

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 10/16/95 for the Period Ending 08/31/95

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 10/16/1995 For Period Ending 8/31/1995

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, 1995 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, 1995 were:

Class A 25,880,522

Class B 45,603,473

71,483,995

=====

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

NIKE, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

Aug. 31, May 31,
1995 1995

Costs and expenses:		
Cost of sales	967,522	700,447
Selling and administrative	359,525	292,294
Interest	11,377	4,757
Other expense (income)	8,344	(830)
	<hr/>	<hr/>
	1,346,768	996,668
	<hr/>	<hr/>
Income before income taxes	267,881	173,687
Income taxes	103,100	67,700
	<hr/>	<hr/>
Net income	\$ 164,781	\$ 105,987
	=====	=====
Net income per common share(Note 2)	\$ 2.26	\$ 1.43
	=====	=====
Dividends declared per common share	\$.25	\$.20
	=====	=====
Average number of common and common equivalent shares (Note 2)	72,926	74,222
	=====	=====

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,	
	1995	1994
	<hr/>	<hr/>
	(in thousands)	
Cash provided (used) by operations:		
Net income	\$164,781	\$105,987
Income charges (credits) not affecting cash:		
Depreciation	20,039	14,757
Deferred income taxes and purchased tax benefits	3,157	7,253
Other non-current liabilities	1,085	1,490
Other	6,472	1,650
Changes in other working capital components	(63,305)	(13,727)
	<hr/>	<hr/>
Cash provided by operations	132,229	117,410
	<hr/>	<hr/>
Cash provided (used) by investing activities:		
Acquisition of business:		
Net assets acquired	--	(10,264)
Goodwill and other intangibles acquired	--	(10,347)
Additions to property, plant and equipment	(49,975)	(18,077)
Disposals of property, plant and equipment	1,085	4,222
Decrease (increase) in other assets	1,494	(1,518)
	<hr/>	<hr/>
Cash used by investing activities	(47,396)	(35,984)
	<hr/>	<hr/>
Cash (used) provided by financing activities:		
Additions to long-term debt	644	213
Reductions in long-term debt including current portion	(26,185)	(3,554)
(Increase) decrease in notes payable	(71,163)	29,933
Proceeds from exercise of options	7,637	1,405
Repurchase of stock	(18,756)	--
Dividends - common and preferred	(17,893)	(14,641)
	<hr/>	<hr/>

Cash (used) provided by financing activities	(125,716)	13,356
	_____	_____
Effect of exchange rate changes on cash	3,368	450
	_____	_____
Net (decrease) increase in cash and equivalents	(37,515)	95,232
Cash and equivalents, May 31, 1995 and 1994	216,071	518,816
	_____	_____
Cash and equivalents, August 31, 1995 and 1994	\$178,556	\$614,048
	=====	=====

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, 1995 are not necessarily indicative of results to be expected for the entire year.

NOTE 2 - Net income per common share:

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

NOTE 3 - Inventories:

Inventories by major classification are as follows:

	Aug. 31, 1995	May 31, 1995
	_____	_____
	(in thousands)	
Finished goods	\$663,530	\$618,521
Work-in-process	1,763	2,157
Raw materials	11,124	9,064
	_____	_____
	\$676,417	\$629,742
	=====	=====

NOTE 4 - Commitments and contingencies:

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

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

Operating Results

The first quarter ended August 31, 1995 established new record highs for revenues and net income. Revenues increased 38% to \$1.615 billion, compared to \$1.170 billion in the prior year's first quarter. Net income was \$165 million, or \$2.26 per share, compared to \$106 million, or \$1.43 per share for the same period in the prior year. The 55% increase in net income was due to the record revenues as well as a decrease in selling and administrative expenses as a percent of revenues, from 25% in the prior year to 22.3% in the current year.

Revenues increased \$444 million over the record \$1.2 billion reported in the same period of the prior year. U.S. footwear increased \$136

million, or 21%, resulting from an increase of 19% in pairs shipped and a 2% increase in average selling price due to sales mix. Revenues increased in all U.S. footwear categories. U.S. apparel was up \$88 million over last year's first quarter, an increase of 93%. International revenues increased \$131 million, or 36%, composed of 33% and 48% increases in international (non-U.S.) footwear and apparel revenues, respectively. The international growth included a 6% increase resulting from new NIKE subsidiaries and a positive 8% affect from foreign exchange translation. All other brands, which includes Cole Haan (R), Tetra Plastics, Sports Specialties and Canstar Sports, increased during the quarter, however the primary increase was due to \$75 million in revenues from Canstar Sports, which was acquired in the third quarter of the prior fiscal year. The breakdown of revenues follows:

	Three months ended Aug. 31		
	1995	1994	% Change
	(in thousands)		
U.S. Footwear	\$791,568	\$655,142	21%
U.S. Apparel	182,483	94,735	93%
	-----	-----	—
Total United States	974,051	749,877	30%
International Footwear	366,678	276,462	33%
International Apparel	126,034	85,134	48%
	-----	-----	—
Total International	492,712	361,596	36%
Other Brands	147,886	58,882	151%
	-----	-----	—
Total Revenues	\$1,614,649	\$1,170,355	38%
	=====	=====	===

Consolidated gross margins were relatively flat at 40.1% compared to 40.2% in the prior year. Strong demand for NIKE products combined with sound inventory management resulted in stable NIKE brand margins. The Company continues to place strong emphasis on inventory management, minimizing foreign exchange risk, and production sourcing in order to maximize gross profit.

Selling and administrative expenses increased \$67 million in absolute dollars over the previous year's first quarter, however, as a percent of sales decreased 2.7 percentage points to 22.3%. The largest increase in absolute dollars was \$29 million from international, with \$12 million a result of exchange rates, \$5 million from new subsidiaries, and the remainder due to increased levels of operations. U.S. NIKE brand operations were up \$22 million, primarily in planned marketing expenses. Canstar Sports added \$12 million of expenses. The Company anticipates that total fiscal 1996 selling and administrative expense as a percent of revenues will approximate the prior year.

Interest expense for the quarter increased \$6.6 million over the prior year due to increased short term borrowings for both U.S. and international operations. Other income decreased \$9.2 million, primarily as a result of increased goodwill expense, increased profit share plan expense and decreased interest income. Goodwill expense and interest income were most significantly affected by the acquisition of Canstar Sports.

The Company's effective tax rate for the quarter was 38.5% compared to 39.0% in the prior year. This is primarily due to lower taxes provided on non-U.S. earnings. The Company anticipates the tax rate for fiscal 1996 will approximate 38.5%.

Worldwide orders for NIKE Brand athletic footwear and apparel scheduled for delivery from September 1995 through January 1996 were approximately \$2.3 billion, 32% higher than such orders booked in the comparable period of the prior year. These orders are not necessarily indicative of total revenues for subsequent periods because the mix of advance orders and "at once" shipments may vary significantly from quarter to quarter and year to year. Additionally, as international operations continue to shift to a greater emphasis on futures orders, this mix again may vary. Finally, exchange rates can cause differences in the comparisons.

Liquidity and Capital Resources

The Company's financial position remains strong, with working capital rising \$119 million since May 31, 1995. The working capital ratio remained the same as of May 31, 1995 at 1.9:1.

Cash and equivalents decreased \$38 million from May 31, 1995. Cash provided by operations was reduced by increases in working capital components. Other significant uses of cash included additions to property, plant and equipment, decreases in short term borrowings and long term debt.

