

Nike Inc.

COMPANIES: ADS GR, JNY, NKE, PSS, PUM GR, SKX, 1361 HK, 2020 HK, 2331 HK, 7936 JP



NKE

Nike's U.S. Product Appeal Slips

Nike's U.S. athletic shoe orders took a negative slide during FY1Q10, hurt by poorer offerings and increased competition, and U.S. apparel remains a drag.

- OTR Global's read on NKE is negative, a deterioration from the June report
- U.S. FY1Q10 NKE athletic shoe purchases flat-up 4% yy, a decline compared with OTR's June report; NKE plan attainment also weaker across channels, ratcheting up complaints about poor response to product
- U.S. NKE athletic shoe orders for next 6 months flat-down 4% yy, a decline from June report; spring offerings disappoint, some buyers giving more share to competing brands
- Chinese NKE athletic shoe purchases up 4%-8% yy, a slight deterioration from the June report, but plan attainment improves and orders up 9%-13% on door growth, better economic outlook
- European NKE athletic shoe purchases flat-down 4%, a slight improvement despite growing Russian negatives; only 1 source below plan compared with more than one-third in June; European NKE athletic shoe orders down 2%-6% yy, but numbers improved everywhere but Russia
- NKE Converse purchases/orders still positive in the U.S. and Europe, but brand showing signs of peaking in both regions
- Area to Watch: NKE faces challenges from competing shoe brands in China, Europe and the U.S.

EXECUTIVE SUMMARY

Nike Inc.'s FY1Q10 U.S. athletic shoe purchases showed a decline compared with OTR Global's June report, with disappointing demand across channels, especially in urban, where numbers were hit hard by high unemployment among target customers, lack of stimulus checks and burn-out on the Jordan brand. Orders turned negative, and sources expressed disappointment with spring offerings and in some cases gave more share to competing brands. Chinese Nike shoe purchases were positive, though slightly less so than in the June report. Still, Chinese plan attainment and orders improved, aided by expanding doors and an improved economic outlook. European Nike athletic shoe purchases were less negative than in June, with Western European numbers dragged down by double-digit Russian decreases. European plan attainment for Nike athletic shoes improved and orders were less negative compared with the June report, but sources do not expect Nike to benefit significantly from World Cup. Converse All Star canvas style was a positive in the United States and China, but was showing signs of peaking, especially in France. Nike's apparel again struggled to meet sales plan in all regions.

KEY DATA

Nike's U.S. Shoe Orders for the Next Six Months Expected to Deteriorate yy (averages)

	CHINA	U.S.	FRANCE	GERMANY	U.K., IRELAND	RUSSIA	EUROPE
FY1Q10	Up 9%–13%	Flat–down 4%	Flat	Up 2%–6%	Flat	Down 13%–17%	Down 2%–6%
FY4Q09	Up 4%–8%	Up 2%–6%	Down 2%–6%	Flat–up 4%	Down 13%–17%	Down 10%–14%	Down 6%–10%

SOURCES & BACKGROUND

58 athletic shoe and apparel buyers representing 11,400 doors

UNITED STATES 15 athletic buyers (9 shoe, 2 shoe and apparel, and 4 apparel) representing 4,400 doors; **CHINA** 9 athletic shoe and apparel buyers representing 2,350 doors; **JAPAN** 3 buyers (2 athletic shoe and 1 athletic shoe and apparel) representing 850 doors; **EUROPE** 31 buyers (8 in Germany, 7 in France, 10 in Russia, 6 in the United Kingdom and 1 in Ireland) comprising 15 shoe, 8 apparel and shoe, and 8 apparel buyers representing 3,800 doors

REPEAT SOURCES 45 buyers (9 in the United States, 7 in China, 3 in Japan and 26 in Europe) from OTR Global's June Athletic Shoe report

INTERVIEWS Third and fourth weeks of August

AVERAGES Straight

"It's not that I want to plan [Nike] down, but I didn't like the assortment. I have orders booked through March. I'm going to see April–June this week, so we'll see if it shows any improvement."

Sporting goods source

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UNITED STATES

Overall summer demand choppy

Overall U.S. June–August athletic shoe purchases were flat yy, as in OTR Global’s June report on March–May trends. Plan attainment was mixed and just slightly more negative than in the June report. Urban retailers struggled the most, hurt by a drop off in demand for marquee Nike product, especially Jordan. “Things changed so fast for us. We had a great first quarter, and out of nowhere, we hit a brick wall, and we didn’t have time to cancel incoming product,” one said. Meanwhile, some family footwear chains were falling below plan, while others were exceeding. Results among sporting goods and sport specialty retailers were equally mixed. Sources generally complained about a slow start to back-to-school sales and a continued consumer focus on promotions. Those who were happy with results credited lower gas prices yy, a strong advertising program and a mix of product deep in popular styles. “Last year, we had stores in the Gulf Coast where sales were wiped out by the bad hurricane. Plus, gas was \$1.20 higher,” said a source whose sales exceeded expectations.

