



CONVERSE

Hurley



JULY 24, 2018

TO OUR SHAREHOLDERS,

With our unrivaled scale and scope, Nike is able to listen to the voices of athletes in every corner of the planet. And as we step back and reflect on the big picture, we see something incredible: a world with billions of athletes, united in the joy of movement.

The power of sport has never been more profound. People everywhere want to lead healthier lives; in fact, between the U.S. and China, over 500 million people are active at least once a week. On the heels of a thrilling World Cup, and with the NBA's growing global popularity, passion for sport is surging. Meanwhile, streaming and social media are changing the way we consume sport content—bringing billions of consumers closer to the leagues and athletes they love. And over two billion digital natives in markets like China, India, and Latin America will join the middle class by 2030.

At the same time, the nature of shopping is changing. In this mobile-led world, consumers have limitless choices. They vote for distinctive, cutting-edge products. They expect fast and frictionless service. And they see no trade-off between sport and style.

Added up, it means there's a world of opportunity for Nike. The growing demand for sports, the embrace of active lifestyles, and demographic changes are tailwinds for our business. And with our unparalleled product innovation pipeline, brand strength, and digitized supply chain, these trends play to our strengths.

CONSUMER DIRECT OFFENSE

To turn global shifts into global growth, this year we aligned to the Consumer Direct Offense—allowing us to serve athletes personally, at scale. It places more focus on the opportunities with the greatest returns, from redefining the North America retail landscape to accelerating our international momentum. It brings to life our Triple Double strategy, which places a deeper focus on three core areas—Innovation, Direct, and Speed—that are igniting the next phase of growth and profitability for Nike.

These changes represent more than a step forward—they are catalysts for transformation. FY18 was a milestone year, setting the stage for our future.



Passion for sport is growing around the world.

To deliver on our ambitions, we've defined new measures of success. For example, over the next five years, we expect more than 50% of our growth to originate from new innovation concepts that will scale across multiple categories. We expect that digital revenue, both owned and through partners, will increase from nearly 15% today to over 30%; and nearly 75% of our growth will come from our international geographies.

Just a year into the Consumer Direct Offense, we're building momentum. Across the board, it has made a tremendous impact. In FY18...

- NIKE, Inc. revenues grew 6% to \$36.4 billion on a reported basis. On a currency-neutral basis, NIKE, Inc. revenues grew 4%.
- Sportswear is now a \$10 billion business that's growing rapidly, and our Performance categories are catalyzing new consumer energy with distinctive innovation.
- For the full year, international geographies accounted for over 100% of our growth, led by Greater China—which grew 21%.
- And our largest geography, North America, returned to healthy and sustainable growth.

2X INNOVATION

The Triple Double puts more firepower behind what we're known for: performance innovation that elevates the potential of every athlete, everywhere.

Fueled by the Triple Double, we're leading with platforms, not just products. But we didn't only *unveil* several groundbreaking platforms—we *scaled* them faster than ever.

Running, our largest Performance category, experienced strong growth last year. Nike React is living up to big expectations, making waves across multiple sports and styles. With its combination of light weight, streamlined style and energy return, the Epic React is already one of the top performance running shoes in the marketplace.



The Pegasus 35, with a new full-length, articulated Zoom Air, had the highest first-season bookings of any Peg in our history. And, at the London Marathon, winner Eliud Kipchoge debuted Flyprint, our latest peak performance technology. As the first 3D-printed textile upper in performance footwear, Flyprint works in concert with ZoomX foam—allowing designers to translate athlete data into new textile geometries.

In Basketball, our first full year in partnership with the NBA was special—igniting energy for our Brand and new demand for signature styles. New products, like the Showtime Hoodie and “Editions” jerseys, drove impressive results.

On our SNKRS app, the “LeBron Watch” feature turned LeBron’s on-court footwear debuts into real-time buying opportunities. And, best of all, our NBA partnership is driving global excitement: in Greater China, for example, Nike Basketball is growing faster than in any other geography.

