

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 01/14/97 for the Period Ending 11/30/96

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 1/14/1997 For Period Ending 11/30/1996

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 November 30, 1996 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 November 30, 1996 were:

Class A 101,731,470

Class B 186,633,670

288,365,140

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

NIKE, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

Nov. 30,
1996

May 31,
1996

Costs and expenses:				
Cost of sales	1,277,628	828,129	2,639,747	1,841,508
Selling and administrative	530,453	353,715	1,059,990	722,758
Interest	10,228	8,527	22,894	19,778
Other expense (income)	(147)	7,375	8,494	17,624
	<u>1,818,162</u>	<u>1,197,746</u>	<u>3,731,125</u>	<u>2,601,668</u>
Income before income taxes	288,872	159,012	657,835	455,110
Income taxes	112,000	61,200	254,900	175,200
Net income	\$ 176,872	\$ 97,812	\$ 402,935	\$ 279,910
	=====	=====	=====	=====
Net income per common share(Note 2)	\$ 0.60	\$ 0.34	\$ 1.36	\$.96
	=====	=====	=====	=====
Dividends declared per common share	\$ 0.10	\$ 0.08	\$ 0.18	\$ 0.14
	=====	=====	=====	=====
Average number of common and common equivalent shares (Note 2)	297,022	293,988	296,693	292,840
	=====	=====	=====	=====

*For comparable purposes with 1996, results for the three and six months ended November 30, 1995 have been adjusted to reflect the elimination of the one month lag in reporting by certain of the Company's international operations. See further discussion under Note 5.

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

NIKE, Inc.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended November 30,	
	1996	1995
	(in thousands)	
Cash provided (used) by operations:		
Net income	\$402,935	\$279,910
Income charges (credits) not affecting cash:		
Depreciation	58,199	41,629
Deferred income taxes and purchased tax benefits	(5,910)	(10,513)
Other	23,642	10,185
Changes in other working capital components	(353,850)	(228,501)
	<u>125,016</u>	<u>92,710</u>
Cash provided by operations		
Cash (used) provided by investing activities:		
Additions to property, plant and equipment	(187,579)	(96,111)
Disposals of property, plant and equipment	19,353	3,533
Increase in other assets	(25,476)	(2,770)
Decrease in other liabilities	(9,652)	--
	<u>(203,354)</u>	<u>(95,348)</u>
Cash used by investing activities		
Cash provided (used) by financing activities:		
Additions to long-term debt	99,789	1,012
Reductions in long-term debt including current portion	(10,023)	(27,103)
(Decrease) increase in notes payable	(27,710)	58,670
Proceeds from exercise of options	13,242	12,709
Repurchase of stock	--	(18,756)
Dividends paid - common and preferred	(43,153)	(35,800)

Cash provided (used) by financing activities	32,145	(9,268)
Effect of exchange rate changes on cash	8,606	(9,169)
Effect of May 1996 cash flow activity for certain subsidiaries (Note 5)	43,004	--
Net (decrease) increase in cash and equivalents	5,417	(21,075)
Cash and equivalents, May 31, 1996 and 1995	262,117	220,935
Cash and equivalents, November 30, 1996 and 1995	\$267,534 =====	\$199,860 =====

*For comparable purposes with 1996, results for the six months ended November 30, 1995 have been adjusted to reflect the elimination of the one month lag in reporting by certain of the Company's international operations. See further discussion under Note 5.

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) and six (6) months ended November 30, 1996 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:

	Nov. 30, 1996	May 31, 1996
	_____	_____
	(in thousands)	
Finished goods	\$902,547	\$874,700
Work-in-process	44,737	28,940
Raw materials	33,796	27,511
	_____	_____
	\$981,080	\$931,151
	=====	=====

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.

in this quarter as well as changes to product and customer mix during the period. The Company continues to place strong emphasis on inventory management, minimizing foreign exchange risk and production sourcing in order to maximize gross profit. Gross profit percentages for the remainder of fiscal year 1997 are expected to be affected by both strong demand for NIKE products and increased pricing levels, offset by increased levels of air freight to meet the delivery dates or increasing customer orders. At this time, Management expects the percentage for the full year to be up only slightly from last fiscal year's percentage.*

