

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED			%	NINE MONTHS ENDED			%
	2/28/2017	2/29/2016	Change		2/28/2017	2/29/2016	Change	
Revenues	\$ 8,432	\$ 8,032	5%		\$ 25,673	\$ 24,132	6%	
Cost of sales	4,682	4,343	8%		14,184	12,947	10%	
Gross profit	3,750	3,689	2%		11,489	11,185	3%	
<i>Gross margin</i>	44.5%	45.9%			44.8%	46.3%		
Demand creation expense	749	804	-7%		2,552	2,405	6%	
Operating overhead expense	1,747	1,762	-1%		5,346	5,298	1%	
Total selling and administrative expense	2,496	2,566	-3%		7,898	7,703	3%	
<i>% of revenue</i>	29.6%	31.9%			30.8%	31.9%		
Interest expense (income), net	19	5	—		41	14	—	
Other (income) expense, net	(88)	(17)	—		(168)	(82)	—	
Income before income taxes	1,323	1,135	17%		3,718	3,550	5%	
Income tax expense	182	185	-2%		486	636	-24%	
<i>Effective tax rate</i>	13.8%	16.3%			13.1%	17.9%		
NET INCOME	\$ 1,141	\$ 950	20%		\$ 3,232	\$ 2,914	11%	
Earnings per common share:								
Basic	\$ 0.69	\$ 0.56	23%		\$ 1.95	\$ 1.71	14%	
Diluted	\$ 0.68	\$ 0.55	24%		\$ 1.91	\$ 1.67	14%	
Weighted average common shares outstanding:								
Basic	1,653.1	1,693.8			1,661.5	1,703.2		
Diluted	1,686.3	1,737.3			1,696.4	1,748.5		
Dividends declared per common share	\$ 0.18	\$ 0.16			\$ 0.52	\$ 0.46		

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	February 28, 2017	February 29, 2016	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 4,021	\$ 3,044	32%
Short-term investments	2,139	2,062	4%
Accounts receivable, net	3,752	3,368	11%
Inventories	4,932	4,590	7%
Prepaid expenses and other current assets	1,361	1,782	-24%
Total current assets	16,205	14,846	9%
Property, plant and equipment, net	3,793	3,329	14%
Identifiable intangible assets, net	283	281	1%
Goodwill	139	131	6%
Deferred income taxes and other assets ¹	2,732	2,381	15%
TOTAL ASSETS	\$ 23,152	\$ 20,968	10%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 6	\$ 7	-14%
Notes payable	23	—	100%
Accounts payable	1,938	1,714	13%
Accrued liabilities ¹	3,228	3,223	0%
Income taxes payable	76	35	117%
Total current liabilities	5,271	4,979	6%
Long-term debt	3,472	2,031	71%
Deferred income taxes and other liabilities ¹	1,687	1,658	2%
Redeemable preferred stock	—	—	—
Shareholders' equity	12,722	12,300	3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 23,152	\$ 20,968	10%

