. Connors served as a Senior Vice President and the Chief Financial Officer at Microsoft from 1999 to 2005. He joined Microsoft in 1989 and held various management positions, including Corporate Controller from 1994 to 1996, Vice President, Worldwide Enterprise Group in 1999, and Chief Information Officer from 1996 to 1999. Mr. Connors is currently a member of the Board of Directors at Splunk, Chef, Motif Investing, FiREapps, Xamarin, DataSphere Technologies, the Washington Policy Center, and the University of Washington Tyee Club.

Timothy D. Cook

Board:Non Executive Board
Job Title:Director
Since:2005
Age:54

Mr. Cook has been a Director at NIKE since 2005. He is the Chief Executive Officer at Apple. Mr. Cook joined Apple in 1998 as the Senior Vice President of Worldwide Operations. He also served as Apple's Executive Vice President of Worldwide Sales and Operations and as its Chief Operating Officer in the past. Mr. Cook was the Vice President of Corporate Materials at Compaq Computer Corporation from 1997 to 1998. Prior to that, he served in the positions of Senior Vice President Fulfillment and Chief Operating Officer of the Reseller Division at Intelligent Electronics from 1994 to 1997. Mr. Cook also worked for International Business Machines Corporation from 1983 to 1994, lastly as the Director of North American Fulfillment. He is currently a member of the Board of Directors at the National Football Foundation and at Apple.

John J. Donahoe II

Board:Non Executive Board
Job Title:Director
Since:2014
Age:55

Mr. Donahoe has been a Director at NIKE since 2014. He served as the President and Chief Executive Officer at eBay. Mr. Donahoe joined eBay in 2005 as the President of eBay Marketplaces, and was named as its President and Chief Executive Officer in 2008. He has also been a Director at eBay since 2008. Before joining eBay, Mr. Donahoe was the Chief Executive Officer and Worldwide Managing Director at Bain & Company from 1999 to 2005, and a Managing Director from 1992 to 1999. He is also a Director at Intel Corporation and is a member of the President's Export Council.

Johnathan A. Rodgers

Board:Non Executive Board
Job Title:Director
Since:2006
Age:69

Mr. Rodgers has been a Director at NIKE since 2006. He retired as the founding President and Chief Executive Officer at TV One in 2011. Prior to joining TV One in 2003, Mr. Rodgers was the President of Discovery Networks US at Discovery Communications from 1996 to 2003. Prior to that, he had a 20-year career at CBS, where he held a variety of executive positions, including as the President, CBS Television Stations Division and CBS News Executive Producer. Mr. Rodgers is currently a member of the Board of Directors at Comcast Corporation.

John R. Thompson, Jr.

Board:Non Executive Board
Job Title:Director
Since:1991
Age:73

Mr. Thompson has been a Director at NIKE since 1991. He was the Head Coach of the Georgetown University men's basketball team from 1972 to 1998. Mr. Thompson was Head Coach of the 1988 US Olympic basketball team. He hosted a sports radio talk show in Washington for 13 years, and is a nationally Broadcast Sports Analyst at Turner Network Television and at Dial Global. Mr. Thompson serves as an Assistant to the President of Georgetown for Urban Affairs, and he is a past President of the National Association of Basketball Coaches and presently serves on its Board of Governors.

Alan B. Graf, Jr.

Board:Non Executive Board
Job Title:Director
Since:2002
Age:61

Mr. Graf has been a Director at NIKE since 2002. He is an Executive Vice President and the Chief Financial Officer at FedEx, a position he has held since 1998, and is a member at FedEx's executive committee. Mr. Graf joined FedEx in 1980 and was a Senior Vice President and the Chief Financial Officer at FedEx Express, FedEx's predecessor, from 1991 to 1998. He is also a Director at Mid-America Apartment Communities, Methodist Le Bonheur Healthcare, and the Indiana University Foundation.

John C. Lechleiter

Board:Non Executive Board
Job Title:Director
Since:2009
Age:62

Dr. Lechleiter has been a Director at NIKE since 2009. He is the Chairman at Eli Lilly and Company and has been the President and Chief Executive Officer since 2008. Dr. Lechleiter has also been a Director at Eli Lilly and Company since 2005. He began work at Eli Lilly and Company as a Senior Organic Chemist of Process Research and Development (R&D) Division in 1979. Dr. Lechleiter is a member of the American Chemical Society and Business Roundtable. He serves on the Boards of Pharmaceutical Research and Manufacturers of America, Life Sciences Foundation, the Central Indiana Corporate Partnership, and Ford Motor Company.