Selling and administrative expenses increased \$177 million over the previous year's second quarter and \$337 million year-to-date. As a percentage of revenues, expenses have decreased to 25.2% for the quarter, down from 26.1% for the same period last year. On a year-to-date basis, expenses have increased to 24.2%, up from 23.6%. For the quarter, the revenue growth outstripped the expenses, resulting in a lower percentage, however, increased spending on advertising and marketing, as well as increased infrastructure costs, make up the majority of both the dollar and percentage increases. At this time, Management expects selling and administrative expenses as a percentage of revenues for the year will approximate the prior year.*

Interest expense increased for both the quarter and year-to-date over the prior year due to increased short-term borrowings for growing operations, mostly in Europe and Asia Pacific. Other expense decreased \$7.5 million for the quarter and \$9.1 million year-to-date primarily due to decreased conversion loss on foreign transactions, gains on the disposal of fixed assets, and income earned from a promotional event in Japan.

The Company's effective tax rate for the year-to-date was 38.75% compared to 38.5% in the prior year. The slight increase is due primarily to higher state income taxes on U.S. earnings. At this time, Management anticipates the tax rate for fiscal 1997 will remain at approximately 38.75%.*

Worldwide orders for NIKE Brand athletic footwear and apparel scheduled for delivery from December 1996 through April 1997 were approximately \$4.1 billion, 54% 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 the subsequent periods. This is because the mix of advance futures and "at once" orders has shifted significantly toward futures orders as the NIKE brand becomes more established in all areas, specifically in the U.S. apparel business and in international regions. The mix of advance orders to "at once" orders will continue to vary as the U.S. apparel business and international operations continue to account for a greater percentage of total revenues and as each places a greater emphasis on futures programs.* Finally, exchange rates can cause differences in the comparisons.*

As further explained in Note 5, prior to fiscal year 1997, certain of the Company's international operations reported their results of operations on a one month lag in order to allow more time for compiling results. The Company has taken steps to improve its internal reporting procedures which have allowed for more timely reporting of these operations. Beginning in the first quarter of fiscal year 1997, the one month lag was eliminated. As a result, the May 1996 operational results for these entities of a \$4.1 million loss was recorded to retained earnings in the first quarter of the current year. The change affected the previously reported quarterly periods for these operations, and thus, the income statement and cash flow statement have been adjusted in order to show comparable results for the previous periods as if the change had occurred in the prior year. Throughout this discussion, comparisons to last year are also stated as they would have appeared had these entities reported on a same month basis.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remains strong at November 30, 1996. Since May 31, 1996, total assets grew \$470 million to approximately \$4.4 billion and shareholder's equity increased \$388 million to \$2.8 billion. Working capital increased \$346 million, and the Company's current ratio increased to 2.10:1 at November 30, 1996 from 1.86:1 at May 31, 1996.

Cash provided by operations included year-to-date net income of \$403 million plus the year-to-date non-cash depreciation charge of \$58 million. Cash used by changes in other working capital components totaled \$354 million due, in large part, to increases in accounts receivable and inventory. Since May 31, 1996, accounts receivable increased \$226 million (17%) due to the high level of revenues compared to the same period in the prior year. Inventory levels increased \$50 million from May 31, as total international inventory increased \$52 million in order to support revenue volume. Inventory turns increased to 5.56 at November 30, 1996 from 5.01 at May 31, 1996.

Cash used in investing activities totaled \$203 million for the first six months of fiscal 1997. Additions to property, plant and equipment totaled \$188 million with the most significant components related to the continued consolidation of European footwear warehouses, the overall expansion of U.S. operations and the continued expansion of NIKE Town retail locations in the U.S.

Cash provided from financing activities included an increase from May 31, 1996 of \$100 million in long-term debt due, primarily, to the Company's Japanese subsidiary borrowing 10.5 billion yen in the first quarter. Cash was used to decrease notes payable by \$28 million and to pay dividends totaling \$43 million.

During the quarter, the Company announced a 33% increase in the quarterly cash dividend to \$.10 per share from the previous \$.075 per share.

The Company's commercial paper program requires the support of committed and uncommitted lines of credit. There was \$6 million outstanding under this program at November 30, 1996. The Company has \$500 million available in committed unused lines of credit and, at November 30, 1996, no amounts were outstanding under this credit facility. NIKE's debt-to-equity ratio at November 30, 1996 remained

constant from May 31 at .6:1.

In December of 1996, the Company issued \$200 million of seven-year notes, maturing December 1, 2003 (see Note 6). The proceeds from the sale of the notes, received December 13, 1996, will be used for general corporate purposes including, without limitation, refinancing, in part, short-term debt.