Nike, **Asics Corp.** and **Puma AG Rudolf Dassler Sport** were cited most often as sales drivers. There was also a tremendous amount of buzz around demand for **Skechers U.S.A. Inc.’s** Shape Up shoes, and in every channel but urban, sources said the styles were posting double-digit sell-through rates. In general, there was excitement around the new, wellness shoe category, with positive feedback on similarly themed styles from **Adidas AG’s** Reebok and **Jones Apparel Group Inc.’s** Easy Spirit. “Skechers’ Shape-Ups? How big is big? In all my years in this business, I’ve never seen everything like it,” a source said.

Overall athletic shoe orders averaged flat–down slightly yy, similar to the June report. However, heading into holiday, most retailers held a cautiously optimistic view on consumer demand, believing a slightly improved economy combined with easier comparisons could lead to slight gains during the period. “Price point is going to be huge this holiday. The customer is not going to buy the higher price point; she’ll go to the cheapest, secondary brand. So if there’s a credible brand that has shoe similar to Converse at a cheaper price, she’ll buy it, which is definitely a new consumer mindset we hadn’t seen before this year,” an urban source said.

Nike flat–up yy, but urban a big struggle

Nike’s FY1Q10 athletic shoe sales were flat–up 4% yy on average, a drop from the June report when purchases were up 2%–6% yy. Much of this decline was planned in anticipation of decreased summer demand yy, but some sources were caught off guard by the drop off, and seven of 11 sources fell below plan, worse than seven of 14 in the June report. Urban sources were particularly surprised by the pullback in demand for high-priced Nike styles. Jordan was especially hard hit, with sources citing higher unemployment rates yy among their target customer, the lack of stimulus checks and customer burn out on the brand, which had been riding high for two years. “This kid moves quick,” an urban source said. “He’s seen the [Jordan look] for two years now and because of supply and demand it’s hit a peak.” Another said, “My average price per pair on Jordan is down \$18 [yy].” In other channels, Nike’s results were more mixed, though its lifestyle running styles generally led sales, and it was widely acknowledged that Nike’s Shox sales were down yy.

Several sources said Nike’s recent, companywide layoffs was a positive change that took out a layer of middlemen and made communication with more influential executives more direct. “There

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ORDERS STILL WEAK

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are global people running the price point channel, so our voice is being heard by different people. But we won't know the real effect for another six months when this team's products hits retail," a family footwear source said. However, another source who said his orders were down double digits said the new regional sales manager was less focused on maintaining positive orders.

Nike shoe orders hit negative range

Nike athletic shoe orders were flat–down 4% yy on average, a decline from the June report when orders were up an average 2%–6% yy. Nike orders were hurt by poor offerings, increased competition and weakness in urban. Sources from a variety of channels were pulling back on poor performers and were not impressed by Nike's spring offerings. "It's not that I want to plan [Nike] down, but I didn't like the assortment. I have orders booked through March. I'm going to see April–June this week, so we'll see if it shows any improvement," a sporting goods source said. An urban source said, "Through holiday and even through spring, Jordan will be tough. Jordan for June looks better and we had a little preview of fall and that looks better, too." Sources said Asics, Puma, **Collective Brand Inc.**'s Saucony and Skechers had eaten into Nike's share of holiday and spring orders.

Nike apparel still tough

Feedback on Nike's FY1Q10 apparel purchases remained largely negative, with four of six sources saying purchases were down yy. Of the two sources reporting positives, one was a discounter who said Nike recently offered an improved assortment. "The assortment is better, but the discount isn't," the discounter said. Plan attainment was mixed, similar to the June report. Lack of excitement and fashion relevance were cited as reasons why the category and Nike were posting lackluster sales. "Ladies activewear is an after-thought in retail right now," a department store chain's buyer said.

Converse possibly peaking

Converse FY1Q10 shoe purchases and orders were almost entirely positive, but growth rates have slowed and fewer sources said it was exceeding plan compared with the June report. With sales driven almost entirely by the canvas All Star style, sources said demand was starting to be impacted by lower-priced copycat styles, as well as wider distribution yy, which has led to sales dilution. "Converse orders are the million-dollar question. We ran up sales about 70% this summer, but the number of knock-offs is increasing. We know there's a customer who has to have the Converse Patch, but if everyone else is picking up on this trend, it has to eat into [its] sales," a family footwear source said.

CHINA

Competition from local brands continues to heat up

Overall June–August athletic shoe purchases in China increased an average 6%–10% yy, similar to the 7%–11% increase in the June report. However, all repeat sources reported a flat to downward trend yy compared with the previous report, which they blamed on difficult comparisons with last year's Beijing Olympics. "The Beijing Olympic Games drove the athletic shoe industry last year. 2009 sales cannot grow as fast because there are no Olympics this year," one said. More than one-half reported meeting plan during June–August, with the rest falling

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Department store chain's buyer

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below, a deterioration from the June findings when two-thirds of sources reported meeting or exceeding plan.

