

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 10/15/99 for the Period Ending 08/31/99

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 10/15/1999 For Period Ending 8/31/1999

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 August 31, 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 August 31, 1999 were:

Class A	100,670,071
Class B	179,370,967

	280,041,038
	=====

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

NIKE, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

Aug. 31,	May 31,
1999	1999

(in millions)	

ASSETS

Current assets:		
Cash and equivalents	\$ 226.2	\$ 198.1
Accounts receivable	1,701.2	1,540.1
Inventories (Note 4)	1,229.4	1,199.3
Deferred income taxes	117.5	120.6
Income taxes receivable	-	15.9
Prepaid expenses	183.0	190.9
	<hr/>	<hr/>
Total current assets	3,457.3	3,264.9
Property, plant and equipment	2,301.2	2,001.3
Less accumulated depreciation	775.8	735.5
	<hr/>	<hr/>
	1,525.4	1,265.8
Identifiable intangible assets and goodwill	422.5	426.6
Deferred income taxes and other assets	299.1	290.4
	<hr/>	<hr/>
	\$5,704.3	\$5,247.7
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 50.9	\$ 1.0
Notes payable	488.7	419.1
Accounts payable	488.0	373.2
Accrued liabilities	678.8	653.6
Income taxes payable	101.4	-
	<hr/>	<hr/>
Total current liabilities	1,807.8	1,446.9
Long-term debt	462.2	386.1
Deferred income taxes and other liabilities	81.0	79.8
Commitments and contingencies (Note 7)	--	--
Redeemable preferred stock	0.3	0.3
Shareholders' equity:		
Common stock at stated value:		
Class A convertible-100.7 and 101.7 shares outstanding	0.2	0.2
Class B-179.4 and 181.6 shares outstanding	2.7	2.7
Capital in excess of stated value	335.9	334.1
Accumulated other comprehensive income	(80.4)	(68.9)
Retained earnings	3,094.6	3,066.5
	<hr/>	<hr/>
	3,353.0	3,334.6
	<hr/>	<hr/>
	\$5,704.3	\$5,247.7
	=====	=====

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, 1999	
	<hr/>	<hr/>
	1999	1998
	<hr/>	<hr/>
	(in millions, except per share data)	
Revenues	\$2,501.1	\$2,504.8
Costs and expenses:		
Cost of sales	1,534.7	1,562.6
Selling and administrative	626.5	652.6
Interest	10.0	14.2
Other expense	7.0	4.6
	<hr/>	<hr/>

	2,178.2	2,234.0
	<hr/>	<hr/>
Income before income taxes	322.9	270.8
Income taxes	122.7	107.0
	<hr/>	<hr/>
Net income	\$ 200.2	\$ 163.8
	=====	=====
Basic earnings per common share (Note 3)	\$ 0.71	\$ 0.57
	=====	=====
Diluted earnings per common share (Note 3)	\$ 0.70	\$ 0.56
	=====	=====
Dividends declared per common share	\$ 0.12	\$ 0.12
	=====	=====

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,	
	1999	1998
	<hr/>	<hr/>
	(in millions)	
Cash provided (used) by operations:		
Net income	\$ 200.2	\$163.8
Income charges (credits) not affecting cash:		
Depreciation	43.5	57.2
Deferred income taxes	(8.4)	(1.7)
Amortization and other	18.1	(0.6)
Changes in other working capital components	62.7	150.2
	<hr/>	<hr/>
Cash provided by operations	316.1	368.9
	<hr/>	<hr/>
Cash provided (used) by investing activities:		
Additions to property, plant and equipment	(285.7)	(85.6)
Disposals of property, plant and equipment	6.3	3.6
Increase in other assets	(9.1)	(9.6)
Increase (decrease) in other liabilities	0.1	(6.4)
	<hr/>	<hr/>
Cash used by investing activities	(288.4)	(98.0)
	<hr/>	<hr/>
Cash provided (used) by financing activities:		
Additions to long-term debt	108.9	-
Reductions in long-term debt including current portion	(0.3)	(0.4)
Increase (decrease) in notes payable	69.6	(131.9)
Proceeds from exercise of options	5.1	6.4
Repurchase of stock	(130.1)	(43.3)
Dividends - common and preferred	(33.9)	(34.4)
	<hr/>	<hr/>
Cash provided (used) by financing activities	19.3	(203.6)
	<hr/>	<hr/>
Effect of exchange rate changes on cash	(18.9)	(8.1)
Net increase in cash and equivalents	28.1	59.2
Cash and equivalents, May 31, 1999 and 1998	198.1	108.6
	<hr/>	<hr/>