Management believes that funds generated by operations, together with currently available resources and long-term debt arrangements, will continue to adequately finance anticipated fiscal 1997 expenditures.*

*The marked items are forward-looking statements that involve risks and uncertainties detailed from time to time in reports filed by NIKE with the S.E.C., including Forms 8-K, 10-Q, and 10-K.

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, 1996.

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 first 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 first 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).

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 Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the 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 17, 1990).*

10.6 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).*

10.7 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).*

10.8 NIKE, Inc. Supplemental Executive Savings Plan *

12.1 Computation of Ratio of Earnings to Fixed Charges

* Management contract or compensatory plan or arrangement.

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

Form 8-K

September 16, 1996 ITEM 5 OTHER EVENTS

Press release announcing
the first quarter earnings,
and a restatement of con-
solidated financial state-
ments and accompanying
notes.

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

Robert S. Falcone
Vice President,
Chief Financial Officer

DATED: January 14, 1997

Exhibit

NIKE, INC.

SUPPLEMENTAL EXECUTIVE SAVINGS PLAN

1995 RESTATEMENT

June 1, 1995

NIKE, Inc.
an Oregon corporation
One Bowerman Drive
Beaverton, OR 97005-6453 "Company"

The Company adopted a Supplemental Executive Savings Plan effective February 1, 1994 to provide an opportunity for executive employees to set aside additional amounts for retirement on a tax deferred basis and to provide a limited make-up of profit sharing contributions lost as a result of the \$150,000 limit on compensation counted under the Company's 401(k) Savings and Profit Sharing Plan for Employees of NIKE, Inc. (the "Profit Sharing Plan"). The make-up contribution is being expanded effective June 1, 1995 through adoption of a separate NIKE, Inc. Supplemental Executive Profit Sharing Plan. In order to continue the provisions for elective tax deferred savings, the Company adopts this 1995 Restatement of the Supplemental Executive Savings Plan (the "Plan").

1. Employers; Administration; Plan Year.

1.1 The Plan shall apply to the Company and to other members of the Controlled Group designated by the Company. The "Controlled Group" is the controlled group of corporations, as defined in Internal Revenue Code Section 1563(a), of which the Company is a member. The term "Employer" refers to the Company and such a designated member of the Controlled Group.

1.2 The Plan shall be administered by the Retirement Committee established under the Profit Sharing Plan (the "Committee"). The Committee shall interpret the Plan, determine eligibility and the amount of benefits, maintain records, and generally be responsible for seeing that the purposes of the Plan are accomplished. The Committee may delegate all or part of its administrative duties to others.

1.3 "Plan Year" means the 12-month period starting each June 1 and ending on the following May 31.

2. Eligibility; Deferral Election.

2.1 An executive employee of an Employer shall be eligible to defer compensation under the Plan for a Plan Year if the employee's annual salary rate from the Employer as of the June 1 at the start of such Plan Year equals or exceeds \$150,000 or such higher amount as is fixed with cost-of-living adjustments under Internal Revenue Code Section 401(a)(17).

2.2 An employee eligible under 2.1 may elect to defer compensation for each Plan Year by completing a "Deferral Election" in a form prescribed by the Committee, signing it and returning it to the Committee. The Deferral Election shall designate a dollar amount or percentage to be deferred out of the employee's annual salary and annual Performance Sharing Plan bonus, which dollar amount or percentage may be different as between salary and bonus. A deferral of bonus shall be controlled by the Deferral Election for the Plan Year in which the bonus is paid. To be effective for any Plan Year, the Deferral Election must be returned before June 1 of the Plan Year, except as provided in 2.3. A Deferral Election shall apply to a single Plan Year and shall be irrevocable after the start of that Plan Year, except as follows. A Participant may elect at any time to reduce the amount or percentage to be deferred from salary earned in the remainder of the Plan Year to zero. Such an election shall be effective for the remainder of the Plan Year and shall be irrevocable. A new Deferral Election must be returned to continue deferrals for subsequent Plan Years.

2.3 An executive employee who comes into a position with an annual salary rate at or above the level described in 2.1 during a Plan Year, whether by hire from outside the Company or promotion to a higher salary level, shall be eligible to defer the Participant's salary for the remainder of the Plan Year. To be effective, a Deferral Election by such a Participant must be returned within 30 days of the date the Participant becomes eligible. The provisions of 2.2 on irrevocability and reduction to zero shall apply to elections under this 2.3. This 2.3 shall be effective January 1, 1997. The 30-day election period for all executive employees who moved into an eligible position since June 1, 1996 shall expire January 30, 1997.

