

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 04/14/99 for the Period Ending 02/28/99

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 4/14/1999 For Period Ending 2/28/1999

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 February 28, 1999 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 February 28, 1999 were:

Class A	100,691,831
Class B	180,551,169

	281,243,000
	=====

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

NIKE, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

Feb. 28,	May 31,
1999	1998

(in millions)	

ASSETS

Current assets:		
Cash and equivalents	\$ 127.9	\$ 108.6
Accounts receivable	1,737.7	1,674.4
Inventories (Note 4)	1,147.4	1,396.6
Deferred income taxes	178.1	156.8
Prepaid expenses	151.1	196.2
	<hr/>	<hr/>
Total current assets	3,342.2	3,532.6
Property, plant and equipment	2,006.9	1,819.6
Less accumulated depreciation	762.6	666.5
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	1,244.3	1,153.1
Identifiable intangible assets and goodwill	431.4	435.8
Deferred income taxes and other assets	274.3	275.9
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	\$5,292.2	\$5,397.4
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 0.9	\$ 1.6
Notes payable	556.0	480.2
Accounts payable	329.8	584.6
Accrued liabilities	670.2	608.5
Income taxes payable	34.1	28.9
	<hr/>	<hr/>
Total current liabilities	1,591.0	1,703.8
Long-term debt	388.7	379.4
Deferred income taxes and other liabilities	54.1	52.3
Commitments and contingencies (Note 6)	--	--
Redeemable preferred stock	0.3	0.3
Shareholders' equity:		
Common stock at stated value:		
Class A convertible-100.7 and 101.5 shares outstanding	0.2	0.2
Class B-180.6 and 185.5 shares outstanding	2.7	2.7
Capital in excess of stated value	279.4	262.5
Accumulated other comprehensive income	(66.8)	(47.2)
Retained earnings	3,042.6	3,043.4
	<hr/>	<hr/>
	3,258.1	3,261.6
	<hr/>	<hr/>
	\$5,292.2	\$5,397.4
	=====	=====

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 February 28,		Nine Months Ended February 28,	
	1999	1998	1999	1998
	<hr/>	<hr/>	<hr/>	<hr/>
	(in millions, except per share data)			
Revenues	\$2,176.8	\$2,224.0	\$6,594.6	\$7,245.4
Costs and expenses:				
Cost of sales	1,364.9	1,428.8	4,157.1	4,503.9
Selling and administrative	569.8	651.4	1,754.3	1,903.3
Interest	10.4	13.2	34.7	47.2
Other expense	26.3	8.0	58.4	27.5
	<hr/>	<hr/>	<hr/>	<hr/>

	1,971.4	2,101.4	6,004.5	6,481.9
Income before income taxes	205.4	122.6	590.1	763.5
Income taxes	81.2	49.5	233.1	296.2
Net income	\$ 124.2	\$ 73.1	\$ 357.0	\$ 467.3
	=====	=====	=====	=====
Basic earnings per common share (Note 3)	\$ 0.44	\$ 0.25	\$ 1.26	\$ 1.61
	=====	=====	=====	=====
Diluted earnings per common share (Note 3)	\$ 0.44	\$ 0.25	\$ 1.24	\$ 1.58
	=====	=====	=====	=====
Dividends declared per common share	\$ 0.12	\$ 0.12	\$ 0.36	\$ 0.34
	=====	=====	=====	=====

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

NIKE, Inc.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended February 28,	
	1999	1998
	(in millions)	
Cash provided (used) by operations:		
Net income	\$ 357.0	\$467.3
Income charges (credits) not affecting cash:		
Depreciation	151.2	133.0
Deferred income taxes	.1	(6.7)
Amortization and other	36.7	26.1
Changes in other working capital components	69.1	(458.9)
	614.1	160.8
Cash provided (used) by investing activities:		
Additions to property, plant and equipment	(265.4)	(352.1)
Disposals of property, plant and equipment	16.9	10.6
Increase in other assets	(46.9)	(59.5)
Decrease in other liabilities	(6.5)	(17.8)
	(301.9)	(418.8)
Cash provided (used) by financing activities:		
Additions to long-term debt	-	101.4
Reductions in long-term debt including current portion	(1.4)	(1.7)
Decrease in notes payable	75.8	76.5
Proceeds from exercise of options	18.2	24.4
Repurchase of stock	(262.6)	(152.0)
Dividends - common and preferred	(102.3)	(92.8)
	(272.3)	(44.2)
Effect of exchange rate changes on cash	(20.6)	7.1
Net increase (decrease) in cash and equivalents	19.3	(295.1)
Cash and equivalents, May 31, 1998 and 1997	108.6	445.4
Cash and equivalents, February 28, 1999 and 1998	\$ 127.9	\$150.3

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 nine (9) months ended February 28, 1999 are not necessarily indicative of results to be expected for the entire year.