Phyllis M. Wise

Board:Non Executive Board
Job Title:Director
Since:2009
Age:70

Dr. Wise has been a Director at NIKE since 2009. She is the Chancellor of the University of Illinois, at Urbana-Champaign. Dr. Wise joined the University of Maryland School of Medicine as an Assistant Professor in 1976, was appointed Associate Professor in 1982, and Professor in 1987. She was appointed a Professor and Chairperson of the Department of Physiology at the University of Kentucky in 1993, and was appointed Dean of the Division of Biological Sciences and Distinguished Professor of Neurobiology at the University of California-Davis in 2002. In 2005, Dr. Wise was named Provost and Vice President for Academic Affairs at the University of Washington, and served as Provost and Executive Vice President from 2007 to 2010, and interim President until 2011, where she was also Professor of Physiology and Biophysics, Biology, and Obstetrics and Gynecology.

Michelle A. Peluso

Board:Non Executive Board
Job Title:Director
Since:2014
Age:43

Ms. Peluso has been a Director at NIKE since 2014. She currently serves as the Chief Executive Officer at Gilt. Prior to joining Gilt in 2013, Ms. Peluso served as the Global Consumer Chief Marketing and Internet Officer at Citigroup from 2009 to 2013, and from 2002 to 2009, she held senior management positions at Travelocity.com, being appointed Chief Operating Officer in 2003, and President and Chief Executive Officer in the same year. Prior to that, Ms. Peluso founded Site59 in 1999, an online travel site, serving as its Chief Executive Officer until its acquisition by Travelocity.com in 2002.

Travis A. Knight

Board:Non Executive Board
Job Title:Director
Since:2015
Age:41

Mr. Knight has been a Director at NIKE since 2015. He is the President and Chief Executive Officer of the animation studio at LAIKA. Mr. Knight joined LAIKA in 2003, serving in successive management positions as Lead Animator, Vice President of Animation, and then as President and Chief Executive Officer in 2009. He served as the Producer and Lead Animator on Academy Award-nominated feature-length films *The Boxtrolls* and *ParaNorman*, and Lead Animator for *Coraline*. Prior to his work at LAIKA, Mr. Knight held various animation positions at Will Vinton Studios from 1998 to 2002, as a Stopmotion Animator for television series, commercials, and network promotions.

Eric D. Sprunk

Board:Senior Management
Job Title:Chief Operating Officer
Since:2013
Age:51

Mr. Sprunk has been the Chief Operating Officer at NIKE since 2013. Previously, he served as the Vice President of Merchandising and Product from 2009, Vice President of Global Footwear from 2001 and as the Vice President and General Manager of the Americas Region from 2000. Mr. Sprunk joined NIKE in 1993 and was appointed the Finance Director and General Manager of the Americas Region in 1994, Finance Director for NIKE Europe in 1995, Regional General Manager of NIKE Europe Footwear in 1998.

Andrew Campion

Board:Senior Management
Job Title:Executive Vice President and Chief Financial Officer
Since:2015

Mr. Campion has been an Executive Vice President and the Chief Financial Officer at NIKE since 2015. He joined the company in 2007 as Vice President of Global Planning and Development, leading long-range financial and strategic planning. Mr. Campion was appointed Chief Financial Officer of the NIKE Brand in 2010, responsible for leading all aspects of financial management for the company's flagship brand. In 2014, he was appointed Senior Vice President, Strategy, Finance and Investor Relations in addition to his role as Chief Financial Officer of the NIKE Brand. Prior to joining NIKE, Mr. Campion held leadership roles in strategic planning, mergers and acquisitions, financial planning and analysis, operations planning, investor relations, and tax at The Walt Disney Company from 1996 to 2007.

John F. Slusher

Board:Senior Management
Job Title:Executive Vice President, Global Sports Marketing
Age:46

Mr. Slusher currently serves as the Executive Vice President, Global Sports Marketing at NIKE. He has been employed by the company since 1998. Mr. Slusher was appointed Director of Sports Marketing for the Asia Pacific and Americas Regions in 2006, Divisional Vice President of Asia Pacific and Americas Sports Marketing in 2007 and Vice President, Global Sports Marketing in 2007. Prior to joining NIKE, he was an Attorney at the law firm of O'Melveny & Myers from 1995 to 1998.

