

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED		%	SIX MONTHS ENDED		%
	11/30/2017	11/30/2016	Change	11/30/2017	11/30/2016	Change
Revenues	\$ 8,554	\$ 8,180	5%	\$ 17,624	\$ 17,241	2%
Cost of sales	4,876	4,564	7%	9,984	9,502	5%
Gross profit	3,678	3,616	2%	7,640	7,739	-1%
<i>Gross margin</i>	<i>43.0%</i>	<i>44.2%</i>		<i>43.3%</i>	<i>44.9%</i>	
Demand creation expense	877	762	15%	1,732	1,803	-4%
Operating overhead expense	1,891	1,743	8%	3,892	3,599	8%
Total selling and administrative expense	2,768	2,505	10%	5,624	5,402	4%
<i>% of revenues</i>	<i>32.4%</i>	<i>30.6%</i>		<i>31.9%</i>	<i>31.3%</i>	
Interest expense (income), net	13	15	—	29	22	—
Other expense (income), net	18	(18)	—	36	(80)	—
Income before income taxes	879	1,114	-21%	1,951	2,395	-19%
Income tax expense	112	272	-59%	234	304	-23%
<i>Effective tax rate</i>	<i>12.7%</i>	<i>24.4%</i>		<i>12.0%</i>	<i>12.7%</i>	
NET INCOME	\$ 767	\$ 842	-9%	\$ 1,717	\$ 2,091	-18%
Earnings per common share:						
Basic	\$ 0.47	\$ 0.51	-8%	\$ 1.05	\$ 1.26	-17%
Diluted	\$ 0.46	\$ 0.50	-8%	\$ 1.03	\$ 1.23	-16%
Weighted average common shares outstanding:						
Basic	1,627.0	1,659.1		1,633.1	1,665.6	
Diluted	1,660.9	1,693.2		1,669.1	1,701.3	
Dividends declared per common share	\$ 0.20	\$ 0.18		\$ 0.38	\$ 0.34	

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	November 30, 2017	November 30, 2016	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 4,304	\$ 4,339	-1%
Short-term investments	2,085	1,604	30%
Accounts receivable, net	3,613	3,478	4%
Inventories	5,326	5,033	6%
Prepaid expenses and other current assets	1,254	1,557	-19%
Total current assets	16,582	16,011	4%
Property, plant and equipment, net	4,117	3,566	15%
Identifiable intangible assets, net	282	283	0%
Goodwill	139	139	0%
Deferred income taxes and other assets	2,935	2,653	11%
TOTAL ASSETS	\$ 24,055	\$ 22,652	6%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 10	\$ 44	-77%
Notes payable	1,229	20	—
Accounts payable	2,141	2,033	5%
Accrued liabilities	3,278	3,076	7%
Income taxes payable	92	52	77%
Total current liabilities	6,750	5,225	29%
Long-term debt	3,472	3,473	0%
Deferred income taxes and other liabilities	2,075	1,631	27%
Redeemable preferred stock	—	—	—
Shareholders' equity	11,758	12,323	-5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 24,055	\$ 22,652	6%

NIKE, Inc.

DIVISIONAL REVENUES¹

	THREE MONTHS ENDED		%	% Change	SIX MONTHS ENDED		%	% Change
(Dollars in millions)	11/30/2017	11/30/2016	Change	Excluding Currency Changes ²	11/30/2017	11/30/2016	Change	Excluding Currency Changes ²
North America								
Footwear	\$ 2,070	\$ 2,219	-7%	-7%	\$ 4,504	\$ 4,737	-5%	-5%
Apparel	1,279	1,273	0%	0%	2,578	2,590	0%	-1%
Equipment	136	158	-14%	-14%	327	354	-8%	-8%
Total	3,485	3,650	-5%	-5%	7,409	7,681	-4%	-4%
Europe, Middle East & Africa								
Footwear	1,290	1,116	16%	11%	2,761	2,573	7%	6%
Apparel	743	588	26%	21%	1,486	1,272	17%	15%
Equipment	100	88	14%	10%	230	209	10%	9%
Total	2,133	1,792	19%	14%	4,477	4,054	10%	9%
Greater China								
Footwear	793	669	19%	17%	1,554	1,379	13%	14%
Apparel	397	355	12%	11%	706	624	13%	14%
Equipment	32	31	3%	0%	70	72	-3%	-2%
Total	1,222	1,055	16%	15%	2,330	2,075	12%	13%
Asia Pacific & Latin America								
Footwear	873	818	7%	9%	1,700	1,605	6%	8%
Apparel	342	319	7%	10%	643	598	8%	10%
Equipment	58	69	-16%	-15%	119	134	-11%	-10%
Total	1,273	1,206	6%	8%	2,462	2,337	5%	7%
Global Brand Divisions ³	23	21	10%	19%	43	36	19%	17%
TOTAL NIKE BRAND	8,136	7,724	5%	4%	16,721	16,183	3%	3%
Converse	408	416	-2%	-4%	891	990	-10%	-11%
Corporate ⁴	10	40	—	—	12	68	—	—
TOTAL NIKE, INC. REVENUES	\$ 8,554	\$ 8,180	5%	3%	\$ 17,624	\$ 17,241	2%	2%
TOTAL NIKE BRAND								
Footwear	\$ 5,026	\$ 4,822	4%	3%	\$ 10,519	\$ 10,294	2%	2%
Apparel	2,761	2,535	9%	8%	5,413	5,084	6%	6%
Equipment	326	346	-6%	-7%	746	769	-3%	-3%
Global Brand Divisions ³	23	21	10%	19%	43	36	19%	17%
TOTAL NIKE BRAND REVENUES	\$ 8,136	\$ 7,724	5%	4%	\$ 16,721	\$ 16,183	3%	3%

