

NIKE INC

FORM 8-K (Current report filing)

Filed 06/27/06 for the Period Ending 06/27/06

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

NIKE INC

FORM 8-K (Unscheduled Material Events)

Filed 6/27/2006 For Period Ending 6/27/2006

Address	ONE BOWERMAN DR BEAVERTON, Oregon 97005-6453
Telephone	503-671-3173
CIK	0000320187
Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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): June 27, 2006

NIKE, INC.

(Exact Name of Registrant as Specified in Charter)

Oregon	1-10635	93-0584541
_____	_____	_____
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Bowerman Drive
Beaverton, Oregon 97005-6453

(Address of Principal Executive Offices)

(503) 671-6453

(Registrant's telephone number, including area code)

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 Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

Today NIKE, Inc. issued a press release disclosing financial results for the fiscal quarter ended May 31, 2006. The text of the release is furnished herewith as Exhibit 99.

(d) Exhibits.

Item 9.01 Financial Statements and Exhibits

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

99. Press Release dated June 27, 2006.

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: June 27, 2006

/s/ Donald W. Blair

By: Donald W. Blair
Chief Financial Officer

FOR IMMEDIATE RELEASE

MEDIA CONTACT: INVESTOR CONTACT:

Alan Marks Pamela Catlett
503.671.4235 503.671.4589**NIKE, INC. REPORTS FISCAL 2006 EARNINGS PER SHARE GROWTH OF 18 PERCENT**

Revenue up 9 percent to \$15.0 billion for the year; worldwide futures orders up 5 percent

BEAVERTON, Ore. (27 June, 2006) - NIKE, Inc. (NYSE:NKE) today reported financial results for the 2006 fiscal year, ended May 31, 2006. For the fiscal year, revenues grew 9 percent to \$15.0 billion, compared to \$13.7 billion last year. Net income increased 15 percent to \$1.4 billion, compared to \$1.2 billion last year, and diluted earnings per share increased 18 percent to \$5.28 versus \$4.48 last year. For the fourth quarter, revenues increased 8 percent to \$4.0 billion, compared to \$3.7 billion for the same period last year. Fourth quarter net income declined 5 percent to \$332.8 million, compared to \$349.5 million in the prior year, and diluted earnings per share declined 2 percent to \$1.27, versus \$1.30 last year. Changes in currency exchange rates reduced revenue growth by 1 percentage point for the full year, and 2 percentage points for the fourth quarter.

A previously disclosed one-time charge for the Converse arbitration ruling reduced fourth quarter diluted earnings per share by \$0.12. Excluding the charge, fourth quarter net income increased 4 percent and diluted earnings per share increased 7 percent to \$1.39. For the full year, excluding the charge, earnings per share were \$5.39, up 20 percent compared to last year.

Mark Parker, Nike, Inc. President and Chief Executive Officer, said, "With deeper focus on discrete segments of our business, strong connections with consumers through global initiatives such as Joga Bonito, and compelling product innovations such as Air Max 360, we delivered very strong earnings growth and record revenues for the year. The Nike brand has never been stronger. We deepened our brand leadership in core categories such as basketball and soccer, and experienced strong growth in key markets such as the United States, Latin America, China and Russia. Our broader brand portfolio also performed well, with stellar performances for the year from Brand Jordan, Nike Golf and Converse."

"As we drive top-line results and extend our brand leadership," Parker continued, "we also remain committed to creating value for shareholders. Our management focus on operating expense leverage is playing an increasingly important role in delivering our long-term financial goals and we continue to deliver strong cash returns to shareholders through increased share repurchases and a rising dividend payout ratio."

Futures Orders

The Company reported worldwide futures orders for athletic footwear and apparel, scheduled for delivery from June 2006 through November 2006, totaling \$6.6 billion, 5 percent higher than such orders reported for the same period last year. Changes in currency exchange rates had no significant impact on this growth.*

By region, futures orders for the U.S. increased 9 percent; Europe (which includes the Middle East and Africa) increased 1 percent; Asia Pacific grew 10 percent; and the Americas decreased 1 percent. Changes in currency exchange rates did not have a material effect on reported futures orders in Europe. In the Asia Pacific region changes in currency exchange rates increased reported futures orders by 1 percentage point; in the Americas region, changes in currency exchange rates decreased reported futures orders by 3 percentage points.*

Regional Highlights**U.S.**

During the fourth quarter, U.S. revenues increased 10 percent to \$1.5 billion versus \$1.3 billion for the same period last year. Footwear revenues increased 10 percent to \$993.7 million. Apparel revenues increased 18 percent to \$395.7 million. Equipment revenues declined 12 percent to \$74.3 million. U.S. pre-tax income improved 11 percent to \$347.4 million.