Jeanne P. Jackson

Board:Senior Management
Job Title:President, Product and Merchandising
Since:2013
Age:63

Ms. Jackson has been the President, Product and Merchandising at NIKE since 2013. Previously, she served as the President of Direct to Consumer at the company from 2009. Ms. Jackson also served as a Director at NIKE from 2001 to 2009. She founded and served as the Chief Executive Officer at MSP Capital, a private investment company, from 2002 to 2009. Ms. Jackson was the Chief Executive Officer at Walmart.com from 2000 to 2002. She served at Gap, as the President and Chief Executive Officer at Banana Republic from 1995 to 2000 and as the Chief Executive Officer at Gap Direct from 1998 to 2000. Since 1978, Ms. Jackson has held various retail management positions at Victoria's Secret, The Walt Disney Company, Saks Fifth Avenue, and Federated Department Stores.

Trevor A. Edwards

Board:Senior Management
Job Title:President, NIKE Brand
Since:2013
Age:52

Mr. Edwards has been the President, NIKE Brand at NIKE since 2013. He joined the company in 1992. Mr. Edwards was appointed the Marketing Manager, Strategic Accounts at Foot Locker in 1993, Director of Marketing for the Americas Region in 1995, Director of Marketing for Europe in 1997, Vice President,

Marketing for Europe, the Middle East and Africa Region in 1999, and Vice President, US Brand Marketing in 2000. He was appointed Corporate Vice President of Global Brand Management in 2002 and Vice President of Global Brand and Category Management in 2006. Prior to NIKE, Mr. Edwards worked at Colgate-Palmolive Company.

David J. Ayre

Board:Senior Management
Job Title:Executive Vice President, Global Human Resources
Age:55

Mr. Ayre currently serves as the Executive Vice President, Global Human Resources at NIKE. He joined the company as the Vice President of Global Human Resources in 2007. Prior to joining NIKE, Mr. Ayre held a number of senior human resource positions at PepsiCo from 1990, lastly served as the Head of Talent and Performance Rewards.

Hilary K. Krane

Board:Senior Management
Job Title:Executive Vice President, Chief Administrative Officer and General Counsel
Since:2013
Age:51

Ms. Krane has been the Executive Vice President, Chief Administrative Officer and General Counsel at NIKE since 2013. She joined the company as a Vice President and the General Counsel in 2010. In 2011, Ms. Krane became the Vice President of Corporate Affairs, and General Counsel. Prior to joining NIKE, she was the General Counsel and Senior Vice President of Corporate Affairs at Levi Strauss from 2006 to 2010 and was a Partner and the Assistant General Counsel at PricewaterhouseCoopers from 1996 to 2006.

MAJOR PRODUCTS & SERVICES

NIKE is one of the world's largest designers, marketers and distributors of athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. The company's key products include the following:

Products:

Athletic and casual footwear

Sports apparel

Equipment and accessories:

Bags

Socks

Sport balls

Eyewear

Timepieces

Digital devices

Bats

Gloves

Protective equipment

Golf clubs

Other sports equipment

Brands:

NIKE

Converse

Chuck Taylor

All Star

One Star

Star Chevron

Jack Purcell

Hurley

Jordan

REVENUE ANALYSIS

Overview

NIKE recorded revenues of \$30,601 million in FY2015, an increase of 10.1% over FY2014. For FY2015, North America, the company's largest geographic market, accounted for 48.1% of the total revenues.

The company has organized its operations into six segments, based on geographic presence. However, the company has provided a break-up of revenues by product categories. NIKE generates revenues through four product categories: footwear (59.9% of the total revenues in FY2015), apparel (28.2%), equipment (5.3%) and other (6.6%).

Revenues by product category

In FY2015, the footwear category recorded revenues of \$18,318 million, an increase of 13% over FY2014.

The apparel category recorded revenues of \$8,636 million in FY2015, an increase of 6.5% over FY2014.

The equipment category recorded revenues of \$1,632 million in FY2015, a decrease of 2.3% compared to FY2014.

The other category recorded revenues of \$2,015 million in FY2015, an increase of 11.2% over FY2014.

Revenues by geography

North America, NIKE's largest geographical market, accounted for 48.1% of the total revenues in FY2015.

Revenues from North America reached \$13,740 million in FY2015, an increase of 11.7% over FY2014.

