NIKE INC
Form 424B2
October 20, 2016
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-212617

CALCULATION OF REGISTRATION FEE

	Amount to be Registered	**Proposed Maximum Offering Price Per Unit**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
2.375% Notes due 2026	$1,000,000,000	99.858%	$998,580,000	$115,735.42
3.375% Notes due 2046	$500,000,000	98.899%	$494,495,000	$57,311.97

(1) Calculated in accordance with Rule 457(r) of the Securities Act.

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PROSPECTUS SUPPLEMENT

(To Prospectus Dated July 21, 2016)

$1,500,000,000

NIKE, Inc.

$1,000,000,000 2.375% Notes due 2026

$500,000,000 3.375% Notes due 2046

We are offering $1,000,000,000 aggregate principal amount of our 2.375% notes due 2026 (the 2026 notes) and $500,000,000 aggregate principal amount of our 3.375% notes due 2046 (the 2046 notes and, together with the 2026 notes, the notes). The 2026 notes will bear interest at the rate of 2.375% per year and will mature on November 1, 2026, and the 2046 notes will bear interest at the rate of 3.375% per year and will mature on November 1, 2046. Interest on the notes will accrue from October 21, 2016 and be payable on May 1 and November 1 of each year, beginning on May 1, 2017. We may redeem the notes in whole or in part at any time or from time to time at the applicable redemption prices described under the heading Description of Notes Optional Redemption in this prospectus supplement. The notes will be our senior unsecured obligations and will rank equally with our other unsecured and unsubordinated indebtedness from time to time outstanding.

Investing in the notes involves risks. See Risk Factors beginning on page S-7 of this prospectus supplement and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2016, which is incorporated by reference herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price[(1)]	Underwriting Discount	Proceeds to NIKE[(1)]
Per 2026 note	99.858%	0.450%	99.408%
Total	$ 998,580,000	$ 4,500,000	$ 994,080,000
Per 2046 note	98.899%	0.875%	98.024%
Total	$ 494,495,000	$ 4,375,000	$ 490,120,000
Total	$ 1,493,075,000	$ 8,875,000	$ 1,484,200,000

(1) Plus accrued interest, if any, from October 21, 2016.

The notes will not be listed on any securities exchange. Currently, there are no public trading markets for the notes.

The underwriters expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company and its participants, including Clearstream Banking, S.A. and Euroclear Bank, S.A./N.V., on or about October 21, 2016.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **Deutsche Bank Securities**

Co-Managers

Goldman, Sachs & Co. **J.P. Morgan** **RBC Capital Markets** **Wells Fargo Securities**

Barclays **Credit Agricole CIB** **ING** **Santander** **Standard Chartered Bank**

HSBC **Loop Capital Markets** **The Williams Capital Group, L.P.**

The date of this prospectus supplement is October 18, 2016.

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Prospectus Supplement

Prospectus

We have not, and the underwriters have not, authorized anyone to provide you with information other than that contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus we have provided to you or filed with the U.S. Securities and Exchange Commission, or the SEC, in connection with this offering. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer of these securities or soliciting an offer to buy these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, and any free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. The descriptions set forth in this prospectus supplement replace and supplement, where inconsistent, the description of the general terms and provisions set forth in the accompanying prospectus.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about us and the debt securities we may offer from time to time under our shelf registration statement, some of which may not apply to this offering of notes. If the description of this offering of notes in the accompanying prospectus is different from the description in this prospectus supplement, you should rely on the information contained in this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and any free writing prospectus provided in connection with this offering before deciding whether to invest in the notes.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of any of the notes offered by this prospectus supplement.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement, the accompanying prospectus and any free writing prospectus provided in connection with this offering to the Company, NIKE, we, us and our refer to NIKE, Inc. and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can inspect and copy, at prescribed rates, these reports, proxy statements and other information at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Rooms. Our filings are available over the internet at the SEC s web site at www.sec.gov, as well as our corporate web site at news.nike.com. The information on our web site is not part of this prospectus supplement or the accompanying prospectus. You can inspect reports and other information we file at the office of The New York Stock Exchange, Inc., 11 Wall Street, New York, New York 10005.