Sources reported a continuation of the trend highlighted in OTR Global's previous reports of Nike and Adidas facing tough competition from Chinese domestic brands. "Other than Nike and Adidas, most local brands are having stronger sales in this market due to the economy getting better and to their lower prices," one said. Only three sources claimed there was no serious competition, while the others cited brands like **Anta Sports Products Ltd.**, **Li Ning Co. Ltd.** and **361 Degrees International Ltd.** were becoming stronger threats.

Overall athletic shoe orders for the next six months were up for six of nine sources yy on new doors opened or new doors planning to be opened. "Our overall athletic shoe orders for the next six months increased in this period year on year, as the economy is picking up, and the Guangzhou Asia Games will drive the industry next year," one said.

Nike sales growing on new doors

Nike's FY1Q10 athletic shoe sales rose an average 4%–8% yy, a slight deceleration compared with the June report. Four sources reported meeting expectations, two exceeded and three fell below, an improvement compared with OTR Global's June findings when sources were split between meeting and falling below plan, but some mentioned expectations had been lowered because of the economic downturn. "Sales of some individual Nike and Converse shops were lower than during the same period last year, and this is normal and acceptable because the sales of Nike were strong during June–August last year. But the increased number of stores still helped us maintain the increasing sales trend of Nike and Converse during June–August," one said.

Nike athletic shoe orders for the next six months were up an average 9%–13% yy, an improvement compared with the June findings of up 4%–8% yy. "The increased order is because of Nike's hard push. So we keep increasing the order up 10%–15% for the fourth quarter year on year, and I think the order will be even more for the first quarter of 2010 during the Chinese New Year, up 15% year on year," one source said. Two-thirds of sources reported inventory still being above planned levels, though some said it was not problematic and that they were under control.

Nike apparel growing but demand mixed

Six of nine sources said Nike's FY1Q10 apparel purchases were flat or up yy, but purchases fell below sales expectations for seven of nine sources. "Last year for the Olympics, many tourists came to Beijing for the Games and felt proud to wear brand-name apparel, including Nike's; however, in 2009, consumption of Nike apparel has dropped significantly because customers do not like the traditional design, especially women's," one said.

Despite somewhat sluggish demand, seven of eight sources who commented said Nike apparel orders for the next six months yy would be up. Increases were driven by expanding door counts, requiring higher inventory levels with the distributors.

Converse a steady positive

Converse FY1Q10 athletic shoe purchase trends were similar to the June report, with four out of six sources saying purchases were either flat or up. Plan attainment and orders were also similar

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ORDERS SHOW IMPROVING OUTLOOK

NEW DOORS DRIVE POSITIVES

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to the June report, and all but one source said that Converse shoe orders for the next six months would increase yy.

JAPAN

Prices down on promos, cheaper models

Overall June–August athletic shoe sales in Japan yy were more negative than the June report. While one source said sales were up as their aggressive promotions of older, cheaper models boosted customer traffic and resulted in net sales increase yy, the other two said sales fell because of spending-dampening factors — such as bad summer weather patterns, and swine flu concerns — in addition to the ongoing tough economy.

Sources also said further deterioration of consumer spending led to manufacturers offering a wider variety of cheaper models during June–August yy. Lower price points combined with retailers' increased offering of discounts and promos, resulted in falling average unit prices of athletic shoes and affected overall order trend. "Our overall athletic shoe orders were down 15% year to year because the average item prices of running, walking and casual shoes have gone down quite a lot, by about 3%–4% year to year. This trend is not a seasonal matter; it's unique to this year," a buyer said.

Nike sales mostly below plan

Nike's FY1Q10 sales yy were below plan for two of three sources, which is more negative than in the June report. "Despite the tough sales environment, compared to other brands, Nike performed better, but the sales during the period were about 5% lower than our expectations," one said. "In recent quarters, Nike usually has met our expectations, but this quarter, our competitors have lowered their retail prices of their Nike stock, so we had to match their prices. That led to our Nike sales being 5% lower than our expectations."

Another source said Nike and Adidas sales were worse than expectations as their average price per item fell by 3%–4% yy. "For Nike, another huge reason for its weaker sale in June–August period is that in March–May, they were able to extend their sales of lower-priced shoes, whereas during June–August, such sales growth on lower-priced shoes didn't exist," the source said. "We were expecting that the sales of these cheaper Nike items would continue to grow this period, but they didn't." Feedback on Nike's athletic shoe and apparel orders was limited.

