

# NIKE INC

## FORM 10-Q (Quarterly Report)

Filed 10/15/97 for the Period Ending 08/31/97

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 10-Q (Quarterly Report)

Filed 10/15/1997 For Period Ending 8/31/1997

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

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

FOR QUARTERLY REPORTS UNDER SECTION 13 OR 15 (d) OF  
THE SECURITIES AND EXCHANGE ACT OF 1934

For the Quarter Ended August 31, 1997 Commission file number - 1-10635

### NIKE, Inc.

(Exact name of registrant as specified in its charter)

OREGON

93-0584541

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

One Bowerman Drive, Beaverton, Oregon 97005-6453

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (503) 671-6453

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15 (d) of the Securities Exchange  
Act of 1934 during the preceding 12 months (or for such shorter period  
that the registrant was required to file such reports), and (2) has been  
subject to such filing requirements for the past 90 days

Yes X No .

Common Stock shares outstanding as of August 31, 1997 were:

Class A	101,497,153
Class B	188,935,323
	<hr/>
	290,432,476
	=====

#### PART 1 - FINANCIAL INFORMATION

##### Item 1. Financial Statements

NIKE, Inc.

##### CONDENSED CONSOLIDATED BALANCE SHEET

Aug. 31,	May 31,
1997	1997
<hr/>	<hr/>

(in thousands)

## ASSETS

Current assets:		
Cash and equivalents	\$ 403,087	\$ 445,421
Accounts receivable	1,992,390	1,754,137
Inventories (Note 3)	1,293,593	1,338,640
Deferred income taxes	129,385	135,663
Prepaid expenses	184,312	157,058
	<hr/>	<hr/>
Total current assets	4,002,767	3,830,919
Property, plant and equipment	1,513,450	1,425,747
Less accumulated depreciation	541,176	503,378
	<hr/>	<hr/>
	972,274	922,369
Identifiable intangible assets and goodwill	459,336	464,191
Deferred income taxes and other assets	191,035	143,728
	<hr/>	<hr/>
	\$5,625,412	\$5,361,207
	=====	=====

## LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 2,816	\$ 2,216
Notes payable	428,669	553,153
Accounts payable	534,694	687,121
Accrued liabilities	662,270	570,504
Income taxes payable	167,152	53,923
	<hr/>	<hr/>
Total current liabilities	1,795,601	1,866,917
Long-term debt	393,174	296,020
Deferred income taxes and other liabilities	50,798	42,132
Commitments and contingencies (Note 4)	--	--
Redeemable Preferred Stock	300	300
Shareholders' equity:		
Common Stock at stated value (Note 2):		
Class A convertible-101,497 and 101,711 shares outstanding	152	152
Class B-188,935 and 187,559 shares outstanding	2,708	2,706
Capital in excess of stated value	224,894	210,650
Foreign currency translation adjustment	(39,953)	(31,333)
Retained earnings	3,197,738	2,973,663
	<hr/>	<hr/>
	3,385,539	3,155,838
	<hr/>	<hr/>
	\$5,625,412	\$5,361,207
	=====	=====

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of this statement.

## NIKE, Inc.

### CONDENSED CONSOLIDATED STATEMENT OF INCOME

Three Months Ended  
August 31,

<hr/>	<hr/>
1997	1996
<hr/>	<hr/>

(in thousands, except per share data)

Revenues	\$2,766,099	\$2,281,926
	<hr/>	<hr/>

Costs and expenses:

Cost of sales	1,665,465	1,362,119
Selling and administrative	658,916	529,537
Interest	16,919	12,666
Other expense (income)	13,169	8,641
	<hr/>	<hr/>
	2,354,469	1,912,963
	<hr/>	<hr/>
Income before income taxes	411,630	368,963
Income taxes	158,500	142,900
	<hr/>	<hr/>
Net income	\$ 253,130	\$ 226,063
	=====	=====
Net income per common share(Note 2)	\$ .85	\$ .76
	=====	=====
Dividends declared per common share	\$ .10	\$ .08
	=====	=====
Average number of common and common equivalent shares (Note 2)	297,494	296,368
	=====	=====

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of this statement.

