

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED			%	NINE MONTHS ENDED			%
	2/29/2016	2/28/2015	Change		2/29/2016	2/28/2015	Change	
Revenues	\$ 8,032	\$ 7,460	8%		\$ 24,132	\$ 22,822	6%	
Cost of sales	4,343	4,034	8%		12,947	12,348	5%	
Gross profit	3,689	3,426	8%		11,185	10,474	7%	
<i>Gross margin</i>	45.9%	45.9%			46.3%	45.9%		
Demand creation expense	804	731	10%		2,405	2,394	0%	
Operating overhead expense	1,762	1,648	7%		5,298	4,903	8%	
Total selling and administrative expense	2,566	2,379	8%		7,703	7,297	6%	
<i>% of revenue</i>	31.9%	31.9%			31.9%	32.0%		
Interest expense (income), net	5	6	—		14	24	—	
Other (income) expense, net	(17)	(5)	—		(82)	—	—	
Income before income taxes	1,135	1,046	9%		3,550	3,153	13%	
Income tax expense	185	255	-27%		636	745	-15%	
<i>Effective tax rate</i>	16.3%	24.4%			17.9%	23.6%		
NET INCOME	\$ 950	\$ 791	20%		\$ 2,914	\$ 2,408	21%	
Earnings per common share:								
Basic	\$ 0.56	\$ 0.46	22%		\$ 1.71	\$ 1.39	23%	
Diluted	\$ 0.55	\$ 0.45	22%		\$ 1.67	\$ 1.36	23%	
Weighted average common shares outstanding:								
Basic	1,693.8	1,722.9			1,703.2	1,726.3		
Diluted	1,737.3	1,767.7			1,748.5	1,771.0		
Dividends declared per common share	\$ 0.16	\$ 0.14			\$ 0.46	\$ 0.40		

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	February 29, 2016	February 28, 2015	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 3,044	\$ 3,015	1%
Short-term investments	2,062	2,346	-12%
Accounts receivable, net	3,368	3,294	2%
Inventories	4,590	4,246	8%
Deferred income taxes	410	328	25%
Prepaid expenses and other current assets	1,782	1,978	-10%
Total current assets	15,256	15,207	0%
Property, plant and equipment, net	3,329	2,862	16%
Identifiable intangible assets, net	281	281	0%
Goodwill	131	131	0%
Deferred income taxes and other assets	1,990	2,060	-3%
TOTAL ASSETS	\$ 20,987	\$ 20,541	2%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 7	\$ 108	-94%
Notes payable	—	61	-100%
Accounts payable	1,714	1,821	-6%
Accrued liabilities	3,224	3,563	-10%
Income taxes payable	35	33	6%
Total current liabilities	4,980	5,586	-11%
Long-term debt	2,048	1,082	89%
Deferred income taxes and other liabilities	1,659	1,505	10%
Redeemable preferred stock	—	—	—
Shareholders' equity	12,300	12,368	-1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 20,987	\$ 20,541	2%

NIKE, Inc.