We have filed with the SEC a registration statement, of which this prospectus supplement and the accompanying prospectus are a part, and related exhibits with the SEC under the Securities Act of 1933, as amended, or the Securities Act. The registration statement contains additional information about us and the securities. You may inspect the registration statement and exhibits without charge at the office of the SEC at 100 F Street, N.E., Washington, D.C. 20549, and you may obtain copies from the SEC at prescribed rates. The registration statement is also available to you on the SEC s web site, www.sec.gov.

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FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference into this prospectus supplement and the accompanying prospectus, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, expected operating results and our expected use of proceeds from this offering, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements and may contain the words believe, anticipate, expect, estimate, project, will be, will continue, will likely result or words similar meaning. Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- international, national and local general economic and market conditions;
- the size and growth of the overall athletic footwear, apparel and equipment markets;
- intense competition among designers, marketers, distributors and sellers of athletic footwear, apparel and equipment for consumers and endorsers;
- demographic changes;
- changes in consumer preferences;
- popularity of particular designs, categories of products and sports;
- seasonal and geographic demand for our products;
- difficulties in anticipating or forecasting changes in consumer preferences, consumer demand for our products and the various market factors described above;
- difficulties in implementing, operating and maintaining our increasingly complex information systems and controls, including, without limitation, the systems related to demand and supply planning and inventory control;
- interruptions in data and information technology systems;

consumer data security;

fluctuations and difficulty in forecasting operating results, including, without limitation, the fact that advance futures orders may not be indicative of future revenues due to changes in shipment timing, the changing mix of futures and at-once orders, and discounts, order cancellations and returns;

our ability to sustain, manage or forecast our growth and inventories;

the size, timing and mix of purchases of our products;

increases in the cost of materials, labor and energy used to manufacture products, new product development and introduction;

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the ability to secure and protect trademarks, patents and other intellectual property;

product performance and quality;

customer service;

adverse publicity;

the loss of significant customers or suppliers;

dependence on distributors and licensees;

business disruptions;

increased costs of freight and transportation to meet delivery deadlines;

increases in borrowing costs due to any decline in our debt ratings;

changes in business strategy or development plans;

general risks associated with doing business outside the United States, including without limitation, exchange rate fluctuations, import duties, tariffs, quotas, political and economic instability and terrorism;

changes in government regulations;

the impact of, including business and legal developments relating to, climate change;

natural disasters;

liability and other claims asserted against us;

the ability to attract and retain qualified personnel; and the effects of any decision by us to invest in or divest ourselves of businesses.

For a further discussion of these and other factors that could impact our future results, performance and transactions, see the section entitled Risk Factors in this prospectus supplement and the risks described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2016, which is incorporated herein by reference, as updated by our subsequent filings that are incorporated herein by reference. Other sections of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may include additional factors which could adversely affect our business and financial performance.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for management to predict all such risks, nor can it assess the impact of all such risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary together with the more detailed information regarding our company and our audited and unaudited financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

Our Company

Our principal business activity is the design, development and worldwide marketing and selling of athletic footwear, apparel, equipment, accessories and services. We are the largest seller of athletic footwear and apparel in the world measured by global revenues. We sell our products to retail accounts, through NIKE-owned in-line and factory stores, as well as NIKE-owned digital commerce (which we refer to collectively as our Direct to Consumer operations), and through a mix of independent distributors and licensees throughout the world. Virtually all of our products are manufactured by independent contractors. Nearly all of our footwear and apparel products are produced outside the United States, while our equipment products are produced both in the United States and abroad.

We focus our NIKE Brand product offerings in nine key categories: Running, NIKE Basketball, the Jordan Brand, Football (Soccer), Men s Training, Women s Training, Action Sports, Sportswear (our sports-inspired lifestyle products) and Golf. Men s Training includes our baseball and American football product offerings. We also market products designed for kids, as well as for other athletic and recreational uses such as cricket, lacrosse, tennis, volleyball, wrestling, walking and outdoor activities.

NIKE s athletic footwear products are designed primarily for specific athletic use, although a large percentage of the products are worn for casual or leisure purposes. We place considerable emphasis on innovation and high-quality construction in our products. Sportswear, Running, the Jordan Brand and Football (Soccer) are currently our top-selling footwear categories and we expect them to continue to lead in footwear sales.

We also sell sports apparel covering the above-mentioned categories, which feature the same trademarks and are sold predominantly through the same marketing and distribution channels as athletic footwear. Our sports apparel, similar to our athletic footwear products, is designed primarily for athletic use and exemplifies our commitment to innovation and high-quality construction. Sportswear, Men s Training, Running, Football (Soccer) and Women s Training are currently our top-selling apparel categories, and we expect them to continue to lead in apparel sales. We often market footwear, apparel and accessories in collections of similar use or by category. We also market apparel with licensed college and professional team and league logos.