The increase in working capital components was primarily due to increases in accounts receivable and inventories, offset by increases in accounts payable and taxes payable. The increase in accounts receivable of \$139 million was due to sales growth in both July and August over last May's comparable two month period. Overall inventories increased \$47 million in conjunction with levels of operations, primarily due to U.S. apparel and international footwear and apparel inventories which have increased \$18 million and \$58 million, respectively. U.S. footwear

inventories decreased \$29 million due to record shipments and timing of inventory receipts. Increases in accounts payable and taxes payable are a result of the increased level of operations.

The additions to property, plant and equipment were composed of normal operational spending, the continued consolidation of European footwear warehouses, expansion of NIKE Town retail locations and acquisition of land adjacent to the world headquarters.

The Company also utilized cash to reduce short term debt outstanding at May 31, 1995 and to retire long term debt acquired in the purchase of Canstar Sports.

During the quarter, the Company purchased 200,000 shares of its own stock under the stock repurchase program announced in July 1993, bringing the total number of shares purchased in the program to approximately 5,149,000.

In September of 1995, the Company's Board of Directors announced a two-for-one stock split following shareholder approval an increase in the number of authorized Class A and Class B Common shares. The stock split will be in the form of a 100 percent stock dividend to be paid on October 30, 1995 to shareholders of record on October 9, 1995.

The debt to equity ratio at August 31, 1995 was .6:1 compared to .6:1 at May 31, 1995 and .4:1 at August 31, 1994. Management believes that funds generated by operations, together with currently available resources, will adequately finance anticipated fiscal 1996 expenditures, with the potential exception of the stock repurchase program discussed above. At August 31, 1995, the Company had \$300 million available in committed unused lines of credit.

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, 1995.

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

The Company's annual meeting of shareholders was held on September 18, 1995. The shareholders elected for the ensuing year all of management's nominees for the Board of Directors, and passed by a majority vote Proposal 2 approving the increase in authorized common stock, Proposal 3 approving the Executive Performance Sharing Plan and Proposal 4 ratifying the appointment of independent accountants. The voting results are as follows:

Election of Directors

Director	For	Votes Cast	Withheld
Elected by holders of Class A Common Stock:			
Ralph D. DeNunzio	25,133,498	(99.972%)	7,000
Richard K. Donahue	25,133,498	(99.972%)	7,000
Douglas G. Houser	25,133,498	(99.972%)	7,000
John E. Jaqua	25,133,498	(99.972%)	7,000
Philip H. Knight	25,133,498	(99.972%)	7,000
Kenichi Ohmae	25,133,498	(99.972%)	7,000
Ralph A. Pfeiffer, Jr.	25,133,498	(99.972%)	7,000
Charles W. Robinson	25,133,498	(99.972%)	7,000
A. Michael Spence	25,133,498	(99.972%)	7,000
John R. Thompson, Jr	25,133,498	(99.972%)	7,000
Elected by holders of Class B Common Stock:			
William J. Bowerman	38,245,687	(98.748%)	484,860
Thomas E. Clarke	38,266,447	(98.802%)	464,020
Jill K. Conway	38,306,354	(98.905%)	424,113
Delbert J. Hayes	38,260,338	(98.786%)	470,129

Proposal 2 - Approval of the increase in authorized shares:	For	Against	Abstain
Class A Common Stock	25,133,498 (99.972%)	7,000	0
Class B Common Stock	28,402,266 (73.333%)	10,201,984	127,117

Proposal 3 -
Approval of Executive
Performance Sharing Plan:

Class A Common Stock	25,133,498 (99.972%)	7,000	0
Class B Common Stock	37,513,611 (96.058%)	1,021,352	195,504

Proposal 4 -
Ratification of Appointment
of Accountants:

Class A Common Stock	25,133,498 (99.972%)	7,000	0
Class B Common Stock	38,603,851 (99.673%)	18,287	108,329

Item 6. Exhibits and Reports on Form 8-K:

(a) EXHIBITS:

3.1 Restated Articles of Incorporation, as amended.

3.2 Third Restated Bylaws, as amended.

4.1 Restated Articles of Incorporation, as amended (see Exhibit 3.1).

4.2 Third Restated Bylaws, as amended (see Exhibit 3.2).

10.1 Credit Agreement dated as of September 15, 1995 among NIKE, Inc., Bank of America National Trust & Savings Association, individually and as Agent, and the other banks party thereto.

10.2 Form of non-employee director Stock Option Agreement (incorporated by reference from Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1993).*

10.3 Form of Indemnity Agreement entered into between the Company and each of its officers and directors (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 21, 1987).

10.4 NIKE, Inc. Restated Employee Incentive Compensation Plan (incorporated by reference from Registration Statement No. 33-29262 on Form S-8 filed by the Company on June 16, 1989).*

10.5 NIKE, Inc. 1990 Stock Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 17, 1990).*

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

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

27 Financial Data Schedule.

* Management contract or compensatory plan or arrangement.

(b) The following reports on Form 8-K were filed by the Company during the first quarter of fiscal 1996:

Form 8-K

July 11, 1995

ITEM 5. OTHER EVENTS.

Press release
announcing 4th quarter
earnings

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NIKE, Inc. An Oregon Corporation

BY: *s/Robert S. Falcone*

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

DATED: *October 13, 1995*

**RESTATED ARTICLES OF INCORPORATION
OF
NIKE, INC.**

ARTICLE I

These Restated Articles of Incorporation supersede the previously existing Articles of Incorporation of NIKE, Inc. and all amendments thereto.

ARTICLE II

The name of this Corporation is NIKE, Inc. and its duration shall be perpetual.

ARTICLE III

The purposes for which this Corporation is organized are to engage in any lawful activity for which corporations may be organized under ORS Chapter 57.

ARTICLE IV

The aggregate number of shares which the Corporation shall have the authority to issue is divided as follows:

- A. 110,000 shares of Class A Common Stock, no par value;
- B. 350,000 shares of Class B Common Stock, no par value; and
- C. 300,000 shares of Preferred Stock, \$1.00 par value.

Immediately upon the filing of these Restated Articles of Incorporation with the Corporation Commissioner for the State of Oregon, each share of the Corporation's Common Stock, without par value, outstanding immediately prior to such filing shall become, without further action and without the necessity of transfer or exchange of any share certificates, 30 shares of the Corporation's Class A Common Stock, without par value, and the holders thereof shall be entitled to all of the rights and preferences of such class of stock as set forth in these Restated Articles of Incorporation.

The Class A Common Stock and the Class B Common Stock are sometimes collectively referred to herein as the "Common Stock." The designations, preferences, limitations and relative rights granted to or imposed upon the respective classes of the shares of capital stock and the holders thereof are as follows:

A. Preferred Stock, \$1.00 par value

1. Dividends. The holders of Preferred Stock shall be entitled to receive dividends at the rate of \$.10 per share per annum payable annually on May 31. Dividends shall be cumulative. Computation of the amount of dividends accrued in respect of a fraction of a year shall be on the basis of a 365-day year. In case dividends for any period are not paid in full, all shares of Preferred Stock shall participate ratably in the payment of dividends for such period in proportion to the full amount of such dividends for such period to which they are entitled. Unpaid dividends shall bear interest at the rate of 12 percent per annum. No dividend shall be declared or paid or set apart for payment in any fiscal year on the Common Stock or on any class of stock of the Corporation ranking as to dividends subordinate to the Preferred Stock, until all dividends for such fiscal year for all outstanding shares of Preferred Stock have been declared and paid, or set apart for payment, in full.

2. Voting Rights. Except as otherwise expressly required by law, shares of Preferred Stock shall not be entitled to vote on any matter submitted to shareholders, other than matters listed below:

- (a) Sale of all or substantially all of the assets of the Corporation or any of its subsidiaries.
- (b) Merger, consolidation, liquidation or dissolution of the Corporation.
- (c) Sale or assignment of the "NIKE" trademark for athletic shoes sold in the United States.