Western Europe accounted for 20% of the total revenues in FY2015. Revenues from Western Europe reached \$5,709 million in FY2015, an increase of 14.7% over FY2014.

Emerging markets accounted for 13.6% of the total revenues in FY2015. Revenues from emerging markets reached \$3,898 million in FY2015, a decrease of 1.3% compared to FY2014.

Greater China accounted for 10.7% of the total revenues in FY2015. Revenues from Greater China reached \$3,067 million in FY2015, an increase of 17.9% over FY2014.

Central and Eastern Europe accounted for 5% of the total revenues in FY2015. Revenues from Central and Eastern Europe reached \$1,417 million in FY2015, an increase of 2.2% over FY2014.

Japan accounted for 2.6% of the total revenues in FY2015. Revenues from Japan reached \$755 million in FY2015, a decrease of 2.1% compared to FY2014.

SWOT ANALYSIS

NIKE is one of the world's largest designers, marketers and distributors of athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. The company's strong brand portfolio and enhanced retail presence enable easier customer recall as well as help it to drive topline growth and to attain competitive advantage over its peers. However, intense competition could put pressure on the price of products and therefore affect the company's margins.

Strength Dominant market position built on a strong brand portfolio Focus on R&D activities Multi-channel approach	Weakness Dependence on independent contract manufacturers
Opportunity Growing global footwear market Growing online retail channel	Threat Intense competition Increase in counterfeit products Currency exchange rate fluctuations

Strength

Dominant market position built on a strong brand portfolio

NIKE is one of the largest sellers of athletic footwear and apparel in the world with revenues of \$30,601 million. According to industry sources, the company holds more than 45% of the share in the US footwear market. NIKE was featured among the top 30 in the top 100 most valuable global brands 2016 list released by another industry source specializing in brand valuation. It was also featured among the top 25 in the top 100 global brands 2015 list released by an industry source specializing in brand services and activities.

The company's dominant market position is built on its portfolio of strong brands like NIKE, Jordan, Converse, and Hurley. For instance, in 2014, NIKE, Converse, and Jordan brands together, accounted for more than 60% of share in the total US athletic footwear market according to industry estimates. Jordan offers athletic and casual footwear, apparel and accessories, primarily focused on basketball. Converse offers premium lifestyle men's and women's footwear and apparel that are sold globally by retailers. Hurley brand designs and distributes a line of action sports apparel and youth lifestyle apparel and accessories. The company is leveraging its brands to establish a strong retail presence. At the end of FY2015, the company operated 339 retail stores in the US and 592 retail stores in its international markets. For both FY2015 and FY2014, NIKE brand and Converse sales in the US accounted for approximately 46% of total revenues. In addition, non-US NIKE brand and Converse sales accounted for 54% of total revenues.

The company's strong brand portfolio and enhanced retail presence enable easier customer recall as well as help it to drive topline growth and to attain competitive advantage over its peers.

Focus on R&D activities

The company's continuous focus on R&D activities has been its key driver to maintain leadership position in the athletic footwear and apparel market. By emphasizing on technical innovation in the design and manufacturing process of footwear, apparel, and athletic equipment, NIKE focuses on producing products that help reduce injury, enhance athletic performance and maximize comfort. For this purpose, the company utilizes research committees and advisory boards which consist of athletes, coaches, trainers, equipment managers, orthopedists, podiatrists, and other experts who consult with the company and review designs, materials, concepts for product and manufacturing process improvements and compliance with product safety regulations across the world. NIKE also has own staff of specialists in the areas of biomechanics, chemistry, exercise physiology, engineering, industrial design, sustainability, and related fields who help in developing innovative products. Furthermore, the company employs the services of athletes, either employed with the company or engaged under sports marketing contracts, to evaluate products during the design and development process.

Such strong focus on R&D has enabled the company to launch various products in the recent past. For instance, in FY2015, the company launched products such as LeBron 12 with Zoom Air technology, the Kobe 10, and the Kyrie 1 in the basketball category. It also redesigned Pegasus 31 and the Air Max 2015 in the running category; and launched Nike Pro base layer collection, Epic Lux tights and various Dri-Fit items, including NIKE Pro Hyperwarm, Dri-FIT Running Knit and the Nike Pro Bra Collection in the apparel category. Earlier, in 2014, NIKE launched ColorDry Polo, its first product with ColorDry technology. This technology helps in dyeing fabric without water, thereby saving energy and eliminating the need for added chemicals in the fabric dyeing process. In the same year, NIKE announced a global launch of Kobe 9 Elite. This is the company's first basketball shoe that utilizes Flyknit. NIKE Flyknit technology provides a lighter and more comfortable ride.

