

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Dollars in millions, except per share data)</i>	THREE MONTHS ENDED			SIX MONTHS ENDED		
	11/30/2015	11/30/2014	% Change	11/30/2015	11/30/2014	% Change
Revenues	\$ 7,686	\$ 7,380	4%	\$ 16,100	\$ 15,362	5%
Cost of sales	4,185	4,053	3%	8,604	8,314	3%
Gross profit	3,501	3,327	5%	7,496	7,048	6%
<i>Gross margin</i>	45.6%	45.1%		46.6%	45.9%	
Demand creation expense	769	766	0%	1,601	1,663	-4%
Operating overhead expense	1,791	1,672	7%	3,536	3,255	9%
Total selling and administrative expense	2,560	2,438	5%	5,137	4,918	4%
<i>% of revenue</i>	33.3%	33.0%		31.9%	32.0%	
Interest expense (income), net	5	9	—	9	18	—
Other (income) expense, net	(34)	2	—	(65)	5	—
Income before income taxes	970	878	10%	2,415	2,107	15%
Income taxes	185	223	-17%	451	490	-8%
<i>Effective tax rate</i>	19.1%	25.4%		18.7%	23.3%	
NET INCOME	\$ 785	\$ 655	20%	\$ 1,964	\$ 1,617	21%
Earnings per common share:						
Basic	\$ 0.92	\$ 0.76	21%	\$ 2.30	\$ 1.87	23%
Diluted	\$ 0.90	\$ 0.74	22%	\$ 2.24	\$ 1.83	22%
Weighted average common shares outstanding:						
Basic	853.3	863.1		853.9	864.0	
Diluted	875.7	884.8		876.7	885.8	
Dividends declared per common share	\$ 0.32	\$ 0.28		\$ 0.60	\$ 0.52	

NIKE, Inc.

CONSOLIDATED BALANCE SHEETS

<i>(Dollars in millions)</i>	November 30, 2015	November 30, 2014	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 3,851	\$ 2,273	69%
Short-term investments	2,265	2,440	-7%
Accounts receivable, net	3,437	3,457	-1%
Inventories	4,600	4,150	11%
Deferred income taxes	405	334	21%
Prepaid expenses and other current assets	2,197	1,379	59%
Total current assets	16,755	14,033	19%
Property, plant and equipment, net	3,235	2,927	11%
Identifiable intangible assets, net	281	281	0%
Goodwill	131	131	0%
Deferred income taxes and other assets	2,181	1,795	22%
TOTAL ASSETS	\$ 22,583	\$ 19,167	18%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 5	\$ 110	-95%
Notes payable	99	93	6%
Accounts payable	1,915	2,074	-8%
Accrued liabilities	3,451	2,622	32%
Income taxes payable	41	38	8%
Total current liabilities	5,511	4,937	12%
Long-term debt	2,067	1,084	91%
Deferred income taxes and other liabilities	1,600	1,446	11%
Redeemable preferred stock	—	—	—
Shareholders' equity	13,405	11,700	15%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,583	\$ 19,167	18%

NIKE, Inc.

DIVISIONAL REVENUES

	THREE MONTHS ENDED		%	% Change	SIX MONTHS ENDED		%	% Change
(Dollars in millions)	11/30/2015	11/30/2014 ¹	Change	Excluding Currency Changes ²	11/30/2015	11/30/2014 ¹	Change	Excluding Currency Changes ²
North America								
Footwear	\$ 2,162	\$ 1,925	12%	13%	\$ 4,528	\$ 4,108	10%	11%
Apparel	1,221	1,131	8%	8%	2,468	2,235	10%	11%
Equipment	164	185	-11%	-12%	350	411	-15%	-15%
Total	3,547	3,241	9%	10%	7,346	6,754	9%	9%
Western Europe								
Footwear	845	864	-2%	11%	1,973	1,991	-1%	15%
Apparel	391	384	2%	15%	825	881	-6%	8%
Equipment	63	64	-2%	11%	142	153	-7%	7%
Total	1,299	1,312	-1%	12%	2,940	3,025	-3%	13%
Central & Eastern Europe								
Footwear	183	180	2%	23%	421	403	4%	28%
Apparel	126	149	-15%	5%	259	284	-9%	13%
Equipment	17	18	-6%	19%	47	53	-11%	11%
Total	326	347	-6%	15%	727	740	-2%	21%
Greater China								
Footwear	600	463	30%	34%	1,199	903	33%	35%
Apparel	306	266	15%	19%	552	468	18%	20%
Equipment	32	29	10%	14%	73	66	11%	12%
Total	938	758	24%	28%	1,824	1,437	27%	29%
Japan								
Footwear	128	108	19%	36%	250	208	20%	41%
Apparel	63	75	-16%	-4%	106	121	-12%	2%
Equipment	14	16	-13%	-7%	28	30	-7%	8%
Total	205	199	3%	17%	384	359	7%	25%
Emerging Markets								
Footwear	674	727	-7%	12%	1,344	1,355	-1%	17%
Apparel	255	280	-9%	10%	493	532	-7%	10%
Equipment	55	68	-19%	4%	113	122	-7%	13%
Total	984	1,075	-8%	11%	1,950	2,009	-3%	15%
Global Brand Divisions ³	18	27	-33%	-26%	44	56	-21%	-11%
Total NIKE Brand	7,317	6,959	5%	13%	15,215	14,380	6%	14%
Converse	398	434	-8%	-5%	953	1,009	-6%	-1%
Corporate ⁴	(29)	(13)	—	—	(68)	(27)	—	—
Total NIKE, Inc. Revenues	\$ 7,686	\$ 7,380	4%	12%	\$ 16,100	\$ 15,362	5%	13%
Total NIKE Brand								
Footwear	\$ 4,592	\$ 4,267	8%	16%	\$ 9,715	\$ 8,968	8%	17%
Apparel	2,362	2,285	3%	10%	4,703	4,521	4%	11%
Equipment	345	380	-9%	-1%	753	835	-10%	-2%
Global Brand Divisions ³	18	27	-33%	-26%	44	56	-21%	-11%

¹ Certain prior year amounts have been reclassified to conform to fiscal 2016 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

² Fiscal 2016 results have been restated using fiscal 2015 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.