For the full fiscal year, U.S. revenues were up 12 percent to \$5.7 billion. Footwear revenues increased 14 percent to \$3.8 billion, apparel revenues grew 9 percent to \$1.6 billion and equipment revenues declined 5 percent to \$298.7 million. U.S. pre-tax income rose 10 percent to \$1.2 billion for the fiscal year.

Europe

Fourth quarter revenues for the European region grew 2 percent to \$1.2 billion from \$1.1 billion for the same period last year. Changes in currency exchange rates reduced revenue growth by 8 percentage points. Footwear revenues were \$672.2 million, down 3 percent from \$689.6 million last year. Apparel revenues grew by 8 percent to \$397.1 million and equipment revenues increased 13 percent to \$82.3 million. Fourth quarter pre-tax income declined 10 percent to \$227.6 million.

Full fiscal year European revenues grew 1 percent to \$4.3 billion. Changes in currency exchange rates reduced revenue growth by 4 percentage points. Footwear revenues were down 2 percent to \$2.5 billion, apparel revenues increased 4 percent to \$1.6 billion and equipment revenues grew 10 percent to \$313.3 million. European fiscal year pre-tax income increased 5 percent to \$960.7 million.

Asia Pacific

Fourth quarter revenues for the Asia Pacific region grew 4 percent to \$558.6 million compared to \$535.0 million a year ago. Changes in currency exchange rates reduced revenue growth by 4 percentage points. Footwear revenues were up 3 percent to \$277.2 million, apparel revenues increased 7 percent to \$225.5 million and equipment revenues grew 2 percent to \$55.9 million. Fourth quarter pre-tax income declined 30 percent to \$86.3 million.

For the full fiscal year, Asia Pacific revenues increased 8 percent to \$2.1 billion, compared to \$1.9 billion last year. Changes in currency exchange rates reduced revenue growth by 1 percentage point. Footwear revenues were \$1.0 billion, up 8 percent from \$962.9 million last year. Apparel revenues increased 8 percent to \$815.6 million and equipment revenues grew by 8 percent to \$194.1 million. Pre-tax income increased 3 percent to \$412.5 million for the fiscal year.

Americas

Fourth quarter revenues in the Americas region increased 17 percent to \$236.0 million compared to \$201.1 million last year. Changes in currency exchange rates contributed 8 percentage points to this growth rate. Footwear revenues were up 17 percent to \$156.6 million, apparel revenues increased 15 percent to \$61.3 million and equipment jumped 34 percent to \$18.1 million. Pre-tax income was up 11 percent to \$32.1 million for the quarter.

Full fiscal year revenues for the Americas region grew 30 percent to \$904.9 million, 11 percentage points of this growth were the result of changes in currency exchange rates. Footwear revenues increased 33 percent to \$635.3 million, apparel revenues grew 19 percent to \$201.8 million, and equipment revenues rose 41 percent to \$67.8 million. Pre-tax income increased 48 percent for the fiscal year to \$172.6 million.

Other Businesses

For the fourth quarter, Other business revenues, which include Converse Inc., NIKE Golf, NIKE Bauer Hockey Inc., Cole Haan, Hurley International LLC and Exeter Brands Group LLC, grew 13 percent to \$595.5 million from \$529.2 million last year. For the fiscal year Other business revenues increased 12 percent to \$1.9 billion. Pre-tax income was down 33 percent to \$45.0 million for the fourth quarter, which includes the previously disclosed one-time charge at Converse. For the fiscal year, Other business pre-tax income was relatively flat compared to the prior year at \$151.6 million. Excluding the one-time charge of approximately \$52 million at Converse, pre-tax income was up 44 percent for the quarter, and 34 percent for the year.

Income Statement Review

Fourth quarter gross margins were 43.8 percent compared to 45.2 percent last year. For the fiscal year gross margins were 44.0 percent compared to 44.5 percent last year. Selling and administrative expenses were 30.8 percent of fourth quarter revenues, compared to 30.6 percent last year. For the fiscal year, selling and administrative expenses were 29.9 percent of fiscal year revenues versus 30.7 percent last year. The effective tax rate for the fourth quarter was 34.9 percent and 35.0 percent for the fiscal year.

Balance Sheet Review

At the end of the fiscal year, global inventories stood at \$2.1 billion, an increase of 15 percent from May 31, 2005. Cash and short-term investments were \$2.3 billion at the end of the fiscal year, compared to \$1.8 billion last year.