On any of the foregoing matters or on any matters as to which voting of the Preferred Stock shall be expressly required by law, such stock shall be entitled to one vote per share, and it shall vote as a separate class.

If any such matter is submitted for approval by Preferred Shareholders and is not approved by the holders of more than 66-2/3 percent of the shares of Preferred Stock outstanding, the Corporation and the holders of Preferred Stock shall have the following rights and obligations:

(a) Holders of Preferred Stock voting against the action may require the Corporation to redeem all of its shares of Preferred Stock by giving written notice to the Corporation and stating that the shares of Preferred Stock shall be redeemed by the Corporation on a specified date, which may not be less than 60 days from the date of the notice. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any.

(b) The Corporation may redeem any or all of the shares of Preferred Stock voting against the action by giving written notice to the holders of Preferred Stock and stating in such notice that the shares of Preferred Stock shall be redeemed by the Corporation on a specified date, which may not be more than 60 days from the date the notice is given. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any.

3. Liquidation. The holders of Preferred Stock shall be entitled to receive, before any payment or distribution of the assets of the Corporation, whether capital or surplus, shall be made to or set apart for the holders of the Common Stock or any other series or class of stock ranking junior to such Preferred Stock as to rights upon liquidation, dissolution or winding up of the affairs of the Corporation, voluntarily or involuntarily, \$1.00 per share, together with all dividends declared and unpaid thereon to the date of final distribution, and no more. If, upon liquidation, dissolution or winding up of the Corporation, the assets of the Corporation distributable among the holders of Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets shall be distributed among such holders ratably in proportion to the full amounts which would be payable on said shares if all amounts payable thereon were paid in full. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation, nor a sale, transfer or lease of all or any part of the assets of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph.

4. Redemption by the Corporation. The Corporation, at its option, may redeem shares of Preferred Stock in any one or more of the following situations:

(a) The Corporation may redeem all, but not less than all, of the shares of Preferred Stock by giving written notice to the holders of Preferred Stock and stating in such notice that the shares of Preferred Stock shall be redeemed by the Corporation on a specified date which shall not be more than 90 days from the date the notice is given. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any. At the time of any redemption under this paragraph A.4.(a) of Article IV, in addition to paying the redemption price, the Corporation shall repay the entire indebtedness owed by the Corporation to the holders of Preferred Stock.

(b) If a holder of Preferred Stock desires to sell or transfer the Preferred Stock (to any person other than Nissho Iwai Co., Ltd. or one of its subsidiaries), the Corporation may redeem the Preferred Stock proposed for sale. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any.

(i) In the event of a proposed sale or transfer, the holder of Preferred Stock shall notify the Corporation of its intention to sell or transfer the Preferred Stock and provide the Corporation with the name of the proposed transferee and the terms of the transfer. If the Corporation chooses to exercise its right to redeem, the Corporation shall give the holder of Preferred Stock written notice of its intention to redeem within 15 days from the date the Corporation receives notice of the holder's proposed sale or transfer. Any such redemption notice by the Corporation will provide for redemption no more than 60 days from the time such redemption notice is given by the Corporation to the holder of Preferred Stock.

(ii) If a holder of Preferred Stock sells or transfers Preferred Stock, any transferee shall be subject to the redemption rights set forth in these Articles.

(c) In the event that the Supply Agreement executed by the Corporation and Nissho Iwai American Corporation on October 7, 1976, is terminated by either party, the Corporation may redeem by giving written notice to the holders of the Preferred Stock and stating in such notice that the shares of Preferred Stock shall be redeemed on a specified date which shall not be more than 60 days from the date such notice is given. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any.

Notice of any proposed redemption of shares of Preferred Stock shall be given by the Corporation by mailing a copy of such notice to the holders of record of the shares to be redeemed, at their respective addresses as appearing on the books of the Corporation.

5. Redemption by Holder. In the event that the Supply Agreement executed by the Corporation and Nissho Iwai American Corporation on October 7, 1976, is terminated by either party, the holders of the Preferred Stock may redeem by giving written notice to the Corporation and stating in such notice that the shares shall be redeemed on a specified date which shall not be less than 60 days from the date such notice is given. The redemption price shall be \$1.00 per share, plus accrued dividends and interest, if any.

B. Class A Common Stock and Class B Common Stock.

1. Voting Rights. Subject to the rights granted herein to the Preferred Stock, the holders of the Common Stock shall possess all of the voting power of the capital stock of this Corporation. All such shares shall have one vote per share and shall vote together as one class except as provided in this Article IV, Section B, subsection 1, or as may otherwise be required by law.

At any time that the number of outstanding shares of the Class B Common Stock shall equal or exceed 25 percent of the total outstanding shares of Common Stock, determined as of the record date established for the purpose of determining shareholders entitled to vote, the shares

of the Class A and Class B Common Stock shall vote separately for the purpose of electing directors. At any such time, the holders of the Class B Common Stock, voting as a separate class, shall be entitled to elect a number of directors equal to 25 percent (rounded up to the nearest whole number) of the total number of authorized directors. The holders of the Class A Common Stock, voting as a separate class, shall elect all remaining members of the Board of Directors. The two classes shall continue to vote separately for the election of directors as long as the outstanding shares of the Class B Common Stock represent 25 percent or more of the total outstanding Common Stock.

Without regard to the above provisions relating to class voting for directors, if at any time the number of outstanding shares of the Class A Common Stock shall be less than 12.5 percent of the total outstanding Common Stock, the holders of the Class B Common Stock shall continue to elect, voting as a separate class, 25 percent (rounded up to the nearest whole number) of the total number of authorized directors, and the holders of the Class A Common Stock and the holders of the Class B Common Stock shall elect all remaining members of the Board of Directors, voting together as a single class.

In any vote for the removal of a director from office, the shares of the Class A and Class B Common Stock shall vote together and as one class, except that a director elected by the vote of either the Class A Common Stock or the Class B Common Stock, voting separately as a class, or a director appointed to fill the vacancy left by a director who was elected by separate class vote, may be removed from office only upon the affirmative vote of the holders of a majority of the outstanding shares of the class which elected him or his predecessor.

Nothing within this Article IV concerning voting rights is intended to modify or otherwise affect the voting provisions which are contained in Article VI of these Restated Articles of Incorporation, as amended.

2. Conversion Rights of the Class A Common Stock.

Subject to the following terms and conditions, each share of Class A Common Stock shall be convertible into a fully paid and nonassessable share of the Class B Common Stock. At the option of the respective holders, up to 1,017,000 shares of Class A Common Stock which will be outstanding upon the filing with the Oregon Corporation Commissioner of these Restated Articles of Incorporation shall be convertible at any time, and all remaining shares shall be convertible at any time from and after the 90th day following the effective date under the Securities Act of 1933 of the Corporation's Registration Statement filed with the Securities and Exchange Commission in October 1980. The conversion ratio shall be one share of Class B Common Stock for each share of Class A Common Stock surrendered for conversion. Such conversion rights shall include and be subject to the following:

(a) Conversion may be affected as to all or any whole number of shares evidenced by any certificate for shares of Class A Common Stock upon surrender of such certificate to the Corporation at its principal office or to such agent or agents as may be designated by the Board of Directors. Shares so surrendered for conversion shall be accompanied by written evidence of the holder's election to convert such shares and (if so requested by the Corporation) accompanied by an instrument of transfer, in form satisfactory to the Corporation, duly executed by the holder or his duly authorized attorney.