Cash and equivalents, August 31, 1999

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, 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:

Comprehensive income, net of taxes, is as follows:

	Three Months Ended August 31,	
	1999	1998
	-----	-----
	(in millions)	
Net Income	\$200.2	\$163.8
Change in Cumulative Translation Adjustment	(11.5)	(5.1)
	-----	-----
Total Comprehensive Income	\$188.7	\$158.7
	=====	=====

NOTE 3 - Net income per common share:

Basic and diluted earnings per share are calculated in accordance with SFAS 128, "Earnings per Share." This standard requires that basic earnings per share be calculated using the average common shares outstanding. Diluted earnings per share are calculated by taking into consideration the dilutive effect of issued and outstanding stock options. The following represents a reconciliation from basic earnings per share to diluted earnings per share:

	Three Months Ended August 31,	
	1999	1998
	-----	-----
	(in millions, except per share data)	
Determination of shares:		
Average common shares outstanding	281.1	286.7
Assumed conversion of stock options	4.4	5.3
	-----	-----
Diluted average common		

shares outstanding	285.5	292.0
	=====	=====
Basic earnings per common share	\$ 0.71	\$ 0.57
	=====	=====
Diluted earnings per common share	\$ 0.70	\$ 0.56
	=====	=====

NOTE 4 - Inventories:

Inventories by major classification are as follows:

	Aug. 31, 1999	May 31, 1999
	-----	-----
	(in millions)	
Finished goods	\$1,166.1	\$1,132.7
Work-in-progress	46.5	44.8
Raw materials	16.8	21.8
	-----	-----
	\$1,229.4	\$1,199.3
	=====	=====

NOTE 5 - Operating Segments:

The Company's major operating segments are defined by geographic regions for subsidiaries participating in NIKE Brand sales activity. Other Brands as shown below represent activity for non-NIKE brand subsidiaries (Cole-Haan Holdings, Inc., Bauer NIKE Hockey, Inc., and NIKE IHM, Inc.) and are considered immaterial for individual disclosure. Where applicable, "Corporate and Other" represents items necessary to reconcile to the consolidated financial statements which generally include corporate activity and corporate eliminations. The segments are evidence of the structure of the enterprise's internal organization. Each NIKE Brand geographic segment operates predominantly in one industry: the design, production, marketing and selling of sports and fitness footwear, apparel, and equipment.

Net revenues as shown below represent sales to external customers for each segment. Intercompany revenues have been eliminated and are immaterial for separate disclosure. The Company evaluates performance of individual operating segments based on Contribution Profit before Corporate Allocations, Interest Expense and Income Taxes. On a consolidated basis, this amount represents Income Before Taxes less Interest Expense as shown in the Consolidated Statement of Income. Other reconciling items for Contribution Profit represent corporate costs that are not allocated to the operating segments for management reporting and intercompany eliminations for specific income statement items.

Accounts receivable, inventory, and fixed assets for operating segments are regularly reviewed and therefore provided:

	Three Months Ended August 31, 1999	

	1999	1998
	-----	-----
Net Revenue		
USA	\$1,331.7	\$1,357.1
EUROPE	717.8	680.9
ASIA PACIFIC	190.9	191.4
AMERICAS	143.6	152.6
OTHER BRANDS	117.1	122.8
	-----	-----
	\$2,501.1	\$2,504.8
	=====	=====
Contribution Profit		
USA	\$ 274.3	\$ 286.0
EUROPE	151.9	127.1
ASIA PACIFIC	24.0	7.7
AMERICAS	20.4	27.0
OTHER BRANDS	20.0	5.1
CORPORATE & OTHER	(157.7)	(167.9)
	-----	-----
	\$ 332.9	\$ 285.0
	=====	=====
	Aug. 31, 1999	May 31, 1998
	-----	-----