EUROPE

Category in Western Europe mixed, Russia down

June–August overall athletic shoe purchases decreased 5%–9% yy, a slight deterioration compared with the June report, with improvement in Western European countries offset by sharper decreases in Russia. Sales met plan for more than one-half of sources who commented and exceeded for two, an improvement compared with the June report when fewer than one-half met plan and none exceeded. German sources were least affected by the global economic crisis, and U.K. buyers said easier yy comparisons and better consumer confidence drove the improvement. French purchases still were down yy, but the rate improved slightly, as some sources benefited from the promotional environment while others decreased purchases in value as customers trend to lower price points. In Russia, although one source opened new stores and another noted an upswing in August sales,

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Japanese buyer

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buyers said the ruble's devaluation still is hurting their purchasing power as well as customers'. Consequently, buyers are eliminating some higher-priced brands and streamlining what they stock.

Sales in Europe were also affected by a delay in back-to-school shopping because of unseasonably hot weather and — for some sources — tough competition from discounters. Lighter and cheaper vulcanized and canvas shoes remained in fashion, as did regular sandals and brown shoes. In Germany, outdoor shoes took share from the athletic category. Running and lifestyle drove the athletic shoe category, sources said.

Orders for the next six months are down 7%–11% yy, as in the June report. Although U.K. buyers have returned to forward ordering so as not to miss out on exclusives, worsening slightly in France and Germany because of negative forecasts for 1H10, and worsening strongly in Russia. Throughout Europe, orders were cautious because of existing inventory and uncertainty about the economy. Where orders increased, it was because of easier yy comparisons. Sources did not expect growth in 2010 and did not expect next year's FIFA World Cup to help athletic shoe sales.

Nike shoes mixed, apparel weak

Nike's FY1Q10 shoe purchases were flat–down 4% yy on average, outperforming the category and slightly improving compared with the June report. However, Nike still faces challenges, including a double-digit decrease in Russia. (Excluding Russia, Western European purchases were flat–up 4% yy.) Three-fourths of sources met plan and only three fell below, an improvement compared with FY4Q09, when more than one-third of sources missed plan. Nike running shoes sold well and drove gains, but low- and mid-priced models dominated lifestyle sales, though a few sources noted continuing improvement for the mid- to higher-priced Air Max and BW models, albeit on a small level. Sources said high-end Nikes have become too expensive for the European customer and had to be discounted to sell. “Nike had challenges this period because higher priced products are under pressure. Anything at more than €150 is hurting,” one said.

With easier yy comparisons, Nike purchases improved strongly in the United Kingdom. In Russia, Nike benefited from a more flexible pricing and foreign exchange policy than Adidas, and low-priced summer styles also helped Nike gain share. Seven European sources reported higher Nike inventory yy, including four Russians. Discounts were flat for almost all sources yy.

Orders for Nike shoes were down an average 2%–6% yy, an improvement compared with the June report in all countries but Russia. “Last year, we ordered too much and were left with inventory, so this year, our Nike orders and overall orders are down,” a Russian buyer said. (Excluding Russia, Western European Nike orders were flat–up 3% yy.) Inventory was the main reason for keeping orders low throughout Europe. However, there also was frustration at Nike's lack of a marquee product and its failure to innovate. Instead of new styles in football, Nike issued new colors, a German source said. Another buyer said, “Nike in fact has not had any real innovation since Shox, nine years ago.” Several sources also expect Adidas to gain share from Nike in coming quarters as it builds up strength in lifestyle and running Nike's apparel purchases decreased an average 8%–12% yy, hurt by double-digit losses in Russia blamed on the ruble devaluation and fewer customer purchases. (Excluding Russia, Nike's Western Europe apparel purchases were flat–down 4% yy.) Table T-shirts drove summer purchases and running apparel also was cited as good, and basic lines made gains, but competition from unbranded discount product as well as private-label brands has kept Nike from significant growth. Comparisons also were tough because of last summer's European Football Championships, and Adidas' successful Sport Style Originals remains a very strong competitor. More than one-half of sources fell below plan, in line with the June report.

ORDERS KEPT LOW DUE TO INVENTORY

“Nike had challenges this period because higher priced products are under pressure. Anything at more than €150 is hurting.”

European source

ORDERS ALSO PULLED DOWN BY RUSSIA

NIKE APPAREL DOWN, BELOW PLAN

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Nike apparel continued to make gains in France, as in the June report, but outside of T-shirts, Nike apparel was said to be too expensive and often had to be discounted. "Nike has apparel at €80–€85, and customers will not pay that," a source said.

Orders for apparel decreased an average 6%–10% yy, hurt by decreases in Russia, where yy comparisons and inventory are high. (Without Russia, Western European Nike apparel orders were flat–down 4% yy.) Apparel sales in 2010 will benefit from the World Cup through team jerseys and sponsorships, sources said, but Nike will not be alone to gain. "No doubt Nike will also benefit from the World Cup next year, although on a much lower scale compared to Adidas," a German source said.

