

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

For the period ended November 30, 2013

	THREE MONTHS ENDED			%	SIX MONTHS ENDED			%
(Dollars in millions, except per share data)	11/30/2013	11/30/2012		Change	11/30/2013	11/30/2012		Change
Income from continuing operations:								
Revenues	\$ 6,431	\$ 5,955		8%	\$ 13,402	\$ 12,429		8%
Cost of sales	3,605	3,425		5%	7,444	7,071		5%
Gross profit	2,826	2,530		12%	5,958	5,358		11%
Gross margin	43.9%	42.5%			44.5%	43.1%		
Demand creation expense	691	613		13%	1,422	1,484		-4%
Operating overhead expense	1,397	1,223		14%	2,722	2,411		13%
Total selling and administrative expense	2,088	1,836		14%	4,144	3,895		6%
% of revenue	32.5%	30.8%			30.9%	31.3%		
Interest expense (income), net	8	(1)		-	16	(4)		-
Other expense (income), net	13	(17)		-	41	(45)		-
Income before income taxes	717	712		1%	1,757	1,512		16%
Income taxes	180	191		-6%	440	406		8%
Effective tax rate	25.1%	26.8%			25.0%	26.9%		
NET INCOME FROM CONTINUING OPERATIONS	537	521		3%	1,317	1,106		19%
NET LOSS FROM DISCONTINUED OPERATIONS	-	(137)		-	-	(155)		-
NET INCOME	\$ 537	\$ 384		40%	\$ 1,317	\$ 951		38%
Earnings per share from continuing operations:								
Basic earnings per common share	\$ 0.60	\$ 0.58		3%	\$ 1.48	\$ 1.23		20%
Diluted earnings per common share	\$ 0.59	\$ 0.57		4%	\$ 1.45	\$ 1.20		21%
Earnings per share from discontinued operations:								
Basic earnings per common share	\$ -	\$ (0.15)		-	\$ -	\$ (0.18)		-
Diluted earnings per common share	\$ -	\$ (0.15)		-	\$ -	\$ (0.16)		-
Weighted average common shares outstanding:								
Basic	888.0	897.0			888.7	901.4		
Diluted	910.6	913.1			910.7	918.3		
Dividends declared per common share	\$ 0.24	\$ 0.21			\$ 0.45	\$ 0.39		

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

As of November 30, 2013

<i>(Dollars in millions)</i>	November 30, 2013	November 30, 2012	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 2,086	\$ 2,291	-9%
Short-term investments	3,101	1,234	151%
Accounts receivable, net	3,208	3,188	1%
Inventories	3,695	3,318	11%
Deferred income taxes	315	327	-4%
Prepaid expenses and other current assets	1,202	733	64%
Assets of discontinued operations	-	344	-
Total current assets	13,607	11,435	19%
Property, plant and equipment	5,869	5,310	11%
Less accumulated depreciation	3,224	3,052	6%
Property, plant and equipment, net	2,645	2,258	17%
Identifiable intangible assets, net	385	374	3%
Goodwill	131	131	0%
Deferred income taxes and other assets	1,052	973	8%
TOTAL ASSETS	\$ 17,820	\$ 15,171	17%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 7	\$ 58	-88%
Notes payable	180	100	80%
Accounts payable	1,612	1,519	6%
Accrued liabilities	2,005	1,879	7%
Income taxes payable	47	45	4%
Liabilities of discontinued operations	-	198	-
Total current liabilities	3,851	3,799	1%
Long-term debt	1,201	170	606%
Deferred income taxes and other liabilities	1,424	1,188	20%
Redeemable preferred stock	-	-	-
Shareholders' equity	11,344	10,014	13%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 17,820	\$ 15,171	17%

NIKE, Inc.