Strong focus on R&D allows NIKE to renew its product line at regular intervals, which boosts customer loyalty and revenue growth.

Multi-channel approach

NIKE sells its merchandise through retail stores and other channels. The company offers its products to retail accounts, through NIKE-owned retail stores and internet websites and through a mix of independent distributors and licensees, in virtually all countries around the world. NIKE has several retail accounts, including footwear stores, sporting goods stores, athletic specialty stores, department stores, skate, tennis and golf shops, and other retail accounts. At the end of FY2015, the company operated 339 retail stores in the US, of which 185 were NIKE factory stores, 33 NIKE in-line stores, 92 Converse stores, and 29 Hurley stores. The company also utilizes its sales offices to solicit sales in the US, as well as independent sales representatives to sell specialty products for golf and skateboarding. In international markets, NIKE had 592 retail stores, including 512 NIKE factory stores, 73 NIKE in-line stores and seven Converse stores. In addition to retail stores, NIKE also sells its products through internet website, www.nike.com. Through the e-commerce operations, the company has been able to increase its scope

immensely and reach out to consumers across the world.

Therefore, the multi-channel approach increases the company's reach and enables it to cater to a wide customer base. This, in turn, helps NIKE to enhance its market presence.

Weakness

Dependence on independent contract manufacturers

NIKE depends on independent contract manufacturers outside the US to provide fabrics and to produce its products, and therefore, has little control over the quality of products. During FY2015, the contract factories in Vietnam, China and Indonesia manufactured nearly 43%, 32%, and 20% of total NIKE footwear, respectively. The company also has manufacturing agreements with independent factories in Argentina, Brazil, India, and Mexico to manufacture footwear for sale primarily within those countries. In addition, NIKE apparel is supplied by around 408 apparel factories located in 39 countries. Majority of this apparel production was undertaken in China, Vietnam, Thailand, Indonesia, Sri Lanka, Cambodia and Malaysia. Therefore, any failure on the part of manufacturers to achieve and maintain high manufacturing standards could result in manufacturing errors resulting in product recalls or withdrawals, delays or interruptions in production, cost overruns or other problems that could seriously harm the company's business. The company's reliance on independent contract manufacturers makes it difficult to ensure the quality of the goods sold in its outlets, and may lead to product recalls. This, in turn, could have an adverse effect on customer retention and brand loyalty.

Opportunity

Growing global footwear market

The global footwear market has grown moderately in recent years. According to MarketLine, the global footwear market had total revenues of \$289,725.8 million in 2014, representing a compound annual growth rate (CAGR) of 4.8% between 2010 and 2014. In comparison, the Asia-Pacific and the US markets grew with CAGRs of 7.9% and 3.1%, respectively, over the same period, to reach respective values of \$89,270.7 million and \$74,196.3 million in 2014. The market is forecast to have a value of \$347,454.6 million by 2019, an increase of 19.9% since 2014. In addition, according to industry estimates, the global athletic footwear market is expected to surpass \$80 billion by 2018, growing at a CAGR of nearly 2% during 2012-18. The company, through its strong brand portfolio and wide geographic presence, is well positioned to capitalize on the favorable trends in the global footwear market.

Growing online retail channel

The growing preference of customers to shop online has boosted the online retail trade in the US, Europe and Asia. According to the US Department of Commerce, the online retail sales (adjusted for seasonal variation) in the US increased from \$169.8 billion in 2010 to \$341.8 billion in 2015, representing a CAGR of 15%. e-commerce sales increased 14.9% in 2015 over the previous year. Total retail sales, on the

other hand, grew by only 1.6% during the same period. e-commerce sales accounted for 7.3% of total retail sales in 2015, compared to 4.4% in 2010. Furthermore, the US retail e-commerce sales for the first quarter of 2016 was \$92.8 billion, an increase of 15.2% from the first quarter of 2015. A similar trend is noticed in Europe. According to MarketLine estimates, the online retail sector in Europe is expected to reach a value of \$675.8 billion, an increase of 99.1% since 2014. The Asia-Pacific market is also expected to witness strong growth in online retail sales in the next few years, driven by strong growth rates in China and India. According to industry sources, the online retail sales in China are expected to grow at a CAGR of 20% during 2014–19.

