

NIKE, Inc.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED FEBRUARY 28, 2011

(In millions, except per share data)

INCOME STATEMENT	QUARTER ENDED			YEAR TO DATE ENDED		
	2/28/2011	2/28/2010	% Chg	2/28/2011	2/28/2010	% Chg
Revenues	\$5,079	\$4,733	7%	\$15,096	\$13,937	8%
Cost of sales	2,752	2,515	9%	8,142	7,543	8%
Gross margin	2,327	2,218	5%	6,954	6,394	9%
	45.8%	46.9%		46.1%	45.9%	
Demand creation expense	578	563	3%	1,831	1,690	8%
Operating overhead expense	1,059	1,000	6%	3,090	2,898	7%
Total selling and administrative expense	1,637	1,563	5%	4,921	4,588	7%
	32.2%	33.0%		32.6%	32.9%	
Other (income), net	(17)	(8)	113%	(38)	(32)	19%
Interest expense, net	-	1	-	-	4	-
Income before income taxes	707	662	7%	2,071	1,834	13%
Income taxes	184	165	12%	532	449	18%
	26.0%	24.9%		25.7%	24.5%	
Net income	<u>\$523</u>	<u>\$497</u>	5%	<u>\$1,539</u>	<u>\$1,385</u>	11%
Diluted EPS	\$1.08	\$1.01	7%	\$3.16	\$2.81	12%
Basic EPS	\$1.10	\$1.02	8%	\$3.22	\$2.85	13%
Weighted Average Common Shares Outstanding:						
Diluted	485.5	492.3		487.7	493.3	
Basic	<u>475.3</u>	<u>484.4</u>		<u>477.6</u>	<u>485.8</u>	
Dividends declared	<u>\$0.31</u>	<u>\$0.27</u>		<u>\$0.89</u>	<u>\$0.79</u>	

NIKE, Inc.

BALANCE SHEET

2/28/2011

2/28/2010

% Change

(In millions)

ASSETS

Current assets:

Cash and equivalents	\$ 2,132	\$ 2,225	-4%
Short-term investments	2,333	1,814	29%
Accounts receivable, net	2,985	2,834	5%
Inventories	2,536	2,150	18%
Deferred income taxes	286	222	29%
Prepaid expenses and other current assets	513	843	-39%

Total current assets	10,785	10,088	7%
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Property, plant and equipment	4,804	4,437	8%
Less accumulated depreciation	2,747	2,474	11%
Property, plant and equipment, net	2,057	1,963	5%

Identifiable intangible assets, net	472	468	1%
Goodwill	194	191	2%
Deferred income taxes and other assets	970	866	12%

Total assets	\$ 14,478	\$ 13,576	7%
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Current portion of long-term debt	\$ 198	8	-
Notes payable	139	109	28%
Accounts payable	1,147	994	15%
Accrued liabilities	1,745	1,648	6%
Income taxes payable	113	88	28%

Total current liabilities	3,342	2,847	17%
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Long-term debt	276	452	-39%
Deferred income taxes and other liabilities	958	848	13%
Redeemable preferred stock	-	-	-
Shareholders' equity	9,902	9,429	5%

Total liabilities and shareholders' equity	\$ 14,478	\$ 13,576	7%
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NIKE, Inc.

