

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED			SIX MONTHS ENDED		
	11/30/2016	11/30/2015	% Change	11/30/2016	11/30/2015	% Change
Revenues	\$ 8,180	\$ 7,686	6%	\$ 17,241	\$ 16,100	7%
Cost of sales	4,564	4,185	9%	9,502	8,604	10%
Gross profit	3,616	3,501	3%	7,739	7,496	3%
<i>Gross margin</i>	<i>44.2%</i>	<i>45.6%</i>		<i>44.9%</i>	<i>46.6%</i>	
Demand creation expense	762	769	-1%	1,803	1,601	13%
Operating overhead expense	1,743	1,791	-3%	3,599	3,536	2%
Total selling and administrative expense	2,505	2,560	-2%	5,402	5,137	5%
<i>% of revenue</i>	<i>30.6%</i>	<i>33.3%</i>		<i>31.3%</i>	<i>31.9%</i>	
Interest expense (income), net	15	5	—	22	9	—
Other (income) expense, net	(18)	(34)	—	(80)	(65)	—
Income before income taxes	1,114	970	15%	2,395	2,415	-1%
Income tax expense	272	185	47%	304	451	-33%
<i>Effective tax rate</i>	<i>24.4%</i>	<i>19.1%</i>		<i>12.7%</i>	<i>18.7%</i>	
NET INCOME	\$ 842	\$ 785	7%	\$ 2,091	\$ 1,964	6%
Earnings per common share:						
Basic	\$ 0.51	\$ 0.46	11%	\$ 1.26	\$ 1.15	10%
Diluted	\$ 0.50	\$ 0.45	11%	\$ 1.23	\$ 1.12	10%
Weighted average common shares outstanding:						
Basic	1,659.1	1,706.5		1,665.6	1,707.8	
Diluted	1,693.2	1,751.4		1,701.3	1,753.4	
Dividends declared per common share	\$ 0.18	\$ 0.16		\$ 0.34	\$ 0.30	

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	November 30, 2016	November 30, 2015	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 4,339	\$ 3,851	13%
Short-term investments	1,604	2,265	-29%
Accounts receivable, net	3,478	3,437	1%
Inventories	5,033	4,600	9%
Prepaid expenses and other current assets	1,557	2,197	-29%
Total current assets	16,011	16,350	-2%
Property, plant and equipment, net	3,566	3,235	10%
Identifiable intangible assets, net	283	281	1%
Goodwill	139	131	6%
Deferred income taxes and other assets ¹	2,653	2,567	3%
TOTAL ASSETS	\$ 22,652	\$ 22,564	0%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 44	\$ 5	780%
Notes payable	20	99	-80%
Accounts payable	2,033	1,915	6%
Accrued liabilities ¹	3,076	3,449	-11%
Income taxes payable	52	41	27%
Total current liabilities	5,225	5,509	-5%
Long-term debt	3,473	2,050	69%
Deferred income taxes and other liabilities ¹	1,631	1,600	2%
Redeemable preferred stock	—	—	—
Shareholders' equity	12,323	13,405	-8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,652	\$ 22,564	0%

¹ During the fourth quarter of fiscal 2016, NIKE, Inc. adopted Accounting Standards Update No. 2015-17, which requires all deferred tax assets and deferred tax liabilities to be classified as non-current. All periods presented have been updated to reflect these changes.

NIKE, Inc.

DIVISIONAL REVENUES

	THREE MONTHS ENDED		%	% Change	SIX MONTHS ENDED		%	% Change
(Dollars in millions)	11/30/2016	11/30/2015	Change	Excluding Currency Changes ¹	11/30/2016	11/30/2015	Change	Excluding Currency Changes ¹
North America								
Footwear	\$ 2,219	\$ 2,162	3%	3%	\$ 4,737	\$ 4,528	5%	5%
Apparel	1,273	1,221	4%	4%	2,590	2,468	5%	5%
Equipment	158	164	-4%	-3%	354	350	1%	1%
Total	3,650	3,547	3%	3%	7,681	7,346	5%	5%
Western Europe								
Footwear	865	845	2%	8%	2,012	1,973	2%	5%
Apparel	454	391	16%	23%	985	825	19%	25%
Equipment	66	63	5%	12%	151	142	6%	11%
Total	1,385	1,299	7%	12%	3,148	2,940	7%	11%
Central & Eastern Europe								
Footwear	192	183	5%	6%	462	421	10%	13%
Apparel	120	126	-5%	-4%	258	259	0%	4%
Equipment	16	17	-6%	-6%	48	47	2%	6%
Total	328	326	1%	1%	768	727	6%	10%
Greater China								
Footwear	669	600	12%	16%	1,379	1,199	15%	21%
Apparel	355	306	16%	21%	624	552	13%	18%
Equipment	31	32	-3%	3%	72	73	-1%	3%
Total	1,055	938	12%	17%	2,075	1,824	14%	19%
Japan								
Footwear	151	128	18%	0%	317	250	27%	8%
Apparel	70	63	11%	-6%	130	106	23%	5%
Equipment	17	14	21%	9%	36	28	29%	11%
Total	238	205	16%	-2%	483	384	26%	7%
Emerging Markets								
Footwear	726	674	8%	15%	1,387	1,344	3%	14%
Apparel	263	255	3%	9%	497	493	1%	11%
Equipment	58	55	5%	10%	108	113	-4%	4%
Total	1,047	984	6%	13%	1,992	1,950	2%	12%
Global Brand Divisions ²	21	18	17%	17%	36	44	-18%	-21%
Total NIKE Brand	7,724	7,317	6%	8%	16,183	15,215	6%	9%
Converse	416	398	5%	5%	990	953	4%	5%
Corporate ³	40	(29)	—	—	68	(68)	—	—
Total NIKE, Inc. Revenues	\$ 8,180	\$ 7,686	6%	8%	\$ 17,241	\$ 16,100	7%	9%
Total NIKE Brand								
Footwear	\$ 4,822	\$ 4,592	5%	7%	\$ 10,294	\$ 9,715	6%	8%
Apparel	2,535	2,362	7%	9%	5,084	4,703	8%	11%
Equipment	346	345	0%	2%	769	753	2%	4%
Global Brand Divisions ²	21	18	17%	17%	36	44	-18%	-21%