### NIKE, Inc.

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended August 31,	
	1997	1996
	<hr/>	<hr/>
	(in thousands)	
Cash provided (used) by operations:		
Net income	\$253,130	\$226,063
Income charges (credits) not affecting cash:		
Depreciation	43,792	27,012
Deferred income taxes and purchased tax benefits	3,938	5,984
Other	4,517	13,306
Changes in other working capital components	(168,015)	(250,952)
	<hr/>	<hr/>
Cash provided by operations	137,362	21,413
	<hr/>	<hr/>
Cash (used) provided by investing activities:		
Additions to property, plant and equipment	(108,682)	(74,260)
Disposals of property, plant and equipment	3,934	7,525
Increase in other assets	(40,158)	(16,211)
Decrease in other liabilities	(1,048)	(9,651)
	<hr/>	<hr/>
Cash used by investing activities	(145,954)	(92,597)
	<hr/>	<hr/>
Cash provided (used) by financing activities:		
Additions to long-term debt	101,885	98,808
Reductions in long-term debt including current portion	(429)	(2,263)
(Decrease) increase in notes payable	(124,484)	78,983
Proceeds from exercise of options	14,246	9,381
Dividends - common and preferred	(28,932)	(21,547)
	<hr/>	<hr/>
Cash (used) provided by financing activities	(37,714)	163,362
	<hr/>	<hr/>
Effect of exchange rate changes on cash	3,972	799

Effect of May 1996 cash flow activity for certain subsidiaries (Note 5)	--	43,004
Net (decrease) increase in cash and equivalents	(42,334)	135,981
Cash and equivalents, May 31, 1997 and 1996	445,421	262,117
Cash and equivalents, August 31, 1997 and 1996	\$403,087	\$398,098
	=====	=====

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of this statement.

**NIKE, Inc.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - Summary of significant accounting policies:**

**Basis of Presentation:**

The accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim period(s). The interim financial information and notes thereto should be read in conjunction with the Company's latest annual report to shareholders. The results of operations for the three (3) months ended August 31, 1997 are not necessarily indicative of results to be expected for the entire year.

**NOTE 2 - Net income per common share:**

Net income per common share is computed based on the weighted average number of common and common equivalent (stock option) shares outstanding for the period(s).

On October 23, 1996 the Company issued additional shares in connection with a two-for-one stock split effected in the form of a 100% stock dividend on outstanding Class A and Class B common stock. The per common share amounts in the Consolidated Financial Statements and accompanying notes have been adjusted to reflect this stock split.

**NOTE 3 - Inventories:**

Inventories by major classification are as follows:

	Aug. 31, 1997	May 31, 1997
	-----	-----
	(in thousands)	
Finished goods	\$1,209,356	\$1,248,401
Work-in-process	44,722	50,245
Raw materials	39,515	39,994
	-----	-----
	\$1,293,593	\$1,338,640
	=====	=====

**NOTE 4 - Commitments and contingencies:**

There have been no other significant subsequent developments relating to the commitments and contingencies reported on the Company's most recent Form 10-K.

**NOTE 5 - Change in year-end of certain subsidiaries:**

Prior to fiscal year 1997, certain of the Company's non-U.S. operations reported their results of operations on a one month lag which allowed more time to compile results. Beginning in the first quarter of fiscal year 1997, the one month lag was eliminated. As a result, the May 1996 charge from operations for these entities of \$4.1 million was recorded to retained earnings in the first quarter of fiscal year 1997.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

## Operating Results

Net income for the three months ended August 31, 1997 increased 12% to a record \$253.1 million (\$0.85 per share), compared to \$226.1 (\$0.76 per share) for the same period last year. Total revenues increased to a record \$2.77 billion, an increase of 21% over the prior year's first quarter of \$2.28 billion. This represents 14 and 12 consecutive comparable quarter increases in revenues and net income, respectively. Gross margins for the quarter were 39.8% of revenues, compared to 40.3% in the prior year. Selling and administrative costs were 23.8% of revenues, compared to 23.2% in the prior year.