2.4 The Employer shall reduce the Participant's salary or bonus by the amounts deferred under 2.2 or 2.3 and shall credit such amounts to the Participant's Account under 3.1. Amounts due for FICA taxes on the elected amounts shall be withheld from the Participant's remaining salary and bonus.

2.5 "Participant" means an executive employee who is eligible for and elects deferral of compensation under 2.2 or 2.3.

3. Accounts.

3.1 Each Participant who defers compensation under 2.2 or 2.3 shall have an "Account" in this Plan. All deferred compensation amounts elected by a Participant shall be credited to the Participant's Account as of the date they would have been paid to the Participant if not deferred.

3.2 Each Account shall be credited with Interest monthly until the entire Account has been paid out. "Interest" means an amount calculated at a rate equal to 120 percent of the federal mid-term rate in effect on the last business day of the month, as published from time to time by the Internal Revenue Service.

3.3 A Participant's Account shall be fully vested at all times.

4. Trust.

The Company shall establish a trust (the "Trust") with a financial institution as trustee for payment of benefits under the Plan. The Trust shall be a grantor trust for tax purposes. The Trust shall provide that any assets contributed to the trustee shall be used exclusively for payment of benefits under this Plan except in the event the Company becomes insolvent, in which case the Trust assets shall be held for payment of the Company's obligations to its general creditors.

5. Payment of Benefits to the Participant.

5.1 The "Payment Amount" shall be the vested balance in the Participant's Account, including deferred compensation and Interest.

5.2 The Payment Amount shall be payable to a Participant under the Plan upon termination of all employment of the Participant with the Controlled Group. A Participant who is receiving benefits from Employer on account of disability shall not be treated as having a termination of employment until such benefits cease and the Participant does not return to work.

5.3 A Participant's termination under 5.2 shall constitute a retirement for purposes of this Plan if at the time of termination the Participant has attained age 55 and has been continuously employed for five or more years within the Controlled Group.

5.4 The form of payment shall be as follows. If the Participant's termination of employment under 5.2 is not a retirement as described in 5.3, the Payment Amount shall be based on Interest accrued to the end of the month of employment termination and payment shall be made in a lump sum as soon as practicable after such month end. If the termination is a retirement, the Payment Amount shall be paid in one of the following ways as determined under 5.5:

(a) In a lump sum on the January 1 following the date of employment termination.

(b) In ten substantially equal annual installments beginning on the January 1 following the date of employment termination.

5.5 The Participant shall select the form of payment under 5.4 on a form provided by the Committee for that purpose. A Participant's selection shall be irrevocable for amounts credited to the Participant's Account while the selection is in effect and for any Interest attributable to such amounts. A Participant may change the form of payment by written notice to the Committee. Such a change shall be effective on the first day of the Plan Year beginning after the Committee receives notice of the change. A change of payment form shall apply only to amounts credited to the Participant's Account after the change becomes effective and Interest attributable thereto. If the Payment Amount as of the January 1 following the date of employment termination is less than \$100,000, payment shall be made as provided in 5.4(a) regardless of the form selected by the Participant. If no form of payment is selected by a Participant, payment shall be made in the form described in 5.4(b).

5.6 If all or a portion of any payment of benefits under this

Section 5 to a Participant would not be deductible for federal income tax purposes by the Company because of a limitation on the total amount of the Participant's deductible compensation from the Company, including any other such compensation already paid to the Participant earlier in the same fiscal year of the Company, the following shall apply:

(a) Payment of the nondeductible amount shall be deferred until the first day of the following fiscal year of the Company.

(b) If the amount deferred under (a) would exceed the limitation on the total amount of the Participant's deductible compensation from the Company for the following fiscal year, the excess shall be deferred to the first day of succeeding fiscal years until all of the Payment Amount falls underneath the limitation on total deductible compensation, subject to (c).

(c) In no event shall any payment be deferred under this 5.6 more than three years from the date scheduled for payment under 5.4.

(d) Interest shall continue to be credited under 3.3 during the period of deferral under this 5.6.

5.7 The Company may withhold from any payments any deductions required by law.

6. Death Benefits.

6.1 A Participant's Payment Amount shall be payable under 6.2 through 6.4 on the Participant's death regardless of the provisions of Section 5.

6.2 On death, the Payment Amount shall be paid to the Participant's Beneficiary as follows:

(a) If the Beneficiary is the surviving spouse or permanent partner of the Participant, the amount for which the Participant had selected installments under 5.4(b) shall be paid to the Beneficiary by installments in accordance with the selection, beginning within 30 days after the Participant's death.