Accounts Receivable, net		
USA	\$ 564.8	\$ 578.2
EUROPE	703.3	551.6
ASIA PACIFIC	133.0	141.5
AMERICAS	132.8	119.2
OTHER BRANDS	132.6	104.6
CORPORATE & OTHER	34.7	45.0
	<u>\$1,701.2</u>	<u>\$1,540.1</u>
	=====	=====
Inventories, net		
USA	\$ 604.3	\$ 565.5
EUROPE	278.2	316.3
ASIA PACIFIC	90.3	81.5
AMERICAS	82.5	73.1
OTHER BRANDS	140.7	137.5
CORPORATE & OTHER	33.4	25.4
	<u>\$1,229.4</u>	<u>\$1,199.3</u>
	=====	=====
Property, Plant and Equipment, net		
USA	\$ 287.8	\$ 293.0
EUROPE	292.6	271.4
ASIA PACIFIC	372.3	148.0
AMERICAS	21.0	21.5
OTHER BRANDS	109.7	111.7
CORPORATE & OTHER	442.0	420.2
	<u>\$1,525.4</u>	<u>\$1,265.8</u>
	=====	=====

Note 6 - Restructuring Charges:

1999 Charge

During fiscal 1999, a \$60.1 million charge was taken due to further cost realignment programs. The charge (shown below in tabular format) was primarily for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. Employees were terminated in Europe, Asia Pacific, and in the United States, and included employees affected by the Company's shift to outsourcing certain of its information technology functions. The total number of employees terminated was 1,291, with 840 having left the Company as of August 31, 1999.

Also included in the charge was a \$20.2 write-off of certain assets related to the change in strategies around the Company's warehouse distribution facilities in the United States.

The remaining accrual balance will be relieved throughout fiscal 2000 and early 2001, as leases expire and severance payments are completed.

Detail of the 1999 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON- CASH	FY99 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 8/31/99
ELIMINATION OF JOB RESPONSIBILITIES		\$ (39.9)	\$21.9	\$ (18.0)	\$4.1	\$ (13.9)
Severance packages	cash	(28.0)	11.7	(16.3)	3.8	(12.5)
Lease cancellations & commitments	cash	(2.4)	1.6	(0.8)	0.1	(0.7)
Write-down of assets	non-cash	(7.8)	7.8	-	-	-
Other	cash/non- cash	(1.7)	0.8	(0.9)	0.2	(0.7)
CHANGE IN WAREHOUSE DISTRIBUTION STRATEGY		\$ (20.2)	\$20.2	\$ -	\$ -	\$ -
Write-down of assets	non-cash	(20.2)	20.2	-	-	-
Effect of foreign currency translation		-	0.1	\$0.1	\$(0.4)	\$(0.3)

TOTAL	\$ (60.1)	\$42.2	\$ (17.9)	\$3.7	\$ (14.2)
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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.

Employees were terminated from almost all areas of the Company, including marketing, sales and administrative areas. The total number of employees terminated was 1,208, with 1,203 having left the Company as of August 31, 1999.

No increases to the 1998 restructuring charge have been made. A total of \$15 million of the restructuring charge was reversed in fiscal year 1999. During the first quarter of fiscal year 2000 continuing cash payments were made against the reserve liability as shown in the table below. The remaining accrual will be relieved throughout fiscal 2000, as lease and severance payments, some of which are paid on a monthly basis, are completed.