Year 2000 costs:

Costs associated with the Company's efforts around Year 2000 issues are expensed as incurred, unless they relate to the purchase of hardware and software, and software development, in which case they are capitalized. Capitalized software and hardware costs are depreciated from three to five years.

NOTE 2 - Comprehensive Income:

In the first quarter of fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is generally defined as all changes in shareholders' equity except those resulting from investments by and distributions to shareholders. Comprehensive income, net of taxes, is as follows:

	Three Months Ended February 28,		Nine Months Ended February 28,	
	1999	1998	1999	1998
	(in millions)			
Net Income	\$124.2	\$ 73.1	\$357.0	\$467.3
Change in Cumulative Translation Adjustment	(10.9)	(3.8)	(19.6)	(30.7)
Total Comprehensive Income	\$113.3	\$ 69.3	337.4	436.6

NOTE 3 - Net income per common share:

SFAS 128, "Earnings per Share," replaces primary and fully diluted earnings per share with basic and diluted earnings per share. Under the new requirements, the dilutive effect of stock options is excluded from the calculation of basic earnings per share. Diluted earnings per share is calculated similarly to fully diluted earnings per share as required under APB 15. SFAS 128 became effective for the Company's fiscal 1998 financial statements. All prior period earnings per share data presented have been restated to conform to the provisions of this statement. The following represents a reconciliation from basic earnings per share to diluted earnings per share:

	Three Months Ended February 28,		Nine Months Ended February 28,	
	1999	1998	1999	1998
	(in millions, except per share data)			
Determination of shares:				
Average common shares outstanding	281.3	287.6	283.7	289.3
Assumed conversion of				

stock options	4.8	5.6	4.9	6.5
	-----	-----	-----	-----
Diluted average common shares outstanding	286.1	293.2	288.6	295.8
	=====	=====	=====	=====
Basic earnings per common share	\$ 0.44	\$ 0.25	\$ 1.26	\$ 1.61
	=====	=====	=====	=====
Diluted earnings per common share	\$ 0.44	\$ 0.25	\$ 1.24	\$ 1.58
	=====	=====	=====	=====

NOTE 4 - Inventories:

Inventories by major classification are as follows:

	Feb. 28, 1999	May 31, 1998
	-----	-----
	(in millions)	
Finished goods	\$1,071.8	\$1,303.8
Work-in-progress	47.1	34.7
Raw materials	28.5	58.1
	-----	-----
	\$1,147.4	\$1,396.6
	=====	=====

NOTE 5 - Restructuring charges:

1998 Charge

During the fourth quarter of fiscal 1998 the Company recorded a restructuring charge of \$129.9 million as a result of certain of the Company's actions to better align its cost structure with expected revenue growth rates. The restructuring activities (shown below in tabular format) primarily related to: 1) the elimination of job responsibilities company-wide, resulting in costs to sever employees and related asset write-downs and lease abandonments related to the affected employees; 2) the relocation of, and elimination of, certain job responsibilities of the Asia Pacific headquarters in Hong Kong, resulting in reduction in workforce, lease abandonments and other costs of downsizing the Hong Kong headquarters; 3) the downsizing of the Company's Japan distribution center, resulting in the write-down of assets no longer in use; 4) the cancellation of certain non-strategic long-term endorsement contracts, resulting in one-time termination fees; and 5) the decision to exit certain manufacturing operations of the Bauer subsidiary, resulting in the reduction in manufacturing related jobs, the write-down of assets no longer in use and the estimated loss on divestiture of certain manufacturing plants.

No increases to the 1998 restructuring charge were made during the first nine months of fiscal 1999. A total of \$6.7 million of the restructuring accrual was not required due to changes in estimates related to severance payments of \$1.1 million, a \$3.1 million change in estimated vendor software costs related to Japan's software development, lease commitments of \$1.5 million due to earlier sub-leasing than originally anticipated and other changes of \$1.0 million. This amount is included in other expense on the income statement.

1999 Charge

In the second quarter of fiscal 1999, an \$18.7 million restructuring charge was taken due to further cost realignment programs in the Company's Asia Pacific region. An additional \$0.8 million charge was added to this restructuring accrual during the current quarter which relates to similar plans announced in other countries in the region. The charge (detailed below in tabular format) was for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. The charge is included in other expense on the income statement.

As of February 28, 1999, there were a total of 1,208 employees terminated in the original plan announced in the fourth quarter of fiscal 1998, with 1,180 having left the Company as of that date. An additional 287 employees were terminated in the plan announced during the second and third quarters of fiscal 1999 with 241 having left the Company as of February 28, 1999.

