| N\| |  | $J_{1}$ | $N$ | E-NKE |  |  |  | $\begin{aligned} & \text { CENT } \\ & \text { ICE } \end{aligned}$ | $57.1$ | $\begin{aligned} & \text { PE } \\ & \text { RAT } \end{aligned}$ | $27$ | $\left(\begin{array}{l} \mathrm{Tra} \\ \mathrm{Me} \end{array}\right.$ | $\begin{gathered} \text { g: } 26.7 \\ 1: 18.0 \end{gathered}$ | $\begin{array}{\|l\|} \hline \text { RELATI } \\ \text { PIE RA' } \end{array}$ | $1.4$ | $\begin{aligned} & \hline \text { DIV'D } \\ & \text { YLD } \end{aligned}$ |  |  | $\begin{aligned} & \text { ALUE } \\ & \text { INE } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| TIMELIN | $\text { NESS } 4$ | owered | 7/8/16 | High: Low: | $\begin{array}{r} 11.4 \\ 9.4 \\ \hline \end{array}$ | $\begin{array}{r} 12.6 \\ 9.4 \\ \hline \end{array}$ | 17.0 | $\begin{aligned} & \hline 17.7 \\ & 10.7 \end{aligned}$ | $\begin{array}{r} 16.7 \\ 9.6 \end{array}$ | $\begin{aligned} & 23.1 \\ & 15.2 \end{aligned}$ | $\begin{aligned} & 24.6 \\ & 17.4 \end{aligned}$ | $\begin{aligned} & \hline 28.7 \\ & 21.3 \end{aligned}$ | $\begin{aligned} & 40.1 \\ & 25.7 \end{aligned}$ | $\begin{aligned} & \hline 49.9 \\ & 34.9 \end{aligned}$ | $\begin{aligned} & 68.2 \\ & 45.3 \end{aligned}$ | $\begin{aligned} & 65.4 \\ & 51.5 \end{aligned}$ |  |  | Target Pric 2019 202 | Range 2021 |
| SAFE |  | Raised 8 |  | LEGEN | DS ${ }^{\text {" }}$ Cash |  |  |  |  |  |  |  |  |  |  |  |  |  |  | _128 |
| TECH | CAL | Lower |  |  | lative P | Streng |  |  |  |  |  |  |  |  |  | or-1 |  |  |  |  |
| BETA 8 | (1.00 $=$ | Market) |  | $\begin{aligned} & \text { 2-for-1 } \mathrm{spl} \\ & \text { 2for-1 } \mathrm{spl} \end{aligned}$ | lit |  |  |  |  |  |  |  |  |  |  |  |  |  |  | -96 |
|  | 21 P | ECTIO |  | 2-for-1 Spl | it 12/15 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | $\begin{aligned} & \text { n' }{ }^{\prime} \text { Tototal } \\ & \text { Roturn } \end{aligned}$ | Options: <br> Shaded | area in | recess |  |  |  |  |  |  |  |  | -11 ${ }^{\text {H }}$ | 1, 0 |  |  |  | 48 |
|  | Price | Gain |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 40 |
| High Low | $\begin{aligned} & 80 \\ & 65 \end{aligned}$ | $40 \%)$ | 10\% |  |  |  |  |  |  |  |  |  | ${ }_{\text {IT, }}{ }^{\text {l }}$ |  |  |  |  |  |  | 32 |
| Insider | Decis | Ons |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 24 |
| To By | SO N | D J F | M A M |  |  |  |  |  |  | +471110 | H |  |  |  |  |  |  |  |  | 16 |
| to Buy Options | $\begin{array}{llll}0 & 0 & 0 \\ 4 & 6 & \\ & \\ \end{array}$ | $\begin{array}{llll}0 & 0 & 0 \\ 2 & 1 & 1\end{array}$ | $\begin{array}{lll} 0 & 1 & 0 \\ 1 & 2 & 3 \end{array}$ |  |  |  |  | 1 | \|l| |  |  |  |  |  |  |  |  |  |  | 16 |
| to Sell | 362 | 211 | 123 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | -12 |
| Institu | tional D | ecision |  | Tra |  |  |  |  |  |  |  |  |  |  |  |  |  |  | RETURN 6/16 |  |
|  | 302015 | 422015 | 102016 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | OCk |  |
| to Buy | 525 | 1206 | 641 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $3.3-1.9$ |  |
| to Sell Hld's(000) | 1111160 | 117 080642 | 583 072492 | traded |  |  |  |  |  |  |  |  | 1 | 1 | \| |  |  |  | $\begin{array}{rr} 79.5 & 26.6 \\ 161.6 & 54.4 \end{array}$ |  |
| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | $\bigcirc$ © VA | E LINE PUB. LLC | 19-21 |
| 4.17 | 4.42 | 4.65 | 5.07 | 5.82 | 6.54 | 7.22 | 8.10 | 9.48 | 9.87 | 9.82 | 10.97 | 13.17 | 14.16 | 15.98 | 17.85 | 19.25 | 21.00 | Sales p | sh A | 29.05 |
| . 37 | . 37 | . 44 | . 48 | . 59 | . 66 | . 80 | . 86 | 1.04 | 1.06 | 1.15 | 1.30 | 1.42 | 1.62 | 1.85 | 2.26 | 2.65 | 2.80 | "Cash | ow" per sh | 4.25 |
| . 26 | . 27 | . 31 | . 35 | . 44 | . 56 | . 66 | . 72 | . 86 | . 88 | . 97 | 1.10 | 1.18 | 1.35 | 1.49 | 1.85 | 2.16 | 2.35 | Earnin | per sh AB | 3.60 |
