

NIKE, Inc.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED NOVEMBER 30, 2010 (In millions, except per share data)

INCOME STATEMENT	QUARTER ENDED			YEAR TO DATE ENDED		
	11/30/2010	11/30/2009	% Chg	11/30/2010	11/30/2009	% Chg
Revenues	\$4,842	\$4,405	10%	\$10,017	\$9,204	9%
Cost of sales	2,649	2,445	8%	5,390	5,028	7%
Gross margin	2,193	1,960	12%	4,627	4,176	11%
	45.3%	44.5%		46.2%	45.4%	
Demand creation expense	574	573	0%	1,253	1,127	11%
Operating overhead expense	1,037	906	14%	2,031	1,898	7%
Total selling and administrative expense	1,611	1,479	9%	3,284	3,025	9%
	33.3%	33.6%		32.8%	32.9%	
Other (income), net	(28)	(12)	133%	(21)	(24)	-13%
Interest expense, net	1	2	-50%	-	3	-100%
Income before income taxes	609	491	24%	1,364	1,172	16%
Income taxes	152	116	31%	348	284	23%
	25.0%	23.6%		25.5%	24.2%	
Net income	<u>\$457</u>	<u>\$375</u>	22%	<u>\$1,016</u>	<u>\$888</u>	14%
Diluted EPS	\$0.94	\$0.76	24%	\$2.08	\$1.80	16%
Basic EPS	\$0.96	\$0.77	25%	\$2.12	\$1.83	16%
Weighted Average Common Shares Outstanding:						
Diluted	487.6	494.5		488.4	493.5	
Basic	477.9	487.2		478.8	486.5	
Dividends declared	<u>\$0.31</u>	<u>\$0.27</u>		<u>\$0.58</u>	<u>\$0.52</u>	

NIKE, Inc.

BALANCE SHEET

11/30/2010

11/30/2009

% Change

(In millions)

ASSETS

Current assets:

Cash and equivalents	\$ 1,768	\$ 2,035	-13%
Short-term investments	3,021	1,975	53%
Accounts receivable, net	2,792	2,717	3%
Inventories	2,348	2,176	8%
Deferred income taxes	267	220	21%
Prepaid expenses and other current assets	720	643	12%

Total current assets	10,916	9,766	12%
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Property, plant and equipment	4,641	4,503	3%
Less accumulated depreciation	2,638	2,479	6%
Property, plant and equipment, net	2,003	2,024	-1%

Identifiable intangible assets, net	469	473	-1%
Goodwill	192	196	-2%
Deferred income taxes and other assets	884	899	-2%

Total assets	\$ 14,464	\$ 13,358	8%
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Current portion of long-term debt	\$ 132	8	-
Notes payable	128	103	24%
Accounts payable	1,225	1,008	22%
Accrued liabilities	1,685	1,598	5%
Income taxes payable	78	81	-4%

Total current liabilities	3,248	2,798	16%
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Long-term debt	338	460	-27%
Deferred income taxes and other liabilities	929	876	6%
Redeemable preferred stock	-	-	-
Shareholders' equity	9,949	9,224	8%

Total liabilities and shareholders' equity	\$ 14,464	\$ 13,358	8%
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NIKE, Inc.

