

Nike Inc.

COMPANIES: ADS GR, NKE, PUM GR, UA, 1361 HK, 1968 HK, 2020 HK, 2331 HK, 7936 JP



Positive Order Momentum Sustained

Nike's U.S. athletic shoe orders through June 2011 showed continued momentum, with U.S. retailers jumping on the lightweight athletic shoe bandwagon and optimistic about shoe offerings through the 2011 back-to-school season.

- OTR Global's read on NKE is positive, as in the September report
- NKE U.S. shoe orders up 6%–10% yy, with retailers looking to NKE to fill in for missing toning demand; China shoe orders up 10%–14% yy; Western Europe up 1%–5% yy and consumer outlook improved in Russia; order trends similar or better than in September
- NKE U.S. apparel orders up 4%–8% yy, less robust than in September because of comparisons with last year's category expansion; China apparel up 5%–9% yy while European apparel orders flat yy, slightly better than in September, with improved demand in Russia
- NKE price hikes coming in all regions, with sources predicting no consumer resistance
- Area to Watch: NKE rolling out strategy for lower-priced shoes to gain share in China's Tier-2 and -3 cities

EXECUTIVE SUMMARY

Nike Inc.'s shoe and apparel orders for the next six months yy grew in all regions, with the brand benefiting from strong offerings and brand positioning. U.S. retailers were especially positive on Nike's lightweight offerings and hoped it would replace sales lost from the drop off in toning. In China, futures showed double-digit gains, driven by Nike's launch of lower-priced shoes for Tier-2 and -3 cities and growth driven by an expanding economy. Nike's European outlook remained positive and was especially strong in Russia, where a recovering economy has turned around demand for the positive.

KEY DATA

Nike shoe orders for the next six months

(number of sources)

	CHINA	U.S.	RUSSIA	FRANCE	GERMANY	U.K./ IRELAND	W. EUROPE
Up 16%–20%	-	1	1	-	-	-	-
Up 11%–15%	4	2	-	-	-	-	-
Up 6%–10%	2	4	2	3	-	-	3
Up 1%–5%	1	3	1	-	2	2	4
Flat	-	-	-	1	1	2	4
Down 1%–5%	-	-	-	-	1	-	1
Down 6%–10%	-	1	-	-	-	1*	1
Average	Up 10%–14%	Up 6%–10%	Not averaged	Up 3%–7%	Up 1%–5%	Flat-up 4%	Up 1%–5%
FY1Q11	Up 9%–13%	Up 6%–10%	Up 2%–6%	Up 2%–6%	Flat-up 4%	Flat-up 4%	Up 1%–5%

SOURCES & BACKGROUND

59 athletic shoe and apparel buyers

UNITED STATES 21 buyers, comprising 13 shoe, 7 apparel and 1 shoe and apparel buyers, representing more than 6,700 doors; **CHINA** 10 athletic shoe and apparel buyers and distributors, representing more than 2,400 doors; **WESTERN EUROPE** 18 buyers (7 in Germany, 6 in France and 5 in the United Kingdom and Ireland) comprising 10 shoe, 3 shoe and apparel and 5 apparel buyers, representing more than 3,000 doors; **RUSSIA** 6 shoe and 4 apparel buyers, representing more than 280 doors

REPEAT SOURCES 39 (10 in the United States, 14 in Western Europe, 8 in Russia and 7 in China) from OTR Global's September report

INTERVIEWS Last two weeks of November and first week of December

AVERAGES Straight

"The business for holiday was way up because of lightweight running. Nike is the only brand in it significantly. Come spring, everyone will be in it and Nike will still rule the roost."

U.S. shoe buyer

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UNITED STATES

Drop in toning orders replaced by lightweight running

U.S. athletic shoe category orders were up 3%–7% through June yy, just very slightly down from the September report despite most sources comparing against large toning orders last year. Increases were driven by investment in the lightweight running category, with many new vendors entering the category for the first time to share some of the success Nike has had with its lightweight shoes, including Free and Lunar Glide. Nike is taking the lion's share of order increases, though many of its top-tier lightweight shoes are on allocation because of issues with factory capacity. "The business for holiday was way up because of lightweight running. Nike is the only brand in it significantly. Come spring everyone will be in it and Nike will still rule the roost," a source said.

