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NIKE INC
Form 8-K
March 18, 2004

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 18, 2004

NIKE, INC.

(Exact Name of Registrant as Specified in Charter)

<u>Oregon</u>	<u>1-10635</u>	<u>93-0584541</u>
(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)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

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

99. Press Release dated March 18, 2004

Item 12. Results of Operations and Financial Condition).

Today NIKE, Inc. issued its third quarter earnings press release.
A copy of the release is attached hereto as Exhibit 99.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NIKE, Inc.
(Registrant)

Date: March 18, 2004

/s/ Donald W. Blair

By: Donald W. Blair
Chief Financial Officer

Exhibit 99

FOR IMMEDIATE RELEASE

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NIKE REPORTS THIRD QUARTER EARNINGS
PER SHARE UP 57 PERCENT;
WORLDWIDE FUTURES ORDERS INCREASE 9.9 PERCENT

Highlights:

- Third quarter earnings increased 57 percent to \$0.74 per diluted share versus \$0.47 per diluted share in the prior year quarter
- Revenues for the quarter grew 21 percent to \$2.9 billion
- Gross margins improved 140 basis points to 42.1 percent
- Worldwide futures orders increased 9.9 percent

Beaverton, OR (March XX, 2004) -- NIKE, Inc. (NYSE:NKE) today reported financial results for the Company's third quarter ended February 29, 2004. Third quarter revenues increased 21 percent to \$2.9 billion, versus \$2.4 billion for the same period last year. Third quarter net income totaled \$200.3 million, or \$0.74 per diluted share, compared to \$124.7 million, or \$0.47 per diluted share, in the prior year.

Philip H. Knight, Chairman and Chief Executive Officer said, "It was another great quarter for Nike. Top and bottom line results were again driven by healthy consumer demand for innovative products and the strength of Nike's diverse portfolio of businesses. For the first nine months of the year, Nike's revenue has grown 14 percent and earnings per share* are up 29 percent. As we look ahead, we are optimistic about the significant long-term growth opportunities for our company."**

Futures Orders

The Company reported worldwide futures orders for athletic footwear and apparel scheduled for delivery from March 2004 through July 2004, of \$4.7 billion, 9.9 percent higher than such orders reported for the same period last year. Approximately four points of this growth were due to changes in currency exchange rates.

By region, futures orders for the USA were up 4.5 percent; Europe grew by 11 percent; Asia Pacific increased 23 percent; and the Americas increased 11 percent. In Europe, eight points of the increase were due to changes in currency exchange rates. Currency exchange rate movements contributed approximately five points and two points, respectively, to

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futures growth in the Asia Pacific and Americas regions.

Knight continued, "Growing consumer demand for Nike footwear and apparel in our international markets helped drive the 9.9 percent increase in worldwide futures. Additionally, we are pleased by the continued strength of our U.S. business, which recorded its strongest futures orders growth in eight quarters."**

Regional Highlights

USA

During the third quarter, U.S. revenues increased four percent to \$1.17 billion versus \$1.13 billion for the third quarter of 2003. U.S. athletic footwear revenues increased one percent to \$772.8 million. Apparel revenues increased seven percent to \$329.3 million. Equipment revenues increased 13 percent to \$67.4 million.

Europe

Revenues for the European region (which includes the Middle East and Africa) grew 36 percent to \$880.0 million, up from \$645.8 million for the same period last year. Twenty-one points of this growth were the result of changes in currency exchange rates. Footwear revenues increased 48 percent to \$537.7 million, apparel revenues increased 19 percent to \$284.1 million and equipment revenues increased 34 percent to \$58.2 million.

Asia Pacific

Revenues in the Asia Pacific region grew 21 percent to \$402.4 million compared to \$331.6 million a year ago. Ten points of this growth were the result of changes in currency exchange rates. Footwear revenues were up 15 percent to \$214.2 million; apparel revenues increased 30 percent to \$150.1 million and equipment grew 26 percent to \$38.1 million.

Americas

Revenues in the Americas region increased 26 percent to \$135.0 million, an improvement from \$107.4 million in the third quarter of 2003. This growth rate reflected an 11 point increase due to changes in currency exchange rates. Footwear revenues were up 29 percent to \$89.2 million, apparel revenues increased 21 percent to \$36.0 million and equipment improved 15 percent to \$9.8 million.

Other Revenues

Other revenues, which include Nike Golf, Converse, Inc., Bauer Nike Hockey Inc., Cole Haan (registered), and Hurley International LLC, grew 68 percent to \$317.1 million from \$188.2 million last year. The acquisition of Converse accounted for 39 percentage points of this increase.

Income Statement Review

Gross margins were 42.1 percent compared to 40.7 percent last year. Selling and administrative expenses were 30.7 percent of third quarter revenues, compared to 31.6 percent last year. The effective tax rate for the third quarter was 34.8 percent.

Balance Sheet Review

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At quarter end, global inventories stood at \$1.7 billion, a 10 percent increase from February 28, 2003. Cash and short-term investments were \$914.7 million at the end of the quarter, compared to \$443.2 million last year.

Share Repurchase

During the quarter, the Company purchased a total of 754,900 shares for approximately \$53.6 million in conjunction with the Company's second four-year, \$1 billion share repurchase program that was approved by the Board of Directors in June 2000.

NIKE, Inc. based in 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; Bauer NIKE Hockey Inc., a leading designer and distributor of hockey equipment; Cole Haan (registered), which designs, markets, and distributes fine dress and casual shoes and accessories; and Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories.