(b) Any amount not described in (a) shall be paid to the Beneficiary in a lump sum within 30 days after the Participant's death.

(c) If the Payment Amount as of the date of death is less than \$100,000, payment shall be made as provided in (b) regardless of whether the Beneficiary is the surviving spouse or permanent partner.

6.3 "Beneficiary" means the death beneficiary designated by the Participant under the Profit Sharing Plan unless the Participant submits to the Committee a different designation for this Plan on a form provided for the purpose, which shall then control. If the Participant has no surviving Beneficiary designated under either plan, the Beneficiary shall be the following, in order of priority:

(a) The Participant's surviving spouse.

(b) The Participant's surviving children in equal shares.

(c) The beneficiaries designated by the Participant under the Company's LifeTrek program.

(d) The Participant's estate.

6.4 If a surviving spouse or permanent partner Beneficiary is receiving installments and dies when a balance remains, the balance shall be paid in a lump sum to the spouse's or permanent partner's estate.

6.5 A designation of a spouse beneficiary by a Participant who is subsequently divorced from that spouse shall be automatically revoked by the divorce unless the Participant renews the designation after the divorce.

7. Change of Control.

7.1 Notwithstanding the provisions of Sections 5 and 6, the Payment Amount shall be paid to each Participant, or to the Beneficiary of each deceased Participant, in a lump sum within 30 days after the date of a Change of Control.

7.2 A "Change of Control" means any of the following:

(a) The purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 (Act), or any comparable successor provisions, or beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 30 percent or more of either the outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally.

(b) The approval by the stockholders of the Company of a reorganization, merger, or consolidation with respect to which persons who were stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Company's then outstanding securities.

(c) A liquidation or dissolution of the Company.

(d) A sale of all or substantially all of the Company's assets.

8. Withdrawals.

8.1 A Participant or a surviving spouse or permanent partner Beneficiary may withdraw vested amounts from the Accounts before those amounts would otherwise have been paid because of Financial Hardship, as determined by the Committee. The withdrawal shall be limited to the amount reasonably necessary to meet the Financial Hardship.

8.2 "Financial Hardship" means a Participant's or a surviving spouse or permanent partner Beneficiary's immediate and substantial financial need that cannot be met from other reasonably available resources and is caused by one or more of the following:

- (a) Medical expenses for the Participant or Beneficiary, a member of the Participant's or Beneficiary's immediate family or household, or other dependent.
- (b) Loss of or damage to a Participant's or Beneficiary's possessions or property due to casualty.
- (c) Other extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control.

8.3 The Committee shall establish guidelines and procedures for implementing withdrawals. An application shall be written, be signed by the Participant or the surviving spouse or permanent partner Beneficiary and include a statement of facts causing the Financial Hardship and any other facts required by the Committee.

8.4 The withdrawal date shall be fixed by the Committee. The Committee may require a minimum advance notice and may limit the amount, time and frequency of withdrawals.

9. Amendment; Termination.

9.1 The Company may amend this Plan effective the first day of any month by notice to the Participants, except the rate of Interest credited under 3.2 may not be reduced without the consent of a Participant as to the balance in the Participant's Account as of the date of the reduction.

9.2 At any time the Company may terminate the Plan and pay out all Accounts to the Participants or Beneficiaries entitled to the Payment Amounts and thereby discharge all the benefit obligations of the Plan. Upon such termination any assets remaining in the trust provided for in Section 4 shall be returned to the Company.

9.3 If the Internal Revenue Service issues a final ruling that any amounts deferred under this Plan will be subject to current income tax, all amounts to which the ruling is applicable shall be paid to the Participants within 30 days.

10. Claims Procedure.

10.1 Any person claiming a benefit or requesting an interpretation, ruling or information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

10.2 If the claim or request is denied, the written notice of denial shall state:

- (a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional materials or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

10.3 The initial notice of denial shall normally be given within 90 days of receipt of the claim. If special circumstances require an extension of time, the claimant shall be so notified and the time limit shall be 180 days.

10.4 Any person whose claim or request is denied or who has not received a response within 30 days may request review by notice in writing to the Committee. The original decision shall be reviewed by the Committee, which may, but shall not be required to, grant the claimant a hearing. On review, whether or not there is a hearing, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

10.5 The decision on review shall ordinarily be made within 60 days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be so notified and the time limit shall be 120 days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

11. General Provisions.

11.1 If suit or action is instituted to enforce any rights under this Plan, the prevailing party may recover from the other party reasonable attorneys' fees at trial and on any appeal.