We sell a line of performance equipment and accessories under the NIKE Brand name, including bags, socks, sport balls, eyewear, timepieces, digital devices, bats, gloves, protective equipment and other equipment designed for sports activities. We also sell small amounts of various plastic products to other manufacturers through our wholly-owned subsidiary, NIKE IHM, Inc.

Our Jordan Brand designs, distributes and licenses athletic and casual footwear, apparel and accessories predominantly focused on basketball using the Jumpman trademark. Sales and operating results for the Jordan Brand are reported as a separate category and within the NIKE Brand geographic operating segments, respectively.

One of our wholly-owned subsidiary brands, Hurley, headquartered in Costa Mesa, California, designs and distributes a line of action sports and youth lifestyle apparel and accessories under the Hurley trademark. Sales and operating results for Hurley are included within the NIKE Brand Action Sports category and within the NIKE Brand s North America geographic operating segment, respectively.

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Another of our wholly-owned subsidiary brands, Converse, headquartered in Boston, Massachusetts, designs, distributes and licenses casual sneakers, apparel and accessories under the Converse, Chuck Taylor, All Star, One Star, Star Chevron and Jack Purcell trademarks. Operating results of the Converse brand are reported on a stand-alone basis.

In addition to the products we sell to our wholesale customers and directly to consumers through our Direct to Consumer operations, we have also entered into license agreements that permit unaffiliated parties to manufacture and sell, using NIKE-owned trademarks, certain apparel, digital devices and applications and other equipment designed for sports activities.

Corporate Information

We were incorporated in 1967 under the laws of the State of Oregon. Our principal executive offices are located at One Bowerman Drive, Beaverton, Oregon 97005-6453, and our telephone number is (503) 671-6453. We maintain web sites at www.nike.com and at news.nike.com. Information contained in, or accessible through, our web sites is not incorporated into this prospectus supplement or the accompanying prospectus.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The section entitled Description of Notes in this prospectus supplement and the section entitled Description of Debt Securities in the accompanying prospectus contain a more detailed description of the terms and conditions of the notes and the indenture governing the notes. For purposes of this section entitled The Offering and the section entitled Description of Notes, references to we, us and our refer only to NIKE, Inc. and not to its subsidiaries.

Issuer	NIKE, Inc.
Securities Offered	$1,000,000,000 aggregate principal amount of our 2.375% notes due November 1, 2026.
	$500,000,000 aggregate principal amount of our 3.375% notes due November 1, 2046.
Maturity Dates	The 2026 notes will mature on November 1, 2026.
	The 2046 notes will mature on November 1, 2046.
Interest Rates	The 2026 notes will bear interest at a rate of 2.375% per annum.
	The 2046 notes will bear interest at a rate of 3.375% per annum.
Interest Payment Dates	We will pay interest on the notes on May 1 and November 1 of each year, beginning on May 1, 2017.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding. The notes will be effectively subordinated to our secured indebtedness from time to time outstanding to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated to all future and existing obligations of our subsidiaries.
Optional Redemption	We may, at our option, redeem either series of notes, in whole or in part, at any time at the applicable redemption prices determined as set forth

	under the heading Description of Notes Optional Redemption.
Certain Covenants	The indenture governing the notes will contain a covenant limiting our ability to consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our and our subsidiaries property and assets, taken as a whole, to, another person.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes for general corporate purposes.
Denominations	The notes will be issued in minimum denominations of $2,000 and multiples of $1,000 in excess thereof.