Detail of the 1998 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	FY98 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 8/31/99
ELIMINATION OF JOB RESPONSIBILITIES COMPANY-WIDE						
		\$ (49.8)	\$46.5	\$ (3.3)	\$ 1.0	\$ (2.3)
Severance packages	cash	(29.1)	28.2	(0.9)	0.3	(0.6)
Lease cancellations & commitments	cash	(10.8)	8.4	(2.4)	0.7	(1.7)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-
Other	cash	(0.3)	0.3	-	-	-
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG						
		\$ (13.1)	13.0	\$ (0.1)	\$0.1	\$ -
Severance packages	cash	(4.6)	4.6	-	-	-
Lease cancellations & commitments	cash	(5.5)	5.4	(0.1)	0.1	-
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
DOWNSIZING THE JAPAN DISTRIBUTION CENTER						
		\$ (31.6)	\$30.5	\$ (1.1)	\$1.1	\$ -
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non cash	(19.1)	18.0	(1.1)	1.1	-
CANCELLATION OF ENDORSEMENT CONTRACTS						
	cash	\$ (5.6)	\$5.3	\$ (0.3)	\$ -	\$ (0.3)
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER						
		\$ (22.7)	\$21.7	\$ (1.0)	\$0.3	\$ (0.7)
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)	0.9	(0.7)	0.2	(0.5)
Severance packages	cash	(1.2)	0.9	(0.3)	0.1	(0.2)
OTHER		\$(7.1)	6.4	\$(0.7)	\$0.2	\$(0.5)
Cash	cash	(0.6)	0.6	-	-	-
Non-cash	non-cash	(6.5)	5.8	(0.7)	0.2	(0.5)
Effect of foreign currency translation		-	\$0.2	\$0.2	\$(0.5)	\$(0.3)
TOTAL		\$(129.9)	\$123.6	\$(6.3)	\$2.2	\$(4.1)

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NOTE 7 - 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 first quarter of fiscal year 2000 was \$200.2 million, a 22% increase compared to the \$163.8 million in the prior year's first quarter. The increase in net income was primarily a result of a full percentage point increase in overall gross margins and lower selling and administrative spending, both in total dollars and as a percentage of revenues. Overall revenues were flat with last year's first quarter and while close-out sales represented about the same percentage of total sales each quarter, the margins those sales generated increased by more than 500 basis points, leading directly to the overall increase in gross margins for the quarter.

Revenues in the U.S. decreased 2% for the quarter compared to last year. Footwear revenues were up 3% due to a 2% increase in pairs sold and a relatively flat average selling price. Running, our largest U.S. footwear category, increased 17% in the quarter. Other strong performing categories included soccer, up 28%, Jordan Brand, up 61% and Branded Athletic, up 32%. U.S. apparel revenues decreased 11% for the quarter. Our two largest apparel categories in the U.S., Branded Athletic and Kids, decreased 16% and increased 6%, respectively. Most other apparel categories showed decreases for the quarter, with the exception of Basketball and Jordan Brand, with increases of 57% and 97%, respectively. Gross margins in the U.S. region were down slightly from the prior year, principally due to the need to airfreight footwear product to meet customers' product delivery needs.

Revenues in the Europe region increased 5%, 10% had the dollar remained constant with that of the prior year. Footwear and apparel sales were equally strong, each increasing 6% for the quarter, 11% and 10%, respectively, on a constant dollar basis. Our three largest countries, in terms of revenue levels, outside of the U.S., the United Kingdom, France and Italy, increased 5%, 7% and 14%, respectively, on a constant dollar basis. Gross margins in the region increased two percentage points due to increased pricing margins on in-line products.

Revenues in the Asia Pacific region were flat for the first quarter compared to last year. Had the dollar remained constant, revenues would have decreased 8%. On a constant dollar basis, footwear revenues increased 7% over last year while apparel revenues decreased 29%. In both footwear and apparel, the close-out product sales decreased significantly compared to last year, representing a much lower percentage of total sales. This was directly attributable to our successful efforts in the prior year to liquidate the high levels of inventories. Given this change in mix to more in-line sales, overall gross margin percentages in the region increased 600 basis points.

Revenues in the Americas region, which includes Canada, Mexico, South America and Africa, decreased 6% to \$143.6 million. Had the dollar remained constant, revenues would have declined 3%. Canada, the largest country in the region, had a 10% decrease in constant dollar revenues, while Mexico increased 14%. Gross margins in the region also declined due to higher freight costs and

higher comparisons in the prior year due to the strength of certain currencies.

Other Brands' revenue, which includes Bauer NIKE Hockey, Cole Haan and NIKE IHM (which includes what was formally Tetra Plastics), decreased 5% for the quarter.