¹ Fiscal 2017 results have been restated using fiscal 2016 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, which is considered a non-GAAP financial measure.

² Global Brand Divisions revenues are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

³ 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			%	SIX MONTHS ENDED			%
(Dollars in millions)	11/30/2016	11/30/2015	Change		11/30/2016	11/30/2015	Change	
North America	\$ 912	\$ 882	3%		\$ 1,916	\$ 1,924	0%	
Western Europe	236	307	-23%		628	792	-21%	
Central & Eastern Europe	58	76	-24%		139	174	-20%	
Greater China	375	327	15%		746	657	14%	
Japan	48	47	2%		98	83	18%	
Emerging Markets	237	241	-2%		408	499	-18%	
Global Brand Divisions ²	(619)	(625)	1%		(1,390)	(1,249)	-11%	
TOTAL NIKE BRAND	1,247	1,255	-1%		2,545	2,880	-12%	
Converse	78	85	-8%		231	232	0%	
Corporate ³	(196)	(365)	46%		(359)	(688)	48%	
TOTAL EARNINGS BEFORE INTEREST AND TAXES	1,129	975	16%		2,417	2,424	0%	
Interest expense (income), net	15	5	—		22	9	—	
TOTAL INCOME BEFORE INCOME TAXES	\$ 1,114	\$ 970	15%		\$ 2,395	\$ 2,415	-1%	

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 tax expense and is considered a non-GAAP financial measure.

² 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.

³ 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 November 30, 2016

	Reported Futures Orders	Excluding Currency Changes ²
North America	-4%	-4%
Western Europe	-4%	2%
Central & Eastern Europe	4%	6%
Greater China	6%	12%
Japan	10%	5%
Emerging Markets	9%	10%
Total NIKE Brand Reported Futures	0%	2%

¹ Futures orders for NIKE Brand footwear and apparel scheduled for delivery from December 2016 through April 2017. NIKE Brand reported futures include (1) orders from external wholesale customers and (2) internal orders from our DTC in-line stores and e-commerce operations which are reflected 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)																						
	Q1'12	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	Q4'16	Q1'17	Q2'17
Continuing operations:																						
Revenues	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	8,244	9,061	8,180
Operating expenses:																						
Cost of sales	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	4,458	4,938	4,564
Selling and administrative expense	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	2,766	2,897	2,505
Restructuring charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible and other asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating profit	867	628	755	776	747	691	870	911	1,074	735	934	937	1,241	889	1,047	998	1,418	941	1,123	1,020	1,226	1,111
Other (income) expense, net	18	9	(11)	38	(29)	(17)	17	13	28	13	45	17	3	2	(5)	(58)	(31)	(34)	(17)	(58)	(62)	(18)
Earnings before interest and taxes	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	1,078	1,288	1,129
Tax rate	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%	21.2%	2.5%	24.4%
Taxes calculated	207	150	209	193	214	190	195	206	262	182	200	216	269	225	256	188	267	186	186	228	32	276
Trailing 4 quarters taxes*	722	720	745	759	766	806	792	805	853	845	850	860	867	910	966	938	936	897	827	867	632	722
Earnings before interest and after taxes from continuing operations	-	-	-	-	-	518	658	692	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853
Earnings before interest and after taxes from discontinued operations	-	-	-	-	-	(137)	204	(28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before interest and after taxes	642	469	557	545	562	381	862	664	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853
Trailing 4 quarters earnings before interest and after taxes*	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	3,775	3,849	3,913
	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	Q4'16	Q1'17	Q2'17
Total NIKE Inc. assets	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	21,396	21,156	22,652
Less:																						
Cash and equivalents and short-term investments	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	5,457	4,787	5,943
Accounts payable	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	2,191	2,088	2,033
Accrued liabilities	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	3,037	3,147	3,076
Income taxes payable	81	70	47	54	99	31	122	84	195	30	27	432	250	38	33	71	75	41	35	85	62	52
Deferred income taxes and other liabilities	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	1,770	1,635	1,631
Liabilities of discontinued operations	-	-	-	-	-	198	62	18	12	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus:																						
Net debt adjustment****	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	3,402	2,728	2,406
Invested capital	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	12,258	12,165	12,323
Trailing 5 quarters invested capital**	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	12,713	12,604	12,490
Return on invested capital***	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%	29.7%	30.5%	31.3%
* 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	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	5,457	4,787	5,943
Less:																						
Long-term debt	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	2,010	1,993	3,473
Notes payable	164	123	91	108	129	100	103	121	111	180	119	167	146	93	61	74	23	99	-	1	22	20
Current portion of long-term debt	116	114	49	49	9	58	57	57	57	7	7	7	6	110	108	107	106	5	7	44	44	44
Net debt adjustment	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	3,402	2,728	2,406