Converse up in Germany, U.K. but down in France

Converse shoe purchases were flat yy, a decrease compared with the June report as the All Star peaked in France after years of strong growth. The brand still is growing in Germany and the United Kingdom, but comparisons are becoming tougher. Russian sources have stopped carrying Converse because of its failure to attract customers. Sources were mixed in meeting targets, with six meeting, three exceeding and four falling below, a slight deterioration compared with the June report when only one source fell below.

Orders also were flat yy, with a decrease in France countered by growth in Germany and the United Kingdom. "With Converse, we don't see demand weakening and the offer is very good. Canvas is affordable, and their limited styles really compliment All Star core ranges." Sources were anticipating further growth with new styles.

This report was researched and written by **Lois Sakany, Eva Cahen, Michelle Smith** and **Jeff Zuckerberg**, with additional reporting by **Ekaterina Dettmering, Valerie Huang, Connie Fan, Karsten Knothe, Azim Mamanov, Naomi Mannino, Wei Ying, Hainan Mu** and **Takao Nakajima** for OTR Global LLC.

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UNITED STATES

"I think holiday will be better than last year. The economy was in freefall by September of last year. Unemployment is still high, but gas prices are down."

"Gladiators have gone from trendy to annoying. Boots and Western will be great for women, but not for men. We're still in an athletic run."

"Winter boots are a big, big part of our business. If I run flat this fall, we'll be very happy. Last year, the weather was too perfect and there was no recession."

"Wellness footwear is a big part of our spring order increase. I have Reebok now and some Easy Spirit coming in for spring."

"Nike is mixed. Some items are selling well, and some aren't. Product in the \$57–\$62 range was terrible, but the better product at \$69.99 sold well. Nike knows it has issues in its running category."

"In cleats, if it didn't have a [Nike] swoosh, it didn't sell."

"The Jordan cleat business is way down. Most kids don't know who he is. He's getting long in the tooth. In cleats, speed is what sells now."

"Other than the training category, not much is working for Nike. Shox is taking the biggest hit sales-losses wise. [Nike] Cleated footwear is pretty good, at plan, but there's not a lot of competition."

"We've made some cancellations, and [Nike] orders are down double digits. We have a new regional sales manager who doesn't put as much pressure on orders."

CHINA

"We launched many promotions and gave many discounts for old-style Nike athletic shoes this summer holiday, which have helped sales much. I know some franchised store owners also successfully decreased inventory levels with higher discounts."

"We've opened more shops and increased some shops' space and redecorated others in 2009. These efforts helped bring Nike and Converse inventory levels back to normal levels again."

"I do not have data for all athletic shoe brands, but purchases are down, as all face high inventories. Brands like Anta and Li Ning are selling the old inventories, and their seasonal products are hard to sell."

"The prices of these domestic sports brands, including Li Ning, Anta and 361° are lower than Nike's and Adidas'. The suitable price levels make these brands more attractive to customers in the current market, so we have to launch more promotions and discounts to help sell our Nike and Adidas products. And when these domestic brands sponsor important matches and launch advertisement campaigns on TV, they will become more and more competitive than before."

"Our athletic shoe order has gotten smaller due to the market getting more competitive and profit margin decreasing. So our overall athletic shoe orders for the next six months will decrease. If the market situation gets better, our order might remain the same year-on-year, at best."

"Nike's main sales are on shoes. Shoe sales during June–August have increased 1%–2% year on year, [but] at least the growth rate is still positive. But apparel sales have dropped much. Our orders for apparel will decrease for the next six months year on year."

"New apparel orders for single shops are lower than the same period last year. We want to decrease the Nike apparel inventories, so we will launch more promotions and give higher discounts to increase sales."

JAPAN

"The [category] sales were better than expected because our summer campaign from late June through July offered all sneakers for ¥2,990; it attracted quite a lot of customers. We sold older, cheaper models. Among them, high-cut sneakers for women — especially Nikes — and running shoes for children did well."

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"We conducted aggressive sales promotions because just displaying products in our shelves hasn't produced any increase in sales. We asked manufactures to collaborate with us. The promotions included performance shoes from New Balance [Athletic Shoe Inc.], Nike and Converse sneakers, Adidas sneakers and some Puma performance shoes."

"Among all top brands, we believe Adidas is doing better than others in offering shoes in wider price range."

"Homegrown brands such as Asics and Mizuno [Corp.] have been doing well, especially with their running shoes."

"The bright spots in this weak market are running shoes and trekking shoes because people still do care about health. Consumers becoming health conscious has been much talked about in the last year or so, and that trend hasn't changed, but due to weak economy, ticket sales have been falling, so we have to rely on volume sales."

"People want to buy low-priced shoes, and they tend to save up to buy just a special item. At the same time, new stores and outlet malls still attract customers, so the underline appetite for shoes still exists. We just need to offer promotions that feature shoes performance, functions and prices."