The breakdown of revenues follows:

	Three Months Ended August 31,		
	1999	1998	% change
(in millions)			
U.S.A. REGION			
FOOTWEAR	\$941.0	\$917.4	3%
APPAREL	332.0	374.7	-11%
EQUIPMENT AND OTHER	58.7	65.0	-10%
TOTAL U.S.A.	<u>1,331.7</u>	<u>1,357.1</u>	-2%
EUROPE REGION			
FOOTWEAR	375.3	354.2	6%
APPAREL	328.4	310.8	6%
EQUIPMENT AND OTHER	14.1	15.9	-11%
TOTAL EUROPE	<u>717.8</u>	<u>680.9</u>	5%
ASIA PACIFIC REGION			
FOOTWEAR	123.2	106.3	16%
APPAREL	62.5	79.4	-21%
EQUIPMENT AND OTHER	5.2	5.7	-9%
TOTAL ASIA PACIFIC	<u>190.9</u>	<u>191.4</u>	0%
AMERICAS REGION			
FOOTWEAR	100.6	102.6	-2%
APPAREL	38.6	47.0	-18%
EQUIPMENT AND OTHER	4.4	3.0	47%
TOTAL AMERICAS	<u>143.6</u>	<u>152.6</u>	-6%
TOTAL NIKE BRAND	<u>2,384.0</u>	<u>2,382.0</u>	0%
OTHER & OTHER BRANDS	117.1	122.8	-5%
TOTAL REVENUES	<u>\$2,501.1</u> =====	<u>\$2,504.8</u> =====	0%

Selling and administrative expenses decreased 4% from last year's first quarter and dropped to 25% of revenues, down from 26.1%. This quarter represents the fifth straight comparable quarter decline in total spending. The reductions in spending came primarily from marketing and advertising areas, as last year's first quarter included costs surrounding the World Cup with no corresponding event this fiscal year. Wage related expenses increased 2.5% over last year.

Interest expense decreased for the quarter, compared to last year, primarily due to our restructured agreement with Nissho Iwai Corporation (discussed further below), offset by increased short term debt. Other expense increased slightly over the prior year, mainly due to increased profit share expense and costs associated with the shutdown of one of our screenprint facilities.

Our tax expense for the quarter decreased to an effective rate of 38%, compared to 39.5% last year. The drop was primarily due to reduced state taxes and the utilization of tax loss carryforwards of certain foreign operations that have recently turned profitable.

Worldwide futures and advance orders for NIKE brand athletic footwear and apparel scheduled for delivery between September 1999 and January 2000 totaled \$3.2 billion, 2% higher 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 that we 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.

Restructuring charges

1999 Charge

During fiscal year 1999, a \$60.1 million restructuring charge was incurred as a result of certain actions taken to better align our cost structure with expected revenue growth rates. The charge (shown below in tabular format) was primarily for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. Two major areas that were affected by the reduction in force include our information technology functions, primarily in the U.S., as we shifted to an outsource agreement for certain areas, and European customer service and accounting, where we are in the process of consolidating functions from individual countries to our European headquarters. Outside of these two areas, employees were terminated from various other areas around the Company, including our Asia Pacific region. The total number of employees terminated was 1,291, with 840 having left as of August 31, 1999.

The second major component of the 1999 charge was a write-off of certain equipment, hardware and software development costs at one of our U.S. distribution centers due to a change in strategy around how we flow product for a specific type of business.

No increases to the 1999 charge occurred during the first quarter. The primary activity was due to cash payments of severance and lease obligations.

1998 Charge

During the fourth quarter of fiscal 1998, we recorded a restructuring charge of \$129.9 million as a result of certain of our actions to better align our 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 have been made. A total of \$15 million of the restructuring charge was reversed in fiscal year 1999. During the first quarter of fiscal year 2000 continuing cash payments were made against the reserve liability as shown in the table below. As of August 31, 1999, there were a total of 1,208 employees terminated in the original plan announced in the fourth quarter of fiscal 1998, with 1,203 having left as of that date.