Detail of the 1998 restructuring charge is as follows:

(in millions)						
		4th QTR FY98				
DESCRIPTION	CASH/NON- CASH	RESTRUCTURING CHARGE	ACTIVITY	RESERVE BALANCE AT 5/31/98	ACTIVITY	RESERVE BALANCE AT 2/28/99

ELIMINATION OF JOB RESPONSIBILITIES COMPANY-WIDE						
		\$ (49.8)	\$18.8	\$ (31.0)	\$26.0	\$ (5.0)
Severance packages	cash	(29.1)	9.0	(20.1)	18.8	(1.3)
Lease cancellations & commitments	cash	(10.8)	0.2	(10.6)	6.9	(3.7)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-
Other	cash	(0.3)	-	(0.3)	0.3	-
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG						
		\$ (13.1)	5.4	\$ (7.7)	\$4.0	\$ (3.7)
Severance packages	cash	(4.6)	2.3	(2.3)	1.0	(1.3)
Lease cancellations & commitments	cash	(5.5)	0.1	(5.4)	3.0	(2.4)
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
DOWNSIZING THE JAPAN DISTRIBUTION CENTER						
		\$ (31.6)	\$25.4	\$ (6.2)	\$4.7	\$ (1.5)
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non-cash	(19.1)	12.9	(6.2)	4.7	(1.5)
CANCELLATION OF ENDORSEMENT CONTRACTS						
	cash	\$ (5.6)	\$0.6	\$ (5.0)	\$4.7	\$ (0.3)
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER						
		\$ (22.7)	\$19.9	\$ (2.8)	\$0.6	\$ (2.2)
Write-down of assets	non-cash	(14.7)	14.7	-	-	-
Divestiture of manufacturing facilities	non-cash	(5.2)	5.2	-	-	-
Lease cancellations & commitments	cash	(1.6)	-	(1.6)	0.2	(1.4)
Severance packages	cash	(1.2)	-	(1.2)	0.4	(0.8)
OTHER						
		\$ (7.1)	2.4	\$ (4.7)	\$2.7	\$ (2.0)
Cash	cash	(0.6)	-	(0.6)	0.1	(0.5)
Non-cash	non-cash	(6.5)	2.4	(4.1)	2.6	(1.5)
Effect of foreign currency translation						
		-	\$1.8	\$1.8	\$ (2.3)	\$ (0.5)
TOTAL						
		\$ (129.9)	\$74.3	\$ (55.6)	\$40.4	\$ (15.2)

Detail of the 1999 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	2nd QTR FY99 RESTRUCTURING CHARGE	ADDITIONAL 3RD QTR CHARGE	ACTIVITY	RESERVE BALANCE AT 2/28/99
ELIMINATION OF JOB RESPONSIBILITIES					
		\$ (18.7)	\$ (0.8)	\$12.5	\$ (7.0)
Severance packages	cash	(8.7)	(0.4)	6.2	(2.9)
Lease cancellations & commitments	cash	(2.3)	(0.1)	0.4	(2.0)
Write-down of assets	non-cash	(5.5)	(0.3)	5.5	(0.3)
Other	cash/non-cash	(2.2)	-	0.4	(1.8)

<Table/>

NOTE 6 - 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.

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

Operating Results

Net income for the third quarter of fiscal year 1999 was \$124.2 million, a 70% increase compared to the \$73.1 million in the prior year's third quarter. Year-to-date net income decreased 24% to \$357.0 million. The increase in net income for the quarter was the result of both a higher gross margin percentage and lower selling and administrative spending. For the year, revenues and gross margin trail last year, however the affect is somewhat offset by decreased levels of selling and administrative expenses.

Consolidated revenues decreased 2%, or \$47.2 million for the quarter, and 9%, or \$650.7 million year-to-date. U.S. brand revenues in the quarter were fairly equal to last year's, increasing 1% to \$1.159 billion. Year-to-date U.S. revenues decreased 8%, with a 9% drop in both footwear and apparel. This quarter was the first in five where U.S. revenues have exceeded the comparable period. The positive trend came from footwear, where revenues were up 4% in the quarter. The increase came from a 3% increase in pairs sold and a 1% increase in average selling price. Two of the largest categories, Running and Brand Jordan, were up 28% and 27%, respectively. U.S. Apparel was down 8% in the quarter. The largest categories, Men's Branded Athletic and Team Sports, were down 18% and 5%, respectively. For the year the same categories were down 24% and 9%, respectively. Categories that experienced increases in the quarter included basketball, up 17%, running, up 15%, and Brand Jordan, up 5%.

