

**NIKE, Inc.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED AUGUST 31, 2010**  
(In millions, except per share data)

| <b>INCOME STATEMENT</b>                            | <b>QUARTER ENDED</b> |                  | <b>% Chg</b> |
|----------------------------------------------------|----------------------|------------------|--------------|
|                                                    | <b>8/31/2010</b>     | <b>8/31/2009</b> |              |
| Revenues                                           | \$5,175              | \$4,799          | 8%           |
| Cost of sales                                      | 2,741                | 2,583            | 6%           |
| Gross margin                                       | 2,434                | 2,216            | 10%          |
|                                                    | <b>47.0%</b>         | <b>46.2%</b>     |              |
| Demand creation expense                            | 679                  | 554              | 23%          |
| Operating overhead expense                         | 994                  | 992              | 0%           |
| Total selling and administrative expense           | 1,673                | 1,546            | 8%           |
|                                                    | <b>32.3%</b>         | <b>32.2%</b>     |              |
| Other expense (income), net                        | 7                    | (12)             | -            |
| Interest (income) expense, net                     | (1)                  | 1                | -            |
| Income before income taxes                         | 755                  | 681              | 11%          |
| Income taxes                                       | 196                  | 168              | 17%          |
|                                                    | <b>26.0%</b>         | <b>24.7%</b>     |              |
| Net income                                         | \$559                | \$513            | 9%           |
| Diluted EPS                                        | \$1.14               | \$1.04           | 10%          |
| Basic EPS                                          | \$1.17               | \$1.06           | 10%          |
| <b>Weighted Average Common Shares Outstanding:</b> |                      |                  |              |
| Diluted                                            | 488.6                | 491.6            |              |
| Basic                                              | 479.6                | 485.8            |              |
| Dividends declared                                 | \$0.27               | \$0.25           |              |

# NIKE, Inc.

| BALANCE SHEET                               | 8/31/2010     | 8/31/2009 | % Change |
|---------------------------------------------|---------------|-----------|----------|
|                                             | (In millions) |           |          |
| ASSETS                                      |               |           |          |
| Current assets:                             |               |           |          |
| Cash and equivalents                        | \$ 2,010      | \$ 2,261  | -11%     |
| Short-term investments                      | 2,678         | 1,369     | 96%      |
| Accounts receivable, net                    | 2,791         | 2,835     | -2%      |
| Inventories                                 | 2,210         | 2,288     | -3%      |
| Deferred income taxes                       | 259           | 214       | 21%      |
| Prepaid expenses and other current assets   | 583           | 640       | -9%      |
| Total current assets                        | 10,531        | 9,607     | 10%      |
| Property, plant and equipment               | 4,535         | 4,374     | 4%       |
| Less accumulated depreciation               | 2,560         | 2,393     | 7%       |
| Property, plant and equipment, net          | 1,975         | 1,981     | 0%       |
| Identifiable intangible assets, net         | 470           | 471       | 0%       |
| Goodwill                                    | 192           | 195       | -2%      |
| Deferred income taxes and other assets      | 883           | 937       | -6%      |
| Total assets                                | \$ 14,051     | \$ 13,191 | 7%       |
| LIABILITIES AND SHAREHOLDERS' EQUITY        |               |           |          |
| Current liabilities:                        |               |           |          |
| Current portion of long-term debt           | \$ 132        | \$ 7      | -        |
| Notes payable                               | 109           | 95        | 15%      |
| Accounts payable                            | 1,101         | 962       | 14%      |
| Accrued liabilities                         | 1,696         | 1,643     | 3%       |
| Income taxes payable                        | 104           | 146       | -29%     |
| Total current liabilities                   | 3,142         | 2,853     | 10%      |
| Long-term debt                              | 342           | 443       | -23%     |
| Deferred income taxes and other liabilities | 907           | 804       | 13%      |
| Redeemable preferred stock                  | -             | -         | -        |
| Shareholders' equity                        | 9,660         | 9,091     | 6%       |
| Total liabilities and shareholders' equity  | \$ 14,051     | \$ 13,191 | 7%       |