Detail of the 1999 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON- CASH	FY99 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 8/31/99
ELIMINATION OF JOB RESPONSIBILITES		\$ (39.9)	\$21.9	\$ (18.0)	\$4.1	\$ (13.9)
Severance packages	cash	(28.0)	11.7	(16.3)	3.8	(12.5)
Lease cancellations & commitments	cash	(2.4)	1.6	(0.8)	0.1	(0.7)
Write-down of assets	non-cash	(7.8)	7.8	-	-	-
Other	cash/non- cash	(1.7)	0.8	(0.9)	0.2	(0.7)

CHANGE IN WAREHOUSE DISTRIBUTION STRATEGY		\$(20.2)	\$20.2	\$ -	\$ -	\$ -
Write-down of assets	non-cash	(20.2)	20.2	-	-	-
Effect of foreign currency translation		-	0.1	\$0.1	\$(0.4)	\$(0.3)
TOTAL		\$(60.1)	\$42.2	\$(17.9)	\$3.7	\$(14.2)

<Table/>

Detail of the 1998 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	FY98 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 8/31/99
ELIMINATION OF JOB RESPONSIBILITIES COMPANY-WIDE		\$(49.8)	\$46.5	\$(3.3)	\$1.0	\$(2.3)
Severance packages	cash	(29.1)	28.2	(0.9)	0.3	(0.6)
Lease cancellations & commitments	cash	(10.8)	8.4	(2.4)	0.7	(1.7)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-
Other	cash	(0.3)	0.3	-	-	-
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG		\$(13.1)	13.0	\$(0.1)	\$0.1	\$ -
Severance packages	cash	(4.6)	4.6	-	-	-
Lease cancellations & commitments	cash	(5.5)	5.4	(0.1)	0.1	-
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
DOWNSIZING THE JAPAN DISTRIBUTION CENTER		\$(31.6)	\$30.5	\$(1.1)	\$1.1	\$ -
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non cash	(19.1)	18.0	(1.1)	1.1	-
CANCELLATION OF ENDORSEMENT CONTRACTS	cash	\$(5.6)	\$5.3	\$(0.3)	\$ -	\$(0.3)
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER		\$(22.7)	\$21.7	\$(1.0)	\$0.3	\$(0.7)
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)	0.9	(0.7)	0.2	(0.5)
Severance packages	cash	(1.2)	0.9	(0.3)	0.1	(0.2)
OTHER		\$(7.1)	6.4	\$(0.7)	\$0.2	\$(0.5)
Cash	cash	(0.6)	0.6	-	-	-
Non-cash	non-cash	(6.5)	5.8	(0.7)	0.2	(0.5)
Effect of foreign currency translation		-	\$0.2	\$0.2	\$(0.5)	\$(0.3)
TOTAL		\$(129.9)	\$123.6	\$(6.3)	\$2.2	\$(4.1)

</TABLE

Euro Conversion

On January 1, 1999, eleven of the fifteen member countries of the European Union established permanent, fixed conversion rates between their existing currencies and the European Union's new common currency, the euro. During the

transition period ending December 31, 2001, public and private parties may pay for goods and services using either the euro or the participating country's legacy currency. Beginning January 1, 2002, euro denominated bills and coins will be issued, with the legacy currencies being completely withdrawn from circulation on June 30, 2002.

We have had a dedicated project team working on euro strategy since January 1998. We are in the process of making modifications to information technology systems including marketing, order management, purchasing, invoicing, payroll, and cash management. Many of our systems are already euro compliant. Our plan is to have most systems converted to euro compliance by the end of calendar year 2000, well ahead of the end of the transitional period.

We believe the introduction of the euro may create a move towards a greater level of price harmonization although differing country costs and value added tax rates will continue to result in price differences at a retail level. We have a process in place to analyze price trends among countries. Currency exchange and hedging costs could be reduced, due to the introduction of the euro.

The costs of implementing the euro are generally related to modification of existing systems, and are estimated to be approximately \$14 million. These costs will be expensed as incurred. We believe that the conversion to the euro will not be material to our financial condition or results of operations.

Year 2000 Readiness Disclosure

The Year 2000 issue (the "Year 2000" or "Y2K" 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. If we, 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. Of the 148 projects, we have completed and tested 144 as Year 2000 compliant as of September 30, 1999. Of the remaining 4, all of which are

classified as Tier 3, three will be completed by October 31, 1999, and one will be completed by November 30, 1999. NIKE plans to continue integrated testing through the end of the year. In addition, we have halted (or "frozen") new installations and upgrades of all operational systems as of October 1, 1999 and continuing through January 2000 or until we determine the risk for system failure has passed.

