

# NIKE INC

## FORM 8-K (Current report filing)

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Address	ONE BOWERMAN DR BEAVERTON, OR 97005-6453
Telephone	5036713173
CIK	0000320187
Symbol	NKE
SIC Code	3021 - Rubber and Plastics Footwear
Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

March 17, 2011



**NIKE, Inc.**

(Exact name of registrant as specified in charter)

OREGON

(State or other jurisdiction  
of incorporation)

1-10635

(Commission  
File Number)

93-0584541

(IRS Employer  
Identification No.)

ONE BOWERMAN DRIVE  
BEAVERTON, OR

(Address of principal executive offices)

97005-6453

(Zip Code)

Registrant's telephone number, including area code:

(503)671-6453

NO CHANGE

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

Today NIKE, Inc. issued a press release disclosing financial results for the fiscal quarter ended February 28, 2011. The text of the release is furnished herewith as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

The following exhibit is furnished with this Form 8-K:

99.1 Press Release dated February 28, 2011.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**NIKE, Inc.**  
**(Registrant)**

Date: March 17, 2011

By: /s/ Donald W. Blair  
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Donald W. Blair  
Chief Financial Officer

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## NIKE, INC. REPORTS FISCAL 2011 THIRD QUARTER RESULTS

- Revenue \$5.1 billion; up 7 percent versus prior year or up 8 percent excluding currency changes
- Diluted earnings per share up 7 percent from prior year to \$1.08
- NIKE Brand futures orders up 11 percent or up 9 percent excluding currency changes
- Inventories up 18 percent versus prior year

**BEAVERTON, Ore., March 17, 2011** – NIKE, Inc. (NYSE:NKE) today reported financial results for its fiscal 2011 third quarter ended February 28, 2011. Earnings per share for the quarter were up 7 percent on a 7 percent increase in net revenue as higher NIKE, Inc. sales and SG&A expense leverage offset lower gross margin results.

“Our solid third-quarter results demonstrate the power of the NIKE, Inc. portfolio,” said Mark Parker, President and CEO of NIKE, Inc. “Our unique ability to create deep connections with consumers, led by an impressive pipeline of innovative product and exciting retail experiences, continues to strengthen our brands and accelerate growth. Moving forward, we’ll continue to leverage our scale, financial resources, and operational discipline to drive near and long-term value to shareholders.”\*

### Futures Orders

As of the end of the quarter futures orders for NIKE Brand athletic footwear and apparel, scheduled for delivery from March through July 2011, totaled \$7.9 billion, 11 percent higher than orders reported for the same period last year. Excluding currency changes, reported orders would have increased 9 percent.\*

By geography, futures orders were as follows:

<i>Geography</i>	<i>Reported Futures Orders</i>	<i>Excluding Currency Changes</i>
North America	+11%	+11%
Western Europe	+4%	0%
Central and Eastern Europe	+9%	+9%
Greater China	+19%	+13%
Japan	+4%	+2%
Emerging Markets	+21%	+18%
<b>Total NIKE Brand Futures Order</b>	<b>+11%</b>	<b>+9%</b>

### Third Quarter Income Statement Review

- **Revenues** for NIKE, Inc. increased 7 percent to \$5.1 billion or up 8 percent on a currency neutral basis. Revenues for the NIKE Brand

were up 8 percent. Excluding the impacts of changes in foreign currency NIKE Brand revenues rose 9 percent driven by growth in all seven NIKE Brand key categories and every geography except Japan. Revenues for our Other Businesses increased 1 percent, with minimal impact from changes in foreign currency exchange rates, as growth in Converse, Cole Haan, and Hurley was largely offset by lower revenues in Umbro and NIKE Golf.

