| NII |  |  | $\mathrm{N}$ | E-NKE |  |  |  | $\begin{aligned} & \text { CENT } \\ & \text { ICE } \end{aligned}$ | $93.6$ |  | $26$ | $\left(\begin{array}{l} \text { Trai } \\ \mathrm{Med} \end{array}\right.$ | $\begin{aligned} & \text { g: } 27.9 \\ & \text { n: } 18.0 \end{aligned}$ | $\begin{aligned} & \text { RELATII } \\ & \text { PIE RA } \end{aligned}$ | $1.4$ | $\begin{aligned} & \hline \text { DIV'D } \\ & \text { YLD } \end{aligned}$ |  |  | $\begin{aligned} & \text { ALUE } \\ & \text { INE } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| TIMELIN | $\text { VESS } 3$ | Raised 9／8 |  | High： Low： | 17.1 10.6 | 23.1 16.5 | 22.9 18.8 | $\begin{aligned} & 25.3 \\ & 18.9 \end{aligned}$ | $\begin{aligned} & 34.0 \\ & 23.7 \end{aligned}$ | $\begin{aligned} & 35.3 \\ & 21.3 \end{aligned}$ | $\begin{aligned} & \hline 33.3 \\ & 19.1 \end{aligned}$ | $\begin{aligned} & 46.2 \\ & 30.4 \end{aligned}$ | $\begin{aligned} & 49.1 \\ & 34.7 \end{aligned}$ | $\begin{aligned} & 57.4 \\ & 42.6 \end{aligned}$ | $\begin{aligned} & \hline 80.3 \\ & 51.4 \end{aligned}$ | $\begin{aligned} & 99.8 \\ & 69.9 \end{aligned}$ |  |  | Target Pric $2017 \mid 201$ | Range 2019 |
| SAFET <br> TECHN | ICAL | Raised 8 Lowered | 1106 | $\begin{array}{\|c\|} \hline \text { LEGEN } \\ \hline 16 \\ \hline \end{array}$ | IDS ${ }^{\text {＂Cash }}$ | $\begin{aligned} & \text { ow" } p s, ~ \\ & \text { Strength } \end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |  |  | $-160$ |
| BETA .8 | （1．00 | Market） |  | lefor－1 spl | lit $\begin{aligned} & \text { l／07 } \\ & \text { lit } \\ & 12 / 12\end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  | －120 |
|  | 7－19 PRO | ECTIO |  | Options： Shaded | Yes <br> area in | rect |  |  |  |  |  |  |  |  |  | $1{ }^{17}$ |  |  |  | －100 |
|  |  |  | otal |  |  |  |  |  |  |  |  |  |  |  | ，，，11 $1^{\prime \prime}$ |  |  |  |  | －60 |
| High | $\begin{aligned} & \text { ICe } \\ & 5 \end{aligned}$ | $\ln$ | $\begin{aligned} & \text { urn } \\ & \% \end{aligned}$ |  |  |  |  |  |  |  |  |  |  | ！ |  |  |  |  |  | 50 |
| Low | $95$ | (Nil) |  |  |  |  |  |  | 2－for－1 |  |  |  | 曲 | H10 |  |  |  |  |  | 40 |
| Insider | Decisi | Ons |  |  |  |  |  |  |  | 11 |  |  |  |  |  |  |  |  |  | 30 |
| to Buy | $\begin{array}{ccc} \text { F } & \text { M } & \text { A } \\ 0 & 0 & 1 \end{array}$ | $\begin{array}{lll} M & J & J \\ 0 & 0 \end{array}$ | $\begin{array}{lll} A & S & 0 \\ 0 & 0 & 0 \end{array}$ |  |  |  | － |  | ＋14 |  | $\\|^{\text {gli }}$ |  |  |  |  |  |  |  |  | 20 |
| Options | 000 | 0 0 2 | 054 |  |  | T |  |  |  |  |  |  |  |  |  |  |  |  |  | －20 |