Non-IT Projects

By early 1999, we had identified 27 major internal non-IT remediation projects worldwide. We designated all 27 of these projects as high priority. These include facilities that are critical to NIKE's business operations, potentially including equipment, machinery, climate control and security systems at regional headquarters, key distribution centers, and in countries with significant sales. All of these projects have been completed and tested as Year 2000 compliant. All other non-IT projects are classified as non-priority non-IT projects, which include climate control, security and mechanical systems in all other facilities. 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 these 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.

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 469 of our suppliers, 163 of which we consider to be significant suppliers. We have also assessed the Year 2000 readiness of 151 customers, 59 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. The level of preparedness of our significant suppliers and customers varies 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, 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 have made independent assessments of our significant suppliers and customers and the countries in which they operate. These assessments included direct contact and discussions with persons coordinating Y2K compliance efforts for our significant suppliers and customers. We also researched regulatory filings and other public information available to NIKE provided by our significant suppliers and customers and, in general, countries in which they operate. We have identified as higher risk many of the countries that have been widely identified by government agencies and public reports as being significantly behind in their Y2K status.

CONTINGENCY PLANS

Having completed remediation and testing of most 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 and customers 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 their noncompliance throughout the extended supply chain.

We have developed contingency plans for our significant suppliers and customers. In addition, we have developed 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. We will continue to modify the contingency plans as conditions change throughout 1999.

The contingency plans for our suppliers and customers include, where appropriate, (1) booking orders and manufacturing and shipping products before anticipated business disruptions, (2) shifting production capacity from facilities that NIKE determines to be at high risk of noncompliance or business disruption, (3) consolidating finance vendors and (4) temporarily discontinuing

business with suppliers determined to be high risk of noncompliance or business disruption and finding alternative suppliers.

We have also completed contingency plans for our Tier 1 IT systems. These plans include, where appropriate, (1) manual work processes, (2) storing additional sets of backup data before critical process dates, (3) off-site system recovery, and (4) temporarily shifting production software from one hardware system to another. In addition, personnel we deem essential to system operation and recovery are scheduled to be available during high-risk periods.

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 contingency plans could have a material adverse effect on NIKE's financial condition, results of operations or liquidity.

COSTS

As of August 31, 1999, NIKE estimates that total costs related to the Year 2000 issue will be approximately \$100 to \$110 million, of which approximately \$97 million have been incurred. Of the \$97 million, approximately \$40 million are external expenses, \$18 million internal costs and \$39 million replacement projects. Approximately \$10 million of the non-replacement expenses will be capitalized; the remainder has been expensed as incurred. NIKE funds Year 2000 costs through operating cash flows. 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.

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

Our financial position remained strong at August 31, 1999. Compared to May 31, 1999 shareholders' equity increased slightly to \$3.4 billion. Working capital decreased 9% to \$1.6 billion and the current ratio was 1.91:1 at August 31, 1999 compared to 2.26:1 at May 31, 1999.

Cash provided by operations was \$316.1 million, a decrease of \$53 million compared to the first quarter of last year. While net income increased \$36.4 million in the first quarter of fiscal 2000 compared with the same period in the prior year, cash provided by operations was negatively affected by the comparable quarter on quarter decrease of \$88 million in the change in other working capital components. The primary reasons for the reduction relate to: 1) the effect of prior years liquidation of high inventory levels company wide, which resulted in a significant reduction in inventory during the first quarter of the prior year compared with a slight increase in inventory during the first quarter of fiscal 2000; 2) cash collections were less in quarter one of fiscal 2000 compared to the same period last year due to lower levels of revenue in quarter four of fiscal 1999 compared with the same period in the prior year; 3) a significant increase in the change in account payables and other current liabilities compared with the prior year given increased levels of operations and the timing of payments, most notably income taxes payable.

The increase in overall inventories of \$30.1 million includes approximately \$100 million of in-transit inventory at August 31, 1999 not previously recognized. During the first quarter of fiscal 2000, we signed a new inventory supply agreement with our trading partner, Nissho Iwai Corporation, which changed the effective date of ownership for inventory purchases in the USA. Under the new agreement, we will now recognize inventory 15 to 25 days earlier than in the past. The new agreement allows us to take over certain of the inventory financing duties from Nissho to take advantage of more favorable interest rates.

