



CONVERSE

Hurley



JULY 20, 2017

TO OUR SHAREHOLDERS,

This past May, I traveled to Monza, Italy, to witness Breaking2—one of our most ambitious moonshots, ever. Supported by our incredible team of designers, scientists, and physiologists, three bold athletes took on an unprecedented challenge: running the first sub-two-hour marathon.

It was a moment I'll never forget, because I had the privilege of standing on the track as history was rewritten. Eliud Kipchoge made a statement heard around the world, running the course in two hours and twenty-five seconds. No human being has ever run 26.2 miles that fast. For billions of athletes, it represented historic progress toward a goal that was once unthinkable.

After the finish, I watched Eliud thank our entire team for their support, encouragement, and guidance. Even as his name graced headlines around the globe, Eliud acknowledged the magnitude of our collective effort. He recognized what makes Nike special: our culture.

More than anything, Breaking2 showcased our creative and competitive mentality. It showed the world that we attack the most audacious goals in sport. That we're united by a spirit of collaboration. And that, every day, we strive to push the limits of human potential.

This past fiscal year, we embodied those principles like never before—and, in doing so, set the stage for our future. In FY17...

- NIKE, Inc. revenues grew 6% to \$34.4 billion on a reported basis. On a currency-neutral basis, NIKE, Inc. revenues grew 8%.
- Earnings per Share rose 16% to \$2.51.
- And we delivered ROIC of nearly 35%.



Kevin Durant earned his first NBA Championship and was named Finals MVP.

THE CONSUMER DIRECT OFFENSE

As the world's leader in sport, we know there's never been a more exciting time to be in our business. We're catalyzing our next wave of long-term growth, while being clear-eyed about today's dynamic environment. Climate change is threatening communities, tightening precious resources, and demanding new ways to offset costs. Mobile and social platforms are connecting people beyond traditional boundaries of language and culture. Meanwhile, demographics are shifting, headlined by rapid urbanization and a rising middle class across Asia.

Just as our world is changing, so are consumers. In this more connected world, their expectations and behaviors are evolving. More consumers are passionate about leading active lifestyles. They expect a faster cadence of innovation in both performance and sportswear. And, powered by digital, they want service with speed and a more personal touch from brands. As a result, consumers are driving a reinvention of the economics of brick and mortar retail.

This landscape is complex, but it plays to Nike's strengths. We know that external forces do not control our destiny—we do. That's why, over the past year, we've reimagined our entire business—from design, to merchandising, to marketing—to serve every consumer completely.

Rather than watching global shifts from the sidelines, we have an ambitious plan to shape them. This June, we unveiled the Consumer Direct Offense—a new company formation that allows us to serve the consumer faster and more personally, at scale. It accelerates our greatest growth opportunities and puts decision-making closer to the consumer.

The Consumer Direct Offense puts our Triple Double strategy into practice. It transforms three core areas of our business: in the innovation we create; in the supply chain that delivers it; and in the marketplace where we connect with consumers. Powered by this framework, our entire team is sprinting toward three milestones: 2X Innovation, 2X Speed and 2X Direct.



Cristiano Ronaldo captained Portugal to victory in the 2016 UEFA European Championship.

PRODUCT INNOVATION

Our vision for the future starts with what we're best known for: our product. We're doubling our cadence and impact of innovation, in both performance and sportswear. We're accelerating the time it takes for a new platform to reach the market. And, at the same time, we're focusing on scale—because we're at our best when our innovation elevates athletes across multiple sports and styles.

This year, we delivered a cushioning revolution with three new, distinct performance platforms. The VaporFly 4% features a proprietary carbon fiber plate and the new ZoomX foam, our lightest and most responsive yet. The Air VaporMax fulfills our dream of walking on nothing but Air. And Nike React will be our most versatile cushioning platform yet, making an impact across multiple categories.

At the same time, we're pushing the frontiers of technology. We introduced the HyperAdapt 1.0, our first venture into Adaptive Performance—products that move in synchrony with the body. And we're doubling down on digital knitting to create apparel that's more personal and powerful, like the Flyknit bra.

To us, 2X Innovation isn't just about releasing something new. It's about making the world's best products even better. By fueling massive leaps in our design, prototyping, and manufacturing process, we're delivering the future of sport, faster.

CLOSER TO THE CONSUMER

We're not just revolutionizing what we make for athletes, but how we get it to them. With our streamlined Nike Direct organization, we're unlocking new avenues to give athletes exclusive access to the best of Nike.