# NIKE, Inc.

UNITED STATES

| DIVISIONAL REVENUES <sup>1</sup>          | QUARTER ENDED |           |          | % Change             | % Change |
|-------------------------------------------|---------------|-----------|----------|----------------------|----------|
|                                           | 8/31/2010     | 8/31/2009 |          | Excluding            | Currency |
|                                           |               |           | % Change | Changes <sup>2</sup> |          |
|                                           | (In millions) |           |          |                      |          |
| <b>North America</b>                      |               |           |          |                      |          |
| Footwear                                  | \$ 1,289      | \$ 1,219  | 6%       | 5%                   |          |
| Apparel                                   | 515           | 444       | 16%      | 16%                  |          |
| Equipment                                 | 99            | 97        | 2%       | 2%                   |          |
| Total                                     | 1,903         | 1,760     | 8%       | 8%                   |          |
| <b>Western Europe</b>                     |               |           |          |                      |          |
| Footwear                                  | 627           | 635       | -1%      | 10%                  |          |
| Apparel                                   | 364           | 393       | -7%      | 3%                   |          |
| Equipment                                 | 65            | 77        | -16%     | -5%                  |          |
| Total                                     | 1,056         | 1,105     | -4%      | 6%                   |          |
| <b>Central and Eastern Europe</b>         |               |           |          |                      |          |
| Footwear                                  | 146           | 139       | 5%       | 12%                  |          |
| Apparel                                   | 92            | 89        | 3%       | 10%                  |          |
| Equipment                                 | 25            | 27        | -7%      | -7%                  |          |
| Total                                     | 263           | 255       | 3%       | 9%                   |          |
| <b>Greater China</b>                      |               |           |          |                      |          |
| Footwear                                  | 246           | 218       | 13%      | 12%                  |          |
| Apparel                                   | 182           | 168       | 8%       | 8%                   |          |
| Equipment                                 | 32            | 30        | 7%       | 10%                  |          |
| Total                                     | 460           | 416       | 11%      | 10%                  |          |
| <b>Japan</b>                              |               |           |          |                      |          |
| Footwear                                  | 86            | 98        | -12%     | -17%                 |          |
| Apparel                                   | 60            | 67        | -10%     | -16%                 |          |
| Equipment                                 | 17            | 21        | -19%     | -24%                 |          |
| Total                                     | 163           | 186       | -12%     | -18%                 |          |
| <b>Emerging Markets</b>                   |               |           |          |                      |          |
| Footwear                                  | 404           | 299       | 35%      | 29%                  |          |
| Apparel                                   | 149           | 116       | 28%      | 22%                  |          |
| Equipment                                 | 38            | 38        | 0%       | -5%                  |          |
| Total                                     | 591           | 453       | 30%      | 24%                  |          |
| <b>Global Brand Divisions<sup>3</sup></b> | 32            | 31        | 3%       | 6%                   |          |
| <b>Total NIKE Brand</b>                   | 4,468         | 4,206     | 6%       | 8%                   |          |
| <b>Other Businesses<sup>4</sup></b>       | 693           | 604       | 15%      | 16%                  |          |
| <b>Corporate<sup>5</sup></b>              | 14            | (11)      | -        | -                    |          |
| <b>Total NIKE, Inc. Revenues</b>          | \$ 5,175      | \$ 4,799  | 8%       | 10%                  |          |
| <b>Total NIKE Brand</b>                   |               |           |          |                      |          |
| Footwear                                  | \$ 2,798      | \$ 2,608  | 7%       | 9%                   |          |
| Apparel                                   | 1,362         | 1,277     | 7%       | 9%                   |          |
| Equipment                                 | 276           | 290       | -5%      | -3%                  |          |
| Global Brand Divisions <sup>3</sup>       | 32            | 31        | 3%       | 6%                   |          |

<sup>1</sup> Certain prior year amounts have been reclassified to conform to fiscal year 2011 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

<sup>2</sup> Fiscal 2011 results have been restated using fiscal 2010 exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.

<sup>3</sup> Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment.

<sup>4</sup> Other businesses represent activities of Cole Haan, Converse, Hurley, NIKE Golf and Umbro.

<sup>5</sup> Corporate revenues primarily consist of foreign currency revenue-related hedge gains and losses generated by entities within the NIKE Brand geographic operating segments through our centrally managed foreign exchange risk management program and foreign currency gains and losses resulting from the difference between actual foreign currency rates and standard rates assigned to these entities, which are used to record any non-functional currency revenues into the entity's functional currency.