DIVISIONAL REVENUES

	THREE MONTHS ENDED		%	% Change	NINE MONTHS ENDED		%	% Change
(Dollars in millions)	2/29/2016	2/28/2015 ¹	Change	Excluding Currency Changes ²	2/29/2016	2/28/2015 ¹	Change	Excluding Currency Changes ²
North America								
Footwear	\$ 2,404	\$ 2,081	16%	16%	\$ 6,932	\$ 6,189	12%	13%
Apparel	1,115	988	13%	14%	3,583	3,223	11%	12%
Equipment	164	185	-11%	-11%	514	596	-14%	-13%
Total	3,683	3,254	13%	14%	11,029	10,008	10%	11%
Western Europe								
Footwear	985	985	0%	10%	2,958	2,976	-1%	14%
Apparel	392	361	9%	19%	1,217	1,242	-2%	12%
Equipment	65	67	-3%	7%	207	220	-6%	7%
Total	1,442	1,413	2%	12%	4,382	4,438	-1%	13%
Central & Eastern Europe								
Footwear	237	187	27%	46%	658	590	12%	34%
Apparel	102	113	-10%	5%	361	397	-9%	11%
Equipment	20	21	-5%	4%	67	74	-9%	9%
Total	359	321	12%	29%	1,086	1,061	2%	23%
Greater China								
Footwear	719	562	28%	33%	1,918	1,465	31%	34%
Apparel	235	212	11%	15%	787	680	16%	19%
Equipment	28	27	4%	4%	101	93	9%	9%
Total	982	801	23%	27%	2,806	2,238	25%	29%
Japan								
Footwear	133	99	34%	37%	383	307	25%	40%
Apparel	52	46	13%	16%	158	167	-5%	6%
Equipment	20	21	-5%	0%	48	51	-6%	5%
Total	205	166	23%	27%	589	525	12%	26%
Emerging Markets								
Footwear	596	655	-9%	9%	1,940	2,010	-3%	15%
Apparel	228	240	-5%	14%	721	772	-7%	11%
Equipment	55	60	-8%	10%	168	182	-8%	12%
Total	879	955	-8%	11%	2,829	2,964	-5%	14%
Global Brand Divisions ³	17	29	-41%	-35%	61	85	-28%	-19%
Total NIKE Brand	7,567	6,939	9%	15%	22,782	21,319	7%	14%
Converse	489	538	-9%	-5%	1,442	1,547	-7%	-2%
Corporate ⁴	(24)	(17)	—	—	(92)	(44)	—	—
Total NIKE, Inc. Revenues	\$ 8,032	\$ 7,460	8%	14%	\$ 24,132	\$ 22,822	6%	14%
Total NIKE Brand								
Footwear	\$ 5,074	\$ 4,569	11%	18%	\$ 14,789	\$ 13,537	9%	17%
Apparel	2,124	1,960	8%	14%	6,827	6,481	5%	12%
Equipment	352	381	-8%	-2%	1,105	1,216	-9%	-2%
Global Brand Divisions ³	17	29	-41%	-35%	61	85	-28%	-19%

¹ Certain prior year amounts have been reclassified to conform to fiscal 2016 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

² Fiscal 2016 results have been restated using fiscal 2015 exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of translation arising from foreign currency exchange rate fluctuations.

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

⁴ Corporate revenues primarily consist of foreign currency hedge gains and losses related to revenues generated by entities within the NIKE Brand geographic operating segments and Converse but managed through our central foreign exchange risk management program.

NIKE, Inc.

EARNINGS BEFORE INTEREST AND TAXES¹

	THREE MONTHS ENDED			%	NINE MONTHS ENDED			%
	2/29/2016	2/28/2015 ²	Change		2/29/2016	2/28/2015 ²	Change	
<i>(Dollars in millions)</i>								
North America	\$ 903	\$ 830	9%		\$ 2,827	\$ 2,585	9%	
Western Europe	334	333	0%		1,126	998	13%	
Central & Eastern Europe	69	52	33%		243	178	37%	
Greater China	358	251	43%		1,015	727	40%	
Japan	36	22	64%		119	62	92%	
Emerging Markets	202	234	-14%		701	626	12%	
Global Brand Divisions ³	(625)	(552)	-13%		(1,874)	(1,640)	-14%	
TOTAL NIKE BRAND	1,277	1,170	9%		4,157	3,536	18%	
Converse	127	163	-22%		359	437	-18%	
Corporate ⁴	(264)	(281)	6%		(952)	(796)	-20%	
TOTAL EARNINGS BEFORE INTEREST AND TAXES	\$ 1,140	\$ 1,052	8%		\$ 3,564	\$ 3,177	12%	

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

² Certain prior year amounts have been reclassified to conform to fiscal 2016 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

³ Global Brand Divisions primarily represent demand creation, operating overhead and product creation and design expenses that are centrally managed for the NIKE Brand. Revenues for Global Brand Divisions are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

⁴ Corporate consists largely of unallocated general and administrative expenses, including expenses associated with centrally managed departments; depreciation and amortization related to the Company's corporate headquarters; unallocated insurance, benefit and compensation programs, including stock-based compensation; and certain foreign currency gains and losses, including certain hedge gains and losses.