(b) As promptly as practicable after the surrender of the shares for conversion in the manner herein provided, the Corporation shall deliver or cause to be delivered to the holder of the shares so surrendered, certificates representing the number of fully paid and nonassessable shares of the Class B Common Stock of the Corporation into which such shares of Class A may be converted together with (if the certificate for the shares of Class A surrendered includes shares which are not being converted) certificates representing the number of shares of Class A Common Stock not then being so converted. Such conversion shall be deemed to have been made as soon as the shares of the Class A Common have been surrendered for conversion in the manner herein provided, so that the rights of the holder of the shares of Class A Common so surrendered shall cease at such time and the person entitled to receive the Class B Common Stock upon such conversion shall be treated for all purposes as having become the record holder of such shares of Class B Common Stock at such time; provided, however, that no such surrender on any date when the stock transfer books of the Corporation shall be closed or after the record date shall have been set shall be effective to constitute the person or persons entitled to receive the shares of Class B Common Stock upon conversion of their shares of Class A Common Stock as the record holder or holder of such shares of Class B Common Stock on such date, but rather such shares shall retain the rights of Class A Common Stock until after the event for which the record date was set or the transfer books were closed.

(c) The Corporation shall at all times reserve and keep available for issue upon the conversion of the Class A Common Stock such number of its authorized but unissued shares of Class B Common Stock as will be sufficient to permit the conversion of all outstanding shares of the Class A Common Stock.

(d) In the case of any reclassification of the outstanding shares of the Class B Common Stock, or in the case of any consolidation or merger of the Corporation with or into another corporation, the result of which is that shares of Class B Common Stock become convertible into or entitled to receive securities or other property different from that which shares of Class A Common Stock then outstanding shall have the right thereafter to convert any of such shares into the kind and amount of shares of stock and other securities which a holder of that number of shares of the Class B Common Stock into which such shares are convertible received or is entitled to receive.

(e) At no time shall the record date be set for any vote by the shareholders of the Corporation upon any merger, consolidation, sale of substantially all of the assets of the Corporation or any other event which under the Oregon Business Corporation Act is required to be submitted to the shareholders for a vote without first providing not less than 10 days' prior written notice of such date and event to the registered holders of the Class A Common Stock as shown on the books of the Corporation, if as a part of such transaction the shares of the Class B Common Stock are to be treated differently or to be entitled to different rights than the shares of the Class A Common Stock.

3. Other Rights. All rights to which holders of capital stock are entitled and which are not expressly granted to the Preferred Stock under this Article are reserved to and vested in the Common Stock. In all respects other than voting, which rights are set forth hereinabove, the shares of the Class A and the Class B Common Stock shall have identical rights, provided that no stock dividend, stock split or other issuance of shares by the Corporation without consideration shall without express authorization of the Board of Directors result in the shares of one class of stock becoming entitled to receive shares of the other. No stock dividend, stock split or other issuance of shares without consideration shall be effected by the Corporation with respect to either class of Common Stock except such action as shall affect both classes of stock ratably on a share-for-share basis. There shall be no preference between shares of Class A Common Stock and shares of Class B Common Stock with respect to dividends or the rights to proceeds upon liquidation, dissolution or the winding up of the affairs of the Corporation.

ARTICLE V

The authorized number of directors of the Corporation shall be seven, provided that such number may be increased (or decreased to not less than 5) by resolution of the Board of Directors. Vacancies on the Board may be filled by the affirmative vote of the remaining directors, including any vacancy created by an increase in the number of directors, provided that no vacancy created by the resignation, removal from office or death of a director who was elected by a separate class vote of the Common Stock shall be filled by the Board of Directors, except upon the affirmative vote of a majority of the remaining directors similarly elected by such class. If none shall be remaining, the vacancy shall be filled by the remainder of the directors.

ARTICLE VI

A. The affirmative vote of the holders of not less than 80 percent of all outstanding Common Stock, voting as one class, shall be required for the approval or authorization of any "business combination" (as hereafter defined) with any person or entity which, as of the record date for the determination of the shareholders entitled to notice thereof and to vote thereon, is the beneficial owner of 10 percent or more of the outstanding Common Stock of the Corporation. Any such 80 percent vote in order to constitute due and valid authorization under this Article must include not less than 50 percent of the Common Stock held by persons other than the person or entity interested in such transaction.

B. The term "business combination" shall mean

1. any merger or consolidation of the Corporation or any subsidiary of the Corporation with or into any other person or entity;
2. the sale of substantially all of the assets of the Corporation to any other person or entity; or
3. any other transaction with such person or entity for which approval of the shareholders of this Corporation is required by law or by any agreement between the Corporation and any national securities exchange.

C. The foregoing voting requirements shall not be applicable to any business combination approved by resolution of the Board of Directors prior to any such shareholder vote, provided that the resolution received the affirmative vote of a majority of the directors elected at the most recent annual meeting of shareholders (including any replacements for such directors who were appointed by the board), or to any business combination solely between the Corporation and any other corporation or entity in which 50 percent or more of the voting stock or interest is owned by the Corporation.

D. Beneficial ownership for purposes of this Section shall be deemed to include all shares which would be determined to be beneficially owned (whether directly by such person or entity or indirectly through any affiliate or otherwise) under Rule 13d-3 of the Securities and Exchange Commission as in effect on the date of filing of these Restated Articles of Incorporation with the Oregon Corporation Commissioner as well as all shares of the Corporation which the other entity has the right to acquire, pursuant to any agreement or otherwise.

E. The determination of whether a proposed business combination is within the scope of this Article VI, including without limitation, the determination of whether such other party beneficially owns 10 percent or more of the outstanding Common Stock of the Corporation for purposes of this Article VI, shall be made by the Board of Directors. Such determination shall, if made in good faith, be binding upon all parties.

F. The shareholder vote, if any, required for any business combination not expressly subject to the supermajority voting provision of this Article VI shall be such vote as may otherwise be required by applicable law.

ARTICLE VII

Articles V and VI, and this Article VII, of these Restated Articles of Incorporation may not be amended except upon the affirmative vote of 80 percent of the outstanding Common Stock.

ARTICLE VIII

A. The Corporation shall have the power to indemnify to the fullest extent not prohibited by law any person who is made or threatened to be made a party to, witness in, or otherwise involved in, any action, suit or proceeding, whether civil, criminal, administrative, investigative, legislative, formal or informal, internal or external or otherwise (including an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation or a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the Corporation, or serves or served at the request of the Corporation as a director, officer, employee or agent or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust, or other enterprise. Any indemnification provided pursuant to this Article VIII shall not be exclusive of any rights to which the person indemnified may otherwise be entitled under any articles of incorporation, bylaw, agreement, statute, policy of insurance, vote of shareholders or Board of Directors, or otherwise, which exists at or subsequent to the time such person incurs or becomes subject to such liability and expense.

B. To the fullest extent not prohibited by law, no director of the Corporation shall be personally liable to the Corporation or its shareholders for

monetary damages for conduct as a director. No amendment or repeal of this Article VIII, nor the adoption of any provision of these Restated Articles of Incorporation inconsistent with this Article VIII, nor a change in the law, shall adversely affect any right or protection that is based upon this Paragraph B and pertains to conduct that occurred prior to the time of such amendment, repeal, adoption or change. No change in the law shall reduce or eliminate the rights and protections set forth in this Paragraph B unless the change in the law specifically requires such reduction or elimination. If the Oregon Business Corporation Act is amended after this Article VIII becomes effective to authorize corporate action further eliminating or limiting the personal liability of directors of the Corporation, then the liability of directors of the Corporation shall be eliminated or limited to the fullest extent not prohibited by the Oregon Business Corporation Act as so amended.