# NIKE, Inc.

| TAXES <sup>1,2</sup>                                    | QUARTER ENDED |           | %    |
|---------------------------------------------------------|---------------|-----------|------|
|                                                         | 8/31/2010     | 8/31/2009 | Chg  |
|                                                         | (In millions) |           |      |
| North America                                           | \$ 446        | \$ 411    | 9%   |
| Western Europe                                          | 279           | 289       | -3%  |
| Central and Eastern Europe                              | 63            | 77        | -18% |
| Greater China                                           | 164           | 149       | 10%  |
| Japan                                                   | 27            | 35        | -23% |
| Emerging Markets                                        | 124           | 106       | 17%  |
| Global Brand Divisions <sup>3</sup>                     | (250)         | (181)     | -38% |
| Total NIKE Brand                                        | 853           | 886       | -4%  |
| Other Businesses <sup>4</sup>                           | 109           | 87        | 25%  |
| Corporate <sup>5</sup>                                  | (208)         | (291)     | 29%  |
| Total earnings before interest and taxes <sup>1,2</sup> | \$ 754        | \$ 682    | 11%  |

<sup>1</sup> The Company evaluates performance of individual operating segments based on earnings before interest and taxes (also commonly referred to as "EBIT"), which represents net income before interest (income) expense, net, and income taxes.

<sup>2</sup> Certain prior year amounts have been reclassified to conform to fiscal year 2011 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

<sup>3</sup> Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment and general and administrative expenses that are centrally managed for the Nike Brand.

<sup>4</sup> Other businesses represent activities of Cole Haan, Converse, Hurley, NIKE Golf and Umbro.

<sup>5</sup> Corporate consists of unallocated general and administrative expenses, which includes expenses associated with centrally managed departments, depreciation and amortization related to the Company's corporate headquarters, unallocated insurance and benefit programs, certain foreign currency gains and losses, including certain hedge gains and losses, corporate eliminations and other items.