NIKE, Inc.

NIKE BRAND REPORTED FUTURES GROWTH BY GEOGRAPHY¹

As of February 29, 2016

	Reported Futures Orders	Excluding Currency Changes ²
North America	10%	10%
Western Europe	16%	23%
Central & Eastern Europe	5%	14%
Greater China	28%	36%
Japan	23%	24%
Emerging Markets	-3%	14%
Total NIKE Brand Reported Futures	12%	17%

¹ Futures orders for NIKE Brand footwear and apparel scheduled for delivery from March 2016 through July 2016. NIKE Brand reported futures consist of (1) orders from external wholesale customers and (2) internal orders from our DTC in-line stores and e-commerce operations which are charged at prices that are comparable to prices charged to external wholesale customers. The U.S. Dollar futures orders amount is calculated based upon our internal forecast of the currency exchange rates under which our revenues will be translated during this period.

The reported futures 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, changes in the mix of orders between futures and at-once orders and because 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, discounts and returns can cause differences in the comparisons between futures orders and actual revenues. Moreover, a portion of our revenue is not derived from futures orders, including sales of at-once and closeout NIKE Brand footwear and apparel, all sales of NIKE Brand equipment, the difference between retail sales and internal orders from our DTC in-line stores and e-commerce operations, and sales from Converse, NIKE Golf and Hurley.