At the World Cup, Nike made a statement on one of the biggest stages in sport. At a time when footballers are more influential than ever, over 60% of the players in the opening round wore Nike boots. One of our signature teams, France, prevailed in the all-Nike final match—the world’s most widely viewed sporting event. Nike stars exceeded expectations, with France’s Kylian Mbappé winning the award for best young player; Croatia’s Luka Modrić being named best overall player; and England’s Harry Kane earning the Golden Boot for scoring the most goals. Looking ahead, we’re poised to sustain our growth in the world’s most popular sport. We recently entered into a 10-year partnership with the China Super League, one of the fastest-growing football nations in the world.

The dynamism of our Performance categories feeds into the strength of Sportswear. With the rising popularity of active lifestyles, Sportswear is about bringing comfort and style to every facet of the consumer’s life.

That starts with Air Max, one of the fastest-growing platforms in our industry. The Air Max 270 became the most-successful launch in the platform’s history, and the Air Max’s heritage styles continue to have strong momentum. The VaporMax is moving from running tracks to runways,



Kevin Durant won his second straight NBA Finals MVP.

headlined by the VaporMax Plus and VaporMax 97. And, to create local energy in key cities around the world, we held Nike: On Air, a sneaker design program that empowered consumers to imagine an Air Max inspired by their community's unique cultural fingerprint. Beyond Air, Sportswear's growth is a reflection of our integrated offense.

React is scaling into the category with a series of casual silhouettes that offer all-day energy. With head-to-toe looks that pair with popular sneaker styles, demand for Tech Fleece continues to grow rapidly. And, powered by a holistic approach across Running, Training and Sportswear, our Women's business is building momentum. Lifestyle product led the way, with headlines like our 1 Reimagined collection—which remixed our iconic Air Force 1 and Air Jordan 1. In addition, with new collections that tap into sneaker culture for women, Jordan Brand nearly tripled the size of its women's sneakers business last year.

2X DIRECT

Just as we're developing groundbreaking platforms across style and performance, we're breaking down the barrier between physical and digital retail. That starts with the cornerstone of our 2X Direct strategy: expanding membership.

In FY18, we exceeded all of our membership targets—adding new members, heightening engagement, and improving conversion. We improved our app ecosystem, both geographically and through new capabilities. And most importantly, we invested deeply in data and analytics—allowing us to serve consumers, both online and in store, with exactly what they need.



*Our Women's business is building momentum,
fueled by complete collections for her.*

We're expanding SNKRS, the world's #1 footwear shopping app. Home to the most engaged sneaker audience on the planet, SNKRS has become the go-to destination for high heat product launches.

We're also transforming the NIKE app into a real-world destination. In select stores, consumers can use their phones to access a host of new features—like product reservations, the ability to scan product to learn more, and skipping lines with self-checkout.

What's more, through a new store concept called Nike Live, we're bringing to life our vision of localized, data-driven retail. As the physical manifestation of our entire digital ecosystem, the store's location and assortment are chosen by leveraging data on local buying patterns and app engagement.

2X SPEED

The work we do in 2X Direct is designed to exceed consumer expectations, and a big part of that depends on our progress with 2X Speed. By digitizing our supply chain from end-to-end, we're amplifying our ability to sense the market, drive efficiency, and manufacture more sustainably. As part of that, in FY18, we invested significantly in the capabilities that will make us more nimble—so we can serve athletes with what they want, when they want it.

There's no better example of that than the Express Lane, our fast-acting product engine. Express Lane quickly creates new concepts like the Mercurial TN, which was inspired by the World Cup. Express Lane also updates popular models with new materials and colors based on real-time consumer insights, and restocks stores in as fast as two days. It means we're exceeding the expectations of mobile-first consumers—and capitalizing on trends in the moment. Express Lane, as a whole, is leading to significantly stronger full-price sell-through rates and better overall supply-demand management.

PURPOSE MOVES US

Ultimately, our momentum comes down to something bigger than any single product, service or technology. In this time of relentless change, our success is grounded in staying true to our purpose: using the power of sport to move the world forward.