A key component to the revenue increase for the quarter was non-U.S. footwear and apparel brand revenues, which topped \$1 billion in a fiscal quarter for the first time, representing an increase of 46% over the prior year. Had the U.S. dollar remained constant with that of the prior year, non-U.S. revenues would have increased 60%. Europe increased 34% (51% on a constant dollar basis), Asia Pacific increased 68% (78% on a constant dollar basis), and the Americas (which includes Canada and Latin America) increased 60% (61% on a constant dollar basis).

U.S. brand footwear and apparel revenues increased \$133.0 million, or 10%, over the prior year. Key U.S. apparel growth categories included golf, running, outdoor and soccer, all of which experienced double digit increases in the quarter. The U.S. footwear increase was a result of a 2% increase in pairs sold and a 3% increase in average selling price. Basketball, cross training, running and kids comprise approximately 80% of the total U.S. footwear business, and individually increased 2%, 3%, 11%, and 23%, respectively. Of the remaining U.S. categories, golf and soccer experienced revenue increases of 68% and 130%, respectively, while outdoor and court each experienced reductions of 19%. Other and Other Brands, which includes NIKE brand equipment, Bauer Inc., Cole Haan, Sports Specialties, Corp., and Tetra Plastics., decreased 3% to \$148.4 million.

Management expects revenue growth for the remainder of fiscal 1998 to be affected by the strong demand for the NIKE brand on a global scale. However, given the rate of revenue increases in recent years, which resulted in significant market share gains, the overall rate of growth will be lower than that experienced in prior years, most predominately in the U.S.

The breakdown of revenues follows:

Three months ended August 31,

	1997	1996	% change
U. S. FOOTWEAR	\$1,056,032	\$1,002,103	5%
U. S. APPAREL	425,241	346,201	23
	<hr/>	<hr/>	
TOTAL U. S.	1,481,273	1,348,304	10
NON-U. S. FOOTWEAR	769,621	548,538	40
NON-U. S. APPAREL	366,852	232,339	58
	<hr/>	<hr/>	
TOTAL NON-U. S.	1,136,473	780,877	46
OTHER & OTHER BRANDS	148,353	152,745	(3)
	<hr/>	<hr/>	
TOTAL REVENUES	\$2,766,099	\$2,281,926	21
	=====	=====	

The reduction in gross margins as a percentage of revenues, compared with the prior year's first quarter, is primarily attributable to increased air freight costs, higher levels of research, design and development costs, and product mix, including, increased sales of lower priced products. Management expects the fiscal 1998 gross margin percentage to be lower than the prior year, primarily due to higher product costs, increased spending on infrastructure to support the higher levels of operations, and increased sales of lower priced products, including close-outs.

Selling and administrative expenses increased \$129 million over the previous year's first quarter. The majority of the increase in absolute dollars is attributable to planned increased spending to support the growth in the business, including infrastructure related costs and endorsements contracts. Total advertising expenses decreased as a result of the increased spending around the Olympics and the European soccer championships last year. The Company continues to invest in growth opportunities, most predominately outside the U.S., and expects that selling and administrative expenses as a percentage of revenues will be slightly higher than the prior year.

The increase in total interest expense for the quarter, compared to the prior year, is due to higher borrowing levels to support the growth in the business, most predominately outside the U.S.

Worldwide futures and advance orders for NIKE Brand athletic footwear and apparel scheduled for delivery from September 1997 through

January 1998 were approximately \$3.9 billion, 10% higher than such orders booked in the comparable period of the prior year. These orders and the percentage growth in these orders are not necessarily indicative of the growth in revenues which the Company will experience for subsequent periods. This is due to the significant shift in the mix of advance futures orders and orders at once toward advance futures orders as the NIKE brand and futures programs become more established in all areas, specifically in the non-U.S. regions. The mix of orders will continue to vary as the non-U.S. operations continue to account for a greater percentage of total revenues and place a greater emphasis on futures programs. Finally, exchange rates can cause differences in the comparisons.