Total revenues in Europe were up 5%, or \$28.5 million for the quarter. For the year, revenues have increased 8%. Had the dollar remained constant, revenues would have decreased 3% and increased 2% for the quarter and year-to-date, respectively. The revenue increase continues to be driven by growth in apparel, which increased 15% in the quarter (33% year-to-date), while footwear revenues were down.

Revenues in the Asia Pacific region remain affected by the general economic crisis in the area. Revenues decreased 19% for the quarter and 39% year-to-date. Had the dollar remained constant, revenues would have decreased 24% and 34%, respectively. Revenues in Japan, the Company's second largest subsidiary, declined 26% (33% on a constant dollar basis) for the quarter and 47% for the year (43% on a constant dollar basis).

Revenues in the Americas region decreased 22% for the quarter and 16% year-to-date, compared to last year. Results have been driven primarily by Canada, the largest country in the region, which has been experiencing a sluggish retail environment similar to the United States. The strengthening of the dollar, mostly in Canada and Mexico, has also affected results, with revenue down 18% for the quarter and 10% year-to-date, on a constant dollar basis in the region.

Other Brands, which includes Bauer NIKE Hockey, Cole Haan, Nike Team Sports (formally Sports Specialties), and NIKE IHM (which includes what was formally Tetra Plastics), decreased 5% for the quarter and less than 1% year-to-date.

The breakdown of revenues follows:

	Three Months Ended February 28,			Nine Months Ended February 28,		
	1999	1998	% change	1999	1998	% change
(in millions)						
U.S.A. REGION						
FOOTWEAR	\$828.5	\$800.4	4%	\$2,411.9	\$2,644.1	-9%
APPAREL	304.3	331.0	-8%	1,074.6	1,174.5	-9%
EQUIPMENT AND OTHER	26.6	16.3	63%	69.2	53.0	31%
TOTAL U.S.A.	1,159.4	1,147.7	1%	3,555.7	3,871.6	-8%
EUROPE REGION						
FOOTWEAR	311.4	329.0	-5%	863.2	958.6	-10%
APPAREL	273.7	239.0	15%	800.2	600.3	33%
EQUIPMENT AND OTHER	14.7	3.3	345%	47.4	18.6	155%
TOTAL EUROPE	599.8	571.3	5%	1,710.8	1,577.5	8%

ASIA PACIFIC REGION

FOOTWEAR	124.4	175.0	-29%	321.4	647.5	-50%
APPAREL	92.3	98.2	-6%	273.0	353.0	-23%
EQUIPMENT AND OTHER	5.8	2.8	101%	16.4	5.8	183%
TOTAL ASIA PACIFIC	<u>222.5</u>	<u>276.0</u>	-19%	<u>610.8</u>	<u>1,006.3</u>	-39%

AMERICAS REGION

FOOTWEAR	72.6	91.4	-21%	248.9	304.1	-18%
APPAREL	29.8	41.7	-29%	119.3	138.0	-14%
EQUIPMENT AND OTHER	2.3	1.1	109%	8.8	5.7	54%
TOTAL AMERICAS	<u>104.7</u>	<u>134.2</u>	-22%	<u>377.0</u>	<u>447.8</u>	-16%
TOTAL NIKE BRAND	<u>2,086.4</u>	<u>2,129.2</u>	-2%	<u>6,254.3</u>	<u>6,903.2</u>	-9%
OTHER & OTHER BRANDS	90.4	94.8	-5%	340.3	342.2	-1%
TOTAL REVENUES	<u>\$2,176.8</u> =====	<u>\$2,224.0</u> =====	-2%	<u>\$6,594.6</u> =====	<u>\$7,245.4</u> =====	-9%

The Company's gross margin percentage for the third quarter was 37.3%, up from 35.8% in the prior year. On a year-to-date basis, margins were down slightly to 37.0% from 37.8% in the prior year. The improvement in margins for the quarter was mainly attributable to the focus on inventory clean up efforts achieved in previous quarters. In the USA and Asia Pacific regions, closeout product has been reduced dramatically, thereby minimizing the impact of discounted sales in those regions during the quarter.

Selling and administrative expenses have decreased 13% from last year's third quarter and 8% year-to-date. Expenses for the quarter are also down as a percentage of revenues, and are only up slightly on a year-to-date basis. Reductions in spending came from virtually every area of the Company's operations in the Company's continued efforts to better align its cost structure with overall revenue levels. The reductions include wage and wage-related costs, despite the effects of continued retail outlet store growth around the world.

Interest expense has decreased for both the quarter and year-to-date periods, compared to last year, as the Company needed less short term debt to finance lower levels of inventories and accounts receivable. Other expense has increased over the prior year, mainly due to the \$19.5 million restructuring charge (discussed further below). In addition, \$18 million was charged to expense in the current fiscal year, \$10.7 million during the third quarter, relating to capital projects that have been discontinued. Offsetting these charges was a \$6.7 million reversal of fiscal 1998's restructuring charge.