Athletic shoe purchases were up 5%–9% during September–November yy, driven by better demand during an unseasonably warm October and a rush to buy Nike's lightweight shoes, which have unusually high crossover appeal as a gym, lifestyle and tech running shoe. Despite the steep drop-off in demand for toning, sources were split between meeting or exceeding plan during the period, with strength reported from a variety of channels — including family, which has benefited from a takedown of the Lunar Glide (called Dual Fusion, currently priced at \$68).

Strong growth also has come from boots, which continue to hurt women's sales of lifestyle athletics, as they have for at least the past two holiday seasons. In men's, urban buyers reported customers shifting from athletic to boots during the holiday period, but most sources said the uptick in brown shoes has not come at the cost of athletics.

Nike shoe orders benefit from shift to lightweight

Nike athletic shoe orders were up 6%–10% through June yy, outperforming the category and driven by gains in lightweight running in a wide cross section of channels — including urban, albeit in small numbers compared with other channels. Sources are looking for the brand to help fill gaps created by the drop off in demand for toning shoes. "Next year, as we're planning growth, the challenge will be toning in athletic and women's boots. Toning will be down and the boot business will grow, but at a lower rate," a women's buyer said.

Nike's 1H11 prices were stable, but sources said increases were planned for 2H11, including raising the price of the Dual Fusion from \$68 to \$70, though most buyers did not believe the uptick was problematic and some felt Nike could push even higher on popular items.

Nike's FY2Q11 shoe purchases were up 5%–9% yy, dominating the athletic shoe category in every channel with sales meeting or exceeding plan, showing similar strength to the September report. Nike showed growth despite being hit by shipping delays, which one-third of shoe buyers said hurt sales. However, all sources agreed delays were only slightly negative and far less problematic than during the back-to-school period.

Apparel still a growth vehicle

Nike apparel orders were up 6%–10% through June yy, not as strong as OTR Global's September findings, partly because of fewer department stores sources, but also because retailers have hard comparisons with category growth during 2010. Strength in footwear helps drive apparel, but the brand also had standalone success in women's because of strong lifestyle coloring and

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Women's buyer

FY2Q11 SHOE PURCHASES

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styling. Nike-Pro also was described as a strong second option behind **Under Armour Inc.**'s compression offerings.

CHINA

Nike Begins Lower-Priced Push in Tier-2 and -3 Cities

Nike athletic shoe orders through June 2011 were up an average 10%–14% yy, a slight improvement from the FY1Q11 findings. “The economy has turned good, and we have faith in 2011 market sales. However, the growth rate will not be as high as before, but we are confident with a growth rate of 10%,” one retail chain buyer said.

Six of 10 sources said Nike 2011 prices increased yy, as the company passed on higher labor and material costs, but some said the average shoe price decreased because of Nike's plan to begin selling lower-priced shoes — 300 yuan (\$45) on average — in Tier-2 and -3 cities, starting in 2011. Sources said Nike faces major hurdles with this strategy because its lower-priced shoes are still 15% higher than competitors'. “Chinese sports brands have opened large amounts of retail stores in Tier-2 and -3 cities, so when we open a Nike store there, it will be surrounded by two or three Chinese-branded sports stores,” one said. Nike is offering lower-priced shoes for some cities, but has not made adjustments to prices on its 2011 apparel offerings, which will actually increase in price.

Nike's FY2Q11 athletic shoe purchases were up an average 10%–14% yy, a significant improvement from September's findings of 5%–9% yy. Sources reported sales of Nike basketball shoes as the driving force. “Nike basketball series shoes are popular among customers. The good performance of Nike basketball representatives like Kobe Bryant, Vince Carter and LeBron James actually increased the standing of Nike basketball shoes among customers. And the recovery in consumer purchasing power made customers more willing to buy new Nike shoes,” one retail chain buyer said.

Seven of 10 sources met or exceeded plan, similar to OTR Global's previous findings. “We have prepared many promotions for Nike athletic shoes. The products display and arrangements were adjusted along with different series products and promotions. These marketing activities actually attracted more customers to our stores and helped sales, so Nike's second-quarter shoe sales met sales expectations,” a major distributor said.

