

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED			%	NINE MONTHS ENDED			%
	2/28/2018	2/28/2017	Change		2/28/2018	2/28/2017	Change	
Revenues	\$ 8,984	\$ 8,432	7%		\$ 26,608	\$ 25,673	4%	
Cost of sales	5,046	4,682	8%		15,030	14,184	6%	
Gross profit	3,938	3,750	5%		11,578	11,489	1%	
<i>Gross margin</i>	<i>43.8%</i>	<i>44.5%</i>			<i>43.5%</i>	<i>44.8%</i>		
Demand creation expense	862	749	15%		2,594	2,552	2%	
Operating overhead expense	1,905	1,747	9%		5,797	5,346	8%	
Total selling and administrative expense	2,767	2,496	11%		8,391	7,898	6%	
<i>% of revenues</i>	<i>30.8%</i>	<i>29.6%</i>			<i>31.5%</i>	<i>30.8%</i>		
Interest expense (income), net	13	19	—		42	41	—	
Other (income) expense, net	(1)	(88)	—		35	(168)	—	
Income before income taxes	1,159	1,323	-12%		3,110	3,718	-16%	
Income tax expense	2,080	182	1,043%		2,314	486	376%	
<i>Effective tax rate</i>	<i>179.5%</i>	<i>13.8%</i>			<i>74.4%</i>	<i>13.1%</i>		
NET (LOSS) INCOME	\$ (921)	\$ 1,141	-181%		\$ 796	\$ 3,232	-75%	
(Loss) earnings per common share:								
Basic	\$ (0.57)	\$ 0.69	-183%		\$ 0.49	\$ 1.95	-75%	
Diluted	\$ (0.57)	\$ 0.68	-184%		\$ 0.48	\$ 1.91	-75%	
Weighted average common shares outstanding:								
Basic	1,623.5	1,653.1			1,629.9	1,661.5		
Diluted	1,623.5	1,686.3			1,665.7	1,696.4		
Dividends declared per common share	\$ 0.20	\$ 0.18			\$ 0.58	\$ 0.52		

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	February 28, 2018	February 28, 2017	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 3,662	\$ 4,021	-9%
Short-term investments	1,089	2,139	-49%
Accounts receivable, net	3,792	3,752	1%
Inventories	5,366	4,932	9%
Prepaid expenses and other current assets	1,446	1,361	6%
Total current assets	15,355	16,205	-5%
Property, plant and equipment, net	4,298	3,793	13%
Identifiable intangible assets, net	282	283	0%
Goodwill	139	139	0%
Deferred income taxes and other assets	2,478	2,732	-9%
TOTAL ASSETS	\$ 22,552	\$ 23,152	-3%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 6	\$ 6	0%
Notes payable	11	23	-52%
Accounts payable	1,961	1,938	1%
Accrued liabilities	3,727	3,228	15%
Income taxes payable	78	76	3%
Total current liabilities	5,783	5,271	10%
Long-term debt	3,469	3,472	0%
Deferred income taxes and other liabilities	3,518	1,687	109%
Redeemable preferred stock	—	—	—
Shareholders' equity	9,782	12,722	-23%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,552	\$ 23,152	-3%

NIKE, Inc.