In addition to retail stores, NIKE offers products through its e-commerce websites, www.nike.com and www.converse.com, in the US and over 25 other countries. Online channel, due to several key characteristics such as convenience and lower costs, is likely to be a key driver for sales growth in the near future. Additionally, online presence will enable the company to tap into the growing online retail sales globally which would, in turn, lead to increased sales.

Threat

Intense competition

The athletic footwear, apparel, and equipment industry is highly competitive in the US and on a worldwide basis. Internationally, NIKE competes with a number of athletic and leisure footwear companies, athletic and leisure apparel companies, sports equipment companies, and large companies that have diversified product line of athletic and leisure footwear, apparel, and equipment. The key competitors of the company include adidas, V.F. Corporation, PUMA, Li Ning and Under Armour, among others. For instance, adidas, the company's direct competitor, offers a wide range of athletic and sports lifestyle products through three main brands: adidas, Reebok and TaylorMade. Its major brands adidas and Reebok cover the footwear and apparel categories, providing both performance and lifestyle products. The TaylorMade brand, which designs and markets golf products, leads the golf industry in metalwood sales. NIKE also competes with a number of vertical retailers such as lululemon and Uniqlo. lululemon designs, manufactures and distributes technical athletic apparel for healthy lifestyle activities such as yoga, running, general fitness and dancing.

Thus, intense competition along with the rapid changes in technology and consumer preferences in the markets for athletic and leisure footwear and apparel, and athletic equipment could put pressure on the price of products and therefore affect the company's margins.

Increase in counterfeit products

The spread of counterfeit goods has become global and the range of goods subject to infringement has increased significantly. Some of the major factors that led to an increased trade in counterfeit products include growing internet usage, extension of international supply chains and more recently, the global economic downturn that led customers to look for low cost alternatives. According to the Intellectual Property Rights (IPR) Seizure Statistics by Customs and Border Protection (CBP) Office of International

Trade, the number of IPR seizures in the US reached 28,865 in 2015, an increase of nearly 25% over 2014. China remained the primary source country for counterfeit goods, accounting for 52% of all IPR seizures by the manufacturer's suggested retail price (MSRP). Similarly, in Europe, the market for counterfeit products is increasing significantly. According to European Commission, the number of detention cases registered by customs reached more than 95,000 in 2014.

As a result, companies such as NIKE, which offer branded products, are likely to suffer more damage from counterfeit goods. Besides revenue losses, counterfeits also affect the company's brand because of low product quality and reduce consumer confidence in branded products, thereby affecting sales.

Currency exchange rate fluctuations

A majority of the company's products are manufactured and sold outside of the US. As a result, NIKE conducts purchase and sale transactions in various currencies, which exposes it to fluctuations in foreign currency exchange rates globally. In addition, the company's international revenues and expenses are derived from sales and operations in foreign currencies, and these revenues and expenses could be affected by currency fluctuations. The weakening of foreign currencies relative to the US Dollar adversely affects the US Dollar value of the company's foreign currency-denominated sales and earnings. Therefore, currency exchange rate fluctuations could have material adverse effect on the financial condition of the company.

TOP COMPETITORS

The following companies are the major competitors of NIKE, Inc.

adidas AG
Deckers Outdoor Corporation
Li Ning Company Limited
lululemon athletica inc.
New Balance Athletics, Inc.
PUMA SE
Quiksilver, Inc.
Under Armour, Inc.
UNIQLO CO. LTD.
V. F. Corporation

COMPANY VIEW

A statement by Mark G. Parker, the President and Chief Executive Officer at NIKE, is given below. The statement has been taken from the company's Annual Report for FY2015.

TO OUR SHAREHOLDERS,

These days, it's common to hear a company describe itself as innovative. But at NIKE, innovation is more than something we do - it's who we are. It's how we serve the athlete and lead our industry. It's how we challenge ourselves to get better, year after year. And the business results follow. In the last 10 years, we've more than doubled our revenue and nearly tripled our earnings per share. And we're not planning on slowing down any time soon. Consider that it took NIKE 40 years to reach annual revenues of \$20 billion, and just four years more to hit \$30 billion. As a company that operates in nearly every country around the world, NIKE continuously rises above the complexities that create uncertainty to drive growth.