The Company is heavily dependent upon complex computer systems for all phases of its operations, including production, sales, distribution and delivery. Since many of the Company's older computer software programs recognize only the last two digits of the year in any date (e.g., "97" for "1997"), some software may fail to operate properly in 1999 or 2000 if the software is not reprogrammed or replaced (the "Year 2000 Problem"). The Company believes that many of its suppliers and customers also have Year 2000 Problems which could affect the Company. The Company has commenced a program intended to timely mitigate and/or prevent the adverse effects of the Year 2000 Problem, and to pursue compliance by suppliers. It is not possible, at present, to quantify the overall cost of this work, nor the financial effect of the Year 2000 Problem if it is not timely resolved. However, the Company presently believes that the cost of fixing the Year 2000 Problem will not have a material effect on the Company's current financial position, liquidity or results of operations.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's financial position remains strong at August 31, 1997. Compared to May 31, 1997, total assets grew \$264 million to approximately \$5.6 billion and shareholder's equity increased \$230 million to \$3.4 billion. Working capital increased \$243 million, to \$2.2 billion, and the Company's current ratio increased to 2.2 at August 31, 1997 from 2.1 at 1997 fiscal year-end.

Cash provided by operations was \$137 million for the three months ended August 31, 1997, an increase of \$116 million over last year's first quarter, primarily due to decreased working capital requirements as a result of lower first quarter growth rates in the U.S. compared to the first quarter of fiscal 1997.

Additions to property, plant and equipment for the first three months of fiscal 1998 were \$109 million. Additions in the U.S. totaled \$48 million for the quarter due to continued overall expansion of U.S. operations which includes warehouse locations, world headquarters expansion, management information systems and the continued development of NIKETOWN retail locations. Outside the U.S., additions totaled \$57 million and is largely attributable to the development and expansion of new and existing warehouse facilities. In addition to the increases in property, plant and equipment, other assets increased from May 31, 1997 due primarily to advance payments made in the first quarter for long-term endorsement contracts.

Additions to long-term debt totaled \$102 million in the first quarter of fiscal 1998. In fiscal 1997 the Company filed a shelf registration with the Securities and Exchange Commission for the sale of up to \$500 million of debt securities. Under this program, the Company issued \$100 million medium term notes on June 16, 1997, maturing in three to five years. The proceeds were swapped into Dutch Guilders and, during the first quarter, the Company used this long-term fixed rate debt financing, in addition to excess cash, to pay down the Company's European short-term debt. This resulted in a net reduction of \$124 million in notes payable in the first quarter of fiscal 1998.

Management believes that significant funds generated by operations, together with access to sufficient sources of funds, will adequately meet its anticipated operating, global infrastructure expansion and capital needs. Significant short and long-term lines of credit are maintained with banks which, along with cash on hand, provide adequate operating liquidity. Liquidity is also provided by the Company's commercial paper program under which there was \$0 outstanding at August 31, 1997.

Dividends per share of common stock for the first quarter of fiscal 1998 was \$.10 per share compared to \$.075 per share for the first quarter of fiscal 1997.

### **Special Note Regarding Forward-Looking Statements and Reports Analyst Reports**

Certain written and oral statements made or incorporated by reference from time to time by NIKE or its representatives in this report, other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("the Act"). Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," or words or phrases of similar meaning. Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. The 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, and include, among others, the following: international, national and local general economic and market conditions; the size and growth of the overall athletic footwear, apparel, and equipment markets; intense competition among designers, marketers, distributors and sellers of athletic footwear, apparel, and equipment for consumers and endorsers; demographic changes; changes in consumer preferences; popularity of particular designs, categories of products, and sports; seasonal and geographic demand for NIKE products; the size, timing and mix of purchases of NIKE's products; fluctuations and difficulty in forecasting operating results, including, without limitation, the fact that advance "futures" orders may not be indicative of future revenues due to the changing mix of futures and at-once orders; the ability of NIKE to sustain, manage or forecast its growth; new product development and introduction; the ability to secure and protect trademarks, patents, and other intellectual property; performance and reliability of products; customer service; adverse publicity; the loss of significant customers or suppliers; dependence on distributors; business disruptions; increased costs of freight and transportation to meet delivery deadlines; changes in business

strategy or development plans; general risks associated with doing business outside the United States, including, without limitation, import duties, tariffs, quotas and political instability; changes in government regulations; liability and other claims asserted against NIKE; the ability to attract and retain qualified personnel; and other factors referenced or incorporated by reference in this report and other reports.