Form of Notes	We will issue the notes of each series in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (DTC). Investors may elect to hold the interests in the global notes through any of DTC, the Euroclear System (Euroclear), or Clearstream Banking, S.A. (Clearstream), as described under the heading Description of Notes Book-Entry; Delivery and Form; Global Notes.
Trading	The notes are new issues of securities with no established trading markets. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in each series of the notes, but they are not obligated to do so and may discontinue market-making at any time without notice. See Underwriting in this prospectus supplement for more information about possible market-making by the underwriters.
Further Issuances	We may, without the consent of existing holders, create and issue additional notes of either series having the same terms (subject to certain exceptions) as, and ranking equally and ratably with, the notes of the applicable series offered hereby in all respects. Such additional notes may be consolidated and form a single series with the notes of the applicable series offered hereby; provided that if such additional notes are not fungible with the notes of the applicable series offered hereby for U.S. federal income tax purposes, such additional notes will have one or more separate CUSIP numbers.
Governing Law	New York law will govern the indenture and the notes.
Trustee	Deutsche Bank Trust Company Americas.
Risk Factors	You should consider carefully all the information set forth or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we have provided to you and, in particular, you should evaluate the specific factors set forth under the heading Risk Factors beginning on page S-7 of this prospectus supplement and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2016 before investing in any of the notes offered hereby.

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Summary Historical Financial Data

The following table presents our summary historical financial data. The consolidated statement of income data for each of the three years in the three-year period ended May 31, 2016 have been derived from our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2016, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The consolidated balance sheet data as of May 31, 2016, 2015 and 2014 have been derived from our unaudited consolidated financial statements and related notes for those years (which are unaudited as they have been revised from previously issued audited financials to reflect the adoption of certain Accounting Standards Updates as detailed in the table below and as further described in Note 1 to our unaudited condensed consolidated financial statements as of and for the three months ended August 31, 2016 and in Note 1 to our consolidated financial statements as of and for the year ended May 31, 2016, each of which is incorporated herein by reference). The consolidated balance sheet data as of August 31, 2016 and the consolidated statement of income data for the three months ended August 31, 2016 and August 31, 2015 have been derived from our unaudited condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the three months ended August 31, 2016, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The unaudited condensed consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal, recurring adjustments, necessary for the fair presentation of the information set forth therein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full fiscal year or any future period.

You should read the following summary historical financial data in conjunction with the section entitled Capitalization and our audited consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2016, and our unaudited condensed consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the three months ended August 31, 2016, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	For the Three Months Ended August 31,		For the Fiscal Year Ended May 31,		
	2016	2015	2016	2015	2014
	(dollars in millions)				
Consolidated Statement of Income Data:					
Revenues	$ 9,061	$ 8,414	$ 32,376	$ 30,601	$ 27,799
Cost of sales	4,938	4,419	17,405	16,534	15,353
Gross profit	4,123	3,995	14,971	14,067	12,446
Total selling and administrative expense	2,897	2,577	10,469	9,892	8,766
Interest expense (income), net	7	4	19	28	33
Other (income) expense, net	(62)	(31)	(140)	(58)	103
Income before income taxes	1,281	1,445	4,623	4,205	3,544
Income tax expense	32	266	863	932	851
Net income	$ 1,249	$ 1,179	$ 3,760	$ 3,273	$ 2,693

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	As of August 31, 2016	As of May 31, 2016[1]	2015[1]	2014[1][2]
		(dollars in millions)		
Consolidated Balance Sheet Data:				
Cash and equivalents and short-term investments	$ 4,787	$ 5,457	$ 5,924	$ 5,142
Total current assets	14,589	15,025	15,587	13,341
Total assets	21,156	21,379	21,590	18,579
Total current liabilities	5,363	5,358	6,332	5,022
Long-term debt	1,993	1,993	1,072	1,191
Total liabilities	8,991	9,121	8,883	7,755
Total shareholders equity	12,165	12,258	12,707	10,824

(1) Amounts have been updated to reflect the adoption of Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. We adopted ASU 2015-03 on a retrospective basis in the first quarter of fiscal 2017. The adoption of this standard reduced our total assets, long-term debt and total liabilities each by $17 million, $7 million and $8 million on our consolidated balance sheets as of May 31, 2016, 2015 and 2014, respectively.

(2) Amounts have been updated to reflect the adoption of ASU No. 2015-07, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. We elected to adopt ASU 2015-17 on a retrospective basis in the fourth quarter of fiscal 2016. The adoption of this standard reduced our total current assets and total assets by $355 million and $7 million, respectively, and reduced our total current liabilities and total liabilities by $5 million and $7 million, respectively, on our consolidated balance sheet as of May 31, 2014.

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RISK FACTORS

In addition to other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus we have provided to you, you should carefully consider the risks described below and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2016, which is incorporated herein by reference, as updated by our subsequent filings that are incorporated herein by reference before making a decision to invest in the notes. These risks are not the only ones faced by us. Additional risks not presently known to us or that we currently deem immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of each series of the notes could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results and events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference. Please refer to the section of this prospectus supplement entitled Forward-Looking Statements.