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	NINE MONTHS ENDED		%	% Change
(Dollars in millions)	2/28/2017	2/29/2016	Change	Excluding Currency Changes ¹	2/28/2017	2/29/2016	Change	Excluding Currency Changes ¹
North America								
Footwear	\$ 2,490	\$ 2,404	4%	3%	\$ 7,227	\$ 6,932	4%	4%
Apparel	1,154	1,115	3%	3%	3,744	3,583	4%	4%
Equipment	138	164	-16%	-16%	492	514	-4%	-4%
Total	3,782	3,683	3%	3%	11,463	11,029	4%	4%
Western Europe								
Footwear	990	985	1%	6%	3,002	2,958	1%	6%
Apparel	445	392	14%	21%	1,430	1,217	18%	23%
Equipment	64	65	-2%	5%	215	207	4%	9%
Total	1,499	1,442	4%	10%	4,647	4,382	6%	11%
Central & Eastern Europe								
Footwear	232	237	-2%	1%	694	658	5%	9%
Apparel	110	102	8%	8%	368	361	2%	5%
Equipment	20	20	0%	0%	68	67	1%	6%
Total	362	359	1%	3%	1,130	1,086	4%	7%
Greater China								
Footwear	776	719	8%	14%	2,155	1,918	12%	18%
Apparel	271	235	15%	22%	895	787	14%	19%
Equipment	28	28	0%	7%	100	101	-1%	4%
Total	1,075	982	9%	15%	3,150	2,806	12%	18%
Japan								
Footwear	153	133	15%	8%	470	383	23%	8%
Apparel	67	52	29%	21%	197	158	25%	10%
Equipment	16	20	-20%	-24%	52	48	8%	-4%
Total	236	205	15%	8%	719	589	22%	8%
Emerging Markets								
Footwear	673	596	13%	17%	2,060	1,940	6%	15%
Apparel	222	228	-3%	3%	719	721	0%	8%
Equipment	55	55	0%	2%	163	168	-3%	3%
Total	950	879	8%	13%	2,942	2,829	4%	12%
Global Brand Divisions ²	19	17	12%	12%	55	61	-10%	-10%
Total NIKE Brand	7,923	7,567	5%	7%	24,106	22,782	6%	8%
Converse	498	489	2%	3%	1,488	1,442	3%	4%
Corporate ³	11	(24)	—	—	79	(92)	—	—
Total NIKE, Inc. Revenues	\$ 8,432	\$ 8,032	5%	7%	\$ 25,673	\$ 24,132	6%	8%
Total NIKE Brand								
Footwear	\$ 5,314	\$ 5,074	5%	7%	\$ 15,608	\$ 14,789	6%	8%
Apparel	2,269	2,124	7%	9%	7,353	6,827	8%	10%
Equipment	321	352	-9%	-7%	1,090	1,105	-1%	1%
Global Brand Divisions ²	19	17	12%	12%	55	61	-10%	-10%

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			NINE MONTHS ENDED		
	2/28/2017	2/29/2016	% Change	2/28/2017	2/29/2016	% Change
<i>(Dollars in millions)</i>						
North America	\$ 980	\$ 903	9%	\$ 2,896	\$ 2,827	2%
Western Europe	290	334	-13%	918	1,126	-18%
Central & Eastern Europe	57	69	-17%	196	243	-19%
Greater China	381	358	6%	1,127	1,015	11%
Japan	49	36	36%	147	119	24%
Emerging Markets	193	202	-4%	601	701	-14%
Global Brand Divisions ²	(598)	(625)	4%	(1,988)	(1,874)	-6%
TOTAL NIKE BRAND	1,352	1,277	6%	3,897	4,157	-6%
Converse	109	127	-14%	340	359	-5%
Corporate ³	(119)	(264)	55%	(478)	(952)	50%
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES	1,342	1,140	18%	3,759	3,564	5%
Interest expense (income), net	19	5	—	41	14	—
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 1,323	\$ 1,135	17%	\$ 3,718	\$ 3,550	5%

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 February 28, 2017

	Reported Futures Orders	Excluding Currency Changes ²
North America	-9%	-9%
Western Europe	-5%	4%
Central & Eastern Europe	-6%	-2%
Greater China	-2%	3%
Japan	-3%	2%
Emerging Markets	12%	14%
Total NIKE Brand Reported Futures	-4%	-1%

¹ Futures orders for NIKE Brand footwear and apparel scheduled for delivery from March 2017 through July 2017. NIKE Brand reported futures include (1) orders from external wholesale customers and (2) internal orders from our DTC in-line stores and digital 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 digital 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	Q3'17
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	8,432
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	4,682
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	2,496
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	1,254
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)	(88)
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	1,342
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%	13.8%
Taxes calculated	207	150	209	193	214	190	195	206	262	182	200	216	269	225	256	188	267	186	186	228	32	276	185
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	721
Earnings before interest and after taxes from continuing operations	642	469	557	545	562	518	658	692	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853	1,157
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	1,157
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	4,116
	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	Q3'17
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	23,152
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	6,160
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	1,938
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	3,228
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	76
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	1,687
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	2,659
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	12,722
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	12,354
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%	33.3%
* 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	6,160
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	3,472
Notes payable	164	123	91	108	129	100	103	121	111	180	119	167	146	93	61	74	23	99	-	1	22	20	23
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	6
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	2,659