Because our aim is to elevate human potential—and because we have the brand, scale, and resources to make a global impact—we're counted on to lead. We embrace that opportunity.

But living up to our purpose is about more than words—it's about reflecting it in every facet of our company. That starts, first and foremost, by cultivating an environment of respect and inclusion within Nike.



*Stars like Kylian Mbappé
headlined an all-Nike
World Cup Final.*

This past year, we became aware of behaviors inconsistent with our values. This doesn't reflect the Nike I've known for nearly 40 years. We are committed to building, and sustaining, a strong culture—because, as a company fueled by creativity, nothing is more important than being able to share different perspectives.

As part of that commitment, we took immediate and decisive action. We are rolling out an array of initiatives that will create the kind of workplace environment we need to achieve our ambitious goals. Fostering an open and accountable culture is the key to unlocking our potential, and continues to be our top priority.

This is just the first step in a bigger journey. This year, we released our FY16/17 Sustainable Business Report. It articulates our belief in a fair, sustainable future—one where everyone thrives on a healthy planet and a level playing field.

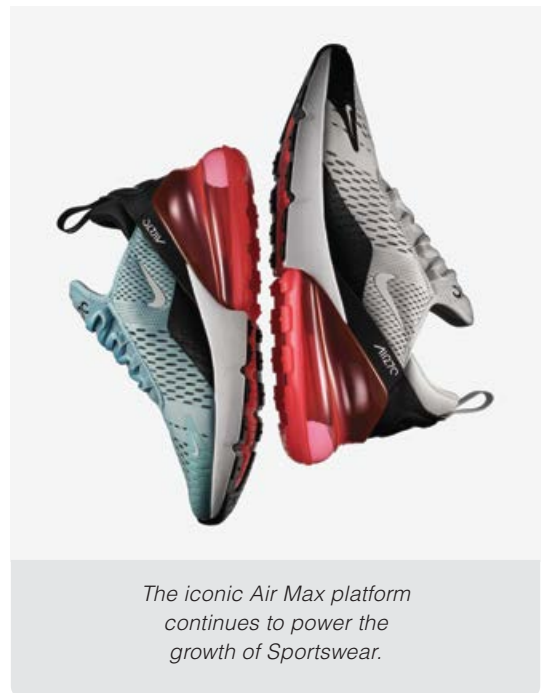
To make that vision a reality, we're bringing sport back into kids' lives, because the kids who move do better in their classrooms, careers, and communities. We are building a diverse and inclusive team that represents the billions of athletes we serve. And we're pioneering technologies, business models, and partnerships—ensuring that supply chains are green, equitable, and fair, and our materials and products are sustainable.

Taken together, it will add up to achieving the most important goal Nike's ever had: leaving a positive footprint on the planet.

LOOKING AHEAD

Through the Consumer Direct Offense, we've sharpened our focus around the consumer's expectations—prioritizing innovation, speed, and direct connections. We closed out the fiscal year with a strong performance across our business. Still, we have significant opportunity ahead, and work to do to continue to build on that momentum.

Every idea we have...every service we develop... and every innovation platform we create—all stem from the same source: the voice of the athlete. And with our unrivaled global presence, brand strength, and innovation in data, we know athletes better than ever.



To serve today's athlete, we're combining the agility of a local business with the scale of a global brand. Like never before, we're able to envision—and then deliver—the future of sport.

We aim for nothing less. Because, at Nike, our mission is bold: to bring inspiration and innovation to every athlete in the world.

Cheers,



MARK PARKER

Chairman, President and
Chief Executive Officer
NIKE, Inc.