ARTICLE IX

(1) No contract or other transaction between the Corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

- (a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or
- (b) The fact of such relationship or interest is disclosed or known to the shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or
- (c) The contract or transaction is fair and reasonable to the Corporation.

(2) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes or ratifies such contract or transaction.

This Article shall not invalidate any contract or other transaction which would otherwise be valid under applicable law.

ARTICLE X

No holder of any class of stock of the Corporation now or hereafter authorized shall have any preemptive or preferential right of subscription to or otherwise be entitled to acquire any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any obligation convertible or exchangeable into stock of the Corporation, or any right, option or warrant of subscription to any of the foregoing, other than such, if any, as may be specifically authorized by, pursuant to the authority hereby given, the Board of Directors.

ARTICLE XI

The stated capital of the Corporation at the time of the adoption of these Restated Articles of Incorporation is \$_____.

Executed this ___ day of _____, 19____.

NIKE, Inc.

NIKE, INC.

THIRD RESTATED BYLAWS

(Adopted September , 1995)

NIKE, INC.

THIRD RESTATED BYLAWS

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NIKE, INC.

THIRD RESTATED BYLAWS

ARTICLE 1 - Offices

Section 1. Principal Office. The registered office and principal executive offices of NIKE, Inc., an Oregon corporation (the "Corporation"), shall be located in Beaverton, Oregon, or such other location as the Board of Directors may determine.

Section 2. Additional Offices. The Corporation may also have offices at such other places, either within or without Oregon, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE 2 - Shareholders

Section 1. Place of Meetings. Meetings of the shareholders of the Corporation shall be held at Beaverton, Oregon, or any other place, either within or without Oregon, selected by the Board of Directors, or in the absence of a selection by the Board of Directors, by the Chairman of the Board.

Section 2. Annual Meetings. The annual meeting of the shareholders shall be held on the third Monday in September of each year if not a legal holiday, and if a legal holiday then on the next succeeding business day, at such time as may be designated by the Board of Directors and specified in the notice of the meeting. The Board of Directors shall have the discretion to designate a different annual meeting date for any year, provided that the date so designated is within 60 days of the date specified in the preceding sentence. At the annual meeting, the shareholders shall elect by vote a Board of Directors, consider reports of the affairs of the Corporation, and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. The Corporation shall hold a special meeting of shareholders upon the call of the Chairman of the Board or the Board of Directors, or if the holders of at least 10 percent of all votes entitled to be cast on any issue proposed to be considered at the special meeting sign, date and deliver to the Secretary of the Corporation one or more written demands for the meeting describing the purpose or purposes for which it is to be held. Special meetings of the shareholders may not be called by any other person or persons.

Section 4. Notice of Meetings and Waiver.

(a) General. The Corporation shall notify shareholders in writing of the date, time and place of each annual and special shareholders meeting not earlier than 60 days nor less than ten days before the meeting date. Except as otherwise required by applicable law, the Corporation is required to give notice only to shareholders entitled to vote at the meeting. Such notice is effective when mailed if it is mailed postage prepaid and is correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders. Except as otherwise required by applicable law, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. Notice of a special meeting shall include a description of the purpose or purposes for which the meeting is called.

(b) Adjourned Meetings. If an annual or special shareholders meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is fixed, or is required by law to be fixed, notice of the adjourned meeting shall be given to persons who are shareholders as of the new record date. A determination of shareholders entitled to notice of or to vote at a shareholders meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

(c) Waiver of Notice. A shareholder's attendance at a meeting waives objection to (i) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (ii) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 5. Quorum. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless otherwise required by law, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. In the absence of a quorum, a majority of those present in person or represented by proxy may adjourn the meeting from time to time until a quorum exists. Any business that might have been transacted at the original meeting may be transacted at the adjourned meeting if a quorum exists.

Section 6. Voting Rights. The voting rights of holders of stock of the Corporation, and the circumstances under which any class of stock has special voting rights and the manner of exercise thereof, are as set forth in the Restated Articles of Incorporation, as amended (the "Restated Articles"). Only shares of stock are entitled to vote. Except as otherwise provided in the Restated Articles or by applicable law: (i) each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders meeting; (ii) if a quorum exists, action on a matter, other than the election of directors, by a voting group shall be approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action; and (iii) directors shall be elected by a plurality of the votes cast by holders of the shares entitled to vote in the election at a meeting at which a quorum is present.

Section 7. Voting of Shares by Certain Holders. If the name signed on a vote, consent, waiver or proxy corresponds to the name of a shareholder, the Corporation, if acting in good faith, is entitled to accept the vote, consent, waiver or proxy and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver or proxy does not correspond to the name of its shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver or proxy and give it effect as the act of the shareholder if authorized by ORS 60.237 or any successor provision dealing with acceptance of votes.

Shares of the Corporation are not entitled to be voted if (i) they are owned, directly or indirectly, by another domestic or foreign corporation, and (ii) the Corporation owns, directly or indirectly, a majority of the shares entitled to be voted for the directors of such other corporation. This paragraph does not limit the power of a corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

Any redeemable shares that the Corporation may issue are not entitled to be voted after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

Section 8. Proxies. A shareholder entitled to vote or to execute any waiver or consent may do so either in person or by written proxy duly executed and filed at or before the meeting at which it is to be used with the Secretary at the Corporation or other officer or agent of the Corporation authorized to tabulate votes. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the Corporation authorized to tabulate votes. An appointment is valid for 11 months unless a longer period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 9. Shareholder Lists. After fixing a record date for a meeting, the Corporation shall prepare an alphabetical list of the names of all of its shareholders who are entitled to notice of the meeting. The list shall be arranged by voting group, and within each voting group, by class or series of shares and show the address of and the number of shares held by each shareholder. The shareholder list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting for which the list was prepared is given and continuing through the meeting. Such list shall be kept on file at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, or the shareholder's agent or attorney, shall be entitled on written demand to inspect and, subject to the requirements of law, to copy the list during regular business hours and at the shareholder's expense during the period it is available for inspection. The Corporation shall make the shareholder list available at the meeting, and any shareholder, or the shareholder's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment. The original stock transfer book shall be prima facie evidence as to who are the shareholders entitled to inspect such list or to vote at any meeting of shareholders. Refusal or failure to prepare or make available the shareholder list does not affect the validity of action taken at the meeting.

Section 10. Business of Shareholder Meetings.

(a) The Chairman of the Board, or such other officer of the Corporation designated by the Board of Directors, shall call meetings of the shareholders to order and shall act as presiding officer thereof. Unless otherwise determined by the Board of Directors prior to the meeting, the presiding officer, or any person he or she designates, shall also have the authority in his or her sole discretion to regulate the conduct of any such meeting, including, without limitation: the establishment of rules for determining if business is to be brought before such meeting; the establishment of procedures for the maintenance of order and safety; setting limitations on the time allotted to questions or comments on the affairs of the Corporation; imposing restrictions on entry to such meeting of shareholders after the time prescribed for the commencement thereof; determining the opening and closing of the voting polls; imposing restrictions on the persons (other than shareholders or their proxies) who may attend such meeting; ascertaining whether any shareholder or his or her proxy may be excluded from such meeting based upon any determination by the presiding officer, in his or her discretion, that any such person has disrupted or is likely to disrupt the proceedings thereat; and by determining the circumstances in which any person may make a statement or ask questions at such meeting.

(b) Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders meeting.

(c) At the annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a shareholder, and (iv) under law, an appropriate subject of shareholder action.