Worldwide futures and advance orders for NIKE brand athletic footwear and apparel scheduled for delivery between March and July 1999 totaled \$3.8 billion, 4% lower than such orders for the same period last year. These orders and the percentage change in these orders are not necessarily indicative of the change in revenues which the Company will experience for subsequent periods. This is due to potential shifts in the mix of advance orders in relation to at once orders and varying cancellation rates. Finally exchange rate fluctuations will also cause differences in the comparisons.

During the fourth quarter of fiscal 1998, the Company recorded a restructuring charge of \$129.9 million as a result of certain of the Company's actions to better align its overall cost structure and organization with planned revenue levels. The restructuring activities (shown below in tabular format) primarily related to: 1) the elimination of job responsibilities company-wide, resulting in costs to sever employees and related asset write-downs and lease abandonments related to the affected employees; 2) the relocation of, and elimination of, certain job responsibilities of the Asia Pacific headquarters in Hong Kong, resulting in reduction in workforce, lease abandonments and other costs of downsizing the Hong Kong headquarters; 3) the downsizing of the Company's Japan distribution center, resulting in the write-down of assets no longer in use; 4) the cancellation of certain non-strategic long-term endorsement contracts, resulting in one-time termination fees; and 5) the decision to exit certain manufacturing operations of the Bauer subsidiary, resulting in the reduction in manufacturing related jobs, the write-down of assets no longer in use and the estimated loss on divestiture of certain manufacturing plants.

No increases to the 1998 restructuring charge were made during the first nine months of fiscal 1999. A total of \$6.7 million of the restructuring accrual was not required due to changes in estimates related to severance

payments of \$1.1 million, a \$3.1 million change in estimated vendor software costs related to Japan's software development, lease commitments of \$1.5 million due to earlier sub-leasing than originally anticipated and other changes of \$1.0 million. This amount is included in other expense on the income statement. The remaining liability balance is expected to be paid by the end of the fiscal year, except for certain lease payments that will fall into the first quarter of fiscal 2000. The only remaining non-cash item, relating to the disposal of sales exhibits, will be finalized by May 31, 1999.

In the second quarter of fiscal 1999, an \$18.7 million restructuring charge was taken due to further cost realignment programs in the Company's Asia Pacific region. An additional \$0.8 million charge was added to this restructuring accrual during the current quarter which related to similar plans announced in other countries in the region. The charge (detailed below in tabular format) was for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. The charge is included in other expense on the income statement. The majority of the liability balance will be paid by May 31, 1999, excluding certain lease arrangements which will continue to be paid during the first quarter of fiscal 2000.

As of February 28, 1999, there were a total of 1,208 employees terminated in the original plan announced in the fourth quarter of fiscal 1998, with 1,180 having left the Company as of that date. An additional 287 employees were terminated in the plans announced during the second and third quarters of fiscal 1999, with 241 having left the Company as of February 28, 1999.

Detail of the 1998 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON- CASH	4th QTR FY98 RESTRUCTURING CHARGE	ACTIVITY	RESERVE BALANCE AT 5/31/98	ACTIVITY	RESERVE BALANCE AT 2/28/99
ELIMINATION OF JOB RESPONSIBILITIES COMPANY-WIDE						
		\$ (49.8)	\$18.8	\$ (31.0)	\$26.0	\$ (5.0)
Severance packages	cash	(29.1)	9.0	(20.1)	18.8	(1.3)
Lease cancellations & commitments	cash	(10.8)	0.2	(10.6)	6.9	(3.7)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-
Other	cash	(0.3)	-	(0.3)	0.3	-
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG						
		\$ (13.1)	5.4	\$ (7.7)	\$4.0	\$ (3.7)
Severance packages	cash	(4.6)	2.3	(2.3)	1.0	(1.3)
Lease cancellations & commitments	cash	(5.5)	0.1	(5.4)	3.0	(2.4)
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
DOWNSIZING THE JAPAN DISTRIBUTION CENTER						
		\$ (31.6)	\$25.4	\$ (6.2)	\$4.7	\$ (1.5)
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non cash	(19.1)	12.9	(6.2)	4.7	(1.5)
CANCELLATION OF ENDORSEMENT CONTRACTS						
	cash	\$ (5.6)	\$0.6	\$ (5.0)	\$4.7	\$ (0.3)
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER						
		\$ (22.7)	\$19.9	\$ (2.8)	\$0.6	\$ (2.2)
Write-down of assets	non-cash	(14.7)	14.7	-	-	-
Divestiture of manufacturing facilities	non-cash	(5.2)	5.2	-	-	-
Lease cancellations & commitments	cash	(1.6)	-	(1.6)	0.2	(1.4)
Severance packages	cash	(1.2)	-	(1.2)	0.4	(0.8)
OTHER						
		\$ (7.1)	2.4	\$ (4.7)	\$2.7	\$ (2.0)
Cash	cash	(0.6)	-	(0.6)	0.1	(0.5)
Non-cash	non-cash	(6.5)	2.4	(4.1)	2.6	(1.5)
Effect of foreign currency translation						
		-	\$1.8	\$1.8	\$ (2.3)	\$ (0.5)