| to Sell | 000 | 003 | 045 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | \％TO | RETURN 12／14 |  |
| Institu | 102014 | 202014 | S 302014 |  |  |  |  |  |  |  |  |  |  |  |  | ＊＊ |  |  | THIS VLARITH．＊ STOCK INDEX |  |
| to Buy | 403 | 418 | 407 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{array}{rr} 23.8 & 6.9 \\ 107.8 & 73.7 \end{array}$ |  |
| to Sell Hld＇s＇（000） | 487 578685 | $\begin{array}{r} 454 \\ 568130 \\ \hline \end{array}$ | $\begin{array}{r} 495 \\ 567136 \\ \hline \end{array}$ | traded |  | T\｜ |  | 明 |  |  |  |  |  |  | ｜1111 | 听 ${ }^{\text {d }}$ |  | $\begin{aligned} & 3 \mathrm{yr} . \\ & 5 \mathrm{yr} . \end{aligned}$ | $\begin{array}{lr} 107.8 & 73.7 \\ 212.1 & 107.3 \end{array}$ |  |
| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | $\bigcirc{ }^{\circ} \mathrm{VAL}$ | E LINE PUB．LLC | 17－19 |
| 8.32 | 7.77 | 8.34 | 8.83 | 9.29 | 10.15 | 11.64 | 13.08 | 14.44 | 16.20 | 18.96 | 19.75 | 19.64 | 21.94 | 26.34 | 28.31 | 31.95 | 35.70 | Sales p | sh A | 48.25 |
| ． 58 | ． 63 | ． 74 | ． 75 | ． 89 | ． 95 | 1.18 | 1.32 | 1.60 | 1.72 | 2.07 | 2.12 | 2.30 | 2.60 | 2.83 | 3.25 | 3.69 | 4.25 | ＂Cash F | ow＂per sh | 6.55 |
| ． 41 | ． 42 | ． 53 | ． 54 | ． 62 | ． 69 | ． 88 | 1.12 | 1.32 | 1.43 | 1.72 | 1.76 | 1.93 | 2.20 | 2.37 | 2.69 | 2.97 | 3.50 | Earning | per sh AB | 5.60 |
| ． 11 | ． 12 | ． 12 | ． 12 | ． 12 | ． 14 | ． 19 | ． 24 | ． 30 | ． 36 | ． 44 | 49 | ． 53 | ． 60 | ． 70 | ． 81 | ． 93 | 1.04 | Div＇ds D | cl＇d per sh C－ | 1.70 |
| ． 44 | ． 34 | ． 39 | ． 30 | ． 27 | ． 18 | ． 20 | ． 24 | ． 32 | ． 31 | ． 46 | ． 47 | ． 35 | ． 45 | ． 65 | ． 71 | 1.01 | 1.15 | Cap＇I | nding per sh | 1.40 |
| 2.84 | 2.95 | 2.91 | 3.25 | 3.61 | 3.78 | 4.54 | 5.37 | 6.07 | 6.97 | 7.97 | 8.95 | 10.08 | 10.35 | 11.33 | 12.48 | 12.44 | 14.45 | Book Va | ue per sh | 19.70 |
| 1148.0 | 1129.2 | 1078.4 | 1074.4 | 1064.4 | 1054.4 | 1052.4 | 1050.4 | 1036.0 | 1007.6 | 982.20 | 971.00 | 968.00 | 951.00 | 916.00 | 894.00 | 870.00 | 862.00 | Commo | Shs Outst＇g FG | 810.00 |
| 30.7 | 28.1 | 22.7 | 20.2 | 21.2 | 17.1 | 18.4 | 17.9 | 16.0 | 16.4 | 17.8 | 15.3 | 16.4 | 18.2 | 20.4 | 19.4 | 24.2 |  | Avg An | IP／E Ratio | 19.0 |
| 1.60 | 1.60 | 1.48 | 1.04 | 1.16 | ． 97 | ． 97 | ． 95 | ． 86 | ． 87 | 1.07 | 1.02 | 1.04 | 1.14 | 1.30 | 1.08 | 1.27 |  | Relative | P／E Ratio | 1.20 |
| ．9\％ | 1．0\％ | 1．0\％ | 1．1\％ | ．9\％ | 1．1\％ | 1．1\％ | 1．2\％ | 1．4\％ | 1．5\％ | 1．4\％ | 1．8\％ | 1．7\％ | 1．5\％ | 1．4\％ | 1．5\％ | 1．3\％ |  | Avg Ann | Div＇d Yield | 1．6\％ |