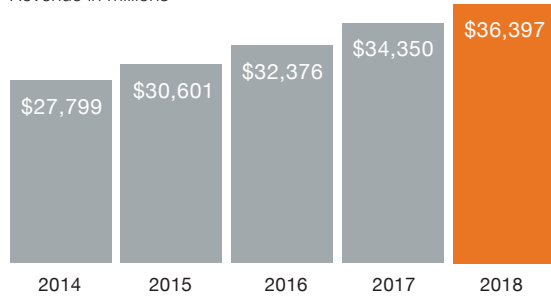


*Serena Williams continues to break barriers
and make history.*

2018 SELECT FINANCIALS

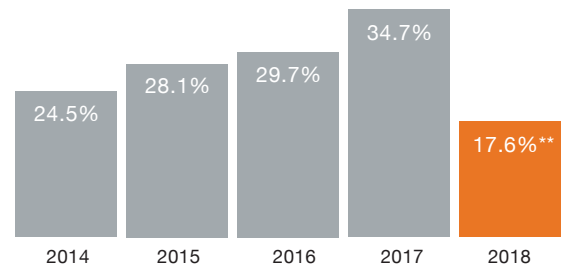
NIKE, Inc. Revenue Performance

Fiscal Years 2014-2018
Revenue in millions



NIKE, Inc. Return on Invested Capital*

Fiscal Years 2014-2018

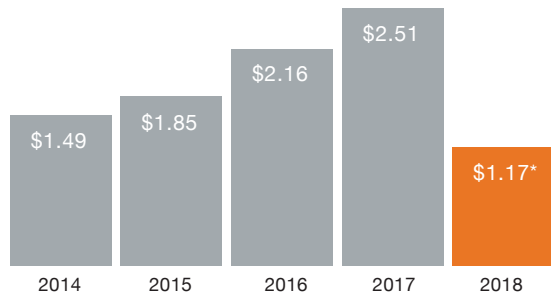


* Return on Invested Capital calculation is included in the quarterly earnings section of our investor relations website, <http://investors.nike.com>, as one of our key financial metrics. Please refer to this site for more detail on this calculation.

** Fiscal 2018 reflects the impact of the Tax Cuts and Jobs Act. Refer to Note 9 — Income Taxes in the Company's FY18 Annual Report on Form 10-K for additional information.

NIKE, Inc. Earnings Per Share Performance

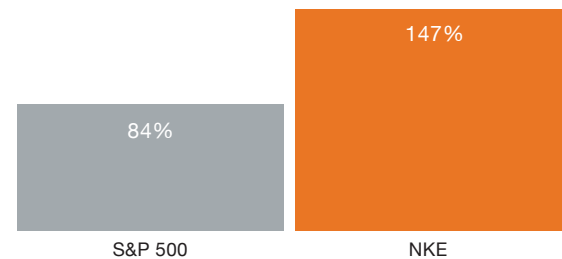
Fiscal Years 2014-2018



* Fiscal 2018 reflects the impact of the Tax Cuts and Jobs Act. Refer to Note 9 — Income Taxes in the Company's FY18 Annual Report on Form 10-K for additional information.

NIKE, Inc. Stock Performance vs. S&P 500*

Fiscal Years 2014-2018



* Performance of the S&P 500 and NIKE stock is calculated by comparing the total returns of each assuming the reinvestment of dividends over the time period of 5/31/2013 to 5/31/2018.

SHAREHOLDER INFORMATION

NIKE, Inc. common stock is listed on the New York Stock Exchange under the trading symbol 'NIKE.' Copies of the Company's Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission are available from the Company without charge. Copies are available on the investor relations website, <http://investors.nike.com>. To request a hard copy, please call 800-640-8007 or write to NIKE's Investor Relations Department at:

NIKE World Headquarters
One Bowerman Drive
Beaverton, Oregon 97005-6453

Quarterly dividends on NIKE common stock, when declared by the Board of Directors, are paid on or about July 5, October 5, January 5, and April 5. Additional financial information is available at <http://investors.nike.com>.

INDEPENDENT ACCOUNTANTS

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REGISTRAR AND STOCK TRANSFER AGENT

Communications concerning shareholder address changes, stock transfers, changes of ownership, lost stock certificates, payment of dividends, dividend check replacements, duplicate mailings, or other account services should be directed to the Company's Registrar and Stock Transfer Agent at the following address:

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