TOTAL		\$(129.9)	\$74.3	\$(55.6)	\$40.4	\$(15.2)
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Detail of the 1999 restructuring charge is as follows:

(in millions)		2nd QTR FY99	ADDITIONAL		
DESCRIPTION	CASH/NON- CASH	RESTRUCTURING CHARGE	3RD QTR CHARGE	ACTIVITY	RESERVE BALANCE AT 2/28/99
ELIMINATION OF JOB RESPONSIBILITIES		\$(18.7)	\$(0.8)	\$12.5	\$(7.0)
Severance packages	cash	(8.7)	(0.4)	6.2	(2.9)
Lease cancellations & commitments	cash	(2.3)	(0.1)	0.4	(2.0)
Write-down of assets	non-cash	(5.5)	(0.3)	5.5	(0.3)
Other	cash/non- cash	(2.2)	-	0.4	(1.8)

<Table/>

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). FAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999 (June 1, 2000 for the Company). This statement will require the Company to recognize all derivatives on the balance sheet at fair value. Changes in the fair value of derivatives will be recorded in current earnings or other comprehensive income, depending on the intended use of the derivative and the resulting designation. The ineffective portion of all hedges will be recognized in current-period earnings. Management of the Company has not yet determined the impact that the adoption of FAS 133 will have on the Company's results from operations or its financial position.

Year 2000 Readiness Disclosure

The Year 2000 issue is the result of computer programs using two digits rather than four to define the applicable year. Such software may recognize a date using "00" as the year 1900 or some other year, rather than the year 2000. This could result in system failures or miscalculations leading to disruptions in NIKE's activities and operations (the "Year 2000" or "Y2K" issue). If we or our significant suppliers or customers fail to make necessary modifications, conversions and contingency plans on a timely basis, the Year 2000 issue could have a material adverse effect on our financial condition, results of operations or liquidity.

STATE OF READINESS

Project Categories

In May 1997, NIKE established a corporate-wide project team to oversee, monitor and coordinate the Company-wide Year 2000 effort. Our Year 2000 project focuses on three areas: (1) information technology ("IT") systems, such as application software, mainframes, PCs, networks and production control systems; (2) non-IT systems, such as equipment, machinery, climate control and security systems, which may contain microcontrollers with embedded technology; and (3) suppliers and customers.

NIKE uses a four-phase approach to fix or replace non-compliant IT systems:

- (1) inventory, assessment of risks and impact and prioritization of projects:
 - Tier 1-critical (vital to business operations)
 - Tier 2-high priority (important to business operations)
 - Tier 3-moderate priority (minor disruption to operations expected if non-compliant)
 - Tier 4-low priority (will not disrupt operations even if non-compliant);
- (2) remediation (fix, replace or develop contingency plans for non-compliant systems);

- (3) testing (validation) and implementation; and
- (4) completion and auditing results where appropriate.

When appropriate, we have engaged the services of independent consultants to analyze and develop testing standards, quality assurance and contingency plans. We use our internal auditing department to review Year 2000 compliance and have consulted with external independent consultants to evaluate and review those results.

IT Projects

By early 1999, we had identified 148 major internal IT remediation projects worldwide. We have completed our assessment and prioritization of all of our IT systems. Of the 148 projects, we have completed and tested 71 as Year 2000 compliant as of March 31, 1998. Of the remaining 77 projects, we have consolidated 37 small projects into nine global projects to accelerate their completion. Of the remaining 40 projects, we have classified five as Tier 1 and nine as Tier 2. NIKE expects that half of these 14 Tier 1 and Tier 2 projects will be completed as Year 2000 compliant by May 31, 1999. For the other half, we expect to finish remediation and be in final testing by August 31, 1999, and to be completed as Year 2000 compliant by November 30, 1999. We have classified the remaining 26 projects as Tier 3 or Tier 4. NIKE expects that all of these projects will be completed as Year 2000 compliant by July 31, 1999.