| CAPITAL STRUCTURE as of 11／30／14 <br> Total Debt $\$ 1287$ mill．Due in 5 Yrs $\$ 273$ mill． <br> LT Debt $\$ 1084$ mill．LT Interest $\$ 36.0$ <br> （ $8 \%$ of Capital） |  |  |  |  |  | 12253 | 13740 | 14955 | 16326 | 18627 | 19176 | 19014 | 20862 | 24128 | 25313 | 27799 | 30790 | Sales | mill）A | 39100 |
|  |  |  |  |  |  | 15．1\％ | 13．8\％ | 16．0\％ | 14．7\％ | 14．7\％ | 14．5\％ | 14．7\％ | 15．1\％ | 14．1\％ | 14．6\％ | 15．1\％ | 15．5\％ | Operat | Margin | 17．0\％ |
|  |  |  |  |  |  | 301.4 | 257.2 | 282.0 | 269.7 | 303.6 | 335.0 | 323.7 | 335.0 | 373.0 | 438.0 | 518 | 575 | Depreci | tion（\＄mill） | 700 |
|  |  |  |  |  |  | 945.6 | 1211.6 | 1392.0 | 1458.3 | 1734.1 | 1727.4 | 1906.7 | 2133.0 | 2223.0 | 2464.0 | 2693 | 3095 | Net Profit | （\＄mill） | 4590 |
| Leases，Uncapitalized Annual rentals $\$ 427$ mill． No Defined Benefit Pension Plan |  |  |  |  |  | 34．8\％ | 34．9\％ | 35．0\％ | 33．7\％ | 30．7\％ | 26．7\％ | 24．2\％ | 25．0\％ | 25．5\％ | 24．7\％ | 24．0\％ | 24．5\％ | Income | ax Rate | 24．0\％ |
|  |  |  |  |  |  | 7．7\％ | 8．8\％ | 9．3\％ | 8．9\％ | 9．3\％ | 9．0\％ | 10．0\％ | 10．2\％ | 9．2\％ | 9．7\％ | 9．7\％ | 10．1\％ | Net Pro | Margin | 11．7\％ |
| Preferred Stock None |  |  |  |  |  | 3503.0 | 4351.9 | 4735.7 | 5492.5 | 5517.8 | 6457.0 | 7595.0 | 7339.0 | 7666.0 | 9700.0 | 8669.0 | 8980 | Working | Cap＇l（\＄mill） | 11150 |
|  |  |  |  |  |  | 682.4 | 687.3 | 410.7 | 409.9 | 441.1 | 437.2 | 445.8 | 276.0 | 228.0 | 1210.0 | 1199.0 | 1090 | Long－Te | m Debt（\＄mill） | 950 |
| Common Stock 863，938，522 shares |  |  |  |  |  | 4781.7 | 5644.2 | 6285.2 | 7025.4 | 7825.3 | 8693.1 | 9753.7 | 9843.0 | 10381 | 11156 | 10824 | 12460 | Shr．Equ | ty（\＄mill） | 15970 |
| （178 mill．Class A shares； 686 mill．Class Bshares．）as of $1 / 2 / 15$ |  |  |  |  |  | 17．5\％ | 19．2\％ | 20．8\％ | 19．9\％ | 21．2\％ | 19．1\％ | 18．7\％ | 21．1\％ | 21．0\％ | 20．0\％ | 22．6\％ | 23．0\％ | Return | Total Cap＇l | 27．0\％ |
|  |  |  |  |  |  | 19．8\％ | 21．5\％ | 22．1\％ | 20．8\％ | 22．2\％ | 19．9\％ | 19．5\％ | 21．7\％ | 21．4\％ | 22．1\％ | 24．9\％ | 25．0\％ | Return | Shr．Equity | 28．5\％ |
| MARKET CAP：$\$ 80.9$ billion（Large Cap） |  |  |  |  |  | $\begin{array}{r} \hline 16.0 \% \\ 19 \% \end{array}$ | 15．8\％ | 17．2\％ | 15．9\％ | 16．9\％ | 14．5\％ | 14．4\％ | 16．0\％ | 15．5\％ | 15．8\％ | 17．5\％ | 17．5\％ | Retained | to Com Eq | 20．0\％ |
| CURRENT POSITION （\＄MILL．） |  |  | 2013 | 2014 11／30／14 |  |  | 26\％ | 2२\％ | 24\％ | 24\％ | 27\％ | 27\％ | 26\％ | 28\％ | 29\％ | 30\％ | 30\％ | All Div＇d | to Net Prof | 30\％ |


| Cash Assets | 5965 | 5142 | 4713 |
| :---: | :---: | :---: | :---: |
| Receivables | 3117 | 3434 | 3457 |
| Inventory（LIFO） | 3434 | 3947 | 4150 |
| Other | 1110 | 1173 | 1713 |
| Current Assets | 13626 | 13696 | 14033 |