And in fiscal year 2015, we demonstrated that kind of momentum yet again:

Revenues grew 10% to \$30.6 billion.

Gross margin expanded 120 basis points.

Diluted earnings per share grew 25% to \$3.70, despite increasingly strong currency headwinds.

Return on Invested Capital increased to 28.1%.

A YEAR TO CELEBRATE

With financial results like that, it's easy to focus on celebrating the business - and understandably so. But I like to step back and stay equally focused on how we achieved this success. Our triumphs come because of our passion for sport. We are not just the world's No. 1 sports brand, we are sport's biggest fans and we've seen some amazing moments this past year. We saw Rory McIlroy win the Open Championship and the PGA Championship. Serena Williams continued her dominance with victories in the U.S. Open, Australian Open, French Open, and just a few weeks ago at Wimbledon for her 21st Grand Slam title. Ohio State won the first-ever College Football Playoff National Championship. FC Barcelona completed another historic "treble." Duke and UConn triumphed in the men's and women's NCAA basketball tournaments. Mario Götze booted home the winning goal that ended the men's World Cup. And Carli Lloyd's hat-trick in the women's World Cup final helped Team USA earn its third star.

These moments remind us of the power of sport to excite us and inspire us. At NIKE, we are honored to be part of them. By bringing innovation and passion to our athletes, we created a year's worth of special moments: The Prefontaine Classic in Eugene, Oregon, where NIKE track & field stars set records in our performance apparel and footwear. The NBA All-Star weekend in New York City and the NIKE World Basketball Festival in Barcelona where NIKE Basketball and Jordan Brand combined forces to redefine what's possible in the sport. And our Women's Event, where 27 of the world's top athletes unveiled new premium performance products. These are just a few of the events that exemplify our ability to create experiences that excite and inspire consumers around the world.

NIKE'S COMPETITIVE ADVANTAGE

At NIKE, no one determines our future but us. We exist to serve the athlete and our success is determined by our ability to inspire and innovate to meet - and often exceed - their expectations. No matter the macro challenges, we have the plans and strategies to rise above. The breadth and depth of our powerful portfolio across brands, categories, geographies, gender and channel is unmatched. And we remain well-resourced and well-positioned to create competitive separation and deliver sustainable and profitable growth by continuing to leverage that portfolio. As always, the key to unlocking our highest earnings potential is our unshakable focus on the consumer. We believe that our relationship with the consumer is something we must earn every day, and our Category Offense enables us to do just that. It lets us be more aggressive, more nimble and, ultimately, it lets us simply be better. By defining our relationship through the lens of the consumer's favorite sport - across every key sport category in the world - we have an enormous competitive advantage. The insights we draw from these deep connections drive our work to innovate new products and services that engage and inspire - wherever our consumers compete, train or express themselves.

Our continued ability to leverage the Category Offense globally drove strong success in fiscal 2015. A few highlights:

Our North America geography, where we've had the Category Offense in place the longest, continues to deliver tremendous growth. Fiscal 2015 was the fifth consecutive year of double-digit revenue growth for our largest geography, resulting in \$13.7 billion in total revenues and record profitability.

In Western Europe, we continued to benefit from the restructuring we did three years ago, as currency-neutral revenue growth accelerated in fiscal 2015 to deliver \$5.7 billion in total revenues.

Greater China returned to strong double-digit growth in fiscal 2015, fueled by our successful strategy to re-set the marketplace along the lines of the Category Offense. We saw 18% revenue growth and, importantly, drove increased productivity and profitability for ourselves and our wholesale partners in this important geography.

Fiscal 2015 was a great year for our Women's business, as we drove 15% revenue growth to \$5.7 billion in wholesale equivalent revenues, outpacing the growth rate in both our Men's business and the total NIKE Brand.

We continued to drive incredible revenue growth in Basketball, with fiscal 2015 up 19%, fueled by the strength of both NIKE Basketball and Jordan Brand. And we are excited to bring the full power of NIKE's innovation and creativity to the NBA starting in the 2017-18 season, to help grow the game of basketball even farther across our entire global portfolio.

With the Category Offense driving continued growth in our largest markets and categories around the world, we see tremendous opportunity to expand our business in areas with great potential, such as Apparel, Emerging Markets and Young Athletes. By remaining laser-focused on the consumer through the Category Offense, we will continue to unlock growth and profitability around the world.