EUROPE

"I expect the athletic shoe category to remain negative through at least the first half of 2011. With the right combination of energy from the sports industry and innovation from the brands, there could be some improvement in the back end of 2011." *France*

"We significantly reduced all our orders because of remaining inventories, despite the recent market growth. This affects purchases from virtually all players, including Nike." *Germany*

"We plan to launch our own private-label shoes in the mid-priced segment this fall." *Russia*

"Orders look better mainly because of easy comps. They are equaling 2008, but are way down on 2007, and I doubt we will be reaching those levels for quite a time yet." *United Kingdom*

"Even though Nike is down, it's still above the category." *France*

"Although Adidas is improving in running, Nike still strongly outperformed that segment, and running remained the main driver for Nike's growth." *Germany*

"We normally concentrate on high-priced brands, but now we've had to cut some of these. This has helped increase Nike's share." *Russia*

"Nike and Adidas are making up the bulk of orders, although I think the Adidas Original collection looks stronger. It is a surprise, but I think they might just gain on Nike by early next year." *United Kingdom*

"Nike apparel has gained share from Adidas because of their T-shirts but has lost overall to private label and others. Their basics are starting to pick up though." *France*

"Nike is gaining to some extent from the success of its shoes in running and fitness but is still very much behind in fashion collections." *Germany*

"I know that shoes in our chain are selling a bit better than apparel. Customers prefer to spend on shoes rather than apparel when they are limited financially." *Russia*

"The only real bright spot for [Nike] is training and running, which does seem to be picking up slightly." *United Kingdom*

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1. Did overall athletic shoe purchases increase, decrease or remain the same during June through August yy?

	CHINA	JAPAN	UNITED STATES	FRANCE	GERMANY	U.K. & IRELAND	RUSSIA	EUROPE
Up 31%–40%:	1*	-	-	-	-	-	-	-
Up 11%–15%:	2	-	-	-	-	-	-	-
Up 6%–10%:	2	-	-	1	-	-	1	2
Up 1%–5%:	1	-	3	-	4	1	-	5
Up:	-	1	-	-	-	-	-	-
Flat:	1	-	-	1	-	1	-	2
Down:	1	-	2	-	-	-	-	-
Down 1%–5%:	-	-	3	1	1	4	-	6
Down 6%–10%:	-	1	-	1	-	-	-	1
Down 11%–15%:	-	1	-	1	-	-	1	2
Down 21%–25%:	-	-	-	-	-	-	2*	2
Down 26%–30%:	-	-	-	-	-	-	2	2
Down 31%–40%:	-	-	-	-	-	-	1	1
Down 51%–60%:	1*	-	-	-	-	-	-	-
No response:	-	-	3	-	-	-	-	-
Not applicable:	-	-	4	2	3	-	3	8
June–Aug. average:	Up 6%–10%	Not averaged	Flat	Down 3%–7%	Flat–up 4%	Flat–down 4%	Down 20%–24%	Down 5%–9%
March–May average:	Up 7%–11%	Not averaged	Flat	Down 5%–9%	Flat–up slightly	Down 9%–13%	Down 5%–9%	Down 4%–8%

*Number not included in average

2. Did overall athletic shoe sales exceed, meet or fall below sales expectations during June through August?

Exceeded:	-	1	3	-	-	1	1	2
Met:	5	-	2	2	3	3	4	12
Fell below:	4	2	5	3	-	2	2	7
No response:	-	-	1	-	2	-	-	2
Not applicable:	-	-	4	2	3	-	3	8

3. Did overall athletic shoe orders for next six months (through February) increase, decrease or remain the same yy?

Up 11%–15%:	3	-	-	-	-	-	-	-
Up 6%–10%:	-	-	-	1	-	-	1	2
Up 1%–5%:	-	-	-	-	2	1	-	3
Up:	3	-	1	-	1	-	-	1
Flat:	1	-	4	-	1	3	-	4
Down:	1	-	1	-	-	-	-	-
Down 1%–5%:	-	-	2	1	1	2	-	4
Down 6%–10%:	-	1	-	1	-	-	-	1
Down 11%–15%:	-	-	1	1	-	-	-	1
Down 16%–20%:	-	-	-	1	-	-	1	2
Down 21%–25%:	-	-	-	-	-	-	2*	2*
Down 26%–30%:	1*	-	-	-	-	-	2	2
Down 31%–40%:	-	-	-	-	-	-	1	1
No response:	-	1	2	-	-	-	-	-
Not applicable:	-	1	4	2	3	-	3	8
June–Aug. average:	Not averaged	Not averaged	Flat–down slightly	Down 6%–10%	Flat	Flat–down 3%	Down 21%–25%	Down 7%–11%
March–May average:	Not averaged	Not averaged	Flat	Down 5%–9%	Flat–up 4%	Down 14%–18%	Down 10%–14%	Down 7%–11%

*Number not included in average

Nike Inc.