DIVISIONAL REVENUES¹

For the period ended November 30, 2013

	THREE MONTHS ENDED		%	% Change	SIX MONTHS ENDED		%	% Change
(Dollars in millions)	11/30/2013	11/30/2012	Change	Excluding Currency Changes ²	11/30/2013	11/30/2012	Change	Excluding Currency Changes ²
North America								
Footwear	\$ 1,627	\$ 1,480	10%	10%	\$ 3,531	\$ 3,225	9%	10%
Apparel	986	903	9%	9%	1,995	1,827	9%	9%
Equipment	188	181	4%	3%	410	378	8%	9%
Total	2,801	2,564	9%	9%	5,936	5,430	9%	9%
Western Europe								
Footwear	695	547	27%	23%	1,524	1,263	21%	17%
Apparel	324	306	6%	3%	723	694	4%	1%
Equipment	55	55	0%	-2%	128	127	1%	-3%
Total	1,074	908	18%	15%	2,375	2,084	14%	11%
Central & Eastern Europe								
Footwear	144	124	16%	16%	337	292	15%	14%
Apparel	135	114	18%	21%	274	243	13%	13%
Equipment	16	14	14%	10%	50	44	14%	13%
Total	295	252	17%	18%	661	579	14%	14%
Greater China								
Footwear	358	324	10%	8%	699	681	3%	0%
Apparel	245	228	7%	4%	442	409	8%	5%
Equipment	26	30	-13%	-15%	62	69	-10%	-13%
Total	629	582	8%	5%	1,203	1,159	4%	1%
Japan								
Footwear	101	109	-7%	15%	189	217	-13%	8%
Apparel	89	110	-19%	1%	142	177	-20%	0%
Equipment	20	21	-5%	17%	37	43	-14%	9%
Total	210	240	-13%	9%	368	437	-16%	5%
Emerging Markets								
Footwear	686	728	-6%	2%	1,310	1,345	-3%	3%
Apparel	279	284	-2%	5%	505	507	0%	5%
Equipment	65	62	5%	14%	117	119	-2%	4%
Total	1,030	1,074	-4%	3%	1,932	1,971	-2%	4%
Global Brand Divisions³	31	28	11%	15%	63	55	15%	13%
Total NIKE Brand	6,070	5,648	7%	9%	12,538	11,715	7%	8%
Converse	360	316	14%	11%	854	734	16%	14%
Corporate ⁴	1	(9)	-	-	10	(20)	-	-
Total NIKE, Inc. Revenues From Continuing Operations	\$ 6,431	\$ 5,955	8%	9%	\$ 13,402	\$ 12,429	8%	8%
Total NIKE Brand								
Footwear	\$ 3,611	\$ 3,312	9%	11%	\$ 7,590	\$ 7,023	8%	9%
Apparel	2,058	1,945	6%	7%	4,081	3,857	6%	7%
Equipment	370	363	2%	4%	804	780	3%	4%
Global Brand Divisions ³	31	28	11%	15%	63	55	15%	13%

¹ Certain prior year amounts have been reclassified to conform to fiscal year 2014 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

² Fiscal 2014 results have been restated using fiscal 2013 exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.

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

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

NIKE, Inc.
EARNINGS BEFORE INTEREST AND TAXES^{1,2}

For the period ended November 30, 2013

<i>(Dollars in millions)</i>	THREE MONTHS ENDED			%	SIX MONTHS ENDED			%
	11/30/2013	11/30/2012	Change		11/30/2013	11/30/2012	Change	
North America	\$ 649	\$ 565	15%		\$ 1,462	\$ 1,210	21%	
Western Europe	123	110	12%		388	322	20%	
Central & Eastern Europe	48	37	30%		129	91	42%	
Greater China	197	187	5%		367	352	4%	
Japan	47	45	4%		71	68	4%	
Emerging Markets	243	298	-18%		453	519	-13%	
Global Brand Divisions ³	(462)	(410)	-13%		(928)	(866)	-7%	
TOTAL NIKE BRAND	845	832	2%		1,942	1,696	15%	
Converse	100	91	10%		269	215	25%	
Corporate ⁴	(220)	(212)	-4%		(438)	(403)	-9%	
TOTAL EARNINGS BEFORE INTEREST AND TAXES	\$ 725	\$ 711	2%		\$ 1,773	\$ 1,508	18%	

¹ The Company evaluates performance of individual operating segments based on earnings before interest and taxes (also 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 year 2014 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

³ Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment and selling general and administrative expenses that are centrally managed for the NIKE Brand.