(d) In addition to any other applicable requirements, including, without limitation, requirements relating to solicitation of proxies and proposals of security holders under the Securities Exchange Act of 1934, as amended, (the "Proxy Rules") for business to be properly brought before the annual meeting by a shareholder, including nominations of persons for election to the Board of Directors, the shareholder must have given

timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be received by the Secretary at the principal executive offices of the Corporation, not less than 60 days prior to the meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting; (ii) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business; (iii) the class and number of shares of the Corporation which are beneficially owned by the shareholder; (iv) any material interest of the shareholder in such business; (v) a description of all arrangements or understandings between such shareholder and any other person or persons in connection with the proposal of such business, (vi) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting; and (vii) with regard to nominations, all information required by the Proxy Rules.

(e) No business shall be conducted at an annual or special meeting except in accordance with the procedures set forth in this Section 10. The presiding officer at a shareholders meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section. If the presiding officer should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(f) The Chairman of the Board shall, in advance of any meeting of shareholders, appoint one or more inspectors of election to act at the meeting. The inspectors of election shall decide upon the qualifications of voters, count the votes, declare the results and make a written report thereof.

ARTICLE 3 - Directors

Section 1. Powers. The Corporation shall have a Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

Section 2. Number and Qualifications. The number of directors shall be determined by resolution of the Board of Directors, and shall not be less than five. Any decrease in the number of directors designated by the Board of Directors shall not shorten an incumbent director's term. Directors need not be residents of Oregon or shareholders of the Corporation.

Section 3. Election and Tenure. The directors shall be elected at the annual meeting of the shareholders, by separate vote of the Class A and Class B Common Stock in the manner required by the Restated Articles. Their term of office shall begin immediately after election. The terms of all directors, including a director elected to fill a vacancy, expire at the next annual shareholders meeting following their election. Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualifies or until there is a decrease in the number of directors.

Section 4. Vacancies. A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director or upon an increase in the number of directors. If a vacancy occurs on the Board of Directors as a result of death, resignation or removal from office of a director who is elected by a separate class vote of the common stock, it shall be filled by the affirmative vote of a majority of the remaining directors similarly elected by such class. If none shall be remaining, the vacancy shall be filled by all directors then in office. If the directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by an affirmative vote of a majority of all of the directors remaining in office. If a vacancy occurs on the Board of Directors as a result of an increase in the number of directors, the Board of Directors may fill such vacancy, provided they may not elect more than three additional directors in any period between annual shareholders meetings to fill such vacancies.

Section 5. Resignation. A director may resign at any time by delivering written notice to the Chairman of the Board of Directors, the Board of Directors or the Corporation.

Section 6. Removal. The shareholders may remove one or more directors with or without cause. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove the director. A director may be removed by the shareholders only at a meeting called for the purpose of removing the director and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director.

Section 7. Meetings - Notice and Waiver.

(a) The Board of Directors may hold regular or special meetings in or out of Oregon.

(b) Regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting. The Board of Directors may fix, by resolution, the time and place for the holding of regular meetings.

(c) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board, or a majority of directors. Notice of special meetings of the Board of Directors shall be preceded by at least 48 hours' notice of the date, time, place and general purpose of the meeting. The notice shall be given orally, either in person or by telephone, or shall be delivered in writing, either personally, by mail or by facsimile or by telegram.

(d) Notice of the time and place of holding any adjourned meeting need not be given if such time and place are fixed at the meeting adjourned.

(e) The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice, or consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 8. Quorum and Vote.

(a) A majority of the directors in office shall constitute a quorum for the transaction of business. A majority of the directors present, in the absence of a quorum, may adjourn from time to time but may not transact any business. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, unless a different vote is required by law.

(b) A director who is present at a meeting of the Board of Directors, or is present at a meeting of a committee of the Board of Directors, when corporate action is taken, is deemed to have assented to the action taken unless (i) the director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting business at the meeting, (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 9. Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, without limitation, an annual fee, a fixed sum for attending each Board and committee meeting, and their expenses of attendance at each meeting of the Board or a committee. No such payment shall preclude any director from serving the Corporation in any other capacity as an officer, agent, employee, consultant or otherwise and receiving compensation for that service.

ARTICLE 4 - Committees

Section 1. Committees of the Board of Directors. The Board of Directors shall designate an Executive Committee, a Personnel and Organization Committee, a Finance Committee, and an Audit Committee, each of which shall have powers and authority of the Board of Directors to the extent provided for in mission statements for each committee adopted by the Board of Directors. The Board of Directors may designate one or more additional committees of the Board with such powers as shall be specified in mission statements adopted by the Board. Each committee shall consist of two or such greater number of directors as shall be determined from time to time by resolution of the Board of Directors.

Section 2. Actions of the Committees. Each committee shall keep regular minutes of its meetings. All action taken by a committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to approval and revision by the Board, provided that no legal rights of third parties shall be affected by such revisions.

Section 3. Procedures. The provisions of Article 3 of these Bylaws governing meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors shall apply to committees and their members as well.

Section 4. Appointment of Committee Members. The members of each committee shall be appointed by the Board of Directors by resolution and shall serve until the first meeting of the Board of Directors after the annual meeting of shareholders and until their successors are elected and qualified or until the members' earlier resignation or removal. The Board of Directors shall designate the Chair of each committee other than the Executive Committee. The Chairman of the Board shall serve as Chair of the Executive Committee. The Board may also designate the Vice Chair of any committee, as appropriate. Vacancies may be filled by the Board of Directors at any meeting.

With the approval of the Board of Directors, the Chairman of the Board may designate one or more directors to serve as an alternate member or members at any committee meeting to replace any absent or disqualified member. The Chairman of the Board may designate a committee member as acting Chair of that committee, in the absence of the elected committee Chair or a Vice Chair.

ARTICLE 5 - Officers

Section 1. Designation; Appointment.

(a) The officers of the Corporation shall be a Chairman of the Board and Chief Executive Officer, a President and Chief Operating Officer, one or more Vice Presidents, a Treasurer, a Secretary and such other officers and assistant officers as the Board of Directors or the Chairman of the Board shall from time to time appoint, none of whom need be members of the Board of Directors. The officers shall hold office at the pleasure of the Board of Directors if appointed by the Board, or the Chairman of the Board if appointed by the Chairman. Subject to the terms of any contract of employment between the Corporation and such officer, any officer appointed by the Board of Directors or the Chairman of the Board may be removed at any time by the Board of Directors or the Chairman, respectively.

The same individual may simultaneously hold more than one office in the Corporation. A vacancy in any office because of death, resignation,

removal or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office. The salaries and other compensation of the officers of the Corporation shall be fixed by or in the manner designated by the Board of Directors.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board of Directors or the Secretary. Unless the notice specifies a later effective date, a resignation is effective at the earliest of the following: (i) when received; (ii) five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postage prepaid and correctly addressed; or (iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date, if the Board of Directors provides that the successor shall not take office until the effective date.

Section 2. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shareholders and will be the Chief Executive Officer of the Corporation. Subject to the control of the Board of Directors, the Chairman of the Board shall have general supervision, direction and control of the business and affairs of the Corporation and shall perform other duties commonly incident to such office. The Chairman of the Board will have authority to execute on behalf of the Corporation all contracts, deeds, agreements, stock certificates and other instruments. The Chairman of the Board will be the Chair of the Executive Committee and an ex officio a member of all other standing committees, will have the general powers and duties of management usually vested in the Chief Executive Officer of a corporation and will have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 3. President. The President will be the Chief Operating Officer of the Corporation, and will have such duties of general supervision, direction and control of the business and affairs of the Corporation as are authorized by the Board of Directors and the Chairman of the Board. In the absence of the Chairman of the Board, the President will perform the duties and responsibilities of the Chairman of the Board. The President will be ex officio a member of all the standing committees, have the general powers and duties of management usually vested in the office of Chief Operating Officer of a corporation and will have such other powers and duties as may be prescribed by the Board of Directors, the Chairman of the Board or these Bylaws.