| . 06 | . 06 | . 06 | . 07 | . 09 | . 12 | . 15 | . 18 | . 22 | . 25 | . 27 | . 30 | . 35 | . 41 | . 47 | . 52 | . 60 | . 70 | Div'ds | ecl'd per sh C. | 1.00 |
| . 19 | . 15 | . 13 | . 09 | . 10 | . 12 | . 16 | . 16 | . 23 | . 23 | . 17 | . 23 | . 33 | . 36 | . 51 | . 56 | . 70 | . 85 | Cap'IS | ending per sh | 1.10 |
| 1.45 | 1.63 | 1.80 | 1.89 | 2.27 | 2.69 | 3.03 | 3.49 | 3.98 | 4.48 | 5.04 | 5.18 | 5.67 | 6.24 | 6.22 | 7.41 | 7.30 | 8.40 | Book | ue per sh | 11.35 |
| 2156.8 | 2148.8 | 2128.8 | 2108.8 | 2104.8 | 2100.8 | 2072.0 | 2015.2 | 1964.4 | 1942.0 | 1936.0 | 1902.0 | 1832.0 | 1788.0 | 1740.0 | 1714.0 | 1680 | 1660 | Comm | Shs Outst'g EF | 1550 |
| 22.7 | 20.2 | 21.2 | 17.1 | 18.4 | 17.9 | 16.0 | 16.5 | 17.8 | 15.3 | 16.4 | 18.2 | 20.4 | 19.4 | 24.2 | 24.4 | 27.5 |  | Avg An | IP/E Ratio | 20.0 |
| 1.48 | 1.04 | 1.16 | . 97 | . 97 | . 95 | . 86 | . 88 | 1.07 | 1.02 | 1.04 | 1.14 | 1.30 | 1.09 | 1.27 | 1.24 | 1.45 |  | Relativ | P/E Ratio | 1.25 |
| 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\% | 1.2\% | 1.0\% |  | Avg An | I Div'd Yield | 1.4\% |
| CAPITAL STRUCTURE as of $5 / 31 / 16$ <br> Total Debt $\$ 2055$ mill. Due in 5 Yrs $\$ 57$ mill. <br> LT Debt $\$ 2010$ mill. LT Interest $\$ 68$ mill. <br> (14\% of Capital) |  |  |  |  |  | 14955 | 16326 | 18627 | 19176 | 19014 | 20862 | 24128 | 25313 | 27799 | 30601 | 32376 | 34900 | Sales | nill) ${ }^{\text {A }}$ | 45000 |
|  |  |  |  |  |  | 16.0\% | 14.7\% | 14.7\% | 14.5\% | 14.7\% | 15.1\% | 14.1\% | 14.6\% | 15.1\% | 15.6\% | 15.9\% | 16.1\% | Operat | $g$ Margin | 18.0\% |
|  |  |  |  |  |  | 282.0 | 269.7 | 303.6 | 335.0 | 323.7 | 335.0 | 373.0 | 438.0 | 518.0 | 606.0 | 650 | 690 | Deprec | tion (\$mill) | 840 |
|  |  |  |  |  |  | 1392.0 | 1458.3 | 1734.1 | 1727.4 | 1906.7 | 2133.0 | $22 २ 3.0$ | 2464.0 | 2693.0 | 3273.0 | 3760 | 3995 | Net Pro | (\$mill) | 5725 |
| Leases, Uncapitalized Annual rentals $\$ 447$ mill. No Defined Benefit Pension Plan |  |  |  |  |  | 35.0\% | 33.7\% | 30.7\% | 26.7\% | 24.2\% | 25.0\% | 25.5\% | 24.7\% | 24.0\% | 22.2\% | 18.7\% | 20.0\% | Income | Tax Rate | 22.0\% |
|  |  |  |  |  |  | 9.3\% | 8.9\% | 9.3\% | 9.0\% | 10.0\% | 10.2\% | 9.2\% | 9.7\% | 9.7\% | 10.7\% | 11.6\% | 11.5\% | Net Pro | Margin | 12.7\% |
| Preferred Stock None |  |  |  |  |  | 4735.7 | 5492.5 | 5517.8 | 6457.0 | 7595.0 | 7339.0 | 7666.0 | 9700.0 | 8669.0 | 9642.0 | 9667 | 10465 | Workin | Cap'I (\$mill) | 12000 |
|  |  |  |  |  |  | 410.7 | 409.9 | 441.1 | 437.2 | 445.8 | 276.0 | 228.0 | 1210.0 | 1199.0 | 1079.0 | 2010 | 2000 | Long-T | m Debt (\$mill) | 1300 |
| Common Stock 1,684,721,769 shares |  |  |  |  |  | 6285.2 | 7025.4 | 7825.3 | 8693.1 | 9753.7 | 9843.0 | 10381 | 11156 | 10824 | 12707 | 12258 | 13975 | Shr. Eq | ity (\$mill) | 17570 |
| ( 353 mill. Class A shares; 1332 mill. Class Bshares.) as of $4 / 1 / 16$ |  |  |  |  |  | 20.8\% | 19.9\% | 21.2\% | 19.1\% | 18.7\% | 21.1\% | 21.0\% | 20.0\% | 22.6\% | 23.8\% | 26.5\% | 25.0\% | Return | Total Cap'l | 30.5\% |
| shares.) as of 4116MARKET CAP: $\$ 97.3$ billion (Large Cap) |  |  |  |  |  | 22.1\% | 20.8\% | 22.2\% | 19.9\% | 19.5\% | 21.7\% | 21.4\% | 22.1\% | 24.9\% | 25.8\% | 30.7\% | 28.5\% | Return | Shr. Equity | 32.5\% |
|  |  |  |  |  |  | $17.2 \%$22\% | $\begin{array}{r} 15.9 \% \\ 24 \% \end{array}$ | $\begin{array}{r} 16.9 \% \\ 24 \% \end{array}$ | $\begin{array}{r} 14.5 \% \\ 27 \% \end{array}$ | $\begin{array}{r} 14.4 \% \\ 27 \% \end{array}$ | $\begin{array}{r} 16.0 \% \\ 26 \% \end{array}$ | $\begin{gathered} 15.5 \% \\ 28 \% \end{gathered}$ | $\begin{array}{r} 15.8 \% \\ 29 \% \end{array}$ | $\begin{array}{r} 17.5 \% \\ 30 \% \end{array}$ | $\begin{array}{r} 18.7 \% \\ 27 \% \end{array}$ | $\begin{array}{r} \hline 22.0 \% \\ 28 \% \end{array}$ | $\begin{array}{r} 20.0 \% \\ 30 \% \end{array}$ | Retained to Com Eq All Div'ds to Net Prof |  | 23.5\% |
| CURRENT POSITION (\$MILL.) |  |  | 20142015 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 28\% |