NIKE's earnings releases and other financial information are available on the Internet at www.NikeBiz.com/invest. This quarter, Nikebiz will feature expanded information and relevant highlights of product and key initiatives for the reporting period.

* The marked reference to earnings indicates earnings per diluted share before prior year accounting change.

** 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, which may vary significantly from quarter to quarter.

(Tables Follow)

NIKE, INC. CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED FEBRUARY 29, 2004
(In millions, except per share data)

INCOME STATEMENT*	QUARTER ENDING			YEAR TO DATE ENDING		
	02/29/2004	02/28/2003	%Chg	02/29/2004	02/28/2003	%Chg
Revenues	\$2,904.0	\$2,400.9	21%	\$8,766.0	\$7,711.9	14%
Cost of Sales	1,682.1	1,424.9	18%	5,043.0	4,568.7	10%
Gross Profit	1,221.9	976.0	25%	3,723.0	3,143.2	18%
% of revenue	42.1 %	40.7 %		42.5 %	40.8 %	

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SG&A	892.0	758.1	18%	2,664.1	2,324.6	15%
% of revenue	30.7 %	31.6 %		30.4 %	30.1 %	
Interest Expense	5.5	7.0	-21%	21.1	21.4	-1%
Other	17.2	23.5	-27%	55.3	46.1	20%

Income before income taxes and cumulative effect of accounting change	307.2	187.4	64%	982.5	751.1	31%
Income Taxes	106.9	62.7	70%	341.9	257.2	33%
	34.8 %	33.5 %		34.8 %	34.2 %	
Income be cumulative effect of accounting change	200.3	124.7	61%	640.6	493.9	30%
Cumulative effect of accounting change, net of income taxes	-	-		-	266.1	

Net Income	\$200.3	\$124.7	61%	\$640.6	\$227.8	181%
=====						
Diluted EPS - before accounting change	\$0.74	\$0.47	57%	\$2.38	\$1.84	29%
Cumulative effect of accounting change	-	-		-	(0.99)	

	\$0.74	\$0.47	57%	\$2.38	\$0.85	180%
=====						
Basic EPS - before accounting change	\$0.76	\$0.47	62%	\$2.43	\$1.87	30%
Cumulative effect of accounting change	-	-		-	(1.01)	

	\$0.76	\$0.47	62%	\$2.43	\$0.86	183%
=====						
Weighted Average Common Shares Outstanding:						
Diluted	271.1	266.7		269.3	267.7	
Basic	263.5	263.9		263.2	264.6	
=====						
Dividend	\$0.20	\$0.14		\$0.54	\$0.40	
=====						

*Certain prior year amounts have been reclassified to conform to fiscal year 2004 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

NIKE, Inc.		
BALANCE SHEET*	02/29/2004	02/28/2003
=====		
ASSETS		
Cash & Investments	\$914.7	\$443.2
Accounts Receivable	2,033.9	1,952.4

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Inventory	1,667.6	1,519.2
Deferred Taxes	218.5	190.8
Prepaid Expenses	364.9	244.4
Current Assets	5,199.6	4,350.0
Fixed Assets	3,162.8	2,906.2
Depreciation	1,551.4	1,291.1
Net Fixed Assets	1,611.4	1,615.1
Identifiable Intangible Assets and Goodwill	500.7	183.9
Other Assets	292.6	255.0
Total Assets	\$7,604.3	\$6,404.0

LIAB AND EQUITY		
Current Long-Term Debt	\$ 6.2	\$205.6
Payable to Banks	165.2	216.6
Accounts Payable	567.0	467.5
Accrued Liabilities	1,048.3	913.2
Income Taxes Payable	157.9	55.3
Current Liabilities	1,944.6	1,858.2
Long-term Debt	694.3	542.8
Def Inc Taxes & Oth Liab	401.9	167.5
Preferred Stock	0.3	0.3
Common Equity	4,563.2	3,835.2
Total Liab. & Equity	\$7,604.3	\$6,404.0

NIKE, INC	QUARTER ENDING			YEAR TO DATE ENDING		
	02/29/2004	02/28/2003	%Chg	02/29/2004	02/28/2003	%Chg
Divisional Revenues*						
=====						
USA Region						
Footwear	\$772.8	\$761.4	1%	\$2,219.2	\$2,222.5	0%
Apparel	329.3	307.1	7%	1,074.1	1,005.3	7%
Equipment and other	67.4	59.4	13%	215.7	215.3	0%
Total	1,169.5	1,127.9	4%	3,509.0	3,443.1	2%
EMEA Region						
Footwear	537.7	363.1	48%	1,600.2	1,292.5	24%
Apparel	284.1	239.4	19%	950.9	845.1	13%
Equipment and other	58.2	43.3	34%	191.3	158.8	20%
Total	880.0	645.8	36%	2,742.4	2,296.4	19%
Asia Pacific Region						
Footwear	214.2	185.8	15%	622.6	536.3	16%
Apparel	150.1	115.6	30%	437.9	365.6	20%
Equipment and other	38.1	30.2	26%	102.9	87.9	17%
Total	402.4	331.6	21%	1,163.4	989.8	18%
Americas Region						

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Footwear	89.2	69.1	29%	296.0	245.1	21%
Apparel	36.0	29.8	21%	117.3	108.9	8%
Equipment and other	9.8	8.5	15%	31.5	29.2	8%
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Total	135.0	107.4	26%	444.8	383.2	16%
	2,586.9	2,212.7	17%	7,859.6	7,112.5	11%
Other Brands	317.1	188.2	68%	906.4	599.4	51%
Total NIKE Inc. Revenues	\$2,904.0	\$2,400.9	21%	\$8,766.0	\$7,711.9	14%