

# NIKE INC

## FORM 8-K (Current report filing)

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Address	ONE BOWERMAN DR BEAVERTON, OR 97005-6453
Telephone	5036713173
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Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

**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): March 22, 2007

**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))

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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, 2007. 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 March 22, 2007.

**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 22, 2007*

*/s/ Donald W. Blair*

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*By: Donald W. Blair*  
*Chief Financial Officer*

**FOR IMMEDIATE RELEASE****NIKE, INC. REPORTS THIRD QUARTER EARNINGS PER SHARE OF \$1.37**

Revenue up 9 percent

Worldwide futures orders up 9 percent

BEAVERTON, Ore. (22 March, 2007) - NIKE, Inc. (NYSE:NKE) today reported financial results for the third quarter ended February 28, 2007. For the quarter, revenue grew 9 percent to \$3.9 billion, compared to \$3.6 billion for the same period last year. Changes in currency exchange rates increased revenue growth by 3 percentage points for the quarter. Third quarter net income grew 8 percent to \$350.8 million, compared to \$325.8 million in the prior year and diluted earnings per share increased 10 percent to \$1.37, versus \$1.24 last year.

"We had a strong third quarter. Our mix of compelling product and premium consumer experiences drove a meaningful acceleration of futures orders," said Mark Parker, Nike, Inc. president and chief executive officer. "We continue to grow because we're innovative, disciplined, and connected to our consumers."\*

**Futures Orders**

The Company reported worldwide futures orders for athletic footwear and apparel, scheduled for delivery from March 2007 through July 2007, totaling \$6.0 billion, 9 percent higher than such orders reported for the same period last year. Changes in currency exchange rates increased reported orders growth by 1 percentage point.\*

By region, futures orders for the U.S. increased 8 percent; Europe (which includes the Middle East and Africa) increased 9 percent; Asia Pacific grew 14 percent; and the Americas increased 2 percent. Changes in currency exchange rates increased the reported futures orders growth in Europe and Asia Pacific by 2 percentage points; and in the Americas region decreased reported futures growth by 1 percentage point.\*

**Regional Highlights****U.S.**

During the third quarter, U.S. revenues increased 2 percent to \$1.5 billion versus \$1.4 billion for the third quarter of fiscal 2006. U.S. athletic footwear revenues increased 2 percent to \$1.0 billion, apparel revenues increased 1 percent to \$371.3 million and equipment revenues increased 11 percent to \$77.8 million. U.S. pre-tax income decreased 2 percent to \$280.2 million from \$286.2 million a year ago.

**Europe**

Third quarter revenues for the European region grew 15 percent to \$1.1 billion from \$980.1 million for the same period last year. Changes in currency exchange rates increased revenue growth by 9 percentage points. Footwear revenues increased 12 percent to \$630.0 million, apparel revenues increased 19 percent to \$413.2 million and equipment revenues increased 18 percent to \$81.6 million. Pre-tax income increased 18 percent to \$246.5 million.

**Asia Pacific**

In the third quarter revenues in the Asia Pacific region grew 11 percent to \$589.9 million compared to \$532.3 million a year ago. Changes in currency exchange rates increased revenue by 3 percentage points. Footwear revenues increased 12 percent to \$319.4 million, apparel revenues increased 9 percent to \$217.4 million and equipment revenues grew 8 percent to \$53.1 million. Pre-tax income increased 6 percent to \$126.4 million.

**Americas**

Revenues in the Americas region increased 5 percent to \$212.5 million compared to \$203.1 million in the third quarter of fiscal 2006. Changes in currency exchange rates did not have a significant impact on revenue growth. Footwear revenues were up 6 percent to \$152.8 million, apparel revenues declined 5 percent to \$42.3 million and equipment revenues grew 16 percent to \$17.4 million. Pre-tax income was up 6 percent to \$40.7 million.

**Other Businesses**

For the third quarter, Other business revenues, which are comprised of results from Cole Haan Holdings Incorporated, Converse Inc., Exeter Brands Group LLC, Hurley International LLC, NIKE Bauer Hockey Inc., and NIKE Golf grew 15 percent to \$522.7 million from \$454.5 million last year. Pre-tax income increased 53 percent to \$68.4 million for the quarter.

**Income Statement Review**

Gross margins were 44.2 percent during the third quarter compared to 43.6 percent for the same period in the prior year.