| CrsMILL.) |  |  |  |
| :--- | ---: | ---: | ---: |
| Cash Assets | 5142 | 5924 | 5457 |
| Receivables | 3434 | 3358 | 3241 |
| Inventory (LIFO) | 3947 | 4337 | 4838 |
| Other | 1173 | 2357 | 1489 |
|  | 13696 | 15976 | 15025 |
| Current Assets | 1930 | 2131 | 2191 |
| Accts Payable | 174 | 181 | 45 |
| Debt Due | 2923 | 4022 | 3122 |
| Other |  | 5027 | 6334 |
|  |  | 5358 |  |


| ANNUAL RATES | Past | Past | Est'd '13-'15 |
| :--- | :---: | :---: | :---: |
| of change (per sh) | 10 Yrs. | 5 Yrs. | to '19.'21 |
| Sales | $10.5 \%$ | $10.5 \%$ | $12.5 \%$ |
| "Cash Flow" | $12.5 \%$ | $12.0 \%$ | $17.5 \%$ |
| Earnings | $13.5 \%$ | $11.5 \%$ | $18.0 \%$ |
| Dividends | $17.5 \%$ | $14.0 \%$ | $17.0 \%$ |
| Book Value | $11.0 \%$ | $8.0 \%$ | $11.5 \%$ |