- **Gross margin** declined 110 basis points to 45.8 percent mainly as a result of higher product costs, elevated freight costs, including additional airfreight incurred to meet strong demand for NIKE Brand products, and a smaller proportion of license revenue due in part to the conversion of Converse's U.K. business to direct distribution. These factors more than offset the positive impacts of favorable year-over-year changes in foreign exchange rates, a higher mix of full-price sales, the benefits of ongoing product cost reduction initiatives, and growing sales from our Direct to Consumer operations.
- **Selling and administrative expenses** grew at a slower rate than revenue, up 5 percent to \$1.6 billion. Operating overhead expenses increased 6 percent to \$1.1 billion as a result of additional investments made in both our wholesale and direct to consumer businesses. Demand creation expenses rose 3 percent to \$578 million due to marketing support for key product initiatives and investments in retail product presentation for wholesale accounts.
- **Other income** was \$17 million, comprised largely of non-recurring items and foreign exchange gains, primarily from currency hedges. For the quarter, we estimate the year-over-year change in foreign currency related gains included in other income, net, combined with the impact of changes in foreign currency exchange rates on the translation of foreign currency-denominated profits had an insignificant impact on pretax income.
- **The effective tax rate** was 26.0 percent compared to 24.9 percent for the same period last year. The effective tax rate was higher due to a larger percentage of pretax income coming from operations in the United States which has a higher effective tax rate than operations abroad.
- **Net income** increased 5 percent to \$523 million and **diluted earnings per share** increased 7 percent to \$1.08, reflecting higher net income and a 1 percent decline in the number of diluted weighted average common shares outstanding.

### February 28, 2011 Balance Sheet Review

- **Inventories** for NIKE, Inc. were \$2.5 billion, up 18 percent from February 28, 2010, to meet strong demand and given comparisons to extremely low levels last year when inventories were down 13 percent.
- **Cash and short-term investments** at period-end were \$4.5 billion, 11 percent higher than last year mainly as a result of higher net income.

### Share Repurchases

During the third quarter, NIKE, Inc. repurchased a total of 5.5 million shares for approximately \$468 million as part of its four-year, \$5 billion share repurchase program, approved by the Board of Directors in September 2008. As of the end of the third quarter the Company has purchased a total of 22.9 million shares for approximately \$1.7 billion under this program.

### Conference Call

NIKE, Inc. management will host a conference call beginning at approximately 2:00 p.m. PT on March 17, 2011, to review third quarter results. The conference call will be broadcast live over the Internet and can be accessed at [www.nikebiz.com/investors](http://www.nikebiz.com/investors). For those unable to listen to the live broadcast, an archived version will be available at the same location through 9:00 p.m. PT, March 24, 2011.

### About NIKE, Inc.

NIKE, Inc. based near Beaverton, Oregon, is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Wholly-owned Nike subsidiaries include Cole Haan, which designs, markets and distributes luxury shoes, handbags, accessories and coats; Converse Inc., which designs, markets and distributes athletic footwear, apparel and accessories; Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories; and Umbro Ltd., a leading United Kingdom-based global football (soccer) brand. For more information, NIKE's earnings releases and other financial information are available on the Internet at [www.nikebiz.com/investors](http://www.nikebiz.com/investors).

- \* *The marked paragraphs contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed from time to time in reports filed by Nike with the S.E.C., including Forms 8-K, 10-Q, and 10-K. Some forward-looking statements in this release concern changes in futures orders that are not necessarily indicative of changes in total revenues for subsequent periods due to the mix of futures and "at once" orders, exchange rate fluctuations, order cancellations and discounts, which may vary significantly from quarter to quarter, and because a significant portion of the business does not report futures orders.*

(Additional Tables Follow)

**NIKE, Inc.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED FEBRUARY 28, 2011**  
(In millions, except per share data)

INCOME STATEMENT	QUARTER ENDED			YEAR TO DATE ENDED		
	02/28/2011	02/28/2010	% Chg	02/28/2011	02/28/2010	% Chg
Revenues	\$ 5,079	\$ 4,733	7 %	\$ 15,096	\$ 13,937	8 %
Cost of sales	2,752	2,515	9 %	8,142	7,543	8 %
Gross margin	2,327	2,218	5 %	6,954	6,394	9 %
	45.8 %	46.9 %		46.1 %	45.9 %	
Demand creation expense	578	563	3 %	1,831	1,690	8 %
Operating overhead expense	1,059	1,000	6 %	3,090	2,898	7 %
Total selling and administrative expense	1,637	1,563	5 %	4,921	4,588	7 %
	32.2 %	33.0 %		32.6 %	32.9 %	
Other (income), net	(17)	(8)	113 %	(38)	(32)	19 %
Interest expense, net	-	1	-	-	4	-
Income before income taxes	707	662	7 %	2,071	1,834	13 %
Income taxes	184	165	12 %	532	449	18 %
	26.0 %	24.9 %		25.7 %	24.5 %	
Net income	\$ 523	\$ 497	5 %	\$ 1,539	\$ 1,385	11 %
Diluted EPS	\$ 1.08	\$ 1.01	7 %	\$ 3.16	\$ 2.81	12 %
Basic EPS	\$ 1.10	\$ 1.02	8 %	\$ 3.22	\$ 2.85	13 %
<b>Weighted Average Common Shares Outstanding:</b>						
Diluted	485.5	492.3		487.7	493.3	
Basic	475.3	484.4		477.6	485.8	
Dividends declared	\$ 0.31	\$ 0.27		\$ 0.89	\$ 0.79	