Non-IT Projects

By early 1999, we had identified 27 major internal non-IT remediation projects worldwide. We have completed our assessment and prioritization of all of our major non-IT projects. We have designated all 27 of these projects as high priority. These include facilities that are critical to NIKE's business operations, which may involve equipment, machinery, climate control and security systems. We are currently remediating these priority non-IT projects and expect to complete all priority non-IT projects as Year 2000 compliant by August 31, 1999. We have classified the remaining non-IT projects as non-priority non-IT projects, which include climate control, security and mechanical systems in buildings that are not critical to our business operations. To the extent that these non-priority non-IT projects may not be completed by December 31, 1999, we do not expect that any non-compliance or failure of any non-priority non-IT systems, individually or in the aggregate, will have a material adverse effect on NIKE's manufacturing, distribution, inventory control or the management and collection of our accounts receivable. For this reason, we have not set a completion date for remediation of the remaining non-priority non-IT systems.

Suppliers and Customers

We have focused our Year 2000 compliance efforts on our significant suppliers and customers-those that are material to our business-and are assessing the Year 2000 readiness of these significant suppliers and customers. We have assessed the Year 2000 readiness of 460 of our suppliers, 168 of which we consider to be significant suppliers. We have also assessed the Year 2000 readiness of 151 customers, 80 of which we consider to be significant customers. We have relationships with significant suppliers and customers in most of the locations in which we operate. See "Manufacturing" above. The level of preparedness of our significant suppliers and customers can vary greatly from operation to operation and country to country. NIKE relies on suppliers to timely deliver a broad range of goods and services worldwide, including raw materials, footwear, apparel, accessories, equipment, advertising, transportation services, banking services, telecommunications and utilities. Moreover, our suppliers rely on countless other suppliers, over which we may have little or no influence regarding Year 2000 compliance.

We have sent surveys to all of our significant suppliers and customers to determine the extent to which we may be affected by those third parties' Y2K preparedness plans. A substantial majority of our significant suppliers and customers have not responded to our surveys, or have not provided assurance of their Year 2000 readiness, or have not responded with sufficient detail for us to determine their Year 2000 readiness. In the absence of adequate responses, we are making independent assessments of our significant suppliers and customers and the countries in which they operate, which include direct contact and discussions with persons coordinating Y2K compliance efforts for our significant suppliers and customers. We also research regulatory filings and other public information available to NIKE provided by our significant suppliers and customers and, in general, countries in which they operate.

CONTINGENCY PLANS

Having completed our identification and assessment of major projects, our "worst-case scenario" would be a failure of multiple significant suppliers to supply merchandise or services for a prolonged period of time that would materially impair our ability to ship product in a timely and reliable manner to our customers. Although the occurrence of this scenario could have a material

adverse effect on NIKE, we do not have a basis to determine at this time whether such a scenario is reasonably likely to occur. We believe that suppliers present the area of greatest risk to disruption of our operations because of our limited ability to influence actions of third parties or to estimate the level and impact of noncompliance of third parties throughout the extended supply chain.

We are currently developing contingency plans for our significant suppliers and customers, which we expect to finalize by August 31, 1999. In addition, we are developing contingency plans that assume some estimated level of noncompliance by, or business disruption to, certain other suppliers and customers on a case-by-case basis, which we will continue to develop on an as-needed basis throughout 1999. We are also developing contingency plans for our Tier 1 IT systems, which plans we expect to finalize by August 31, 1999.

The contingency plans for our suppliers and customers include, where appropriate, (a) booking orders and manufacturing and shipping products before anticipated business disruptions, (b) shifting production capacity from facilities that NIKE determines to be at high risk of noncompliance or business disruption, (c) consolidating finance vendors and (d) temporarily discontinuing business with suppliers determined to be high risk of noncompliance or business disruption and finding alternative suppliers.

The contingency plans for our Tier 1 IT systems include, where appropriate, (a) manual work processes, (b) storing additional sets of backup data before critical process dates, (c) off-site system recovery and (d) temporarily shifting production software from one hardware system to another.

We continually update our assessments and revise our contingency plans for our significant suppliers and customers as we receive additional information from them concerning their Y2K preparedness. However, judgments regarding contingency plans-such as how to develop them and to what extent-are subject to many variables and uncertainties. There can be no assurance that NIKE will correctly anticipate the level, impact or duration of noncompliance by its suppliers and customers. As a result, there is no certainty that our contingency plans will be sufficient to mitigate the impact of noncompliance by suppliers and customers and some material adverse effect to NIKE may result from one or more third parties regardless of our contingency plans. The failure of any such contingency plan could have a material adverse effect on NIKE's financial condition, results of operations or liquidity.