DIVISIONAL REVENUES¹

	THREE MONTHS ENDED		%	% Change	NINE MONTHS ENDED		%	% Change
(Dollars in millions)	2/28/2018	2/28/2017	Change	Excluding Currency Changes ²	2/28/2018	2/28/2017	Change	Excluding Currency Changes ²
North America								
Footwear	\$ 2,293	\$ 2,490	-8%	-8%	\$ 6,797	\$ 7,227	-6%	-6%
Apparel	1,153	1,154	0%	0%	3,731	3,744	0%	0%
Equipment	125	138	-9%	-9%	452	492	-8%	-8%
Total	3,571	3,782	-6%	-6%	10,980	11,463	-4%	-4%
Europe, Middle East & Africa								
Footwear	1,489	1,271	17%	7%	4,250	3,844	11%	6%
Apparel	713	566	26%	15%	2,199	1,838	20%	15%
Equipment	97	88	10%	0%	327	297	10%	6%
Total	2,299	1,925	19%	9%	6,776	5,979	13%	9%
Greater China								
Footwear	939	776	21%	16%	2,493	2,155	16%	14%
Apparel	368	271	36%	30%	1,074	895	20%	19%
Equipment	29	28	4%	-4%	99	100	-1%	-2%
Total	1,336	1,075	24%	19%	3,666	3,150	16%	15%
Asia Pacific & Latin America								
Footwear	884	777	14%	12%	2,584	2,382	8%	9%
Apparel	321	278	15%	13%	964	876	10%	11%
Equipment	63	67	-6%	-7%	182	201	-9%	-9%
Total	1,268	1,122	13%	11%	3,730	3,459	8%	8%
Global Brand Divisions ³	21	19	11%	11%	64	55	16%	15%
TOTAL NIKE BRAND	8,495	7,923	7%	4%	25,216	24,106	5%	3%
Converse	483	498	-3%	-8%	1,374	1,488	-8%	-10%
Corporate ⁴	6	11	—	—	18	79	—	—
TOTAL NIKE, INC. REVENUES	\$ 8,984	\$ 8,432	7%	3%	\$ 26,608	\$ 25,673	4%	2%
TOTAL NIKE BRAND								
Footwear	\$ 5,605	\$ 5,314	5%	2%	\$ 16,124	\$ 15,608	3%	2%
Apparel	2,555	2,269	13%	9%	7,968	7,353	8%	7%
Equipment	314	321	-2%	-6%	1,060	1,090	-3%	-4%
Global Brand Divisions ³	21	19	11%	11%	64	55	16%	15%
TOTAL NIKE BRAND REVENUES	\$ 8,495	\$ 7,923	7%	4%	\$ 25,216	\$ 24,106	5%	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}

	THREE MONTHS ENDED			%	NINE MONTHS ENDED		%
(Dollars in millions)	2/28/2018	2/28/2017	Change		2/28/2018	2/28/2017	Change
North America	\$ 840	\$ 980	-14%	\$	2,625	\$ 2,896	-9%
Europe, Middle East & Africa	417	361	16%		1,205	1,159	4%
Greater China	496	381	30%		1,268	1,127	13%
Asia Pacific & Latin America	298	228	31%		849	703	21%
Global Brand Divisions ³	(649)	(598)	-9%		(1,926)	(1,988)	3%
TOTAL NIKE BRAND	1,402	1,352	4%		4,021	3,897	3%
Converse	69	109	-37%		206	340	-39%
Corporate ⁴	(299)	(119)	-151%		(1,075)	(478)	-125%
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES	1,172	1,342	-13%		3,152	3,759	-16%
Interest expense (income), net	13	19	—		42	41	—
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 1,159	\$ 1,323	-12%	\$	3,110	\$ 3,718	-16%

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)																								
Continuing operations:		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	Q3'18
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	8,984
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	5,046
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	2,767
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	1,171
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	(1)
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	1,172
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%	179.5%
Taxes calculated		214	190	195	206	262	182	200	216	269	225	256	188	267	186	186	228	32	276	185	162	124	113	2,104
Trailing 4 quarters taxes ¹		766	806	792	805	853	845	850	860	867	910	966	938	936	897	827	867	632	722	721	655	747	584	2,503
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	(932)
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	(932)
Trailing 4 quarters earnings before interest and after taxes ¹		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	1,835
		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	Q3'18
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	22,552
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	4,751
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	1,961
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	3,727
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	78
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	3,518
Liabilities of discontinued operations		-	198	62	18	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus:																								
Net debt adjustment ⁴		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	1,265
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	9,782
Trailing 5 quarters invested capital ²		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	11,732
Return on invested capital ^{3,5}		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%	15.6%
Items Impacting Comparability:																								
Tax Cuts and Jobs Act		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.4%
Adjusted return on invested capital ⁶		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.0%

¹ Equals the sum of the current quarter and previous 3 quarters

² Equals the simple average of the current and previous 4 quarters

³ Equals the trailing 4 quarters earnings before interest and after taxes divided by trailing 5 quarters average invested capital

⁴ See calculation of Net debt adjustment below

⁵ Includes the impact of the Tax Cuts and Jobs Act.

⁶ This non-GAAP financial measure represents our estimate of the return on invested capital excluding the impact of the Tax Cuts and Jobs Act. We believe this metric provides useful information to investors and reflects how management evaluates our business performance.

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	4,751
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	3,469
Notes payable	129	100	103	121	111	180	119	167	146	93	61	74	23	99	-	1	22	20	23	325	335	1,229	11
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	6
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	1,265