

## North America

(Dollars in millions)	Fiscal 2018	Fiscal 2017	% Change	% Change Excluding Currency Changes	Fiscal 2016	% Change	% Change Excluding Currency Changes
Revenues by:							
Footwear	\$ 9,322	\$ 9,684	-4 %	-4 %	\$ 9,299	4 %	4 %
Apparel	4,938	4,886	1 %	1 %	4,746	3 %	3 %
Equipment	595	646	-8 %	-8 %	719	-10 %	-10 %
<b>TOTAL REVENUES</b>	<b>\$ 14,855</b>	<b>\$ 15,216</b>	<b>-2 %</b>	<b>-2 %</b>	<b>\$ 14,764</b>	<b>3 %</b>	<b>3 %</b>
Revenues by:							
Sales to Wholesale Customers	\$ 10,159	\$ 10,756	-6 %	-6 %	\$ 10,674	1 %	1 %
Sales through NIKE Direct	4,696	4,460	5 %	5 %	4,090	9 %	9 %
<b>TOTAL REVENUES</b>	<b>\$ 14,855</b>	<b>\$ 15,216</b>	<b>-2 %</b>	<b>-2 %</b>	<b>\$ 14,764</b>	<b>3 %</b>	<b>3 %</b>
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	<b>\$ 3,600</b>	<b>\$ 3,875</b>	<b>-7 %</b>		<b>\$ 3,763</b>	<b>3 %</b>	

In the current marketplace environment, we believe there has been a meaningful shift in the way consumers shop for product and make purchasing decisions. Consumers are demanding a constant flow of fresh and innovative product, and have an expectation for superior service and real-time delivery, all fueled by the shift toward digital. Specifically, in North America we anticipate continued evolution within the retail landscape, driven by shifting consumer traffic patterns across digital and physical channels. The evolution of the North America marketplace has resulted in third-party retail store closures; however, we are currently seeing stabilization and momentum building in our business, fueled by innovative product and NIKE Brand consumer experiences, leveraging digital.

### Fiscal 2018 Compared to Fiscal 2017

North America revenues decreased 2%, as growth in our Sportswear and NIKE Basketball categories was more than offset by declines in all other categories, most notably the Jordan Brand and Running. NIKE Direct revenues increased 5% for fiscal 2018 due to digital commerce sales growth and the addition of new stores.

Footwear revenues declined 4% for fiscal 2018, as lower revenues in nearly all categories, most notably the Jordan Brand, more than offset higher revenues in Sportswear. Unit sales of footwear decreased 5%, while ASP per pair contributed approximately 1 percentage point of footwear growth, driven by the favorable impact of growth in our NIKE Direct business.

Apparel revenue growth of 1% for fiscal 2018 was attributable to higher revenues in our Sportswear and NIKE Basketball categories, which was only partially offset by declines in nearly all other categories. Unit sales of apparel decreased 4%, while higher ASP per unit contributed approximately 5 percentage points of apparel revenue growth, primarily due to the favorable impact of growth in our NIKE Direct business and, to a lesser extent, higher full-price ASP and favorable changes in off-price sales.

EBIT declined 7% for fiscal 2018, primarily reflecting lower revenues and higher selling and administrative expense. Gross margin declined 10 basis points as lower full-price ASP more than offset the favorable impact of growth in our NIKE Direct business. Selling and administrative expense grew due to higher operating overhead expense resulting from continued investments in our growing NIKE Direct business. Demand creation expense also increased, as higher sports marketing costs were only partially offset by lower retail brand presentation costs.

### Fiscal 2017 Compared to Fiscal 2016

North America revenues increased 3%, driven by growth in our Sportswear and Jordan Brand categories, partially offset by declines in other categories, including NIKE Basketball. NIKE Direct revenues increased 9% for fiscal 2017 due to digital commerce sales growth, the addition of new stores and comparable store sales growth of 3%.

Footwear revenue growth for fiscal 2017 was attributable to higher revenues in our Sportswear and Jordan Brand categories, partially offset by declines in other categories. Unit sales of footwear increased 4%, while ASP per pair was flat as higher off-price ASP was offset by unfavorable off-price mix.

The increase in apparel revenues for fiscal 2017 was due to growth concentrated in Sportswear, partially offset by declines in other categories. Unit sales of apparel grew 2% and higher ASP per unit contributed approximately 1 percentage point of apparel revenue growth, primarily due to higher full-price ASP.

EBIT grew 3% for fiscal 2017 as revenue growth and gross margin expansion were partially offset by higher selling and administrative expense as a percent of revenues. Gross margin increased 10 basis points as higher full-price ASP and favorable off-price margin more than offset higher product costs and increased off-price mix as a result of clearing excess inventories through off-price channels, including through our NIKE Direct business. Selling and administrative expense grew due to higher operating overhead as continued investments in our growing NIKE Direct business were partially offset by lower bad debt expense. Demand creation was flat as higher sports marketing and retail brand presentation costs offset lower marketing and advertising costs.