Section 4. Vice Presidents. Each Executive Vice President, Senior Vice President and Vice President shall have such powers and perform such duties as may be assigned to the officer by the Board of Directors or by the Chairman of the Board or the President or these Bylaws. In the absence or disability of the Chairman of the Board and the President, the Chairman of the Board's duties and powers shall be performed and exercised by a senior officer designated by the Board of Directors or the Chairman of the Board.

Section 5. Secretary. The Secretary shall attend all meetings of the shareholders and of the Board of Directors, and shall record all acts and proceedings thereof in the minute book of the Corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the shareholders, of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to such office and shall also perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board may designate from time to time. An Assistant Secretary is authorized to assume and perform the duties of the Secretary in the absence of the Secretary, and to also perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board shall designate from time to time.

Section 6. Treasurer. The Treasurer shall perform all duties and acts incident to the position of Treasurer, shall have custody and be responsible for the Corporation's funds and securities, shall supervise the investments of its funds, and shall deposit all money and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be authorized, taking proper vouchers for such disbursements, and shall render to the Board of Directors, whenever required, an account of all the transactions of the Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as may be assigned, and shall report to the Chief Financial Officer or, in the absence of the Chief Financial Officer, to the Chairman of the Board. In the absence of the Treasurer, an Assistant Treasurer is authorized to assume the duties of the Treasurer, and to also perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board shall designate from time to time.

Section 7. Assistant Officers. Such other officers as the Board of Directors, the Chairman of the Board or the President may designate, including a Deputy Chairman of the Board of Directors and Assistant Officers, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the Chairman of the Board.

Section 8. Divisional Officers. The Board of Directors or the Chairman of the Board may from time to time appoint persons to hold nominal titles as officers of divisions or of other areas of the Corporation's business ("Divisional Officers"). No Divisional Officer shall by reason of such appointment become a corporate officer or have the authority of a corporate officer. Each Divisional Officer shall only perform such duties and have such powers as may be assigned to the person by the Board of Directors or the Chairman of the Board. Any title given to any Divisional Officer may be withdrawn, with or without cause at any time, by the Board of Directors or the Chairman, and any duty or authority delegated to any such person may be withdrawn, with or without cause at any time, by the Board of Directors or the Chairman.

ARTICLE 6 - Certificates and Transfer of Shares

Section 1. Certificates for Shares.

(a) Form. Certificates for shares shall be in such form as the Board of Directors may designate, shall state the name of the Corporation and the

state law under which the Corporation is organized, shall state the name of the person to whom the shares represented by the certificate are issued, and shall state the number and class of shares and the designation of the series, if any, the certificate represents. If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations applicable to each class, the variations in rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series shall be summarized on the front or back of each certificate, or each certificate may state conspicuously on its front or back that the Corporation shall furnish shareholders with this information on request in writing and without charge.

(b) **Signing.** Each certificate for shares shall be signed, either manually or in facsimile, by (i) the Chairman of the Board or the President and (ii) the Secretary or an Assistant Secretary of the Corporation. The certificates may bear the corporate seal or its facsimile. If any officer who has signed a share certificate, either manually or in facsimile, no longer holds office when the certificate is issued, the certificate shall nevertheless be valid.

Section 2. Transfer on the Books. Upon surrender to the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and subject to any limitations on transfer appearing on the certificate or in the Corporation's stock transfer records, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Lost Certificates. In the event a certificate is represented to be lost, stolen or destroyed, a new certificate shall be issued in place thereof upon such proof of the loss, theft or destruction and upon the giving of such bond or other indemnity as may be required by the Corporation.

Section 4. Transfer Agents and Registrars. The Board of Directors may from time to time appoint one or more transfer agents and one or more registrars for the shares of the Corporation who will have such powers and duties as the Board of Directors may specify.

Section 5. Record Date. In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 70 nor less than 10 days before the date of such meeting, nor more than 70 days prior to any other action. If no record date is fixed by the Board of Directors, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice of such meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Registered Shareholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE 7 - General Provisions

Section 1. Records. The Corporation shall maintain all records required by law. All such records shall be kept at its principal office, registered office or at any other place designated by the Chairman of the Board of the Corporation, or as otherwise provided by applicable law. The records of the Corporation allowed to be inspected by shareholders shall be open to inspection by the shareholders or the shareholders' agents or attorneys in the manner and to the extent required by applicable law.

Section 2. Seal. The corporate seal, if any, shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation.

Section 3. Amendment of Bylaws. Except as otherwise provided by applicable law or by the Restated Articles, the Board of Directors may amend or repeal these Bylaws at any regular or special meeting. The Corporation's shareholders may also amend or repeal these Bylaws, as authorized by applicable laws.

Section 4. Action Without a Meeting. Any action required or permitted by law to be taken at any meeting of the Board of Directors, or at any meeting of a committee of the Board of Directors, or at any meeting of shareholders may be taken without a meeting if the action is taken by all members of the Board or the Committee or all shareholders. The action shall be evidenced by one or more written consents describing the action taken, signed by each director, committee member or shareholder and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this Section 4 is effective when the last director or shareholder signs the consent, unless the consent specifies an earlier or later effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 5. Telephonic Meetings. The Board of Directors or any committee thereof may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through, use of any means of communication by which all directors participating may

simultaneously hear each other during the meeting. All directors participating in a Board or committee meeting by this means shall be deemed to be present in person at the meeting.

Section 6. Fiscal Year. The fiscal year of the Corporation shall extend from June 1 until May 31 of the following calendar year.

Section 7. Execution of Corporate Instruments.

(a) The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, and such execution or signature shall be binding upon the Corporation.

(b) Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trusts, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments shall be executed, signed or endorsed by the Chairman of the Board, the President, the Treasurer, or any Vice President. All other instruments and documents requiring the corporate signature may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

(c) All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

ARTICLE 8 - Transactions With Interested Directors

Section 1. Validity of Transaction.

(a) No transaction involving the Corporation shall be voidable by the Corporation solely because of a director's direct or indirect interest in the transaction if:

(i) The material facts of the transaction and the director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors, and the Board of Directors or committee authorized, approved or ratified the transaction;

(ii) The material facts of the transaction and the director's interest were disclosed or known to the share-holders entitled to vote and the shareholders authorized, approved or ratified the transaction by the affirmative vote of the holders of a majority of the issued and outstanding shares of the Corporation, or by written consent; or

(iii) The transaction was fair and reasonable to the Corporation.

(b) This Article 8 shall not invalidate any contract, transaction or determination that would otherwise be valid under applicable law.

Section 2. Indirect Interest. Solely for purposes of this Article 8, a director of the Corporation has an indirect interest in a transaction if another entity in which the director has a material financial interest or in which the director is a general partner is a party to the transaction; or the transaction with another entity of which the director is a director, officer or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors.

Section 3. Authorization by Board. For purposes of

Section 1 of this Article 8, a transaction in which a director has an interest is authorized, approved or ratified by the Board of Directors if it receives the affirmative vote of a majority of the directors on the Board of Directors, or on the committee, who have no direct or indirect interest in the transaction. A transaction may not be authorized, approved or ratified under this Article 8 by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum shall be present for the purpose of taking action under this Article 8. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction shall not affect the validity of any action taken under Section 1 of this Article 8 by the Board of Directors or a committee thereof, if the transaction is otherwise authorized, approved or ratified as provided in Section 1 of this Article 8.

