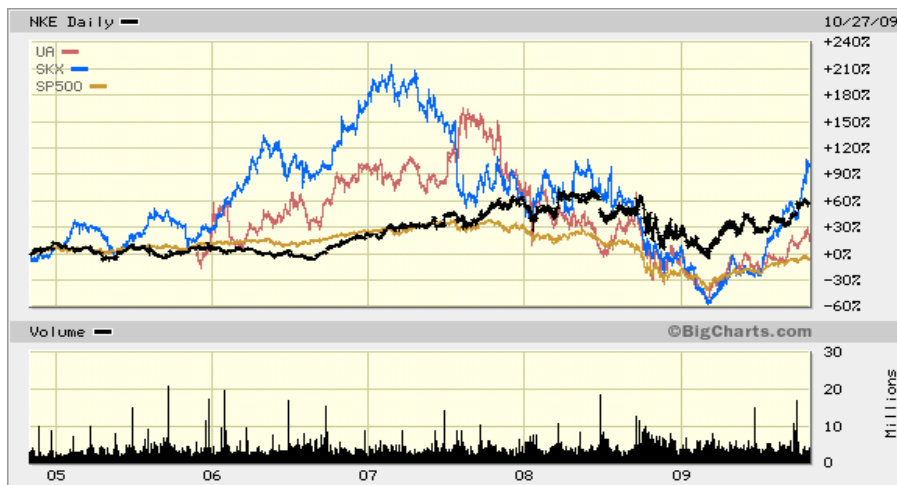


Nike Inc. (NKE) 10-27-09

NKE operates as a footwear and apparel designer, manufacturer, and marketer with brand names such as; Nike, Converse, Hurley, Cole Haan, and Umbro. The company operates a products mix the with following percentages of 2008 revenue; Footwear at 52%, Apparel at 28%, Equipment at 6% and Other at 14%. The company sales and operates in over 180 different countries with around 660 operational stores. NKE was founded in 1964 and headquartered in Beaverton, Oregon.

Current Price	\$64.09
52 Week High	\$66.35
52 Week Low	\$38.24
One Yr Target	\$70.00
Market Cap (in billions)	\$24.40
P/E (Trailing)	16.78
P/E(1 Yr Forward)	17.48
P/E/G	1.44
ROA	11.55%
ROE	17.39%
EPS	\$3.82
Beta	0.71
Annualized Dividend	\$1.00
Dividend Yield	1.56%
Analyst Consensus	2.50
Debt to Equity	0.52



Annual EPS

2005	\$2.72	
2006	\$2.97	9.35%
2007	\$3.84	29.00%
2008	\$3.06	-20.15%
2009E	\$3.82	24.73%

Annual Revenue (in millions)

2005	\$14,954.90	
2006	\$16,325.90	9.17%
2007	\$18,627.00	14.09%
2008	\$19,176.10	2.95%

Annual Net Income (in millions)

2005	\$1,392.00	
2006	\$1,491.50	7.15%
2007	\$1,883.40	26.28%
2008	\$1,486.70	-21.06%

Free Cash Flows (in millions)

2005	\$1,334.20	
2006	\$1,565.20	17.31%
2007	\$1,487.10	-4.99%
2008	\$1,280.40	-13.90%

Required Rate of Return

8.62%

Dividend Growth Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2014 Price	\$114.73
Holding Period Return (5 years)	11.90%

Residual Income Model

Intrinsic Stock Price	\$14.39
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Analysis

Positives

Solid financial numbers including a nice ROE

Negatives

Stock price is currently overvalued according to the RI model

Financial Statements

Balance Sheet is good with Retained Earnings consistently increasing and consistently high ROE

Income Statement is good although it was hurt in 2008 by economic conditions

Cash Flows are ok, but the company has recently increased Capital Expenditures and Debt

Industry Analysis

NKE is the largest company in the industry by Market Cap and also market share

Financial ratios are among the best in the industry

Industry should see increased demand for products in emerging markets

Summary

NKE has been an industry leader and game changer for decades now and its stock price will depend on its ability to continue doing so. NKE's financial numbers are solid and have been stable for the past 5 years. Financial Statements are good with decent growth in all the right areas, yet the company had to issue some new debt in 2008. Trends in footwear are heading more towards fashion than athletic, and while NKE has some fashion products its still not great news. NKE should experience greater sales with emerging markets gaining an appetite for consumer goods such as footwear and athletic apparel. NKE has also tried to push margins by operating their own stores instead of selling through retailers. NKE is a great company and should continue to put up solid numbers but it will be increasingly difficult in future years to continue the growth the market is accustomed to, so while NKE should outperform there are still better investing options available.