Additions to property, plant and equipment for the first quarter of fiscal

2000 were \$286 million. Approximately \$200 million related to the purchase of our distribution facility in Japan, discussed below. The other single largest expenditure related to the continued expansion of our world headquarters.

During the first quarter we finalized the purchase of our distribution facility in Japan from Nissho Iwai Corporation. We financed the purchase by assuming Nissho's loans with the Japanese Development Bank representing approximately one-half of the total purchase and obtaining short term debt for the remainder.

We believe that significant funds generated by operations, together with access to sufficient sources of funds, will adequately meet our 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 our commercial paper program, under which there was \$291 million outstanding at August 31, 1999.

Dividends per share of common stock for the first quarter of fiscal 2000 remained at \$.12 per share, the same level as the previous year.

As of August 31, 1999, we purchased a total of 11.4 million shares of NIKE's Class B common stock for \$497 million in the open market since the \$1 billion share repurchase program was approved in December 1997. During the first quarter of fiscal 2000, we purchased a total of 2.7 million shares for \$142 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, 1999.

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

The Company's annual meeting of shareholders was held on September 22, 1999. The shareholders elected for the ensuing year all of management's nominees for the Board of Directors and ratified the appointment of Price waterhouseCoopers LLP as independent accountants for fiscal 2000.

The voting results are as follows:

Election of Directors

	Votes Cast			
	For	Withheld	Broker	Non-Votes
Directors				
Elected by holders of Class A Common Stock:				
Ralph D. DeNunzio	96,428,692	-0-	-0-	-0-
Richard K. Donahue	96,428,692	-0-	-0-	-0-
Douglas G. Houser	96,428,692	-0-	-0-	-0-
John E. Jaqua	96,428,692	-0-	-0-	-0-
Philip H. Knight	96,428,692	-0-	-0-	-0-
Charles W. Robinson	96,428,692	-0-	-0-	-0-
A. Michael Spence	96,428,692	-0-	-0-	-0-
John R. Thompson, Jr.	96,428,692	-0-	-0-	-0-
Elected by holders of Class B Common Stock:				
Thomas E. Clarke	155,634,130	2,931,088	-0-	-0-
Jill K. Conway	156,340,084	2,225,134	-0-	-0-
Delbert J. Hayes	156,092,021	2,473,197	-0-	-0-
Proposal 2 - Ratify the appointment of PricewaterhouseCoopers LLP as independent accountants:				
Class A and Class B Common Stock Voting Together				
	254,430,946	90,362	510,750	-0-

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 August 31, 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: October 15, 1999

NIKE, INC.
COMPUTATION OF RATIO OF EARNINGS TO CHARGES

	Three Months Ended August 31,	
	1999	1998
	(in millions)	
Net income	\$200.2	\$163.8
Income taxes	122.7	107.0
	<hr/>	<hr/>
Income before income taxes	322.9	270.8
	<hr/>	<hr/>
Add fixed charges		
Interest expense (A)	11.7	15.6
Interest component of leases (B)	11.7	10.4
	<hr/>	<hr/>
Total fixed charges	23.4	26.0
	<hr/>	<hr/>
Earnings before income taxes and fixed charges (C)	\$344.6	\$295.4
	=====	=====
Ratio of earnings to total fixed charges	14.73	11.36
	=====	=====

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

MULTIPLIER: 1,000,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	MAY 31 2000
PERIOD END	AUG 31 1999
CASH	226
SECURITIES	0
RECEIVABLES	1776
ALLOWANCES	75
INVENTORY	1129
CURRENT ASSETS	3457
PP&E	2301
DEPRECIATION	776
TOTAL ASSETS	5704
CURRENT LIABILITIES	1808
BONDS	462
COMMON	3
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	3350
TOTAL LIABILITY AND EQUITY	5704
SALES	2501
TOTAL REVENUES	2501
CGS	1535
TOTAL COSTS	1535
OTHER EXPENSES	630
LOSS PROVISION	4
INTEREST EXPENSE	10
INCOME PRETAX	323
INCOME TAX	123
INCOME CONTINUING	200
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	200
EPS BASIC	0.71
EPS DILUTED	0.70

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