4. Did FY1Q10 Nike and Converse athletic shoe purchases increase, decrease or remain the same? yy?

NIKE	CHINA	JAPAN	UNITED STATES	FRANCE	GERMANY	U.K. & IRELAND	RUSSIA	EUROPE
Up 51%–60%:	1*	-	-	-	-	-	-	-
Up 16%–20%:	-	-	1	-	-	-	-	-
Up 11%–15%:	-	-	-	1	1	-	-	2
Up 6%–10%:	3	-	1	1	1	-	1	3
Up 1%–5%:	1	-	5*	-	2	-	-	2
Up:	-	2	-	-	-	-	-	-
Flat:	2	-	2	1	-	1	-	2
Down 1%–5%:	-	-	1	1	1	4	-	6
Down 6%–10%:	-	1	-	1	-	-	2	3
Down 16%–20%:	-	-	1	-	-	-	1	1
Down 21%–25%:	-	-	-	-	-	-	2*	2*
Down 26%–30%:	1*	-	-	-	-	-	1	1
Don't know:	1	-	-	-	-	-	-	-
Not applicable:	-	-	4	2	3	1	3	9
FY1Q10 average:	Up 4%–8%	Not averaged	Flat-up 4%	Up 1%–5%	Up 3%–7%	Flat-down 4%	Down 12%–16%	Flat-down 4%
FY4Q09 average:	Up 5%–9%	Not averaged	Up 2%–6%	Flat-up 3%	Up 1%–5%	Down 5%–9%	Down 5%–9%	Down 1%–5%

CONVERSE

Up 101% or more:	-	-	1	-	-	-	-	-
Up 91%–100%:	-	-	1	-	-	-	-	-
Up 11%–15%:	-	-	-	-	3	-	-	3
Up 6%–10%:	1	-	-	-	1	1	-	2
Up 1%–5%:	1	-	-	-	-	1	-	1
Up:	1	1	1	-	-	-	-	-
Flat:	1	-	1	1	-	1	-	2
Down:	1	1	-	-	-	-	-	-
Down 1%–5%:	-	-	1	1	-	-	-	1
Down 11%–15%:	-	-	-	1	-	-	-	1
Down 26%–30%:	1	-	-	-	-	-	-	-
Down 31%–40%:	-	-	-	1	-	-	-	1
Don't know:	1	-	-	-	-	-	-	-
Not applicable:	2	1	10	3	4	3	10	20
FY1Q10 average:	Not averaged	Not averaged	Not averaged	Down 13%–17%	Up 10%–14%	Up 3%–7%	Not applicable	Flat
FY4Q09 average:	Up 1%–5%	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Up 2%–6%

* Number not included in average

5. Did FY1Q10 Nike and Converse athletic shoe sales exceed, meet or fall plan?

NIKE

Exceeded:	2	1	3	-	1	-	1	2
Met:	4	-	1	3	3	4	5	15
Fell below:	3	2	7	1	-	1	1	3
No response:	-	-	-	-	1	-	-	1
Not applicable:	-	-	4	2	3	1	3	9

CONVERSE

Exceeded:	2	1	2	-	-	3	-	3
Met:	3	-	2	1	4	1	-	6
Fell below:	2	1	1	4	-	-	-	4
No response:	-	-	-	-	1	-	-	1
Not applicable:	2	1	10	2	3	2	10	17

Nike Inc.

6. Did Nike and Converse athletic shoe orders for next six months (through February) increase, decrease or remain the same yy?

NIKE	CHINA	JAPAN	UNITED STATES	FRANCE	GERMANY	U.K. & IRELAND	RUSSIA	EUROPE
Up 11%–15%:	2	-	1	1	-	-	-	1
Up 6%–10%:	3	-	-	-	1	-	1	2
Up 1%–5%:	-	1	5*	-	3	2	-	5
Up:	2	-	-	-	-	-	-	-
Flat:	-	-	1	1	-	2	-	3
Down:	-	-	-	-	1	-	-	1
Down 1%–5%:	-	-	-	1	-	1	-	2
Down 6%–10%:	-	-	1	1	-	-	1	2
Down 11%–15%:	-	-	3	-	-	-	1	1
Down 16%–20%:	-	-	-	-	-	-	2	2
Down 21%–25%:	-	-	-	-	-	-	1*	1*
Down 26%–30%:	-	-	-	1*	-	-	1	2*
Down 31%–40%:	1*	-	-	-	-	-	-	-
No response:	1	1	-	-	-	-	-	-
Not applicable:	-	1	4	2	3	1	3	9
FY1Q10 average:	Up 9%–13%	Not averaged	Flat–down 4%	Flat	Up 2%–6%	Flat	Down 13%–17%	Down 2%–6%
FY4Q09 average:	Up 4%–8%	Not averaged	Up 2%–6%	Down 2%–6%	Flat–up 4%	Down 13%–17%	Down 10%–14%	Down 6%–10%

