

NIKE, Inc. Consolidated Statements of Income

<i>(In millions, except per share data)</i>	Year Ended May 31,		
	2017	2016	2015
Revenues	\$ 34,350	\$ 32,376	\$ 30,601
Cost of sales	19,038	17,405	16,534
Gross profit	15,312	14,971	14,067
Demand creation expense	3,341	3,278	3,213
Operating overhead expense	7,222	7,191	6,679
Total selling and administrative expense	10,563	10,469	9,892
Interest expense (income), net	59	19	28
Other (income) expense, net	(196)	(140)	(58)
Income before income taxes	4,886	4,623	4,205
Income tax expense	646	863	932
NET INCOME	\$ 4,240	\$ 3,760	\$ 3,273
Earnings per common share:			
Basic	\$ 2.56	\$ 2.21	\$ 1.90
Diluted	\$ 2.51	\$ 2.16	\$ 1.85
Dividends declared per common share	\$ 0.70	\$ 0.62	\$ 0.54

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc. Consolidated Balance Sheets

(In millions)	May 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and equivalents	\$ 3,808	\$ 3,138
Short-term investments	2,371	2,319
Accounts receivable, net	3,677	3,241
Inventories	5,055	4,838
Prepaid expenses and other current assets	1,150	1,489
Total current assets	16,061	15,025
Property, plant and equipment, net	3,989	3,520
Identifiable intangible assets, net	283	281
Goodwill	139	131
Deferred income taxes and other assets	2,787	2,422
TOTAL ASSETS	\$ 23,259	\$ 21,379
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 6	\$ 44
Notes payable	325	1
Accounts payable	2,048	2,191
Accrued liabilities	3,011	3,037
Income taxes payable	84	85
Total current liabilities	5,474	5,358
Long-term debt	3,471	1,993
Deferred income taxes and other liabilities	1,907	1,770
Commitments and contingencies		
Redeemable preferred stock	—	—
Shareholders' equity:		
Common stock at stated value:		
Class A convertible — 329 and 353 shares outstanding	—	—
Class B — 1,314 and 1,329 shares outstanding	3	3
Capital in excess of stated value	8,638	7,786
Accumulated other comprehensive (loss) income	(213)	318
Retained earnings	3,979	4,151
Total shareholders' equity	12,407	12,258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 23,259	\$ 21,379

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FORM 10-K

NIKE, Inc. Consolidated Statements of Cash Flows

(In millions)	Year Ended May 31,		
	2017	2016	2015
Cash provided by operations:			
Net income	\$ 4,240	\$ 3,760	\$ 3,273
Income charges (credits) not affecting cash:			
Depreciation	706	649	606
Deferred income taxes	(273)	(80)	(113)
Stock-based compensation	215	236	191
Amortization and other	10	13	43
Net foreign currency adjustments	(117)	98	424
Changes in certain working capital components and other assets and liabilities:			
(Increase) decrease in accounts receivable	(426)	60	(216)
(Increase) in inventories	(231)	(590)	(621)
(Increase) in prepaid expenses and other current assets	(120)	(161)	(144)
(Decrease) increase in accounts payable, accrued liabilities and income taxes payable	(364)	(889)	1,237
Cash provided by operations	3,640	3,096	4,680
Cash used by investing activities:			
Purchases of short-term investments	(5,928)	(5,367)	(4,936)
Maturities of short-term investments	3,623	2,924	3,655
Sales of short-term investments	2,423	2,386	2,216
Investments in reverse repurchase agreements	—	150	(150)
Additions to property, plant and equipment	(1,105)	(1,143)	(963)
Disposals of property, plant and equipment	13	10	3
Other investing activities	(34)	6	—
Cash used by investing activities	(1,008)	(1,034)	(175)
Cash used by financing activities:			
Net proceeds from long-term debt issuance	1,482	981	—
Long-term debt payments, including current portion	(44)	(106)	(7)
Increase (decrease) in notes payable	327	(67)	(63)
Payments on capital lease and other financing obligations	(17)	(7)	(19)
Proceeds from exercise of stock options and other stock issuances	489	507	514
Excess tax benefits from share-based payment arrangements	177	281	218
Repurchase of common stock	(3,223)	(3,238)	(2,534)
Dividends — common and preferred	(1,133)	(1,022)	(899)
Cash used by financing activities	(1,942)	(2,671)	(2,790)
Effect of exchange rate changes on cash and equivalents	(20)	(105)	(83)
Net increase (decrease) in cash and equivalents	670	(714)	1,632
Cash and equivalents, beginning of year	3,138	3,852	2,220
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,808	\$ 3,138	\$ 3,852
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 98	\$ 70	\$ 53
Income taxes	703	748	1,262
Non-cash additions to property, plant and equipment	266	252	206
Dividends declared and not paid	300	271	240

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