New doors, price hikes driving orders

Chinese athletic shoe category orders were up an average 9%–13% yy, slightly lower than September findings of up 11%–15% yy. Sources credited order growth to the economic recovery, new doors and price hikes, and said this trend would continue into 1H11. However, they noted that while 2010 had the Guangzhou Asian Games and Shanghai World Expo tourism drove sales, there are no such big events in 2011. “Consumer purchasing power for athletic shoes has recovered and continues to do so. We plan to open some new stores in some new residential areas of Shanghai, as the rents in these new residential areas are much lower than in the central business district. So, we increased the sales expectations of athletic shoes for the next six months, requiring us to order 15% more athletic shoes for the next six months year on year,” one said. “We purchase many sports brands for our stores. The different pricing and marketing strategies made these brands have different prices for their products in the future. Sports brands like **Li Ning [Co. Ltd.]**, **Anta [Sports Products Ltd.]**, **361 [Degrees International Ltd.]** and **Peak [Sports Product Ltd.]** have

“Chinese sports brands have opened large amounts of retail stores in Tier-2 and -3 cities, so when we open a Nike store there, it will be surrounded by two to three Chinese-branded sports stores.”

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increased their products' prices for the next six months, and Nike has plans to launch low-price shoes for Tier-2 and -3 cities in 2011."

Athletic shoe purchases increased for all but one Chinese source during September–November and were up 12%–16% yy on average, an improvement compared with up 6%–10% in FY1Q11. "The overall athletic shoe purchases during this period have increased about 30% compared to the same time last year, especially in the Guangdong area, driven by the Asian Games," one distributor said.

Seven of 10 sources met or exceeded plan during the period, similar to the September report, with one saying, "Overall athletic shoe sales trends were good during September–November. We launched large amounts of promotions to drive the sales in our retail stores. The big traffic of the Expo 2010 in Shanghai helped the sales of our retail stores. Both sales of Chinese and international athletic shoe sales were very good."

Apparel orders up on outfitting of new doors

Seven of nine sources who responded said Nike apparel orders for the next six months were up yy, similar to OTR Global's September report, with orders up an average 5%–9% yy. "We have stable sales expectations for Nike apparel for the next six months, but we will open more doors in 2011, so we increased by about 10% Nike apparel orders for the next six months year on year," a major distributor and retailer said.

Six of nine sources who responded said Nike prices increased yy, and one-half of sources who responded said sales were hurt by shipment delays. "The Free and Lunar Glide series shoes were delayed in the early fall, but now we're facing delays for apparel, such as coats — down coats in particular. The delay has hurt our sales," one retail chain buyer's said.

Nike's FY2Q11 apparel purchases were up 6%–10% yy, an improvement from FY1Q11's findings of up 3%–7%, on easy yy comparisons with last year's ongoing need to clear excess inventory. "Nike apparel sales are at a stable level in the retail stores. The customers seem to have more choices than Nike apparel in the current market; Nike is losing market share in casual products, but the functional apparel lines like yoga, running and body-building apparel are popular among the fitness customers," one source said. Seven of nine sources who responded met expectations.

WESTERN EUROPE

Category improves slightly

Athletic shoe category orders were up 1%–5% through June yy in Western Europe, improving slightly from flat–up 4% yy in September. Most sources said their orders reflected current purchase trends as they did not expect any significant changes in demand, although price increases on some lines pushed up order numbers slightly. Some German and French sources also said orders were helped by improving consumer confidence while some sources also placed higher orders because of new doors or increased floor space.

Athletic shoe category purchases were up 1%–5% during September–November yy, slightly better than OTR Global's July–September findings of flat–up 3% yy. Purchases improved slightly in France and Germany, while U.K. trends were in line with the previous quarter. Back-to-school purchases were described as satisfactory by most, while sources in France and Germany also pointed to improved consumer sentiment. Main growth drivers included performance shoes in all three countries. In lifestyle, French sources reported increased demand for women's shoes — in

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Major Chinese distributor and retailer

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contrast to U.K. sources, who reported an ongoing weakness for women's shoes and boots. Good sales of fitness shoes in all three countries also helped the category.