As part of the Triple Double, we're strengthening direct connections with consumers through digital, membership, personalization and brand experiences. This comprehensive approach allows Nike to serve athletes in every phase of life—from the gym, onto the court, and into the street.

Our focus on personalized service and seamless commerce comes to life in Nike retail environments. Opened this year, our SoHo and Miami stores are immersive experiences—offering customization bars, 1:1 personal shopping service, and digital trial zones that bring the game to you. In China, where the sports economy is expected to reach \$850 billion by 2025, we're capitalizing on our leading brand position. In Beijing, we opened our largest basketball-focused door in China, as well as two new Jordan Brand stores in Chengdu and Taipei.

Our investments in digital are propelling rapid ecommerce growth. Partnerships with leading online retailers are strengthening our relationship with the evolving consumer. Nike.com has expanded to over 45 countries. Our most coveted products sell out quickly on our SNKRS app. And, powered by advancements in cloud technology, we're accelerating the global expansion of our Nike+ ecosystem of apps.

From our elevated retail experiences to digital platforms, our 2X Direct goal reflects one of our biggest opportunities: bringing the Nike Brand closer to the consumer drives growth.

SPEED WINS

To exceed the consumer's rising expectations, we're doubling our speed throughout our supply chain, from product insight to consumer delivery.

Nowhere is this more important than our design process. Led by our new Express Lane initiative, we believe we can cut our average product creation cycle in half. Allowing us to respond to consumer demand in real-time, our Express Lane teams create, update, and fulfill instantly—offering new products, materials and colors that drive sell-through.



There's never been a better opportunity to innovate across our entire business. We're speeding up our design-to-delivery timeline through our Manufacturing Revolution—a series of investments transforming what we make, and how we make it. Around the globe, we're exploring better sourcing, automation, new methods of make, and closer-to-market manufacturing.

But, more than any technology, speed starts at the sketchpad. Across our company, we're editing out the noise and amplifying what resonates most with consumers. Our product teams are reaching their existing growth goals with 25 percent less product, while offering more distinct choices. Our brand teams are also matching our best products with athletes and stories that create the biggest impact. Because, today, trends go global in an instant—and by creating space to go after the biggest wins, we make waves in the most influential hubs of sport and style.

It all adds up to 2X Speed: our commitment to a more personal Brand, increased efficiency, and quicker delivery around the globe.

ATHLETES MADE HISTORY

This year, Nike athletes shined under the brightest spotlights in sport.

With an improbable game seven victory, the Chicago Cubs broke the biggest curse in sports. Serena Williams and Roger Federer cemented their legacies at the Australian Open, extending their all-time records for major titles. In a final between two Nike teams, Cristiano Ronaldo led Portugal to its first European Championship. Russell Westbrook's historic triple-double season captivated basketball fans, and the pulse-pounding NBA Finals featured three of Nike's signature athletes—LeBron, Kyrie, and Kevin Durant, the Finals MVP. And, at the Summer Games in Rio, over 1,500 Olympians from 60 countries won 189 medals wearing our latest innovations.

In running, we made one of our biggest statements. Nike athletes wearing the VaporFly 4% won the men's and women's gold in the Olympic marathon. At the Boston Marathon, Nike swept the podium in both the men's and women's races. And we rewrote history with Breaking2.

Over the past year, our brand made statements that rippled across the world. To kick off Black History Month, we proudly stood up for our values through our EQUALITY campaign. Using the power of sport to promote fairness and justice in every community, EQUALITY has been a catalyst for conversation and change. It continued into summer with our 2017 BETRUE Collection, our brand's expression of our commitment to the LGBTQ community. And we're continuing to partner with local communities to expand access to sport—helping to get more than 14 million kids moving globally.

Because athletes play on this planet, we must protect it. We'll do everything we can to maintain an environment where all athletes can train, live, and thrive. That's why, this year, we reaffirmed our commitment to curb the dangerous effects of climate change. We are proud to be the co-founders of business coalitions committed to strong climate policy, such as BICEP and We Mean Business. We'll continue to execute on our pledge to use 100 percent renewable energy in all Nike owned or operated facilities around the world by 2025. And we'll also continue to lower our impact by accelerating innovation in materials, manufacturing process and product design, both within Nike and in partnership with others.



With a win at the Australian Open, Serena Williams set the record for the most majors in tennis.