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 TAXES¹

<i>(Dollars in millions)</i>	THREE MONTHS ENDED			%	SIX MONTHS ENDED			%
	11/30/2015	11/30/2014 ²	Change		11/30/2015	11/30/2014 ²	Change	
North America	\$ 882	\$ 785	12%		\$ 1,924	\$ 1,755	10%	
Western Europe	307	261	18%		792	665	19%	
Central & Eastern Europe	76	57	33%		174	126	38%	
Greater China	327	258	27%		657	476	38%	
Japan	47	29	62%		83	40	108%	
Emerging Markets	241	236	2%		499	392	27%	
Global Brand Divisions ³	(625)	(554)	-13%		(1,249)	(1,088)	-15%	
TOTAL NIKE BRAND	1,255	1,072	17%		2,880	2,366	22%	
Converse	85	88	-3%		232	274	-15%	
Corporate ⁴	(365)	(273)	-34%		(688)	(515)	-34%	
TOTAL EARNINGS BEFORE INTEREST AND TAXES	\$ 975	\$ 887	10%		\$ 2,424	\$ 2,125	14%	

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 taxes.

² Certain prior year amounts have been reclassified to conform to fiscal 2016 presentation. These changes had no impact on previously reported 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.
NIKE BRAND REPORTED FUTURES GROWTH BY GEOGRAPHY¹
As of November 30, 2015

	Reported Futures Orders	Excluding Currency Changes ²
North America	14%	14%
Western Europe	17%	25%
Central & Eastern Europe	3%	13%
Greater China	31%	34%
Japan	26%	32%
Emerging Markets	0%	14%
Total NIKE Brand Reported Futures	15%	20%

¹ Futures orders for NIKE Brand footwear and apparel scheduled for delivery from December 2015 through April 2016. 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, sales of NIKE Brand equipment, sales from our DTC 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)																						
	Q1'11	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	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Continuing operations:																						
Revenues	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	6,972	7,425	7,982	7,380	7,460	7,779	8,414	7,686
Operating expenses:																						
Cost of sales	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	3,869	4,040	4,261	4,053	4,034	4,186	4,419	4,185
Selling and administrative expense*	1,675	1,612	1,640	1,776	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
Restructuring charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible and other asset impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating profit	759	581	687	778	867	628	755	776	747	691	870	911	1,074	735	934	937	1,241	889	1,047	998	1,418	941
Other (income) expense, net*	7	(28)	(17)	5	18	9	(11)	38	(29)	(17)	17	13	28	13	45	17	3	2	(5)	(58)	(31)	(34)
Earnings before interest and taxes	752	609	704	773	849	619	766	738	776	708	853	898	1,046	722	889	920	1,238	887	1,052	1,056	1,449	975
Tax rate	26.0%	25.0%	26.1%	23.1%	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%
Taxes calculated	196	152	184	179	207	150	209	193	214	190	195	206	262	182	200	216	269	225	256	188	267	186
Trailing 4 quarters taxes**	637	674	694	711	722	720	745	759	766	806	792	805	853	845	850	860	867	910	966	938	936	897
Earnings before interest and after taxes from continuing operations	-	-	-	-	-	-	-	-	-	518	658	692	784	540	689	704	969	662	796	868	1,182	789
Earnings before interest and after taxes from discontinued operations	-	-	-	-	-	-	-	-	-	(137)	204	(28)	-	-	-	-	-	-	-	-	-	-
Earnings before interest and after taxes	556	457	520	594	642	469	557	545	562	381	862	664	784	540	689	704	969	662	796	868	1,182	789
Trailing 4 quarters earnings before interest and after taxes**	1,948	2,029	2,053	2,127	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
	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	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Total NIKE Inc. assets	14,000	14,412	14,423	14,958	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
Less:																						
Cash and equivalents and short-term investments	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	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116
Accounts payable	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	1,480	1,930	1,970	2,074	1,821	2,131	1,933	1,915
Accrued liabilities	1,696	1,685	1,745	2,004	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
Income taxes payable	96	70	105	108	81	70	47	54	99	31	122	84	195	30	27	432	250	38	33	71	75	41
Deferred income taxes and other liabilities	907	929	958	921	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
Liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	198	62	18	12	-	-	-	-	-	-	-	-	-
Plus:																						
Net debt adjustment*****	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	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945
Invested capital	9,617	9,905	9,855	9,793	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
Trailing 5 quarters invested capital***	9,393	9,563	9,696	9,777	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
Return on invested capital****	20.7%	21.2%	21.2%	21.8%	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%
* 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	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	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116
Less:																						
Long-term debt	342	338	276	276	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
Notes payable	109	128	139	187	164	123	91	108	129	100	103	121	111	180	119	167	146	93	61	74	23	99
Current portion of long-term debt	132	132	198	200	116	114	49	49	9	58	57	57	57	7	7	7	6	110	108	107	106	5
Net debt adjustment	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	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945