Nike shoe orders grow with category

Nike athletic shoe orders increased 1%–5% through June yy, in line with September findings and also in line with the category. Nike was no longer ahead of the category in France, which sources attributed to more difficult comparisons and Nike's high market share. "Nike is so dominant that I'd like to diversify my suppliers a bit more next year," one said. U.K. orders were in line with OTR Global's previous findings, but some sources allocated more of their budget to **Adidas AG**. "We wanted to allocate more budget to Adidas ... from Nike," one said. However, U.K. sources admitted Nike has a higher market share.

Several sources reported some Nike price increases to be implemented for spring or fall collections. French sources reported an increase of about €5 at the retail level for some of the best-selling styles. German sources also reported similar increases on some football and running lines. U.K. sources reported some increases on 2011 deliveries, also limited to top-selling lines, and expected to be about £2 per pair and implemented with next year's autumn collection. Discounts and promotions were the same yy for all sources. Shipment and delivery issues were reported only by several French sources, but these were not described as major problems. (However, interviews were conducted prior to the heavy snowfalls in late November.)

Nike's FY2Q11 athletic shoe purchases increased up 2%–6% yy, slightly ahead of the category and better than flat–up 4% yy found in OTR Global's September report. Purchases improved slightly in France and Germany, while momentum remained unchanged in the United Kingdom. Nike sales met plan with most sources, exceeded with one French source and fell below plan with two U.K. sources.

As in OTR Global's previous reports, growth was strongest in France boosted by several sources who strengthened their relationship with large players at the expense of smaller manufacturers. Nike gained share especially in the men's segment, while it also made gains with women, driven in particular by the Royalty line, sold at €100. "Nike is now ranked No. 2 for women, while it was ranked fourth in the segment," one buyer said.

Performance shoes were in strong demand in all three countries, particular running and football. "Because of their strength in mid-price, Nike now is equally as strong as Adidas [in football]. In fact, there are now more Nike models than Adidas models in our top 10," a German buyer said. Nike remained strong in running, with share gains reported by several sources and French sources additionally reporting an improving running market overall. "The running market has been improving since July and we push this also internally so numbers are good and **Asics [Corp.]**, Adidas and Nike are all gaining shares very slightly at the expense of smaller players," a French source said. The Lunar range was singled out as Nike's strongest performer by U.K. sources, while German sources also reported a good performance of Lunar, alongside ongoing good sales of the Free concept and mid-price shoes, continuing trends OTR Global found in September.

Nike apparel feedback mixed

Apparel FY2Q11 purchases were flat, improving slightly from OTR Global's FY1Q11 findings of flat–down 4% yy, although source feedback varied greatly. A French source continued to report disappointing sell-through, especially compared with Adidas, but another was pleased with recent sales

PRICES UP ON TOP-SELLING LINES

NIKE SHOE PURCHASES POSITIVE

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that were up double-digit because of efforts to enlarge selling space dedicated to textiles. While U.K. purchases continued to decline yy, the trend had improved compared with the previous quarter because of easier comparisons and some growth in sports kits and sweat tops for one large source. Sources in all three countries said Adidas — and in some cases **Puma AG Rudolf Dassler Sport** as well — remained more popular apparel choices and either gained share from Nike, or prevented Nike share gains. “The thing with Nike is that they’ve got a severe lack of direction in clothing at the moment. Designs are either too loud or bland,” a U.K. source said. A German source also reported lackluster Nike lifestyle sales but said the brand performed well in the performance segment.

RUSSIA

Category improves strongly

Athletic shoe category orders in Russia were up 8%–12% yy through June, compared with up 2%–6% yy in OTR Global’s September report. Growth again was underpinned by a general improvement in the consumer market, higher prices for some sources, and a shift toward more expensive products (for two Moscow sources) and more doors (for a regional source).