DIVISIONAL REVENUES ¹	QUARTER ENDED		% Change		YEAR TO DATE ENDED		% Change	
	11/30/2010	11/30/2009	%	% Change Excluding Currency Changes ²	11/30/2010	11/30/2009	%	% Change Excluding Currency Changes ²
(In millions)								
North America								
Footwear	\$ 1,083	\$ 981	10%	10%	\$ 2,372	\$ 2,200	8%	8%
Apparel	538	441	22%	22%	1,053	885	19%	19%
Equipment	80	75	7%	4%	179	172	4%	3%
Total	1,701	1,497	14%	13%	3,604	3,257	11%	10%
Western Europe								
Footwear	499	515	-3%	6%	1,126	1,150	-2%	8%
Apparel	297	323	-8%	0%	661	716	-8%	2%
Equipment	47	64	-27%	-20%	112	141	-21%	-12%
Total	843	902	-7%	2%	1,899	2,007	-5%	4%
Central and Eastern Europe								
Footwear	120	108	11%	17%	266	247	8%	14%
Apparel	88	85	4%	8%	180	174	3%	9%
Equipment	15	15	0%	0%	40	42	-5%	-5%
Total	223	208	7%	12%	486	463	5%	10%
Greater China								
Footwear	264	210	26%	24%	510	428	19%	18%
Apparel	191	170	12%	11%	373	338	10%	9%
Equipment	27	23	17%	13%	59	53	11%	11%
Total	482	403	20%	18%	942	819	15%	14%
Japan								
Footwear	93	103	-10%	-17%	179	201	-11%	-17%
Apparel	85	98	-13%	-20%	145	165	-12%	-19%
Equipment	14	21	-33%	-38%	31	42	-26%	-31%
Total	192	222	-14%	-21%	355	408	-13%	-19%
Emerging Markets								
Footwear	521	405	29%	23%	925	704	31%	26%
Apparel	183	158	16%	11%	332	274	21%	15%
Equipment	51	44	16%	9%	89	82	9%	2%
Total	755	607	24%	19%	1,346	1,060	27%	21%
Global Brand Divisions³	27	25	8%	24%	59	56	5%	14%
Total NIKE Brand	4,223	3,864	9%	10%	8,691	8,070	8%	9%
Other Businesses⁴	631	556	13%	13%	1,324	1,160	14%	14%
Corporate⁵	(12)	(15)	20%	27%	2	(26)	-	-
Total NIKE, Inc. Revenues	<u>\$ 4,842</u>	<u>\$ 4,405</u>	10%	11%	<u>\$ 10,017</u>	<u>\$ 9,204</u>	9%	10%
Total NIKE Brand								
Footwear	\$ 2,580	\$ 2,322	11%	12%	\$ 5,378	\$ 4,930	9%	10%
Apparel	1,382	1,275	8%	9%	2,744	2,552	8%	9%
Equipment	234	242	-3%	-5%	510	532	-4%	-4%
Global Brand Divisions ³	27	25	8%	24%	59	56	5%	14%

¹ 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.

² 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.

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

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

⁵ 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.

EARNINGS BEFORE INTEREST AND TAXES	QUARTER ENDED		%	YEAR TO DATE ENDED		%
	11/30/2010	11/30/2009	Chg	11/30/2010	11/30/2009	Chg
(In millions)						
North America	\$ 359	\$ 290	24%	\$ 805	\$ 701	15%
Western Europe	141	175	-19%	420	464	-9%
Central and Eastern Europe	44	49	-10%	107	126	-15%
Greater China	174	125	39%	338	274	23%
Japan	36	45	-20%	63	80	-21%
Emerging Markets	194	171	13%	318	277	15%
Global Brand Divisions ³	(227)	(175)	-30%	(477)	(356)	-34%
Total NIKE Brand	721	680	6%	1,574	1,566	1%
Other Businesses ⁴	59	35	69%	168	122	38%
Corporate ⁵	(170)	(222)	23%	(378)	(513)	26%
Total earnings before interest and taxes ^{1,2}	\$ 610	\$ 493	24%	\$ 1,364	\$ 1,175	16%

¹ 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 expense, net and income taxes.

² 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.

³ 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.

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

⁵ 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	Q2'11
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	4,842
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	2,649
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	1,611
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	582
Other Income (Expense), net*	10	1	11	(26)	3	-	10	(12)	(7)	1	5	(8)	(2)	12	43	34	12	12	9	16	(7)	28
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	610
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%	25.0%
Taxes Calculated	226	161	178	173	194	118	162	213	97	149	199	155	201	128	(9)	146	168	116	166	162	196	153
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	677
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	457
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	2,035
	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	Q2'11
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	14,464
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	4,789
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	1,225
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	1,685
Income Tax Payable	148	71	56	86	153	71	75	109	184	108	96	88	214	117	112	86	146	81	88	59	104	78
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	929
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	4,191
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	9,949
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	9,603
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%	21.2%

* 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	4,789
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	338
Notes Payable	64	79	79	43	61	59	96	101	140	120	206	178	220	316	331	343	95	103	109	139	109	128
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	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	4,191

Nike, Inc. Free Cash Flow from Operations Calculation
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	FOR THE SIX MONTHS ENDED NOVEMBER 30,	
(in millions)	2010	2009
Cash provided by operations	\$ 647	\$ 1,377
Cash used by investing activities	(1,171)	(1,065)
Excluding: Purchases of investments	3,363	1,580
Sales and maturities of investments	(2,399)	(748)
Settlement of net investment hedges	12	67
Less: Adjusted cash used by investing activities	(195)	(166)
Free cash flow from operations	\$ 452	\$ 1,211

Note: Cash used by financing activities was \$796 million and \$506 million during the six months ended November 30, 2010 and 2009, respectively. The effect of exchange rate changes on cash was a source of cash of \$9 million during the six months ended November 30, 2010 and a use of cash of \$62 million during the six months ended November 30, 2009. The total net change in cash and equivalents was a decrease of \$1,311 million and \$256 million during the six months ended November 30, 2010 and 2009, respectively.