Risks Related to this Offering

The notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The notes will be obligations exclusively of NIKE, Inc. and not of any of our subsidiaries. A substantial portion of our operations is conducted through our subsidiaries, which are separate legal entities that have no obligation to pay any amounts due under the notes or to make any funds available therefor, whether by dividends, loans or other payments. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors (including trade creditors) and preferred stockholders of our subsidiaries will have priority with respect to the assets of such subsidiaries over our claims (and therefore the claims of our creditors, including holders of the notes). Consequently, the notes will be structurally subordinated to creditors, including trade creditors and preferred stockholders, if any, of our subsidiaries and any subsidiaries that we may in the future acquire or create.

Because the notes will not be secured, they will be subject to prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes will be NIKE, Inc. s senior unsecured obligations and will rank equally in right of payment with all of NIKE, Inc. s existing and future unsecured and unsubordinated obligations, including our 2.250% notes due May 1, 2023, our 3.625% notes due May 1, 2043 and our 3.875% notes due November 1, 2045, and including any indebtedness we may incur from time to time under our $2.0 billion committed revolving credit facility maturing in August 2020 (subject to extension). As of August 31, 2016, our total consolidated indebtedness was $2.059 billion and we had $2.0 billion of availability under our revolving credit facility. The indenture governing the notes will permit us and our subsidiaries to incur additional indebtedness, including secured debt. If we incur any secured debt, our assets will be subject to prior claims by our secured creditors to the extent of the value of the assets securing such indebtedness. As of August 31, 2016, we had $65 million of secured indebtedness. In the event of our bankruptcy, liquidation, reorganization or other winding up, assets of NIKE, Inc. that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in the remaining assets of NIKE, Inc. ratably with all of NIKE, Inc. s unsecured and unsubordinated creditors, including NIKE, Inc. s trade creditors. If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes and the previously issued notes in any proceeds distributed upon our insolvency, liquidation, reorganization, dissolution or other winding up. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all these creditors, all or a portion of the notes then outstanding would remain unpaid.

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The limited covenants in the indenture that will govern the notes will not provide protection against many types of important corporate events and may not protect your investment.

The indenture for the notes will not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, will not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- restrict our subsidiaries ability to issue securities or otherwise incur indebtedness that would be senior to our equity interests in our subsidiaries and therefore would be structurally senior to the notes;
- limit our ability to incur secured indebtedness that would effectively rank senior to the notes to the extent of the value of the assets securing the indebtedness or to engage in sale and leaseback transactions;
- limit our ability to incur indebtedness that is equal or subordinate in right of payment to the notes;
- restrict our ability to repurchase our equity securities or prepay our other indebtedness;
- restrict our ability to make investments or pay dividends or make other payments in respect of our equity securities or our other indebtedness;
- restrict our ability to enter into highly leveraged transactions; or
- require us to make an offer to repurchase the notes in the event of a change in control transaction.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture and the notes will not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events, such as certain acquisitions, refinancings or recapitalizations that could substantially and adversely affect our capital structure and the value of the notes. For these reasons, you should not consider the covenants in the indenture as a significant factor in evaluating whether to invest in the notes.

Redemption may adversely affect your return on the notes.

We have the right to redeem some or all of the notes prior to maturity. We may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate as high as that of the notes.

Changes in our credit ratings may adversely affect your investment in the notes.

We currently expect that, prior to issuance, the notes will be rated by one or more ratings agencies. The ratings of debt rating agencies assigned to the notes are not recommendations to purchase, hold or sell the notes, inasmuch as the ratings do not comment as to market prices or suitability for a particular investor, are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. The ratings are based on current information furnished to the rating agencies by us and information obtained by the rating agencies from other sources. An explanation of the significance of such ratings may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgment, circumstances so warrant. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value and liquidity of the notes and increase our corporate borrowing costs.

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There may not be an active market for the notes.

We cannot assure you that a trading market for the notes will ever develop or will be maintained. Further, there can be no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the prices at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including prevailing interest rates, our financial condition and results of operations, the then- current ratings assigned to the notes and the market for similar securities. Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including the:

- propensity of existing holders to trade their positions in the notes;
- time remaining to the maturity of each series of notes;
- outstanding amount of each series of notes;