Athletic shoe category purchases during September–November in Russia were up 6%–10% yy, an improvement compared with up flat–up 3% during June–August, driven by improvements in the economy and the consumer market, a shift to premium shoes as well as consumers returning to shops after the wildfires in the Moscow area. “We had more customers in September compared to last year as many people were back from vacations they took in August to get away from the ecological disaster,” a Moscow source said. “We have very good sales of expensive shoes again. Shoes for 3,000–5,000 rubles [\$97–\$162] are normal to sell. This is a big improvement compared with last year, when the best price category was between 700 and 2000 rubles [\$23–\$65].” A regional source said, “I see customers buying more than just one pair of shoes, in contrast with the height of the crisis, when people were purchasing one pair to wear on various occasions.” All sources met plan, a slight improvement compared with the September report.

Nike shoe orders benefit from improved consumer confidence

Orders for Nike shoes increased through June yy for all four sources who commented, showing significant improvement compared to September and remained ahead of the category. “We clearly see a trend back to premium, and Nike orders will gain on that wave,” a Moscow source said. A regional source said, “We expect that economy situation will be much more stable than a year ago, and we plan to increase our purchases from Nike.”

Nike’s FY2Q11 athletic shoe purchases were up yy for four sources who commented, with three citing double-digit growth. Nike outperformed Adidas with better pricing, more flexibility in negotiations, as well as a shift to more expensive shoes reported by Moscow sources. “Jordan is really popular now. Our business with Nike alone without Jordan would increase about 2%. We sold Jordan Air for about 6,000 rubles [\$194] without any problems,” a Moscow source said. A large regional source said, “Compared to Adidas, Nike is more attentive to suggestions we make and issues we raise.” Three sources exceeded their plans, underpinned by Nike’s better pricing and good design and quality, while three met their targets. “Nike decreased prices 15%–20% on some shoes, which helped sales and orders a lot,” a large regional source said.

“We had more customers in September compared to last year as many people were back from vacations they took in August to get away from the ecological disaster.”

Moscow source

NIKE OUTPERFORM ADIDAS

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Nike apparel orders through June yy also were strong among sources who commented, with trends improving compared with the September report based on strengthening consumer confidence. "These are improvements in the minds of customers rather than in the economy, but now people don't really try to save money," one said. Nike apparel purchases exceeded for three of four sources.

APPAREL ALSO IMPROVING

This report was researched and written by **Lois Sakany, Naomi Mannino, Karsten Knothe** and **Jeffrey Zuckerberg** with additional reporting by **Pascal Benazet, Ekaterina Dettmering, Connie Fan, Azim Mamanov, Hainan Mu, Jessica Shu, Michelle Smith** and **Annie Wei** for OTR Global LLC.

OTR

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UNITED STATES

"We expect holiday [apparel] sell through to be a little better this year compared to last, but we haven't made any large increases in inventory yet."

"We just saw Nike's back-to-school [shoes], and it looks as good as ever. It builds off its successes."

"Starting with back to school, [apparel] prices are going up about 8% on new tech-type items. Only core basics haven't increased — and that's with every brand out there, not just Nike."

"The consumer mindset is all over the place and disjointed with fashion. There is no key absolute item."

"Jordan is terrible aside from the 11s and 13s, which are coming up. Athletics are OK, but boots are on fire. The boot cycle started last year, and it was better this year."

"Ray Allen is wearing a two-year-old Jordan shoe. No one cares about the latest basketball looks. LeBron's shoes look the best, but he's in a bad spot. There's no buzz for the category."

CHINA

"Nike shoe and apparel prices on 2011 deliveries have increased some 5%, due mainly to higher labor and materials costs."

"Nike encouraged us to open more retail stores in Tier-2 and -3 cities going forward, which we are doing."

"Nike sales during September–November exceeded expectations, as our expectations for the Asian Games were low."

"Adidas has similar prices with Nike, except its Adidas Original is more expensive."

"Puma has a fast growth rate. It has recently reentered the market. So far, a dozen Puma stores have re-opened in Beijing."

WESTERN EUROPE

"Nike's leadership in lifestyle footwear is very clear, at its highest. New collections are still very good, so it is hard to say whether this has peaked." *France*

"Nike's pricing policy is reasonable for shoes. They just put up by €5 the most successful styles." *France*

"Nike apparel prices continued to be flat including for 2011, which is good as I know in general manufacturing costs are up 10%–15% for items made in China." *France*

"Nike still is gaining share in running as they have built a good reputation over the past few years that they didn't have before." *Germany*

"Nike is improving in performance apparel, but for lifestyle it continues to lag Adidas and Puma." *Germany*

"I don't think customer confidence is weak or strong — it's OK — but we planned to keep inventory tight and order the minimum." *United Kingdom*

"Nike is being hit directly by Adidas, and it's affecting all categories with running being the only exception." *United Kingdom*

RUSSIA

"The signs of the sales mix improvement that we saw [in the previous quarter] continued, and we corrected our purchases according to them. Nike's running shoes sold particularly well."