**Nike, Inc. Return on Invested Capital Calculation**

| (In Millions)                                                  | Q1'06 | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07  | Q4'07  | Q1'08  | Q2'08  | Q3'08  | Q4'08  | Q1'09  | Q2'09  | Q3'09  | Q4'09  | Q1'10  | Q2'10  | Q3'10  | Q4'10  | Q1'11  |
|----------------------------------------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sales                                                          | 3,862 | 3,475 | 3,613 | 4,005 | 4,194 | 3,822 | 3,927  | 4,383  | 4,655  | 4,340  | 4,544  | 5,088  | 5,432  | 4,590  | 4,441  | 4,713  | 4,799  | 4,405  | 4,733  | 5,077  | 5,175  |
| Operating Expenses                                             |       |       |       |       |       |       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cost of Sales                                                  | 2,114 | 1,963 | 2,039 | 2,252 | 2,345 | 2,165 | 2,192  | 2,464  | 2,568  | 2,418  | 2,497  | 2,757  | 2,870  | 2,540  | 2,492  | 2,669  | 2,583  | 2,445  | 2,515  | 2,671  | 2,741  |
| SG&A*                                                          | 1,104 | 1,055 | 1,087 | 1,232 | 1,290 | 1,224 | 1,243  | 1,272  | 1,435  | 1,430  | 1,403  | 1,686  | 1,856  | 1,547  | 1,352  | 1,394  | 1,546  | 1,479  | 1,564  | 1,737  | 1,673  |
| Restructuring charges                                          | -     | -     | -     | -     | -     | -     | -      | -      | -      | -      | -      | -      | -      | -      | -      | 195    | -      | -      | -      | -      | -      |
| Goodwill Impairment                                            | -     | -     | -     | -     | -     | -     | -      | -      | -      | -      | -      | -      | -      | -      | 199    | -      | -      | -      | -      | -      | -      |
| Intangible and Other Asset Impairment                          | -     | -     | -     | -     | -     | -     | -      | -      | -      | -      | -      | -      | -      | -      | 202    | -      | -      | -      | -      | -      | -      |
|                                                                | -     | -     | -     | -     | -     | -     | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Net Operating Profit                                           | 644   | 457   | 487   | 521   | 559   | 433   | 492    | 647    | 652    | 492    | 644    | 645    | 706    | 503    | 196    | 455    | 670    | 481    | 654    | 669    | 761    |
| Other Income (Expense), net*                                   | 10    | 1     | 11    | (26)  | 3     | -     | 10     | (12)   | (7)    | 1      | 5      | (8)    | (2)    | 12     | 43     | 34     | 12     | 12     | 9      | 16     | (7)    |
| Earnings before Interest and Taxes                             | 654   | 458   | 498   | 495   | 562   | 433   | 502    | 635    | 645    | 493    | 649    | 637    | 704    | 515    | 239    | 489    | 682    | 493    | 663    | 685    | 754    |
| Tax Rate                                                       | 34.5% | 35.1% | 35.7% | 34.9% | 34.5% | 27.2% | 32.3%  | 33.5%  | 15.0%  | 30.3%  | 30.6%  | 24.3%  | 28.5%  | 24.9%  | -3.6%  | 29.8%  | 24.7%  | 23.5%  | 25.0%  | 23.6%  | 26.0%  |
| Taxes Calculated                                               | 226   | 161   | 178   | 173   | 194   | 118   | 162    | 213    | 97     | 149    | 199    | 155    | 201    | 128    | (9)    | 146    | 168    | 116    | 166    | 162    | 196    |
| Trailing 4 Quarters Taxes**                                    | 695   | 714   | 752   | 738   | 706   | 663   | 647    | 687    | 590    | 621    | 658    | 600    | 704    | 683    | 475    | 466    | 433    | 421    | 596    | 612    | 640    |
| Earnings before Interest and after Taxes                       | 428   | 297   | 320   | 322   | 368   | 315   | 340    | 422    | 548    | 344    | 450    | 482    | 503    | 387    | 248    | 343    | 514    | 377    | 497    | 523    | 558    |
| Trailing 4 Quarters Earnings before Interest and after Taxes** | 1,313 | 1,345 | 1,392 | 1,367 | 1,307 | 1,325 | 1,345  | 1,445  | 1,625  | 1,654  | 1,764  | 1,824  | 1,779  | 1,822  | 1,620  | 1,481  | 1,492  | 1,482  | 1,731  | 1,911  | 1,955  |
|                                                                | Q1'06 | Q2'06 | Q3'06 | Q4'06 | Q1'07 | Q2'07 | Q3'07  | Q4'07  | Q1'08  | Q2'08  | Q3'08  | Q4'08  | Q1'09  | Q2'09  | Q3'09  | Q4'09  | Q1'10  | Q2'10  | Q3'10  | Q4'10  | Q1'11  |
| Total Assets                                                   | 9,116 | 9,144 | 9,518 | 9,870 | 9,571 | 9,822 | 10,219 | 10,688 | 11,014 | 11,455 | 11,788 | 12,443 | 12,595 | 12,810 | 12,733 | 13,250 | 13,191 | 13,358 | 13,576 | 14,419 | 14,051 |
| Less:                                                          |       |       |       |       |       |       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cash and Short-term Investments                                | 1,893 | 2,055 | 2,007 | 2,303 | 1,725 | 1,907 | 2,270  | 2,847  | 2,791  | 3,072  | 2,927  | 2,776  | 2,592  | 2,730  | 2,604  | 3,455  | 3,630  | 4,010  | 4,039  | 5,146  | 4,688  |
| Accounts Payable                                               | 708   | 744   | 786   | 952   | 868   | 880   | 801    | 1,040  | 972    | 1,054  | 1,005  | 1,288  | 1,206  | 1,124  | 952    | 1,032  | 962    | 1,008  | 994    | 1,255  | 1,101  |
| Accrued Liabilities                                            | 1,057 | 1,012 | 1,129 | 1,276 | 1,293 | 1,239 | 1,306  | 1,303  | 1,314  | 1,501  | 1,630  | 1,762  | 1,640  | 1,500  | 1,536  | 1,784  | 1,643  | 1,598  | 1,648  | 1,904  | 1,696  |
| Income Tax Payable                                             | 148   | 71    | 56    | 86    | 153   | 71    | 75     | 109    | 184    | 108    | 96     | 88     | 214    | 117    | 112    | 86     | 146    | 81     | 88     | 59     | 104    |
| Deferred Income Taxes and other Liabilities                    | 490   | 493   | 541   | 561   | 564   | 620   | 643    | 669    | 622    | 737    | 785    | 855    | 843    | 870    | 775    | 842    | 804    | 876    | 848    | 855    | 907    |
| Plus                                                           |       |       |       |       |       |       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Net Debt adjustment*****                                       | 1,145 | 1,313 | 1,262 | 1,594 | 1,253 | 1,433 | 1,724  | 2,305  | 2,224  | 2,510  | 2,268  | 2,151  | 1,933  | 1,936  | 1,803  | 2,643  | 3,085  | 3,439  | 3,470  | 4,554  | 4,105  |
| Invested Capital                                               | 5,965 | 6,082 | 6,261 | 6,286 | 6,221 | 6,538 | 6,848  | 7,025  | 7,355  | 7,493  | 7,613  | 7,825  | 8,033  | 8,405  | 8,557  | 8,694  | 9,091  | 9,224  | 9,429  | 9,754  | 9,660  |
| Trailing 5 Quarters Invested Capital***                        | 5,480 | 5,692 | 5,876 | 6,048 | 6,163 | 6,278 | 6,431  | 6,584  | 6,797  | 7,052  | 7,267  | 7,462  | 7,664  | 7,874  | 8,087  | 8,303  | 8,556  | 8,794  | 8,999  | 9,238  | 9,432  |
| Return on Invested Capital****                                 | 24.0% | 23.6% | 23.7% | 22.6% | 21.2% | 21.1% | 20.9%  | 21.9%  | 23.9%  | 23.5%  | 24.3%  | 24.4%  | 23.2%  | 23.1%  | 20.0%  | 17.8%  | 17.4%  | 16.9%  | 19.2%  | 20.7%  | 20.7%  |

