

NIKE, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED AUGUST 31, 2011

(In millions, except per share data)

INCOME STATEMENT	QUARTER ENDED		% Chg
	8/31/2011	8/31/2010	
Revenues	\$ 6,081	\$ 5,175	18%
Cost of sales	3,388	2,741	24%
Gross margin	2,693	2,434	11%
	44.3%	47.0%	
Demand creation expense	692	679	2%
Operating overhead expense	1,131	994	14%
Total selling and administrative expense	1,823	1,673	9%
	30.0%	32.3%	
Other expense, net	18	7	-
Interest (income), net	-	(1)	-
Income before income taxes	852	755	13%
Income taxes	207	196	6%
	24.3%	26.0%	
Net income	\$ 645	\$ 559	15%
Diluted EPS	\$1.36	\$1.14	19%
Basic EPS	\$1.39	\$1.17	19%
Weighted Average Common Shares Outstanding:			
Diluted	474.3	488.6	
Basic	465.0	479.6	
Dividends declared	\$0.31	\$0.27	

NIKE, Inc.

BALANCE SHEET	8/31/2011	8/31/2010	% Change
	(In millions)		
ASSETS			
Current assets:			
Cash and equivalents	\$ 1,608	\$ 2,010	-20%
Short-term investments	2,092	2,678	-22%
Accounts receivable, net	3,279	2,791	17%
Inventories	3,107	2,210	41%
Deferred income taxes	315	259	22%
Prepaid expenses and other current assets	638	583	9%
Total current assets	11,039	10,531	5%
Property, plant and equipment	5,034	4,535	11%
Less accumulated depreciation	2,868	2,560	12%
Property, plant and equipment, net	2,166	1,975	10%
Identifiable intangible assets, net	536	470	14%
Goodwill	204	192	6%
Deferred income taxes and other assets	858	883	-3%
Total assets	\$ 14,803	\$ 14,051	5%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 116	\$ 132	-12%
Notes payable	164	109	50%
Accounts payable	1,421	1,101	29%
Accrued liabilities	1,968	1,696	16%
Income taxes payable	91	104	-13%
Total current liabilities	3,760	3,142	20%
Long-term debt	238	342	-30%
Deferred income taxes and other liabilities	906	907	0%
Redeemable preferred stock	-	-	-
Shareholders' equity	9,899	9,660	2%
Total liabilities and shareholders' equity	\$ 14,803	\$ 14,051	5%

NIKE, Inc.

DIVISIONAL REVENUES ¹	QUARTER ENDED			% Change
	8/31/2011	8/31/2010	% Change	Excluding Currency Changes ²
	(In millions)			
North America				
Footwear	\$ 1,443	\$ 1,289	12%	12%
Apparel	632	515	23%	22%
Equipment	125	99	26%	25%
Total	2,200	1,903	16%	15%
Western Europe				
Footwear	731	632	16%	1%
Apparel	407	369	10%	-3%
Equipment	81	65	25%	7%
Total	1,219	1,066	14%	0%
Central and Eastern Europe				
Footwear	180	149	21%	11%
Apparel	123	95	29%	20%
Equipment	31	25	24%	14%
Total	334	269	24%	14%
Greater China				
Footwear	314	246	28%	21%
Apparel	177	182	-3%	-8%
Equipment	37	32	16%	8%
Total	528	460	15%	9%
Japan				
Footwear	103	86	20%	7%
Apparel	70	60	17%	5%
Equipment	18	17	6%	-5%
Total	191	163	17%	5%
Emerging Markets				
Footwear	567	404	40%	29%
Apparel	182	149	22%	12%
Equipment	50	38	32%	21%
Total	799	591	35%	24%
Global Brand Divisions³				
	42	31	35%	24%
Total NIKE Brand	5,313	4,483	19%	12%
Other Businesses⁴	762	694	10%	8%
Corporate⁵	6	(2)	-	-
Total NIKE, Inc. Revenues	\$ 6,081	\$ 5,175	18%	11%
Total NIKE Brand				
Footwear	\$ 3,338	\$ 2,806	19%	13%
Apparel	1,591	1,370	16%	9%
Equipment	342	276	24%	15%
Global Brand Divisions ³	42	31	35%	24%

¹ Certain prior year amounts have been reclassified to conform to fiscal year 2012 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

² Fiscal 2012 results have been restated using fiscal 2011 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 and Other Businesses through our centrally managed foreign exchange risk management program.

NIKE, Inc.

EARNINGS BEFORE INTEREST AND TAXES ^{1,2}	QUARTER ENDED		% Chg
	8/31/2011	8/31/2010	
	(In millions)		
North America	\$ 534	\$ 443	21%
Western Europe	223	283	-21%
Central and Eastern Europe	70	70	0%
Greater China	171	164	4%
Japan	34	27	26%
Emerging Markets	190	124	53%
Global Brand Divisions ³	(261)	(245)	-7%
Total NIKE Brand	961	866	11%
Other Businesses ⁴	86	109	-21%
Corporate ⁵	(195)	(221)	12%
Total earnings before interest and taxes ^{1,2}	\$ 852	\$ 754	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 (income), net and income taxes.

² Certain prior year amounts have been reclassified to conform to fiscal year 2012 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 generated from our centrally managed foreign exchange risk management program, corporate eliminations and other items.