| Fiscal Year Ends | QUARTERLY SALES (\$ mill.) ${ }^{\text {A }}$ |  |  |  | Full Fiscal Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Aug. 31 | Nov. 30 | Feb. 28 | May 31 |  |
| 2013 | 6474 | 5955 | 6187 | 6697 | 25313 |
| 2014 | 6971 | 6431 | 6972 | 7425 | 27799 |
| 2015 | 7982 | 7380 | 7460 | 7779 | 30601 |
| 2016 | 8414 | 7686 | 8032 | 8244 | 32376 |
| 2017 | 8770 | 8200 | 8720 | 9210 | 34900 |
| $\begin{aligned} & \text { Fiscal } \\ & \text { Year } \\ & \text { Ends } \end{aligned}$ | $\begin{array}{r} \text { EAF } \\ \text { Aug. } 31 \end{array}$ | $\begin{gathered} \hline \text { RNINGS PI } \\ \text { Nov. } 30 \end{gathered}$ | ER SHARE Feb. 28 | $\text { May } 31$ | $\begin{aligned} & \text { Full } \\ & \text { Fiscal } \\ & \text { Year } \\ & \hline \end{aligned}$ |
| 2013 | . 32 | . 29 | . 37 | . 37 | 1.35 |
| 2014 | . 43 | . 30 | . 38 | . 38 | 1.49 |
| 2015 | . 54 | . 37 | . 45 | . 49 | 1.85 |
| 2016 | . 67 | . 45 | . 55 | . 49 | 2.16 |
| 2017 | . 55 | . 50 | . 66 | . 64 | 2.35 |
| Calendar | $\begin{array}{\|c} \hline \text { QUART } \\ \text { Mar. } 31 \end{array}$ | TERLY DIV Jun. 30 | $\begin{gathered} \hline \text { VIDENDS P } \\ \text { Sep. } 30 \end{gathered}$ | $\text { Dec. } 31$ | Full Year |
| 2012 | . 09 | . 09 | . 095 | . 1950 | . 47 |
| 2013 | -- | . 105 | . 105 | . 105 | . 32 |
| 2014 | . 12 | . 12 | . 12 | . 12 | . 48 |
| 2015 | . 14 | . 14 | . 14 | . 14 | . 56 |
| 2016 | . 16 | . 16 | . 16 |  |  |

BUSINESS: NIKE designs, develops, and markets footwear, apparel, equipment, and accessories. Sells products to retail accounts, through NIKE-owned stores and the Internet, and through a mix of independent distributors and licensees in approximately 190 countries. Has 339 domestic and 592 international locations (including factory stores) as of $5 / 31 / 15$. Has about 62,600 employees (in
Innovation is seen as key to NIKE's future success. Diversification and continuous new product rollouts are a competitive strength of the world's leading supplier of athletic footwear and sportswear. In the fiscal fourth quarter (ended May 31st), the company introduced the LunarEpic Flyknit with a sock-like fit and the Free Run series. In apparel, it launched Thermosphere Max, which regulates temperature, and lightweight vapor kits
with AeroSwift technology. Earlier hits that are still going strong include anti-clog cleats and self-lacing shoes. NIKE has the flexibility to shift with the trends, as well For example, it is putting more emphasis on lifestyle sportswear this year. New products are placing a floor on average selling prices. Innovation is also applied to manufacturing to reduce costs and speed delivery, which is beginning to pay off.

## Competition is heating up, however.

 Adidas is staging an impressive turnaround. That rival is coming out with leather tennis and basketball shoes, which are popular this year. Skechers is offering more retro looks, too. NIKE is not stand-cluding part-timers). Swoosh, LLC, owns $72.4 \% \mathrm{Cl}$ A shares, $16.0 \% \mathrm{Cl}$. B (representing director Travis Knight's holdings); other officers/directors, $9.8 \%$ of Cl . A and $3.7 \%$ of Cl . B; The Vanguard Group, 6.1\%; BlackRock, 5.4\% (7/15 proxy). Chairman \& CEO: Mark G. Parker. Inc.: OR. Address: One Bowerman Dr., Beaverton, OR 97005. Tel.: 503-671-6453. Internet: www.nikeinc.com.
Retro 12 dating back to 1997. But Under Armour is coming on strong, signing basketball great Stephen Curry as a sponsor.
We expect earnings in fiscal 2017 to start off slow and finish strong. Future product orders for delivery over the next two quarters were up 8\%, year to year, at the end of May, compared to a $12 \%$ gain at the end of the third quarter. On a currency-neutral basis, the respective increases were $11 \%$ and $17 \%$. Currency headwinds will likely blow hard in the first half of the new fiscal year. NIKE continues to clear some excess inventory in North America, which will further pressure the gross margin, offsetting improved pricing and productivity. Marketing and other expenses will also be elevated ahead of the summer Olympics and European F ootball Championships.
Although the issue is untimely, it is becoming more attractive as a longterm investment on a risk-adjusted basis. NIKE has good growth tracks in women's product, direct-to-consumer channels, and the Greater China region (futures there were up 24\%).
Craig Sirois
(A) Fiscal years end May 31st. (B) Diluted earnings. Excludes nonrecurring: '03, (25c); '07, 2¢; '08, 8¢; '09, (13¢); '13, 1¢. Quarterly EPS may not sum due to change in share
(D) Includes 21 dic dividend paid De
(F) Each share of Class A is convertible to one
(F) Each share of
share of Class B.

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