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

Nike, Inc. Return on Invested Capital Calculation																							
(Dollars in millions)	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Continuing operations:																							
Revenues	5,175	4,842	5,079	5,766	6,081	5,731	5,846	6,470	6,669	5,955	6,187	6,697	6,971	6,431	6,972	7,425	7,982	7,380	7,460	7,779	8,414	7,686	8,032
Operating expenses:																							
Cost of sales	2,741	2,649	2,752	3,212	3,388	3,281	3,285	3,703	3,766	3,425	3,451	3,757	3,839	3,605	3,869	4,040	4,261	4,053	4,034	4,186	4,419	4,185	4,343
Selling and administrative expense*	1,675	1,612	1,640	1,776	1,826	1,822	1,806	1,991	2,156	1,839	1,866	2,029	2,058	2,091	2,169	2,448	2,480	2,438	2,379	2,595	2,577	2,560	2,566
Restructuring charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible and other asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating profit	759	581	687	778	867	628	755	776	747	691	870	911	1,074	735	934	937	1,241	889	1,047	998	1,418	941	1,123
Other (income) expense, net*	7	(28)	(17)	5	18	9	(11)	38	(29)	(17)	17	13	28	13	45	17	3	2	(5)	(58)	(31)	(34)	(17)
Earnings before interest and taxes	752	609	704	773	849	619	766	738	776	708	853	898	1,046	722	889	920	1,238	887	1,052	1,056	1,449	975	1,140
Tax rate	26.0%	25.0%	26.1%	23.1%	24.4%	24.2%	27.3%	26.2%	27.6%	26.8%	22.8%	22.9%	25.0%	25.2%	22.5%	23.5%	21.7%	25.4%	24.4%	17.8%	18.4%	19.1%	16.3%
Taxes calculated	196	152	184	179	207	150	209	193	214	190	195	206	262	182	200	216	269	225	256	188	267	186	186
Trailing 4 quarters taxes**	637	674	694	711	722	720	745	759	766	806	792	805	853	845	850	860	867	910	966	938	936	897	827
Earnings before interest and after taxes from continuing operations	-	-	-	-	-	-	-	-	-	518	658	692	784	540	689	704	969	662	796	868	1,182	789	954
Earnings before interest and after taxes from discontinued operations	-	-	-	-	-	-	-	-	-	(137)	204	(28)	-	-	-	-	-	-	-	-	-	-	-
Earnings before interest and after taxes	556	457	520	594	642	469	557	545	562	381	862	664	784	540	689	704	969	662	796	868	1,182	789	954
Trailing 4 quarters earnings before interest and after taxes**	1,948	2,029	2,053	2,127	2,213	2,225	2,262	2,213	2,133	2,045	2,350	2,469	2,691	2,850	2,677	2,717	2,902	3,024	3,131	3,295	3,508	3,635	3,793
	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Total NIKE Inc. assets	14,000	14,412	14,423	14,958	14,740	14,499	14,724	15,419	15,035	15,090	15,530	17,545	17,582	17,724	17,703	18,594	18,521	19,167	20,541	21,600	20,766	22,583	20,987
Less:																							
Cash and equivalents and short-term investments	4,688	4,789	4,465	4,538	3,700	3,365	3,197	3,757	3,267	3,525	4,042	5,965	5,578	5,187	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116	5,106
Accounts payable	1,101	1,225	1,147	1,469	1,421	1,411	1,298	1,588	1,551	1,519	1,241	1,646	1,559	1,612	1,480	1,930	1,970	2,074	1,821	2,131	1,933	1,915	1,714
Accrued liabilities	1,696	1,685	1,745	2,004	1,968	1,834	1,913	2,082	1,974	1,879	1,899	2,036	1,913	2,005	2,303	2,491	2,441	2,622	3,563	3,951	3,139	3,451	3,224
Income taxes payable	96	70	105	108	81	70	47	54	99	31	122	84	195	30	27	432	250	38	33	71	75	41	35
Deferred income taxes and other liabilities	907	929	958	921	906	925	979	991	1,065	1,188	1,287	1,292	1,322	1,424	1,515	1,544	1,408	1,446	1,505	1,480	1,517	1,600	1,659
Liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	198	62	18	12	-	-	-	-	-	-	-	-	-	-
Plus:																							
Net debt adjustment*****	4,105	4,191	3,852	3,875	3,182	2,894	2,828	3,372	2,903	3,197	3,721	4,577	4,203	3,799	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945	3,051
Invested capital	9,617	9,905	9,855	9,793	9,846	9,788	10,118	10,319	9,982	9,947	10,598	11,081	11,206	11,265	11,051	10,824	11,105	11,700	12,368	12,707	12,894	13,405	12,300
Trailing 5 quarters invested capital***	9,393	9,563	9,696	9,777	9,803	9,837	9,880	9,973	10,011	10,031	10,193	10,385	10,563	10,819	11,040	11,085	11,090	11,189	11,410	11,741	12,155	12,615	12,735
Return on invested capital****	20.7%	21.2%	21.2%	21.8%	22.6%	22.6%	22.9%	22.2%	21.3%	20.4%	23.1%	23.8%	25.5%	26.3%	24.2%	24.5%	26.2%	27.0%	27.4%	28.1%	28.9%	28.8%	29.8%
* Reclassifications have been made to conform to current-year presentation																							
** Equals the sum of the current quarter and previous 3 quarters																							
*** Equals the simple average of the current and previous 4 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 equivalents and short-term investments	4,688	4,789	4,465	4,538	3,700	3,365	3,197	3,757	3,267	3,525	4,042	5,965	5,578	5,187	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116	5,106
Less:																							
Long-term debt	342	338	276	276	238	234	229	228	226	170	161	1,210	1,207	1,201	1,201	1,199	1,195	1,084	1,082	1,079	1,079	2,067	2,048
Notes payable	109	128	139	187	164	123	91	108	129	100	103	121	111	180	119	167	146	93	61	74	23	99	-
Current portion of long-term debt	132	132	198	200	116	114	49	49	9	58	57	57	57	7	7	7	6	110	108	107	106	5	7
Net debt adjustment	4,105	4,191	3,852	3,875	3,182	2,894	2,828	3,372	2,903	3,197	3,721	4,577	4,203	3,799	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945	3,051