⁴ Corporate consists of unallocated general and administrative expenses, which includes expenses associated with centrally managed departments, depreciation and amortization related to the Company's corporate headquarters, unallocated insurance and benefit programs, certain foreign currency gains and losses, including certain hedge gains and losses, corporate eliminations and other items.

NIKE, Inc.
NIKE BRAND REPORTED FUTURES GROWTH BY GEOGRAPHY¹
As of November 30, 2013

	Reported Futures Orders	Excluding Currency Changes ²
North America	11%	11%
Western Europe	26%	23%
Central & Eastern Europe	13%	14%
Greater China	4%	1%
Japan	-10%	1%
Emerging Markets	7%	15%
Total NIKE Brand Reported Futures	12%	13%

¹ Futures orders by geography and in total for NIKE Brand athletic footwear and apparel scheduled for delivery from December 2013 through April 2014, excluding NIKE Golf and Hurley.

The reported futures and advance 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 and because the mix of orders can shift between advance/futures and at-once orders and 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 advance/futures orders and actual revenues. Moreover, a significant portion of our revenue is not derived from futures and advance orders, including at-once and close-out sales of NIKE Brand footwear and apparel, sales of NIKE Brand equipment, sales from certain of our Direct to Consumer operations, and sales from Converse, NIKE Golf and Hurley.

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

NIKE, Inc.
FREE CASH FLOW CALCULATION

For the period ended November 30, 2013

<i>(Dollars in millions)</i>	SIX MONTHS ENDED	
	11/30/2013	11/30/2012
Cash provided by operations	\$ 929	\$ 1,245
Cash (used) provided by investing activities	(1,177)	160
Excluding: Purchases of investments	2,759	1,379
Sales and maturities of investments	(2,119)	(1,576)
Investments in reverse repurchase agreements	100	-
Proceeds from divestitures	-	(225)
Less: Adjusted cash used by investing activities	(437)	(262)
FREE CASH FLOW	\$ 492	\$ 983

Note: Cash used by financing activities was \$990 million and \$1,431 million during the six months ended November 30, 2013 and November 30, 2012, respectively. The effect of exchange rate changes on cash was a use of cash of \$13 million and \$0 million for the six months ended November 30, 2013 and November 30, 2012, respectively. The total net change in cash and equivalents was a decrease of \$1,251 million and \$26 million during the six months ended November 30, 2013 and November 30, 2012, respectively.

Nike, Inc. Return on Invested Capital Calculation
(Dollars in millions)