INNOVATION TO SERVE THE ATHLETE AND FUEL GROWTH

Throughout the year, our pace of innovation remained at an all-time high. In the last 12 months, NIKE

introduced products that continuously raised the bar. The footwear highlights are many, but I'll provide a snapshot. In Basketball, standouts included the LeBron 12 with Zoom Air technology, the Kobe X and the introduction of the Kyrie 1, the first signature shoe from this explosive young player. Running saw the redesigned Pegasus 31 and the Air Max 2015. The NIKE MetCon 1, a first of its kind high-intensity training shoe, offered just a hint at what's to come in Men's Training. And Global Football's introduction of the Magista and the new Mercurial accelerated Flyknit technology, as we continue to identify disruptive technologies that deliver maximum performance with minimal environmental impact. Since its debut in 2012, NIKE's Flyknit manufacturing process has reduced waste by nearly two million pounds - and this success has inspired us to engineer other new types of materials such as Flyweave, a strong yet lightweight weaving process we introduced in the Air Jordan XX9 and the KD8.

The year also saw many innovative products that drove our apparel business to new heights, including the NIKE Pro base layer collection and our NIKE Epic Lux tights. We continue to diversify one of our greatest apparel technologies, Dri-FIT, which is the adaptive foundation of everything from shirts to socks. Key Dri-FIT performance products introduced this year included NIKE Pro Hyperwarm, Running Dri-FIT Knit and the NIKE Pro Bra Collection.

It was an incredible year for the products that all athletes - elite and everyday - depend on to achieve their best.

A FUTURE ENABLED BY DIGITAL

Our consumers live in a digital world, and we're focused on giving them what they want: easier access to product, more real-time feedback on their performance and a unified community for continued inspiration. Deeply personal and responsive, our digital ecosystem drives strong relationships, growing the NIKE+ community exponentially every year.

We are committed to driving growth by engaging all athletes, through online, in-store and live experiences. We build relationships with these consumers by maximizing the impact of our services, such as broadening access to the NIKE+ Running app through strategic partnerships to let runners connect via even more devices. And we've rolled out elevated NIKE+ Run Clubs in 20 cities around the world to offer runners more comprehensive programming and elite coaching. Similarly, we expanded our global reach by expanding our NIKE+ Training Club to 17 languages while adding sharing capabilities. All of these entry-points lead to serving the consumer through e-commerce. NIKE e-commerce revenue grew 55% in fiscal 2015 to over \$1 billion, fueled by an expansion to new countries and supported by experience-enhancing infrastructure investments. We know when consumers shop online they want a seamless,

personalized, premium experience - and we deliver it on NIKE.com. While we're proud of achieving the milestone of \$1 billion in revenue for NIKE.com, we are only scratching the surface of what's possible with e-commerce, which remains one of the company's largest growth opportunities.

A WINNING TEAM

Finally, a critical element of NIKE's success remains our management team. We spent fiscal 2015 preparing to say goodbye to our Chief Financial Officer, Don Blair, whose guidance of the company's finances was steady and superior. I'm thankful to Don for his work creating a foundation of excellence, and I know his legacy will be continued by all those who worked with him. And, of course, soon after fiscal 2015 ended, another leadership change was announced: the start of the succession planning process for our Chairman, Phil Knight. Much more will be said about Phil's eventual next steps, but I would be remiss if I didn't salute our co-founder at the start of his considered transition.

Our deep bench of talented leaders serves as a reminder of how NIKE is always looking to the future. This is a leadership team completely aligned against driving NIKE's biggest growth opportunities, in both our existing business and in new areas that we discover every day. NIKE is all about progress, because athletes are all about progress: the next goal, the next opportunity, the next triumph. As a company, we are always looking to expand the market through the right growth accelerators: digital platforms, advanced manufacturing, supply chain innovation and new partnerships. And throughout, we maintain a relentless focus on serving the consumer - anytime, anywhere.

As we look toward fiscal 2016 and beyond, NIKE faces a world of possibility. Every day a new chance for athletes to get better is unlocked. Every day a new way to make the consumer experience deeper is uncovered. Every day a new opportunity to serve our community is identified. The vast potential to innovate something amazing - not just in product, but in everything we do - is our greatest inspiration. Like athletes all over the globe, NIKE's future holds nothing but limitless potential.

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NIKE, Inc.

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