The risks included here are not exhaustive. Other sections of this report may include additional factors which could adversely impact NIKE's business and financial performance. Moreover, NIKE operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on NIKE's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Investors should also be aware that while NIKE does, from time to time, communicate with securities analysts, it is against NIKE's policy to disclose to them any material non-public information or other confidential commercial information. Accordingly, shareholders should not assume that NIKE agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, NIKE has a policy against issuing or confirming financial forecasts or projections issued by others. Accordingly, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of NIKE.

## Part II - Other Information

### Item 1. Legal Proceedings:

There have been no material changes from the information previously reported under Item 3 of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1997.

### Item 4. Submission of Matters to a Vote of Security Holders

The Company's annual meeting of shareholders was held on September 22, 1997. The shareholders elected for the ensuing year all of management's nominees for the Board of Directors, approved the amendments to the NIKE, Inc. 1990 Stock Incentive Plan, approved the NIKE, Inc. Long Term Incentive Plan, and ratified the appointment of Price Waterhouse LLP as independent accountants for fiscal 1998.

The voting results are as follows:

#### Election of Directors

	Votes Cast			
	For	Withheld	Broker	Non-Votes
<b>Directors</b>				
Elected by holders of Class A Common Stock:				
Ralph D. DeNunzio	99,235,822	-0-	-0-	-0-
Richard K. Donahue	99,235,822	-0-	-0-	-0-
Douglas G. Houser	99,235,822	-0-	-0-	-0-
John E. Jaqua	99,235,822	-0-	-0-	-0-
Philip H. Knight	99,235,822	-0-	-0-	-0-
Kenichi Ohmae	99,235,822	-0-	-0-	-0-
Charles W. Robinson	99,235,822	-0-	-0-	-0-
A. Michael Spence	99,235,822	-0-	-0-	-0-
John R. Thompson, Jr.	99,235,822	-0-	-0-	-0-
Elected by holders of Class B Common Stock:				
William J. Bowerman	153,522,383	6,117,232	-0-	-0-
Thomas E. Clarke	157,497,448	2,142,167	-0-	-0-
Jill K. Conway	157,626,890	2,012,725	-0-	-0-
Delbert J. Hayes	157,455,787	2,147,048	-0-	-0-
Proposal 2 - Approve amendments to the NIKE, Inc. 1990 Stock Incentive Plan:				
Class A and Class B Common Stock Voting Together				
	169,868,204	41,864,615	917,246	46,225,372

Proposal 3 -  
Approve the NIKE, Inc.  
Long-Term Incentive  
Compensation Plan:

Class A and Class B Common Stock Voting Together	201,330,079	10,407,146	915,640	46,222,572
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Proposal 4 -  
Ratify the appointment  
of Price Waterhouse as  
independent accountants:

Class A and Class B Common Stock Voting Together	258,171,454	234,145	469,838	-0-
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Item 6. Exhibits and Reports on Form 8-K:

(a) EXHIBITS:

- 3.1 Restated Articles of Incorporation, as amended (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).
- 3.2 Third Restated Bylaws, as amended (incorporated by reference from Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).
- 4.1 Restated Articles of Incorporation, as amended (see Exhibit 3.1).
- 4.2 Third Restated Bylaws, as amended (see Exhibit 3.2).
- 4.3 Form of Indenture between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.01 to Amendment No. 1 to Registration Statement No. 333-15953 filed by the Company on November 26, 1996).
- 4.4 Officers' Certificate establishing the terms of the Company's 6-3/8% Notes Due December 1, 2003 (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 10, 1996).
- 4.5 Form of 6-3/8% Note due December 1, 2003 (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K dated December 10, 1996).
- 4.6 Form of Officers' Certificate establishing the terms of the Company's Fixed Rate Medium-Term Note and Floating Rate Medium-Term Note (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K dated April 23, 1997).
- 4.7 Form of Fixed Rate Medium-Term Note (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K dated April 23, 1997).
- 4.8 Form of Floating Rate Medium-Term Note (incorporated by reference from Exhibit 4.3 to the Company's Current Report on Form 8-K dated April 23, 1997).
- 10.1 Credit Agreement dated as of September 15, 1995 among NIKE, Inc., Bank of America National Trust & Savings Association, individually and as Agent, and the other banks party thereto (incorporated by reference from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).
- 10.2 Form of non-employee director Stock Option Agreement (incorporated by reference from Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1993).\*
- 10.3 Form of Indemnity Agreement entered into between the Company and each of its officers and directors (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 21, 1987).
- 10.4 NIKE, Inc. Restated Employee Incentive Compensation Plan (incorporated by reference from Registration Statement No. 33-29262 on Form S-8 filed by the Company on June 16, 1989).\*
- 10.5 NIKE, Inc. 1990 Stock Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with

its annual meeting of shareholders held on September 22, 1997).\*

10.6 NIKE, Inc. Long-Term Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 22, 1997).\*

10.7 Collateral Assignment Split-Dollar Agreement between NIKE, Inc. and Philip H. Knight dated March 10, 1994 (incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1994).\*

10.8 NIKE, Inc. Executive Performance Sharing Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 18, 1995).\*

12.1 Computation of Ratio of Earnings to Charges.

27 Financial Data Schedule.

\* Management contract or compensatory plan or arrangement.

(b) The following report on Form 8-K was filed by the Company during the first quarter of fiscal 1997:

June 10, 1997; Item 5. Other Events; Press release issued May 29, 1997, regarding earnings.

### 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 thereunto duly authorized.

NIKE, Inc. An Oregon Corporation

*BY: /s/Robert S. Falcone*

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*Robert S. Falcone  
Vice President,  
Chief Financial Officer*

*DATED: October 15, 1997*

**NIKE, INC.**  
**COMPUTATION OF RATIO OF EARNINGS TO CHARGES**

	Three Months Ended August 31,	
	1997	1996
	(in thousands)	
Net income	\$ 253,130	\$ 226,063
Income taxes	158,500	142,900
	<hr/>	<hr/>
Income before income taxes	411,630	368,963
	<hr/>	<hr/>
Add fixed charges		
Interest expense (A)	17,258	12,666
Interest component of leases (B)	10,082	5,260
	<hr/>	<hr/>
Total fixed charges	27,340	17,926
	<hr/>	<hr/>
Earnings before income taxes and fixed charges (C)	\$ 438,631	\$ 386,889
	=====	=====
Ratio of earnings to total fixed charges	16.04	21.58
	=====	=====

(A) Interest expense includes both expensed and capitalized. (B) Interest component of leases includes one-third of rental expense, which approximates the interest component of operating leases.

(C) Earnings before income taxes and fixed charges is exclusive of capitalized interest.

## ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUGUST 31, 1997 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	MAY 31 1998
PERIOD END	AUG 31 1997
CASH	403,087
SECURITIES	0
RECEIVABLES	1,992,390
ALLOWANCES	60,618
INVENTORY	1,293,593
CURRENT ASSETS	4,002,767
PP&E	1,513,450
DEPRECIATION	541,176
TOTAL ASSETS	5,625,412
CURRENT LIABILITIES	1,795,601
BONDS	393,174
COMMON	2,860
PREFERRED MANDATORY	0
PREFERRED	300
OTHER SE	3,382,679
TOTAL LIABILITY AND EQUITY	5,625,412
SALES	2,766,099
TOTAL REVENUES	2,766,099
CGS	1,665,465
TOTAL COSTS	1,665,465
OTHER EXPENSES	664,366
LOSS PROVISION	7,719
INTEREST EXPENSE	16,919
INCOME PRETAX	411,630
INCOME TAX	158,500
INCOME CONTINUING	253,130
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	253,130
EPS PRIMARY	.85
EPS DILUTED	.85

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**End of Filing**

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