	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	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
Continuing operations:																						
Revenues	5,432	4,590	4,441	4,713	4,799	4,405	4,733	5,077	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
Operating expenses:																						
Cost of sales	2,870	2,540	2,492	2,669	2,583	2,445	2,515	2,671	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
Selling and administrative expense*	1,856	1,547	1,352	1,394	1,546	1,479	1,563	1,738	1,673	1,611	1,637	1,772	1,823	1,820	1,802	1,986	2,153	1,836	1,863	2,022	2,056	2,088
Restructuring charges	-	-	-	195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible and other asset impairment	-	-	202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating profit	706	503	196	455	670	481	655	668	761	582	690	782	870	630	759	781	750	694	873	918	1,076	738
Other income (expense), net*	(2)	12	43	34	12	12	8	17	(7)	28	17	(5)	(18)	(9)	11	(38)	29	17	(17)	(13)	(28)	(13)
Earnings before interest and taxes	704	515	239	489	682	493	663	685	754	610	707	777	852	621	770	743	779	711	856	905	1,048	725
Tax rate	28.5%	24.9%	-3.6%	29.8%	24.7%	23.5%	25.0%	23.6%	26.0%	25.0%	26.0%	23.2%	24.3%	24.1%	27.3%	26.1%	27.5%	26.8%	22.8%	22.8%	25.0%	25.1%
Taxes calculated	201	128	(9)	146	168	116	166	162	196	153	184	180	207	150	210	194	214	191	196	206	262	182
Trailing 4 quarters taxes**	704	683	475	466	433	421	596	612	640	677	695	713	724	721	747	761	768	809	795	807	855	846
Earnings before interest and after taxes from continuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	520	660	699	786	543
Earnings before interest and after taxes from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(137)	204	(28)	-	-
Earnings before interest and after taxes	503	387	248	343	514	377	497	523	558	457	523	597	645	471	560	549	565	383	864	671	786	543
Trailing 4 quarters earnings before interest and after taxes**	1,779	1,822	1,620	1,481	1,492	1,482	1,731	1,911	1,955	2,035	2,061	2,135	2,222	2,236	2,273	2,225	2,145	2,057	2,361	2,483	2,704	2,864
	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	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
Total NIKE Inc. assets	12,595	12,810	12,733	13,250	13,191	13,358	13,576	14,419	14,051	14,464	14,478	14,998	14,803	14,565	14,794	15,465	15,114	15,171	15,615	17,584	17,674	17,820
Less:																						
Cash and equivalents and short-term investments	2,592	2,730	2,604	3,455	3,630	4,010	4,039	5,146	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
Accounts payable	1,206	1,124	952	1,032	962	1,008	994	1,255	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
Accrued liabilities	1,640	1,500	1,536	1,784	1,643	1,598	1,648	1,904	1,696	1,685	1,745	1,985	1,968	1,834	1,913	2,053	1,974	1,879	1,899	1,986	1,913	2,005
Income taxes payable	214	117	112	86	146	81	88	59	104	78	113	117	91	81	59	67	113	45	138	98	211	47
Deferred income taxes and other liabilities	843	870	775	842	804	876	848	855	907	929	958	921	906	925	979	991	1,065	1,188	1,287	1,292	1,322	1,424
Liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	198	62	18	12	-
Plus:																						
Net debt adjustment*****	1,933	1,936	1,803	2,643	3,085	3,439	3,470	4,554	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
Invested capital	8,033	8,405	8,557	8,694	9,091	9,224	9,429	9,754	9,660	9,949	9,902	9,843	9,899	9,843	10,176	10,381	10,047	10,014	10,667	11,156	11,282	11,344
Trailing 5 quarters invested capital***	7,664	7,874	8,087	8,303	8,556	8,794	8,999	9,238	9,432	9,603	9,739	9,822	9,851	9,887	9,933	10,028	10,069	10,092	10,257	10,453	10,633	10,893
Return on invested capital****	23.2%	23.1%	20.0%	17.8%	17.4%	16.9%	19.2%	20.7%	20.7%	21.2%	21.2%	21.7%	22.6%	22.6%	22.9%	22.2%	21.3%	20.4%	23.0%	23.8%	25.4%	26.3%

* Reclassifications have been made to conform to current-year presentation

** Equals the sum of the current quarter and previous three quarters

*** Equals the simple average of the current and previous four 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	2,592	2,730	2,604	3,455	3,630	4,010	4,039	5,146	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
Less:																						
Long-term debt	407	446	438	437	443	460	452	446	342	338	276	276	238	234	229	228	226	170	161	1,210	1,207	1,201
Notes payable	220	316	331	343	95	103	109	139	109	128	139	187	164	123	91	108	129	100	103	121	111	180
Current portion of long-term debt	32	32	32	32	7	8	8	7	132	132	198	200	116	114	49	49	9	58	57	57	57	7
Net debt adjustment	1,933	1,936	1,803	2,643	3,085	3,439	3,470	4,554	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