Selling and administrative expenses were 31.7 percent of third quarter revenues, compared to 30.1 percent last year. Results for the third quarter included \$17.8 million, net of taxes, related to the expensing of stock options, which reduced diluted earnings per share by \$0.07. Excluding stock option expense third quarter net income increased 13 percent and diluted earnings per share increased 16 percent to \$1.44.

The effective tax rate for the third quarter declined to 32.3 percent mainly due to a new European tax agreement, which was finalized in the second quarter of fiscal 2007 and the retroactive reinstatement of the U.S. research and development tax credit signed into law in December.

### Balance Sheet Review

At quarter end, global inventories stood at \$2.2 billion, an increase of 7 percent from February 28, 2006. Cash and short-term investments were \$2.3 billion at the end of the quarter, compared to \$2.0 billion last year.

### Share Repurchase

During the third quarter, the Company purchased a total of 906,700 shares for approximately \$91 million in conjunction with the Company's four-year \$3 billion share repurchase program approved by the Board of Directors in June 2006.

### Stock Split

On February 15, 2007 the Board declared a two-for-one stock split of the Company's Class A and Class B common stock to be effected in the form of a 100% common stock dividend. All shareholders of record at the close of business on March 12, 2007 will receive one additional share of common stock for each share held on that date. The additional share of common stock will be distributed on April 2, 2007. Information pertaining to shares and earnings per share does not reflect this split. Information reflecting the stock split will be presented after the stock dividend is distributed.

#### MEDIA CONTACT:

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#### INVESTOR CONTACT:

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

NIKE's earnings releases and other financial information are available on the Internet at [www.nikebiz.com/invest](http://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 FEBRUARY 28, 2007

INCOME STATEMENT	(In millions, except per share data)					
	QUARTER ENDED		%Chg	YEAR TO DATE ENDED		%Chg
	2/28/2007	2/28/2006		2/28/2007	2/28/2006	
Revenues	\$3,926.9	\$3,612.8	9%	\$11,942.7	\$10,949.5	9%
Cost of sales	2,191.7	2,038.7	8%	6,701.2	6,115.9	10%
Gross margin	1,735.2 44.2 %	1,574.1 43.6 %	10%	5,241.5 43.9 %	4,833.6 44.1 %	8%
Selling and administrative expense	1,243.3 31.7 %	1,086.6 30.1 %	14%	3,756.7 31.5 %	3,245.7 29.6 %	16%
Interest income, net	(15.8)	(8.4)	88%	(43.0)	(20.5)	110%
Other income, net	(10.3)	(10.7)	-4%	(13.3)	(22.0)	-40%

Income before income taxes	518.0	506.6	2%	1,541.1	1,630.4	-5%
Income taxes	167.2	180.8	-8%	487.5	571.2	-15%
	-----	-----		-----	-----	
	32.3 %	35.7 %		31.6 %	35.0 %	
Net income	\$350.8	\$325.8	8%	\$1,053.6	\$1,059.2	-1%
	=====	=====		=====	=====	
Diluted EPS	\$1.37	\$1.24	10%	\$4.14	\$4.00	4%
	=====	=====		=====	=====	
Basic EPS	\$1.39	\$1.26	10%	\$4.18	\$4.08	2%
	=====	=====		=====	=====	

Weighted Average Common Shares Outstanding:

Diluted	255.4	263.4		254.8	264.6
Basic	252.3	258.9		252.1	259.6
	=====	=====		=====	=====
Dividends declared	\$0.37	\$0.31		\$1.05	\$0.87
	=====	=====		=====	=====

NIKE, INC.

BALANCE SHEET 2/28/2007 2/28/2006

(In millions)

ASSETS		
Current assets:		
Cash and equivalents	\$1,879.2	\$1,472.1
Short-term investments	390.5	535.0
Accounts receivable, net	2,532.0	2,351.6
Inventories	2,167.8	2,034.2
Deferred income taxes	184.4	115.0
Prepaid expenses and other current assets	486.2	536.8
Total current assets	7,640.1	7,044.7
Property, plan and equipment	3,568.9	3,283.2
Less accumulated depreciation	1,914.3	1,684.8
Property, plant and equipment, net	1,654.6	1,598.4
Identifiable intangible assets, net	406.1	406.2
Goodwill	130.8	135.3
Deferred income taxes and other assets	387.0	333.6
Total assets	\$10,218.6	\$9,518.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 30.6	\$254.7
Notes payable	96.0	79.3
Accounts payable	800.9	785.8
Accrued liabilities	1,310.5	1,128.9
Income taxes payable	74.7	55.5
Total current liabilities	2,312.7	2,304.2
Long-term debt	419.4	411.3
Deferred income taxes and other liabilities	638.2	540.8
Redeemable preferred stock	0.3	0.3
Shareholders' equity	6,848.0	6,261.6
Total liabilities and shareholders' equity	\$10,218.6	\$9,518.2

NIKE, INC.