DIVISIONAL REVENUES ¹	QUARTER ENDED			% Change	YEAR TO DATE ENDED	% Change		
	2/28/2011	2/28/2010	% Change	Excluding Currency Changes ²		Excluding Currency Changes ²		
(In millions)								
North America								
Footwear	\$ 1,273	\$ 1,186	7%	7%	\$ 3,645	\$ 3,386	8%	7%
Apparel	481	408	18%	18%	1,534	1,293	19%	18%
Equipment	81	85	-5%	-4%	260	257	1%	1%
Total	1,835	1,679	9%	9%	5,439	4,936	10%	10%
Western Europe								
Footwear	563	577	-2%	6%	1,689	1,727	-2%	7%
Apparel	294	300	-2%	7%	955	1,016	-6%	3%
Equipment	50	52	-4%	4%	162	193	-16%	-8%
Total	907	929	-2%	6%	2,806	2,936	-4%	5%
Central and Eastern Europe								
Footwear	143	137	4%	9%	409	384	7%	12%
Apparel	91	85	7%	13%	271	259	5%	10%
Equipment	17	17	0%	18%	57	59	-3%	2%
Total	251	239	5%	11%	737	702	5%	11%
Greater China								
Footwear	333	279	19%	16%	843	707	19%	17%
Apparel	201	153	31%	28%	574	491	17%	15%
Equipment	20	26	-23%	-23%	79	79	0%	0%
Total	554	458	21%	18%	1,496	1,277	17%	15%
Japan								
Footwear	100	103	-3%	-12%	279	304	-8%	-15%
Apparel	78	86	-9%	-16%	223	251	-11%	-18%
Equipment	17	24	-29%	-38%	48	66	-27%	-33%
Total	195	213	-8%	-16%	550	621	-11%	-18%
Emerging Markets								
Footwear	448	375	19%	15%	1,373	1,079	27%	22%
Apparel	148	127	17%	13%	480	401	20%	14%
Equipment	47	40	18%	15%	136	122	11%	7%
Total	643	542	19%	15%	1,989	1,602	24%	19%
Global Brand Divisions ³	28	22	27%	23%	87	78	12%	17%
Total NIKE Brand	4,413	4,082	8%	9%	13,104	12,152	8%	9%
Other Businesses ⁴	663	655	1%	1%	1,987	1,815	9%	10%
Corporate ⁵	3	(4)	-	-	5	(30)	-	-
Total NIKE, Inc. Revenues	\$ 5,079	\$ 4,733	7%	8%	\$ 15,096	\$ 13,937	8%	9%
Total NIKE Brand								
Footwear	\$ 2,860	\$ 2,657	8%	8%	\$ 8,238	\$ 7,587	9%	10%
Apparel	1,293	1,159	12%	13%	4,037	3,711	9%	10%
Equipment	232	244	-5%	-3%	742	776	-4%	-3%
Global Brand Divisions ³	28	22	27%	23%	87	78	12%	17%

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 ^{1,2}	QUARTER ENDED		%	YEAR TO DATE ENDED		%
	2/28/2011	2/28/2010	Chg	2/28/2011	2/28/2010	Chg
(In millions)						
North America	\$ 423	\$ 403	5%	\$ 1,228	\$ 1,104	11%
Western Europe	161	199	-19%	581	663	-12%
Central and Eastern Europe	57	46	24%	164	172	-5%
Greater China	213	176	21%	551	450	22%
Japan	31	40	-23%	94	120	-22%
Emerging Markets	173	127	36%	491	404	22%
Global Brand Divisions ³	(245)	(234)	-5%	(722)	(590)	-22%
Total NIKE Brand	813	757	7%	2,387	2,323	3%
Other Businesses ⁴	85	105	-19%	253	227	11%
Corporate ⁵	(191)	(199)	4%	(569)	(712)	20%
Total earnings before interest and taxes ^{1,2}	\$ 707	\$ 663	7%	\$ 2,071	\$ 1,838	13%

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	Q3'11
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	5,079
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	2,752
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	1,637
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	690
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	17
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	707
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%	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	153	184
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	695
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	523
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	2,061
	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	Q3'11
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	14,478
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	4,465
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	1,147
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	1,745
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	113
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	958
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	3,852
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	9,902
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	9,739
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%	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	4,465
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	276
Notes Payable	64	79	79	43	61	59	96	101	140	120	206	178	220	316	331	343	95	103	109	139	109	128	139
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	198
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	3,852

Nike, Inc. Free Cash Flow from Operations Calculation
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	FOR THE NINE MONTHS ENDED FEBRUARY 28,	
<i>(in millions)</i>	2011	2010
Cash provided by operations	\$ 970	\$ 1,889
Cash used by investing activities	(602)	(964)
Excluding: Purchases of investments	6,029	2,430
Sales and maturities of investments	(5,747)	(1,752)
Settlement of net investment hedges	8	49
Less: Adjusted cash used by investing activities	(312)	(237)
Free cash flow from operations	\$ 658	\$ 1,652

Note: Cash used by financing activities was \$1,338 million and \$909 million during the nine months ended February 28, 2011 and 2010, respectively. The effect of exchange rate changes on cash was a source of cash of \$23 million during the nine months ended February 28, 2011 and a use of cash of \$82 million during the nine months ended February 28, 2010. The total net change in cash and equivalents was a decrease of \$947 million and \$66 million during the nine months ended February 28, 2011 and 2010, respectively.