CONVERSE

Up 41%–50%:	-	-	1	-	-	-	-	-
Up 6%–10%:	2	-	-	-	2	1	-	3
Up 1%–5%:	1	-	-	1	-	1	-	2
Up:	2	-	2	-	2	-	-	2
Flat:	-	-	2	1	-	1	-	2
Down:	1	-	-	-	-	-	-	-
Down 11%–15%:	-	-	-	1	-	-	-	1
Down 26%–30%:	-	-	-	1	-	-	-	1
Down 91%–100%:	-	-	-	1*	-	-	-	1
No response:	1	1	-	-	-	-	-	-
Not applicable:	2	2	10	2	4	3	10	19
FY1Q10 average:	Not averaged	Not averaged	Not averaged	Down 7%–11%	Up 8%–12%	Up 3%–7%	Not applicable	Flat
FY4Q09 average:	Up 3%–7%	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Up 1%–5%

* Number not included in average

7. Did FY1Q10 Nike apparel purchases increase, decrease or remain the same yy?

Up 31%–40%:	-	-	-	1*	-	-	-	1*
Up 6%–10%:	-	-	-	1	-	-	-	1
Up 1%–5%:	2	-	1	-	2	-	-	2
Up:	3	-	1	-	-	-	-	-
Flat:	1	-	-	-	-	-	-	-
Down:	1	-	1	-	-	1	-	1
Down 1%–5%:	1	1	3	-	-	2	1	3
Down 6%–10%:	-	-	-	1	1	1	-	3
Down 21%–25%:	-	-	-	-	-	-	1*	1
Down 26%–30%:	-	-	-	-	-	-	2	2
Down 31%–40%:	1	-	-	-	-	-	1	1
Don't know:	-	-	-	1	-	-	-	1
No response:	-	2	1	-	-	-	1	1
Not applicable:	-	-	8	3	5	2	4	14
FY1Q10 average:	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Down 5%–9%	Down 24%–28%	Down 8%–12%

* Number not included in average

Nike Inc.

8. Did FY1Q10 Nike apparel sales exceed, meet or fall below sales expectations?

	CHINA	JAPAN	UNITED STATES	FRANCE	GERMANY	U.K. & IRELAND	RUSSIA	EUROPE
Exceed:	-	-	2	-	-	-	-	-
Meet:	2	2	1	2	2	-	3	7
Fall below:	7	1	3	2	1	4	2	9
No response:	-	-	1	-	-	-	1	1
Not applicable:	-	-	8	3	5	2	4	14

9. Did Nike apparel orders for next six months (through February) increase, decrease or remain the same yy?

Up 31%–40%:	-	-	-	1	-	-	-	1*	
Up 6%–10%:	1	-	-	-	-	-	-	-	
Up 1%–5%:	2	-	1	1	1	-	-	2	
Up:	4	-	1	-	-	-	-	-	
Flat:	-	-	-	1	1	1	-	3	
Down:	1	-	1	-	-	1	-	1	
Down 1%–5%:	-	1	3	-	-	2	-	2	
Down 6%–10%:	-	-	-	-	1	-	2	3	
Down 21%–25%:	-	-	-	-	-	-	1*	1*	
Down 26%–30%:	-	-	-	-	-	-	2	2	
Don't know:	-	-	-	1	-	-	-	1	
No response:	1	1	1	-	-	-	1	1	
Not applicable:	-	1	8	3	5	2	4	14	
FY1Q10 average:	Not averaged	Not averaged	Not averaged	Not averaged	Not averaged	Flat–down 4%	Down 1%–5%	Down 18%–22%	Down 6%–10%

* Number not included in average

10. Did the availability of discounted Nike product increase, decrease or remain the same during June through August yy?

Increased:	2	-	2	-	-	-	1	1
Same:	4	-	9	7	8	5	9	29
Decreased:	1	-	-	-	-	-	-	-
Don't know:	1	-	-	-	-	-	-	-
No response:	1	3	1	-	-	-	-	-
Not applicable:	-	-	3	-	-	1	-	1

11. Are inventory levels above, below or in line with planned levels?

Above:	6	1	2	1	2	-	4	7
In line:	3	1	11	6	6	6	6	24
Below:	-	1	-	-	-	-	-	-
No response:	-	-	2	-	-	-	-	-

12. Apart from Nike brands and Adidas, what footwear brands are the strongest sellers in your market? (Some sources gave more than one answer while others did not respond.)

Asics:	-	2	3	-	2	1	-	3
Puma:	-	-	1	-	2	-	3	5
Le Coq Sportif:	-	-	-	5	-	-	-	5
Anta:	4	-	-	-	-	-	-	-
361°:	3	-	-	-	-	-	-	-
Li Ning:	3	-	-	-	-	-	-	-
Lacoste:	-	-	-	2	-	1	-	3
New Balance:	-	1	-	-	-	-	1	1
K-Swiss:	-	-	-	-	2	-	-	2

Nike Inc.

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