## NIKE, Inc.

BALANCE SHEET	02/28/2011	02/28/2010	%
			Change
(In millions)			
<i>ASSETS</i>			
Current assets:			
Cash and equivalents	\$ 2,132	\$ 2,225	-4%
Short-term investments	2,333	1,814	29%
Accounts receivable, net	2,985	2,834	5%
Inventories	2,536	2,150	18%
Deferred income taxes	286	222	29%
Prepaid expenses and other current assets	513	843	39%
<b>Total current assets</b>	<b>10,785</b>	<b>10,088</b>	7%
Property, plant and equipment	4,804	4,437	8%
Less accumulated depreciation	2,747	2,474	11%
Property, plant and equipment, net	2,057	1,963	5%
Identifiable intangible assets, net	472	468	1%
Goodwill	194	191	2%
Deferred income taxes and other assets	970	866	12%
<b>Total assets</b>	<b>\$ 14,478</b>	<b>\$ 13,576</b>	7%
<i>LIABILITIES AND SHAREHOLDERS' EQUITY</i>			
Current liabilities:			
Current portion of long-term debt	\$ 198	8	-
Notes payable	139	109	28%
Accounts payable	1,147	994	15%
Accrued liabilities	1,745	1,648	6%
Income taxes payable	113	88	28%
<b>Total current liabilities</b>	<b>3,342</b>	<b>2,847</b>	17%
Long-term debt	276	452	39%
Deferred income taxes and other liabilities	958	848	13%
Redeemable preferred stock	-	-	-
Shareholders' equity	9,902	9,429	5%
<b>Total liabilities and shareholders' equity</b>	<b>\$ 14,478</b>	<b>\$ 13,576</b>	7%

**NIKE, Inc.**

DIVISIONAL REVENUES <sup>1</sup>	QUARTER ENDED			% Change Excluding Currency Changes <sup>2</sup>		YEAR TO DATE ENDED			% Change Excluding Currency Changes <sup>2</sup>	
	02/28/2011	02/28/2010	% Change			02/28/2011	02/28/2010	% Change		
(In millions)										
<b>North America</b>										
Footwear	\$ 1,273	\$ 1,186	7%	7%	\$ 3,645	\$ 3,386	8%	7%		
Apparel	481	408	18%	18%	1,534	1,293	19%	18%		
Equipment	81	85	-5%	-4%	260	257	1%	1%		
Total	1,835	1,679	9%	9%	5,439	4,936	10%	10%		
<b>Western Europe</b>										
Footwear	563	577	-2%	6%	1,689	1,727	-2%	7%		
Apparel	294	300	-2%	7%	955	1,016	-6%	3%		
Equipment	50	52	-4%	4%	162	193	16%	-8%		
Total	907	929	-2%	6%	2,806	2,936	-4%	5%		
<b>Central and Eastern Europe</b>										
Footwear	143	137	4%	9%	409	384	7%	12%		
Apparel	91	85	7%	13%	271	259	5%	10%		
Equipment	17	17	0%	18%	57	59	-3%	2%		
Total	251	239	5%	11%	737	702	5%	11%		
<b>Greater China</b>										
Footwear	333	279	19%	16%	843	707	19%	17%		
Apparel	201	153	31%	28%	574	491	17%	15%		
Equipment	20	26	-23%	23%	79	79	0%	0%		
Total	554	458	21%	18%	1,496	1,277	17%	15%		
<b>Japan</b>										
Footwear	100	103	-3%	12%	279	304	-8%	15%		
Apparel	78	86	-9%	16%	223	251	11%	18%		
Equipment	17	24	-29%	38%	48	66	27%	33%		
Total	195	213	-8%	16%	550	621	11%	18%		
<b>Emerging Markets</b>										
Footwear	448	375	19%	15%	1,373	1,079	27%	22%		
Apparel	148	127	17%	13%	480	401	20%	14%		
Equipment	47	40	18%	15%	136	122	11%	7%		
Total	643	542	19%	15%	1,989	1,602	24%	19%		
<b>Global Brand Divisions <sup>3</sup></b>										
	28	22	27%	23%	87	78	12%	17%		
<b>Total NIKE Brand</b>										
	4,413	4,082	8%	9%	13,104	12,152	8%	9%		
<b>Other Businesses <sup>4</sup></b>										
	663	655	1%	1%	1,987	1,815	9%	10%		
<b>Corporate <sup>5</sup></b>										
	3	(4)	-	-	5	(30)	-	-		