"Nike's collection was really cool both with regard to design and color."

"Nike's prices went down, and this helped it outperform the category."

"We still had excess inventory for Nike, and this affected our purchases."

"Nike football shoes sales improved significantly, and we had good sales of football even after the World Cup."

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1a. Did overall athletic shoe purchases during September–November increase, decrease or remain the same yy?

	CHINA	U.S.	RUSSIA	FRANCE	GERMANY	U.K./IRELAND	W. EUROPE
Up 26%–30%:	1	-	-	-	-	-	-
Up 16%–20%:	2	-	-	-	-	-	-
Up 11%–15%:	2	-	2	-	-	-	-
Up 6%–10%:	2	3	3	2	-	-	2
Up 1%–5%:	-	2	1	2	4	1	7
Up:	2	6	-	-	-	1	1
Flat:	-	1	-	-	-	3	3
Down 1%–5%:	1*	-	-	-	1	-	1
No response:	-	2	-	-	-	-	-
Not applicable:	-	7	4	2	2	-	4
Average:	Up 12%–16%	Up 5%–9%	Up 6%–10%	Up 4%–8%	Flat–up 4%	Flat–up 3%	Up 1%–5%
FY1Q11 average:	Up 6%–10%	Up 5%–9%	Flat–up 3%	Flat–up 3%	Flat–up 3%	Flat–up 3%	Flat–up 3%

* One source said purchases decreased yy on company-specific issues.

1b. Did Nike FY2Q11 (September–November) shoe purchases increase, decrease or remain the same yy?

Up 16%–20%:	1	2	1	-	-	-	-
Up 11%–15%:	3	2	-	1*	-	-	1
Up 6%–10%:	3	3	4	2	-	-	2
Up 1%–5%:	-	2	1	1	3	2	6
Up:	2	2	-	-	-	-	-
Flat:	-	2	-	-	1	2	3
Down 1%–5%:	1	-	-	-	1	-	1
Down 6%–10%:	-	-	-	-	-	1*	1
Down 11%–15%:	-	1	-	-	-	-	-
Not applicable:	-	7	4	2	2	-	4
Average:	Up 10%–14%	Up 5%–9%	Up 8%–12%	Up 6%–10%	Flat–up 4%	Flat–up 4%	Up 2%–6%
FY1Q11 average:	Up 5%–9%	Up 7%–11%	Up 1%–5%	Up 3%–7%	Flat–up 3%	Flat–up 4%	Flat–up 4%

2a. Did overall athletic shoe sales during September–November exceed, meet or fall below sales expectations?

Exceed:	3	5	-	-	-	-	-
Meet:	4	7	6	4	5	4	13
Fall below:	3	1	-	-	-	1	1
No response:	-	1	-	-	-	-	-
Not applicable:	-	7	4	2	2	-	4
OTR Comparative Index:	0	31	0	0	0	-20	-7
FY1Q11 Index:	0	50	-17	0	-20	-33	-20

Note: The OTR Comparative Index is a quantitative representation of qualitative responses. The Index is calculated by subtracting the “worse” from the “better” responses, dividing by the total responses and multiplied by 100. An Index below zero indicates a negative balance; above zero indicates a positive balance.

2b. Did Nike's FY2Q11 shoe sales exceed, meet or fall below sales expectations?

Exceed:	1	5	3	1	-	-	1
Meet:	6	8	3	3	5	3	11
Fall below:	3	1	-	-	-	2	2
Not applicable:	-	7	4	2	2	-	4
OTR Comparative Index:	-20	29	50	25	0	-40	-7
FY1Q11 Index:	-25	44	-50	25	0	-17	0

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3a. Did overall athletic shoe orders for next six months (through June 2011) increase, decrease or remain the same yy?