ACCELERATING HUMAN POTENTIAL

From the start, our mission has been to serve the athlete—helping them push the limits of their potential. It's grounded in our belief that challenges are more than moments to overcome. They are opportunities for reinvention.

Today we're presented with more chances to raise our game than ever before. To exceed consumer expectations, not just meet them. To grow the whole marketplace, not just obsess market share. To sharpen our process, not just do what's worked before.

When I look out to the next year, we have a lot to be excited about.



At Breaking2, Eliud Kipchoge ran 26.2 miles faster than any human in history.

- With our new NBA partnership, we'll bring fans even closer to courtside.
- Through the VaporMax, we'll continue to fuel demand with colorways and performance models that empower every athlete to make a statement.
- Headlined by new additions to our AirMax family, we'll continue to ignite growth in sportswear.
- New cushioning platforms, like Nike React and ZoomX, are ramping up—and will be followed by further advancements in our cushioning revolution.
- To fuel our promising Nike Women's business, we'll unveil next-generation products—spanning both apparel and footwear—that amplify personal expression and peak performance.

And we'll deliver these innovations to consumers faster and more personally.

Now, it's as important as ever for Nike to stay true to our culture, attack the impossible, and leverage our competitive advantages. This is how we will win now and create the future of sport.

CONCLUSION

Just before stepping onto the track for Breaking2, Eliud Kipchoge said something that stuck with me. “I don’t have a chance to make history,” he said. “I have a choice.”

We’re in the same position as a company. We choose to push the limits of human potential. And while we understand our vision is nearly impossible to achieve, that’s precisely what drives us.

At Nike, the unprecedented is just something we haven’t accomplished yet. So, like Eliud, we will fearlessly sprint into the future, with the confidence that we are pioneering new ways to elevate every athlete, everywhere.

Cheers,

A handwritten signature in black ink, reading "Mark Parker". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

MARK PARKER

Chairman, President and Chief Executive Officer
NIKE, Inc.

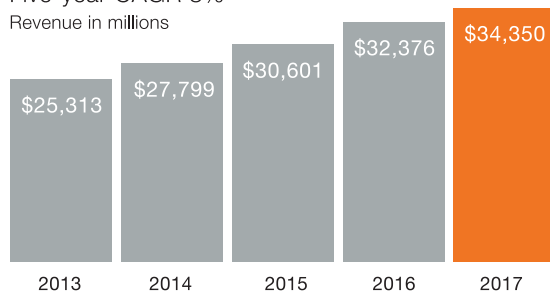
2017 SELECT FINANCIALS

NIKE, Inc. Revenue Performance

Fiscal Years 2013-2017

Five-year CAGR 8%*

Revenue in millions

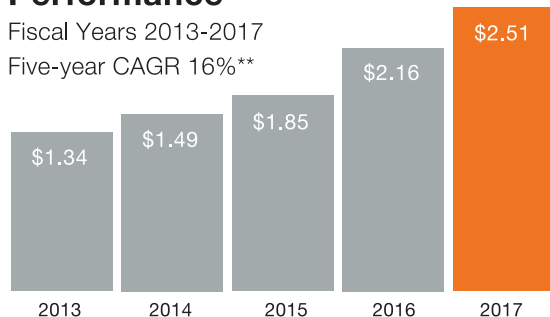


* 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2012 Revenue of \$23,331 million. The revenue amounts presented reflect the results of our continuing operations.

NIKE, Inc. Earnings Per Share Performance*

Fiscal Years 2013-2017

Five-year CAGR 16%**

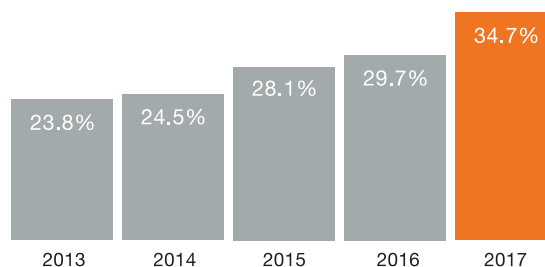


* These amounts have been restated to reflect our December 2012 and December 2015 two-for-one stock splits and historical results of continuing operations.

** 5-Year Compound Annual Growth Rate (CAGR) based on Fiscal Year 2012 split-adjusted diluted earnings per common share of \$1.20.

NIKE, Inc. Return on Invested Capital*

Fiscal Years 2013-2017



* 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.

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

Fiscal Years 2013-2017



* 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 5/31/2012 to 5/31/2017.