Nike, Inc. Return on Invested Capital Calculation (In Millions)																					
	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	Q4'11	Q1'12
Sales	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	5,766	6,081
Operating Expenses																					
Cost of Sales	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	3,212	3,388
SG&A*	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	1,563	1,738	1,673	1,611	1,637	1,772	1,823
Restructuring charges	-	-	-	-	-	-	-	-	-	-	-	195	-	-	-	-	-	-	-	-	-
Goodwill Impairment	-	-	-	-	-	-	-	-	-	-	199	-	-	-	-	-	-	-	-	-	-
Intangible and Other Asset Impairment	-	-	-	-	-	-	-	-	-	-	202	-	-	-	-	-	-	-	-	-	-
Net Operating Profit	559	433	492	647	652	492	644	645	706	503	196	455	670	481	655	668	761	582	690	782	870
Other Income (Expense), net*	3	-	10	(12)	(7)	1	5	(8)	(2)	12	43	34	12	12	8	17	(7)	28	17	(5)	(18)
Earnings before Interest and Taxes	562	433	502	635	645	493	649	637	704	515	239	489	682	493	663	685	754	610	707	777	852
Tax Rate	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%	23.2%	24.3%
Taxes Calculated	194	118	162	213	97	149	199	155	201	128	(9)	146	168	116	166	162	196	153	184	180	207
Trailing 4 Quarters Taxes**	706	663	647	687	590	621	658	600	704	683	475	466	433	421	596	612	640	677	695	713	724
Earnings before Interest and after Taxes	368	315	340	422	548	344	450	482	503	387	248	343	514	377	497	523	558	457	523	597	645
Trailing 4 Quarters Earnings before Interest and after Taxes**	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	2,135	2,222
	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	Q4'11	Q1'12
Total Assets	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	14,998	14,803
Less:																					
Cash and Short-term Investments	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	4,538	3,700
Accounts Payable	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	1,469	1,421
Accrued Liabilities	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	1,985	1,968
Income Tax Payable	153	71	75	109	184	108	96	88	214	117	112	86	146	81	88	59	104	78	113	117	91
Deferred Income Taxes and other Liabilities	564	620	643	669	622	737	785	855	843	870	775	842	804	876	848	855	907	929	958	921	906
Plus																					
Net Debt adjustment*****	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	3,875	3,182
Invested Capital	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	9,843	9,899
Trailing 5 Quarters Invested Capital***	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	9,822	9,851
Return on Invested Capital****	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%	21.7%	22.6%

* 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	1,725	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	4,538	3,700
Less:																					
Long-Term Debt	380	384	419	410	421	436	447	441	407	446	438	437	443	460	452	446	342	338	276	276	238
Notes Payable	61	59	96	101	140	120	206	178	220	316	331	343	95	103	109	139	109	128	139	187	164
Current Portion of Long-Term Debt	31	31	31	31	6	6	6	6	32	32	32	32	7	8	8	7	132	132	198	200	116
Net Debt Adjustment	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	3,875	3,182

Nike, Inc. Free Cash Flow from Operations Calculation
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<i>(in millions)</i>	QUARTER ENDED AUGUST 31,	
	2011	2010
Cash provided by operations	\$ 87	\$ 212
Cash provided (used) by investing activities	317	(684)
Excluding: Purchases of investments	1,197	1,753
Sales and maturities of investments	(1,681)	(1,139)
Settlement of net investment hedges	22	(22)
Less: Adjusted cash used by investing activities	(145)	(92)
Free cash flow from operations	\$ (58)	\$ 120

Note: Cash used by financing activities was \$744 million and \$600 million during the quarters ended August 31, 2011 and 2010, respectively. The effect of exchange rate changes on cash was a use of cash of \$7 million for quarter ended August 31, 2011 and a source of cash of \$3 million for the quarter ended August 31, 2010. The total net change in cash and equivalents was a decrease of \$347 million and \$1,069 million during the quarters ended August 31, 2011 and 2010, respectively.

NIKE, Inc.

NIKE BRAND REPORTED FUTURES GROWTH BY GEOGRAPHY ¹	Reported Futures Orders	Excluding Currency Changes ²
North America	16%	15%
Western Europe	9%	3%
Central & Eastern Europe	17%	17%
Greater China	27%	22%
Japan	-10%	-10%
Emerging Markets	22%	21%
Total NIKE Brand Reported Futures	16%	13%

¹ Futures orders by geography and in total for NIKE Brand athletic footwear and apparel scheduled for delivery from September 2011 through January 2012.

The reported futures and advance orders growth is not necessarily indicative of our expectation of revenue growth during this period. This is due to year-over-year changes in shipment timing and because the mix of orders can shift between advance/futures and at-once orders and the fulfillment of certain orders may fall outside of the schedule noted above. In addition, exchange rate fluctuations as well as differing levels of order cancellations and discounts can cause differences in the comparisons between advance/futures orders and actual revenues. Moreover, a significant portion of our revenue is not derived from futures and advance orders, including at-once and close-out sales of NIKE Brand footwear and apparel, sales of NIKE Brand equipment, sales from certain of our Direct to Consumer operations, and sales from our Other Businesses.

² Reported futures restated using prior year exchange rates to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.