Share Repurchase

During the fourth quarter, the Company purchased a total of 3,200,900 shares for approximately \$263 million in conjunction with the Company's four-year, \$1.5 billion share repurchase program that was approved by the Board of Directors in June 2004. For the fiscal year, the Company purchased 9,453,800 shares under this program. In June, the Board of Directors authorized a new four-year, \$3 billion, share repurchase program.

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 Converse Inc., which designs, markets and distributes athletic footwear, apparel and accessories; NIKE Bauer Hockey Inc., a leading designer and distributor of hockey equipment; Cole Haan, a leading designer and marketer of luxury shoes, handbags, accessories and coats; Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories and Exeter Brands Group LLC, which designs and markets athletic footwear and apparel for the value retail channel.

NIKE's earnings releases and other financial information are available on the Internet at www.nikebiz.com/invest.

* 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.

(Tables Follow)

NIKE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MAY 31, 2006

INCOME STATEMENT	(In millions, except per share data)			YEAR ENDING		
	QUARTER ENDING 05/31/2006	QUARTER ENDING 05/31/2005	%Chg	05/31/2006	05/31/2005	%Chg
Revenues	\$4,005.4	\$3,721.4	8%	\$14,954.9	\$13,739.7	9%
Cost of sales	2,252.0	2,038.7	10%	8,367.9	7,624.3	10%
Gross margin	1,753.4 43.8 %	1,682.7 45.2 %	4%	6,587.0 44.0 %	6,115.4 44.5 %	8%
Selling and administrative expense	1,232.1 30.8 %	1,139.2 30.6 %	8%	4,477.8 29.9 %	4,221.7 30.7 %	6%
Interest (income) expense, net	(16.3)	(3.6)	-	(36.8)	4.8	-
Other expense, net	26.4	9.2	-	4.4	29.1	-
Income before income taxes	511.2	537.9	-5%	2,141.6	1,859.8	15%
Income taxes	178.4 34.9 %	188.4 35.0 %	-5%	749.6 35.0 %	648.2 34.9 %	16%
Net income	\$332.8	\$349.5	-5%	\$ 1,392.0	\$1,211.6	15%
Diluted EPS	\$1.27	\$1.30	-2%	\$5.28	\$4.48	18%
Basic EPS	\$1.29	\$1.34	-4%	\$5.37	\$4.61	16%

Weighted Average Common Shares Outstanding:

Diluted	261.4	268.5	263.8	270.3
Basic	257.2	261.1	259.0	262.6
Dividends declared	\$0.31	\$0.25	\$1.18	\$0.95

NIKE, INC.

BALANCE SHEET*	05/31/2006	05/31/2005
ASSETS		
Current assets:		
Cash and equivalents	\$954.2	\$1,388.1
Short-term investments	1,348.8	436.6
Accounts receivable, net	2,395.9	2,262.1
Inventories	2,076.7	1,811.1
Deferred income taxes	203.3	110.2
Prepaid expenses and other current assets	380.1	343.0
Total Current Assets	7,359.0	6,351.1
Property, plant and equipment	3,408.3	3,179.2
Less accumulated depreciation	1,750.6	1,573.4
Property, plant and equipment, net	1,657.7	1,605.8
Identifiable intangible assets, net	405.5	406.1
Goodwill	130.8	135.4
Deferred income taxes and other assets	316.6	295.2
Total Assets	\$9,869.6	\$8,793.6

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$255.3	\$6.2
Notes payable	43.4	69.8
Accounts payable	952.2	775.0

Accrued liabilities	1,286.9	1,053.2
Income taxes payable	85.5	95.0
Total Current Liabilities	2,623.3	1,999.2
Long-term debt	410.7	687.3
Deferred income taxes and other liabilities	550.1	462.6
Redeemable preferred stock	0.3	0.3
Shareholders' equity	6,285.2	5,644.2
Total Liabilities and Shareholders' Equity	\$9,869.6	\$8,793.6

*Certain prior year amounts have been reclassified to conform to fiscal year 2006 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