	CHINA	U.S.	RUSSIA	FRANCE	GERMANY	U.K./IRELAND	W. EUROPE
Up 16%–20%:	-	1	1	-	-	-	-
Up 11%–15%:	3	-	2	-	-	-	-
Up 6%–10%:	1	2	-	-	-	-	-
Up 1%–5%:	-	3	2	4	4	1	9
Up:	5	3	1	-	-	1	1
Flat:	1	2	-	-	-	3	3
Down:	-	1	-	-	-	-	-
Down 1%–5%:	-	-	-	-	1	-	1
No response:	-	2	-	-	-	-	-
Not applicable:	-	7	4	2	2	-	4
Average:	Up 9%–13%	Up 3%–7%	Up 8%–12%	Up 3%–7%	Up 1%–5%	Flat-up 4%	Up 1%–5%
FY1Q11 average:	Up 11%–15%	Up 4%–8%	Up 2%–6%	Flat-up 4%	Flat-up 4%	Flat-up 3%	Flat-up 4%

3b. Did Nike shoe orders for the next six months (through June 2011) increase, decrease or remain the same yy?

Up 16%–20%:	-	1	1	-	-	-	-
Up 11%–15%:	4	2	-	-	-	-	-
Up 6%–10%:	2	4	2	3	-	-	3
Up 1%–5%:	1	3	1	-	2	2	4
Up:	3	1	-	-	-	-	-
Flat:	-	-	-	1	1	2	4
Down:	-	1	-	-	-	-	-
Down 1%–5%:	-	-	-	-	1	-	1
Down 6%–10%:	-	1	-	-	-	1*	1
No response:	-	1	-	-	-	-	-
Not applicable:	-	7	6	2	3	-	5
Average:	Up 10%–14%	Up 6%–10%	Not averaged	Up 3%–7%	Up 1%–5%	Flat-up 4%	Up 1%–5%
FY1Q11:	Up 9%–13%	Up 6%–10%	Up 2%–6%	Up 2%–6%	Flat-up 4%	Flat-up 4%	Up 1%–5%

4a. Did Nike shoe and apparel prices on 2011 deliveries increase, stay the same or decrease?

SHOES

Increased:	5	9	1	-	1	-	1
Increased slightly:	1	-	3	2	1	3	6
Remained the same:	4	2	-	2	2	1	5
Decreased:	-	-	1	-	-	-	-
No response:	-	2	1	-	2	1	3
Not applicable:	-	7	4	2	1	-	3
OTR Comparative Index:	60	82	60	50	50	75	58
September Index:	43	0	0	25	20	0	13

APPAREL

Increased:	6	3	2	-	2	3	5
Same:	3	5	-	3	1	1	5
Decreased:	-	-	2	-	-	-	-
No response:	-	1	-	1	-	-	1
Not applicable:	1	12	6	2	4	1	7
OTR Comparative Index:	67	38	0	0	67	75	50

Nike Inc.

4b. Did availability of discounted Nike shoes or apparel (direct from Nike or from shoe distributors) increase, stay the same or decrease during FY2Q11 yy?

SHOES	CHINA	U.S.	RUSSIA	FRANCE	GERMANY	U.K./IRELAND	W. EUROPE
Increased:	1	4	-	-	-	-	-
Remained the same:	6	3	3	4	5	5	14
Decreased slightly:	-	-	1	-	-	-	-
Decreased:	3	5	-	-	-	-	-
Don't know:	-	-	2	-	-	-	-
No response:	-	2	-	-	1	-	1
Not applicable:	-	7	4	2	1	-	3

APPAREL

Increased:	-	2	-	1	-	-	1
Same:	7	2	3	-	2	4	6
Decreased:	2	2	-	1	1	-	2
No response:	-	2	1	1	-	-	1
Not applicable:	1	13	6	3	4	1	8

5. Are you experiencing shipment delays on shoes or apparel?

Yes, no impact:	3	10	-	-	7	5	12
Yes, negative impact:	3	7	-	5	-	-	5
Don't know:	2	-	-	-	-	-	-
No response:	-	2	-	1	-	-	1
Not applicable:	2	2	10	-	-	-	-

Nike Inc.

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