| Accts Payable | 1646 | 1930 | 2074 |
| Debt Due | 178 | 174 | 203 |
| Other | 2102 | 2923 | 2660 |
| Current Liab． | 3926 | 5027 | 4937 |


| ANNUAL RATES | Past | Past | Est＇d＇12－＇14 |
| :--- | ---: | ---: | :---: |
| of change（per sh） | 10 Yrs． | 5 Yrs． | to＇17．＇19 |
| Sales | $11.0 \%$ | $9.5 \%$ | $13.5 \%$ |
| ＂Cash Flow＂ | $12.5 \%$ | $10.5 \%$ | $19.0 \%$ |
| Earnings | $14.0 \%$ | $10.5 \%$ | $20.5 \%$ |
| Dividends | $18.5 \%$ | $13.5 \%$ | $20.5 \%$ |
| Book Value | $12.0 \%$ | $8.5 \%$ | $13.0 \%$ |


| Book Value |  | 12．0\％ 8 |  | 8．5\％ | 3．0\％ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Fiscal Year | QUARTERLY SALES（\＄mill．）${ }^{\text {A }}$ |  |  |  | Full Fiscal Year |
| Ends | Aug． 31 | Nov． 30 | Feb． 28 | May 31 |  |
| 2011 | 5175 | 4842 | 5079 | 5766 | 20862 |
| 2012 | 6081 | 5731 | 5846 | 6470 | 24128 |
| 2013 | 6474 | 5955 | 6187 | 6697 | 25313 |
| 2014 | 6971 | 6431 | 6972 | 7425 | 27799 |
| 2015 | 7982 | 7380 | 7620 | 7808 | 30790 |
| Fiscal Year Ends | EARNINGS PER SHARE AB |  |  |  | Full Fisca Year |
| 2011 | ． 57 | ． 47 | ． 54 | ． 62 | 2.20 |
| 2012 | ． 68 | ． 50 | ． 60 | ． 59 | 2.37 |
| 2013 | ． 63 | ． 57 | ． 73 | ． 76 | 2.69 |
| 2014 | ． 86 | ． 59 | ． 75 | ． 78 | 2.97 |
| 2015 | 1.09 | ． 74 | ． 83 | ． 84 | 3.50 |
| Cal－ endar | $\begin{array}{\|c\|} \hline \text { QUARTI } \\ \text { Mar. } 31 \end{array}$ | $\begin{gathered} \hline \text { TERLY DIV } \\ \text { Jun. } 30 \end{gathered}$ | IIDENDS P Sep． 30 | $\begin{aligned} & \hline \text { AID C }_{\mathbf{n}} \\ & \text { Dec. } 31 \end{aligned}$ | Full Year |
| 2011 | －．D | ． 155 | ． 155 | ． 155 | ． 47 |
| 2012 | ． 18 | ． 18 | ． 19 | ． 39 E | ． 93 |
| 2013 | －－ | ． 21 | ． 21 | ． 21 | ． 63 |
| 2014 | ． 24 | ． 24 | ． 24 | ． 24 | ． 96 |
| 2015 | 28 |  |  |  |  |

BUSINESS：NIKE designs，develops，and markets footwear，ap－ parel，equipment，accessories，and services．It sells products to retail accounts，through NIKE－owned retail stores and the Internet， and through a mix of independent distributors and licensees in ap－ proximately 190 countries．Has 322 domestic and 536 international locations（including factory stores）as of $5 / 31 / 14$ ．Has about 56,500
There are growth opportunities for NIKE even in the most mature mar－ kets．The company extended its dominant position in North America in the fiscal third quarter（ended November 30th），with a sales increase of $16 \%$ ，year to year，and future orders up 13\％．The NIKE brand is benefiting from a resurgence in athletic fashions，led by basketball．