COSTS

As of February 28, 1999, NIKE estimates that total costs related to the Year 2000 issue will be approximately \$105 to \$120 million, of which approximately \$78 million have been incurred. Of the \$78 million, approximately \$20 million are external expenses, \$17 million internal costs and \$41 million replacement projects. Approximately \$10 million of these expenses will be capitalized; the remainder has been expensed as incurred. We presently believe that the total cost of achieving Year 2000 compliant systems will not be material to our financial condition, liquidity or results of operations. NIKE funds Year 2000 costs through operating cash flows.

Estimates of time, cost and risk estimates are based on currently available information. Developments that could affect estimates include, but are not limited to: the availability and cost of trained personnel; the ability to locate and correct all relevant computer code and systems; cooperation and Year 2000 readiness of our suppliers and customers (and their suppliers and customers); and the ability to correctly anticipate risks and implement suitable contingency plans in the event of system failures at NIKE or with our suppliers and customers (and their suppliers and customers).

The above section, even if incorporated by reference into other documents or disclosures, is a Year 2000 Readiness Disclosure as defined under the Year 2000 Information and Readiness Disclosure Act of 1998.

Liquidity and Capital Resources

The Company's financial position remained strong at February 28, 1999. Compared to May 31, 1998 shareholder's equity remained fairly consistent at \$3.3 billion. Working capital decreased 4% to \$1.8 billion and the current ratio was 2.10:1 at February 28, 1999 compared to 2.07:1 at May 31, 1998.

Cash provided by operations increased \$453 million compared to the first nine months of last year. Working capital changes were the main reason for the increase, primarily the decrease in inventory levels. Consolidated inventory levels at February 28, 1999 were 27% lower than last February and 18% lower than May 31, 1998. In the current year the decrease in inventories was offset by a decrease in current payables and liabilities due to the slow down in spending and lower inventory levels.

Additions to property, plant and equipment for the first nine months of

fiscal 1999 were \$265.4 million, the largest single component being expenditures related to the expansion of the Company's U.S. headquarters. In addition, approx. \$47 million has been expended for expansion of retail stores around the world.

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 \$255.3 million outstanding at February 28, 1999.

Dividends per share of common stock for the third quarter of fiscal 1999 remained at \$.12 per share, the same level as the previous year.

As of February 28, 1999, the Company purchased a total of 8.0 million shares of NIKE's Class B common stock for \$318 million in the open market since the \$1 billion share repurchase program was approved in December 1997. During the first nine months of fiscal 1999, the Company purchased a total of 6.8 million shares for \$264 million. Funding has, and is expected to continue to, come from operating cash flow in conjunction with short-term borrowings. The timing and the amount of shares purchased will be dictated by working capital needs and stock market conditions.

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 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 (including the current Asian economic problems); 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 and inventories; 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; disruptions due to Year 2000 noncompliance by NIKE, its suppliers or customers (or their suppliers or customers); 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 and economic 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. Thus, 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, 1998.

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).
- 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. 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).*
- 10.7 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).*
- 10.8 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).*
- 12.1 Computation of Ratio of Earnings to Charges.
- 27 Financial Data Schedule.

* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the fiscal quarter ending February 28, 1999.

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 E. Harold

Robert E. Harold
Interim Chief Financial Officer

DATED: April 14, 1999

NIKE, INC.
COMPUTATION OF RATIO OF EARNINGS TO CHARGES

	Nine Months Ended February 28,	
	1999	1998
	(in millions)	
Net income	\$357.0	\$467.3
Income taxes	233.1	296.2
	<hr/>	<hr/>
Income before income taxes	590.1	763.5
	<hr/>	<hr/>
Add fixed charges		
Interest expense (A)	40.1	48.9
Interest component of leases (B)	31.7	31.9
	<hr/>	<hr/>
Total fixed charges	71.8	80.8
	<hr/>	<hr/>
Earnings before income taxes and fixed charges (C)	\$656.5	\$842.6
	=====	=====
Ratio of earnings to total fixed charges	9.14	10.43
	=====	=====

(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 FEBRUARY 28, 1999 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	MAY 31 1999
PERIOD END	FEB 28 1999
CASH	128
SECURITIES	0
RECEIVABLES	1738
ALLOWANCES	69
INVENTORY	1147
CURRENT ASSETS	3342
PP&E	2007
DEPRECIATION	763
TOTAL ASSETS	5292
CURRENT LIABILITIES	1591
BONDS	389
COMMON	3
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	3255
TOTAL LIABILITY AND EQUITY	5292
SALES	6595
TOTAL REVENUES	6595
CGS	4157
TOTAL COSTS	4157
OTHER EXPENSES	1801
LOSS PROVISION	12
INTEREST EXPENSE	35
INCOME PRETAX	590
INCOME TAX	233
INCOME CONTINUING	357
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	357
EPS PRIMARY	1.26
EPS DILUTED	1.24

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