\* Reclassifications have been made to conform to current-year presentation

\*\* Equals the sum of the current quarter and previous three quarters

\*\*\*Equals the simple average of the current and previous four quarters

\*\*\*\*Equals the trailing 4 quarters earnings before interest and after taxes divided by trailing 5 quarters average invested capital

\*\*\*\*\*See calculation of Net Debt adjustment below

|                                   |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Cash and Short-term Investments   | 1,893 | 2,055 | 2,007 | 2,303 | 1,725 | 1,907 | 2,270 | 2,847 | 2,791 | 3,072 | 2,927 | 2,776 | 2,592 | 2,730 | 2,604 | 3,455 | 3,630 | 4,010 | 4,039 | 5,146 | 4,688 |
| Less:                             |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Long-Term Debt                    | 428   | 408   | 411   | 411   | 380   | 384   | 419   | 410   | 421   | 436   | 447   | 441   | 407   | 446   | 438   | 437   | 443   | 460   | 452   | 446   | 342   |
| Notes Payable                     | 64    | 79    | 79    | 43    | 61    | 59    | 96    | 101   | 140   | 120   | 206   | 178   | 220   | 316   | 331   | 343   | 95    | 103   | 109   | 139   | 109   |
| Current Portion of Long-Term Debt | 256   | 255   | 255   | 255   | 31    | 31    | 31    | 31    | 6     | 6     | 6     | 6     | 32    | 32    | 32    | 32    | 7     | 8     | 8     | 7     | 132   |
| Net Debt Adjustment               | 1,145 | 1,313 | 1,262 | 1,594 | 1,253 | 1,433 | 1,724 | 2,305 | 2,224 | 2,510 | 2,268 | 2,151 | 1,933 | 1,936 | 1,803 | 2,643 | 3,085 | 3,439 | 3,470 | 4,554 | 4,105 |

|                                                              |
|--------------------------------------------------------------|
| <b>Nike, Inc. Free Cash Flow from Operations Calculation</b> |
|--------------------------------------------------------------|

| <i>(in millions)</i>                             | QUARTER ENDED AUGUST 31, |               |
|--------------------------------------------------|--------------------------|---------------|
|                                                  | 2010                     | 2009          |
| Cash provided by operations                      | \$ 212                   | \$ 709        |
| Cash used by investing activities                | (684)                    | (332)         |
| Excluding: Purchases of investments              | 1,753                    | 640           |
| Sales and maturities of investments              | (1,139)                  | (419)         |
| Settlement of net investment hedges              | (22)                     | 31            |
| Less: Adjusted cash used by investing activities | (92)                     | (80)          |
| <b>Free cash flow from operations</b>            | <b>\$ 120</b>            | <b>\$ 629</b> |

Note: Cash used by financing activities was \$600 million and \$358 million during the quarters ended August 31, 2010 and August 31, 2009, respectively. The effect of exchange rate changes on cash was a source of cash of \$3 million during the quarter ended August 31, 2010 and a use of cash of \$49 million during the quarter ended August 31, 2009. The total net change in cash and equivalents was a decrease of \$1,069 million and \$30 million during the quarters ended August 31, 2010 and August 31, 2009, respectively.