The uptick in the athletic category is partially NIKE＇s own doing，thanks to a constant flow of excitement－generating new products．Fu－ ture orders were also up 13\％（in local cur－ rencies）in Western Europe，where NIKE is gaining market share．The company believes it can keep the momentum going in these developed economies through product innovation，further penetration into women＇s and youth categories，and ac－ celerating direct－to－consumer operations in these markets and around the world． N ovember－period retail sales were up 30\％， including a 66\％jump in e－commerce， reaching 21\％of the total，versus 19\％a year earlier．New products and growth in direct sales should bolster gross margins over the next few years，as well．
employees（including retail and part－time employees）．Officers \＆ directors own $75.1 \%$ of Class A and $17.2 \%$ of Class B shares；The Vanguard Group， $6.0 \%$ of Class B；BlackRock， $5.8 \%$ of Class B （7／14 proxy）．Chairman：Philip H．Knight．President \＆CEO：Mark G． Parker．Incorported：OR．Address：One Bowerman Dr．，Beaverton， OR 97005．Telephone：503－671－6453．Internet：www．nikeinc．com．
Greater China．After some marketing missteps，NIKE is working to reconnect with the consumer and upgrade its own and partner stores in the region．Sales in－ creased at a double－digit pace for the sec－ ond straight quarter in the November peri－ od，with orders up $13 \%$ here too，and the revitalization plan was only half complete at the end of the quarter．

## There are some headwinds in certain

foreign markets，however．Sales in Bra－ zil and J apan are being hurt by weak mac－ roeconomic conditions．Inventories are still too high in Mexico，following distribution transition issues in fiscal 2014．Sales and earnings will also take a hit in the near term due to currency weakness in Argen－ tina，Europe，J apan，and Russia．
This high－quality stock is expensive． Too，although NIKE is the undisputed leader in athletic footwear and apparel， there are some competitors sneaking up from behind．This includes Skechers，with a backlog up $50 \%$ heading into the fourth quarter，and Under Armour，which recent－ ly overtook Adidas as number－two in the U．S．sportswear market．
Craig Sirois
J anuary 30， 2015
（A）Fiscal years end May 31st．（B）Diluted earnings．Excludes nonrecurring：＇98，（144）； ＇99，（5¢）；＇03，（50c）；＇07，4¢；＇08，15¢；＇ 09 ，

to change in share count．Next earnings report dend in December of prior year．（E）Includes due late Mar．（C）Dividends historically paid in 21c dividend paid December 26th．（F）In mil－ early January，April，July，and October．－Rein－lions，adjusted for splits．（G）Each share of

Company＇s Financial Strength Stock＇s Price Stability
Price Growth Persistence