¹ Certain prior year amounts have been reclassified to conform to fiscal 2018 presentation. This includes reclassified operating segment data to reflect the changes in the Company's operating structure, which became effective June 1, 2017. These changes had no impact on previously reported consolidated results of operations or shareholders' equity.

² The percentage change has been calculated using actual exchange rates in use during the comparative prior year period to enhance the visibility of the underlying business trends by excluding the impact of translation arising from foreign currency exchange rate fluctuations, which is considered a non-GAAP financial measure.

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 TAXES^{1,2}

<i>(Dollars in millions)</i>	THREE MONTHS ENDED			%	SIX MONTHS ENDED			%
	11/30/2017	11/30/2016	Change		11/30/2017	11/30/2016	Change	
North America	\$ 783	\$ 912	-14%		\$ 1,785	\$ 1,916	-7%	
Europe, Middle East & Africa	337	313	8%		788	798	-1%	
Greater China	378	375	1%		772	746	3%	
Asia Pacific & Latin America	291	266	9%		551	475	16%	
Global Brand Divisions ³	(602)	(619)	3%		(1,277)	(1,390)	8%	
TOTAL NIKE BRAND	1,187	1,247	-5%		2,619	2,545	3%	
Converse	48	78	-38%		137	231	-41%	
Corporate ⁴	(343)	(196)	-75%		(776)	(359)	-116%	
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES	892	1,129	-21%		1,980	2,417	-18%	
Interest expense (income), net	13	15	—		29	22	—	
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 879	\$ 1,114	-21%		\$ 1,951	\$ 2,395	-19%	

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.

² Certain prior year amounts have been reclassified to conform to fiscal 2018 presentation. This includes reclassified operating segment data to reflect the changes in the Company's operating structure, which became effective June 1, 2017. These changes had no impact on previously reported consolidated 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. Return on Invested Capital Calculation (Dollars in millions)																						
	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	Q4'17	Q1'18	Q2'18
Continuing operations:																						
Revenues	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	8,677	9,070	8,554
Operating expenses:																						
Cost of sales	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	4,854	5,108	4,876
Selling and administrative expense	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	2,665	2,856	2,768
Restructuring charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible and other asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating profit	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	1,158	1,106	910
Other (income) expense, net	(29)	(17)	17	13	28	13	45	17	3	2	(5)	(58)	(31)	(34)	(17)	(58)	(62)	(18)	(88)	(28)	18	18
Earnings before interest and taxes	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	1,186	1,088	892
Tax rate	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%	13.7%	11.4%	12.7%
Taxes calculated	214	190	195	206	262	182	200	216	269	225	256	188	267	186	186	228	32	276	185	162	124	113
Trailing 4 quarters taxes*	766	806	792	805	853	845	850	860	867	910	966	938	936	897	827	867	632	722	721	655	747	584
Earnings before interest and after taxes from continuing operations	562	518	658	692	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853	1,157	1,024	964	779
Earnings before interest and after taxes from discontinued operations	-	(137)	204	(28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before interest and after taxes	562	381	862	664	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853	1,157	1,024	964	779
Trailing 4 quarters earnings before interest and after taxes*	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	4,290	3,998	3,924
	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	Q4'17	Q1'18	Q2'18
Total NIKE Inc. assets	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	23,259	23,647	24,055
Less:																						
Cash and equivalents and short-term investments	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	6,179	5,519	6,389
Accounts payable	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	2,048	2,116	2,141
Accrued liabilities	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	3,011	3,501	3,278
Income taxes payable	99	31	122	84	195	30	27	432	250	38	33	71	75	41	35	85	62	52	76	84	97	92
Deferred income taxes and other liabilities	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	1,907	2,126	2,075
Liabilities of discontinued operations	-	198	62	18	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus:																						
Net debt adjustment****	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	2,377	1,705	1,678
Invested capital	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	12,407	11,993	11,758
Trailing 5 quarters invested capital**	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	12,375	12,322	12,241
Return on invested capital***	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%	34.7%	32.4%	32.1%
* 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	3,267	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	6,179	5,519	6,389
Less:																						
Long-term debt	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	3,471	3,472	3,472
Notes payable	129	100	103	121	111	180	119	167	146	93	61	74	23	99	-	1	22	20	23	325	335	1,229
Current portion of long-term debt	9	58	57	57	57	7	7	7	6	110	108	107	106	5	7	44	44	44	6	6	7	10
Net debt adjustment	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	2,377	1,705	1,678