**Total NIKE,**

<b>Inc. Revenues</b>	\$	<u>5,079</u>	\$	<u>4,733</u>	7%	8%	\$	<u>15,096</u>	\$	<u>13,937</u>	8%	9%
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**Total NIKE Brand**

Footwear	\$	2,860	\$	2,657	8%	8%	\$	8,238	\$	7,587	9%	10%
Apparel		1,293		1,159	12%	13%		4,037		3,711	9%	10%
Equipment		232		244	-5%	-3%		742		776	-4%	-3%
Global Brand Divisions <sup>3</sup>		28		22	27%	23%		87		78	12%	17%

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<sup>1</sup> Certain prior year amounts have been reclassified to conform to fiscal year 2011 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

<sup>2</sup> Fiscal 2011 results have been restated using fiscal 2010 exchange rates for the comparative period to enhance the visibility of the underlying business trends excluding the impact of foreign currency exchange rate fluctuations.

<sup>3</sup> Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment.

<sup>4</sup> Other businesses represent activities of Cole Haan, Converse, Hurley, NIKE Golf and Umbro.

<sup>5</sup> Corporate revenues primarily consist of foreign currency revenue-related hedge gains and losses generated by entities within the NIKE Brand geographic operating segments through our centrally managed foreign exchange risk management program and foreign currency gains and losses resulting from the difference between actual foreign currency rates and standard rates assigned to these entities, which are used to record any non-functional currency revenues into the entity's functional currency.

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**NIKE, Inc.**

	QUARTER ENDED			YEAR TO DATE ENDED		
	02/28/2011	02/28/2010	% Chg	02/28/2011	02/28/2010	% Chg
<b>EARNINGS BEFORE INTEREST AND TAXES</b> <sup>1,2</sup>						
	(In millions)					
North America	\$ 423	\$ 403	5%	\$ 1,228	\$ 1,104	11%
Western Europe	161	199	19%	581	663	12%
Central and Eastern Europe	57	46	24%	164	172	-5%
Greater China	213	176	21%	551	450	22%
Japan	31	40	23%	94	120	22%
Emerging Markets	173	127	36%	491	404	22%
Global Brand Divisions <sup>3</sup>	(245)	(234)	-5%	(722)	(590)	22%
<b>Total NIKE Brand</b>	<b>813</b>	<b>757</b>	<b>7%</b>	<b>2,387</b>	<b>2,323</b>	<b>3%</b>
Other Businesses <sup>4</sup>	85	105	19%	253	227	11%
Corporate <sup>5</sup>	(191)	(199)	4%	(569)	(712)	20%
<b>Total earnings before interest and taxes</b> <sup>1,2</sup>	<b>\$ 707</b>	<b>\$ 663</b>	<b>7%</b>	<b>\$ 2,071</b>	<b>\$ 1,838</b>	<b>13%</b>

<sup>1</sup> The Company evaluates performance of individual operating segments based on earnings before interest and taxes (also commonly referred to as "EBIT"), which represents net income before interest expense, net and income taxes.

<sup>2</sup> Certain prior year amounts have been reclassified to conform to fiscal year 2011 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

<sup>3</sup> Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment and general and administrative expenses that are centrally managed for the NIKE Brand.

<sup>4</sup> Other businesses represent activities of Cole Haan, Converse, Hurley, NIKE Golf and Umbro.

<sup>5</sup> Corporate consists of unallocated general and administrative expenses, which includes expenses associated with centrally managed departments, depreciation and amortization related to the Company's corporate headquarters, unallocated insurance and benefit programs, certain foreign currency gains and losses, including certain hedge gains and losses, corporate eliminations and other items.