11.2 Any notice under this Plan shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as first class mail postage prepaid. Mail shall be directed to the Company at the address stated in this Plan, to the Participant's last known home address shown in the Company's records, or to such other address as a party may specify by notice to the other parties. Notices to an Employer or the

Committee shall be sent to the Company's address.

11.3 The rights of a Participant under this Plan are personal. Except for the limited provisions of Section 6, no interest of a Participant or one claiming through a Participant may be directly or indirectly assigned, transferred or encumbered and no such interest shall be subject to seizure by legal process or in any other way subjected to the claims of any creditor.

11.4 Following termination of employment, a Participant shall not be an employee of an Employer or an affiliate for any purpose, and payments under Sections 5 and 6 shall not constitute salary or wages. A Participant shall receive such payments as retirement benefits, not as compensation for performance of any substantial services.

11.5 Amounts payable under this Plan shall be an obligation of the Company and the Trust provided by Section 4. If an Employer merges, consolidates, or otherwise reorganizes or if its business or assets are acquired by another company, this Plan shall continue with respect to those eligible individuals who continue in the employ of the successor company. The transition of Employers shall not be considered a termination of employment for purposes of this Plan. In such an event, however a successor corporation may terminate this Plan as to its Participants on the effective date of the succession by notice to Participants within 30 days after the succession.

11.6 The Committee may decide that because of the mental or physical condition of a person entitled to payments, or because of other relevant factors, it is in the person's best interest to make payments to others for the benefit of the person entitled to payment. In that event, the Committee may in its discretion direct that payments be made as follows:

- (a) To a parent or spouse or a child of legal age;
- (b) To a legal guardian; or
- (c) To one furnishing maintenance, support, or hospitalization.

12. Effective Date

This Restatement shall be effective June 1, 1995, except as follows. The changes in 2.1 on eligibility to defer compensation shall be effective June 1, 1996 for eligibility in the Plan Year beginning on that date. The change in 2.2 to base deferral of bonuses on the election for the Plan Year in which the bonus is paid shall first apply to the bonus paid in the Plan Year beginning on June 1, 1996.

Adopted: November 15, 1995

NIKE, INC.

By: MARCIA A. STILWELL

Executed: December 17, 1996

Computation of Ratio of Earnings to Fixed Charges

	Six Months Ended November 30,	
	1995*	1996
	(dollars in thousands)	
Net income	\$279,910	\$402,935
Income taxes	175,200	254,900
	<hr/>	<hr/>
Income before income taxes	455,110	657,835
	<hr/>	<hr/>
Add fixed charges		
Interest expense (A)	19,778	24,289
Interest component of leases (B)	8,384	11,866
	<hr/>	<hr/>
Total fixed charges	28,162	36,155
	<hr/>	<hr/>
Earnings before income taxes and fixed charges (C)	\$483,272 =====	\$692,595 =====
Ratio of earnings to total fixed charges	17.16 =====	19.16 =====

*For comparable purposes with 1996, results for the six months ended November 30, 1995 have been adjusted to reflect the elimination of the one month lag in reporting by certain of the Company's international operations. See further discussion under Note 5.

(A) Interest expense includes interest 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 NOVEMBER 30, 1996 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	MAY 31 1997
PERIOD END	NOV 30 1996
CASH	267,534
SECURITIES	0
RECEIVABLES	1,572,426
ALLOWANCES	50,071
INVENTORY	981,080
CURRENT ASSETS	3,070,956
PP&E	1,200,747
DEPRECIATION	442,990
TOTAL ASSETS	4,421,155
CURRENT LIABILITIES	1,465,542
BONDS	98,970
COMMON	2,856
PREFERRED MANDATORY	0
PREFERRED	300
OTHER SE	2,816,853
TOTAL LIABILITY AND EQUITY	4,421,155
SALES	4,388,960
TOTAL REVENUES	4,388,960
CGS	2,639,747
TOTAL COSTS	2,639,747
OTHER EXPENSES	1,056,607
LOSS PROVISION	11,877
INTEREST EXPENSE	22,894
INCOME PRETAX	657,835
INCOME TAX	254,900
INCOME CONTINUING	402,935
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	402,935
EPS PRIMARY	1.36
EPS DILUTED	1.36

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