DIVISIONAL REVENUES QUARTER ENDED 2/28/2007 2/28/2006 %Chg YEAR TO DATE ENDED 2/28/2007 2/28/2006 %Chg

(In millions)

U.S. Region						
Footwear	\$1,027.9	\$1,005.9	2%	\$2,986.4	\$2,838.5	5%
Apparel	371.3	366.6	1%	1,278.2	1,195.9	7%
Equipment	77.8	70.3	11%	232.3	224.4	4%
Total	1,477.0	1,442.8	2%	4,496.9	4,258.8	6%

EMEA Region							
Footwear	630.0	563.8	12%	1,850.9	1,782.1	4%	
Apparel	413.2	347.1	19%	1,321.2	1,161.9	14%	
Equipment	81.6	69.2	18%	259.8	231.0	12%	
Total	1,124.8	980.1	15%	3,431.9	3,175.0	8%	
Asia Pacific Region							
Footwear	319.4	284.1	12%	862.8	766.9	13%	
Apparel	217.4	199.0	9%	668.9	590.1	13%	
Equipment	53.1	49.2	8%	154.8	138.2	12%	
Total	589.9	532.3	11%	1,686.5	1,495.2	13%	
Americas Region							
Footwear	152.8	143.7	6%	510.2	478.7	7%	
Apparel	42.3	44.4	-5%	149.2	140.5	6%	
Equipment	17.4	15.0	16%	58.1	49.7	17%	
Total	212.5	203.1	5%	717.5	668.9	7%	
	3,404.2	3,158.3	8%	10,332.8	9,597.9	8%	
Other	522.7	454.5	15%	1,609.9	1,351.6	19%	
Total NIKE, Inc. revenues	\$3,926.9	\$3,612.8	9%	\$11,942.7	\$10,949.5	9%	

NIKE, INC.

PRE-TAX INCOME <sup>1</sup> ,*	QUARTER ENDED			YEAR TO DATE ENDED		
	2/28/2007	2/28/2006	%Chg	2/28/2007	2/28/2006	%Chg
=====						
(In millions)						
U.S. Region	\$ 280.2	\$ 286.2	-2%	\$ 885.1	\$ 897.1	-1%
EMEA Region	246.5	208.7	18%	707.8	733.1	-3%
Asia Pacific Region	126.4	119.6	6%	365.2	326.2	12%
Americas Region	40.7	38.5	6%	148.9	140.5	6%
Other	68.4	44.6	53%	210.6	107.6	96%
Corporate <sup>2</sup>	(244.2)	(191.0)	-28%	(776.5)	(574.1)	-35%
Total pre-tax income <sup>1</sup>	\$ 518.0	\$ 506.6	2%	\$1,541.1	\$1,630.4	-5%
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<sup>1</sup> 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.

<sup>2</sup> "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 2007 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

NET INCOME AND DILUTED EPS RECONCILIATION <sup>1</sup>	QUARTER ENDED			YEAR TO DATE ENDED		
	2/28/2007	2/28/2006	%Chg	2/28/2007	2/28/2006	%Chg
=====						
(In millions, except per share data)						
Net income, as reported	\$ 350.8	\$ 325.8	8%	\$1,053.6	\$1,059.2	-1%
Exclude: Stock-based compensation expense, net of tax <sup>2</sup>	17.8	--		78.1	--	
Net income, excluding stock-based compensation expense <sup>2</sup>	\$ 368.6	\$ 325.8	13%	\$1,131.7	\$1,059.2	7%
=====						
Diluted EPS, as reported	\$ 1.37	\$ 1.24	10%	\$ 4.14	\$ 4.00	4%
Diluted EPS, excluding stock-based compensation expense <sup>2</sup>	\$ 1.44	\$ 1.24	16%	\$ 4.44	\$ 4.00	11%

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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 This charge relates to stock compensation expensed in accordance with stock options and ESPP shares issued to employees and expensed in accordance with SFAS 123(R) "Share Based Payment", which was adopted by the Company during its first fiscal quarter ended August 31, 2006.