NIKE, INC Divisional Revenues	QUARTER ENDING			YEAR ENDING		
	05/31/2006	05/31/2005	%Chg	05/31/2006	05/31/2005	%Chg
U.S. Region						
Footwear	\$993.7	\$907.2	10%	\$3,832.2	\$3,358.2	14%
Apparel	395.7	335.9	18%	1,591.6	1,457.7	9%
Equipment	74.3	84.3	-12%	298.7	313.4	-5%
Total	1,463.7	1,327.4	10%	5,722.5	5,129.3	12%
EMEA Region						
Footwear	672.2	689.6	-3%	2,454.3	2,500.0	-2%
Apparel	397.1	366.1	8%	1,559.0	1,497.1	4%
Equipment	82.3	73.0	13%	313.3	284.5	10%
Total	1,151.6	1,128.7	2%	4,326.6	4,281.6	1%
Asia Pacific Region						
Footwear	277.2	269.8	3%	1,044.1	962.9	8%
Apparel	225.5	210.6	7%	815.6	755.5	8%
Equipment	55.9	54.6	2%	194.1	178.9	8%
Total	558.6	535.0	4%	2,053.8	1,897.3	8%
Americas Region						
Footwear	156.6	134.4	17%	635.3	478.6	33%
Apparel	61.3	53.2	15%	201.8	169.1	19%
Equipment	18.1	13.5	34%	67.8	48.1	41%
Total	236.0	201.1	17%	904.9	695.8	30%
Other	595.5	529.2	13%	1,947.1	1,735.7	12%
Total NIKE, Inc. revenues	\$4,005.4	\$3,721.4	8%	\$14,954.9	\$13,739.7	9%

NIKE, INC Pre-tax Income1,*	QUARTER ENDING			YEAR ENDING		
	05/31/2006	05/31/2005	%Chg	05/31/2006	05/31/2005	%Chg
USA Region	\$ 347.4	\$ 312.4	11%	\$1,244.5	\$1,127.9	10%
EMEA Region	227.6	254.2	-10%	960.7	917.5	5%
Asia Pacific Region	86.3	124.0	-30%	412.5	399.8	3%
Americas Region	32.1	29.0	11%	172.6	116.5	48%
Other	45.0	67.4	-33%	151.6	151.4	-
Corporate2	(227.2)	(249.1)	9%	(800.3)	(853.3)	6%
Total Pre-tax Income1	\$ 511.2	\$ 537.9	-5%	\$2,141.6	\$1,859.8	15%

1 The Company evaluates performance of individual operating segments based on pre-tax income. Total pre-tax income equals Income before income taxes as shown on the Consolidated Income Statement.

2 "Corporate" represents items necessary to reconcile to total pre-tax income, which includes corporate costs that are not allocated to the operating segments for management reporting and intercompany eliminations for specific items in the Consolidated Income Statement.

* Certain prior year amounts have been reclassified to conform to fiscal year 2006 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

NIKE, INC

NET INCOME AND DILUTED EPS RECONCILIATION ¹	QUARTER ENDING			YEAR ENDING		
	05/31/2006	05/31/2005	%Chg	05/31/2006	05/31/2005	%Chg
Net income, as reported	\$ 332.8	\$ 349.5	-5%	\$1,392.0	\$1,211.6	15%
Exclude: One time charge, net of tax*	30.8	-	-	30.8	-	-
Net income, excluding one time charge*	\$ 363.6	\$ 349.5	4%	\$1,422.8	\$1,211.6	17%
Diluted EPS, as reported	\$ 1.27	\$ 1.30	-2%	\$ 5.28	\$ 4.48	18%
Diluted EPS, excluding one time charge*	\$ 1.39	\$ 1.30	7%	\$ 5.39	\$ 4.48	20%

¹ This schedule is intended to satisfy the quantitative reconciliation for non-GAAP financial measures in accordance with Regulation G of the Securities and Exchange Commission.

* This one time charge relates to a previously disclosed arbitration ruling involving a licensing agreement contract dispute between NIKE, Inc.'s Converse subsidiary and a former South American licensee.

NIKE, INC

OTHER BUSINESSES PRE-TAX INCOME RECONCILIATION ^{1,2}	QUARTER ENDING			YEAR ENDING		
	05/31/2006	05/31/2005	%Chg	05/31/2006	05/31/2005	%Chg
Other businesses pre-tax income, as reported	\$ 45.0	\$ 67.4	-33%	\$ 151.6	\$ 151.4	-
Exclude: One time charge*	51.9	-	-	51.9	-	-
Other businesses pre-tax income, excluding one time charge*	\$ 96.9	\$ 67.4	44%	\$ 203.5	\$ 151.4	34%

¹ This schedule is intended to satisfy the quantitative reconciliation for non-GAAP financial measures in accordance with Regulation G of the Securities and Exchange Commission.

² Certain prior year amounts have been reclassified to conform to fiscal year 2006 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

* This one time charge relates to a previously disclosed arbitration ruling involving a licensing agreement contract dispute between NIKE, Inc.'s Converse subsidiary and a former South American licensee.