Section 4. Authorization by Shareholders. For purposes of

Section 1 of this Article 8, a transaction in which a director has an interest is authorized, approved or ratified if it receives the vote of a majority of the shares entitled to vote under this Article 8 voting as a single voting group. Shares owned by or voted under the control of a director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of any entity described in paragraph (a) of Section 2 of this Article 8 may be counted in a vote of shareholders to determine whether to authorize, approve or ratify a transaction by vote of the shareholders under Section 1 of this Article 8. A majority of the shares, whether or not present, that are entitled to be counted in a vote on the transaction under this Article 8 constitutes a quorum for the purpose of taking action under this Article 8.

ARTICLE 9 -Indemnification

(a) The Corporation shall indemnify to the fullest extent permitted by law, any person who is made, or threatened to be made, a party to or

witness in, or is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including any action, suit or proceeding by or in the right of the Corporation) by reason of the fact that:

(i) the person is or was a director or officer of the Corporation or any of its subsidiaries;

(ii) the person is or was serving as a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the Corporation or any of its subsidiaries; or

(iii) the person is or was serving, at the request of the Corporation or any of its subsidiaries, as a director or officer, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise.

(b) The Corporation may indemnify its employees and other agents to the fullest extent permitted by law.

(c) The expenses incurred by a director or officer or other indemnified person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise, which the director or officer is made or threatened to be made a party to or witness in, or is otherwise involved in, shall be paid by the Corporation in advance upon written request if the indemnified person:

(i) furnishes the Corporation a written affirmation that in good faith the person believes that he or she is entitled to be indemnified by the Corporation; and

(ii) furnishes the Corporation a written undertaking to repay such advance to the extent that it is ultimately determined by a court that such person is not entitled to be indemnified by the Corporation. Such advances shall be made without regard to the person's ability to repay such expenses and without regard to the person's ultimate entitlement to indemnification under this Article or otherwise.

(d) The rights of indemnification provided in this Article 9 shall be in addition to any rights to which a person may otherwise be entitled under any articles of incorporation, bylaw, agreement, statute, policy of insurance, vote of shareholders or Board of Directors, or otherwise; shall continue as to a person who has ceased to be a director, officer, employee or agent of the Corporation; and shall inure to the benefit of the heirs, executors and administrators of such person.

(e) Any repeal of this Article 9 shall be prospective only and no repeal or modification of this Article 9 shall adversely affect any right or protection that is based upon this Article 9 and pertains to an act or omission that occurred prior to the time of such repeal or modification.

(f) As a condition precedent to indemnification under this Article 9, not later than 30 days after receipt by the director or officer of notice of the commencement of any proceeding the director or officer shall, if a claim in respect of the proceeding is to be made against the Corporation under this Article 9, notify the Corporation in writing of the commencement of the proceeding. The failure to properly notify the Corporation shall not relieve the Corporation from any liability which it may have to the director or officer otherwise than under this Article 9. With respect to any proceeding as to which the director or officer so notifies the Corporation of the commencement:

(i) The Corporation shall be entitled to participate in the proceeding at its own expense.

(ii) Except as otherwise provided in this paragraph

(f), the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense of the proceeding, with legal counsel reasonably satisfactory to the director or officer. The director or officer shall have the right to use separate legal counsel in the proceeding, but the corporation shall not be liable to the director or officer under this Article 9 for the fees and expenses of separate legal counsel incurred after notice from the Corporation of its assumption of the defense, unless (A) the director or officer reasonably concludes that there may be a conflict of interest between the Corporation and the director or officer in the conduct of the defense of the proceeding, or (B) the Corporation does not use legal counsel to assume the defense of such proceeding. The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which the director or officer has made the conclusion provided for in (A) above.

(iii) If two or more persons who may be entitled to indemnification from the Corporation, including the director or officer seeking indemnification, are parties to any proceeding, the Corporation may require the director or officer to use the same legal counsel as the other parties. The director or officer shall have the right to use separate legal counsel in the proceeding, but the Corporation shall not be liable to the director or officer under this Article 9 for the fees and expenses of separate legal counsel incurred after notice from the Corporation of the requirement to use the same legal counsel as the other parties, unless the director or officer reasonably concludes that there may be a conflict of interest between the director or officer and any of the other parties required by the Corporation to be represented by the same legal counsel.

(iv) The Corporation shall not be liable to indemnify the director or officer under this Article 9 for any amounts paid in settlement of any proceeding effected without its written consent, which shall not be unreasonably withheld. The director or officer shall permit the Corporation to settle any proceeding that the Corporation assumes the defense of, except that the Corporation shall not settle any action or claim in any manner that would impose any penalty or limitation on the director or officer without such person's written consent.

(g) Notwithstanding any provision in this Article 9, the Corporation shall not be obligated under this Article 9 to make any indemnification or advance any expenses in connection with any claim made against any director or officer:

(i) for which payment is required to be made to or on behalf of the director or officer under any insurance policy, except with respect to any excess amount to which the director or officer is entitled under this Article 9 beyond the amount of payment under such insurance policy;

(ii) if a court having jurisdiction in the matter finally determines that such indemnification is not lawful under any applicable statute or public policy;

(iii) in connection with any proceeding (or part of any proceeding) initiated by the director or officer, or any proceeding by the director or officer against the Corporation or its directors, officers, employees or other persons entitled to be indemnified by the Corporation, unless: (A) the Corporation is expressly required by law to make the indemnification; (B) the proceeding was authorized by the Board of Directors; or (C) the director or officer initiated the proceeding pursuant to subsection (i) of this Article 9 and the director or officer is successful in whole or in part in such proceeding; or

(iv) for an accounting of profits made from the purchase and sale by the director or officer of securities of the Corporation within the meaning of Section 16(b) of the Exchange Act, or similar provision of any state statutory law or common law.

(h) In the event of payment under this Article 9, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the director or officer. The director or officer shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

(i) Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Article 9 shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the Corporation and the director or officer. Any director or officer may enforce any right to indemnification or advances under this Article 9 in any court of competent jurisdiction if: (i) the Corporation denies the claim for indemnification or advances, in whole or in part, or (ii) the Corporation does not dispose of such claim within 45 days of request therefor. It shall be a defense to any such enforcement action (other than an action brought to enforce a claim for advancement of expenses pursuant to, and in compliance with, this Article 9) that the director or officer is not entitled to indemnification under this Article 9. However, except as provided in subsection (f) of this Article 9, the Corporation shall not assert any defense to an action brought to enforce a claim for advancement of expenses pursuant to this Article 9 if the director or officer has tendered to the Corporation the affirmation and undertaking required hereunder. The burden of proving by clear and convincing evidence that indemnification is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the director or officer has met the applicable standard of conduct nor an actual determination by the Corporation (including its Board of Directors or independent legal counsel) that indemnification is improper because the director or officer has not met such applicable standard of conduct, shall be asserted as a defense to the action or create a presumption that the director or officer is not entitled to indemnification under this Article 9 or otherwise. The director's or officer's expenses incurred in connection with successfully establishing such person's right to indemnification or advances, in whole or in part, in any proceeding shall also be paid or reimbursed by the Corporation.

(j) The rights conferred on any person by this Article 9 shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) To the fullest extent permitted by law, the Corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Article 9.

(l) If this Article 9 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director and officer to the full extent not prohibited by any applicable portion of this Article 9 that shall not have been invalidated, or by any other applicable law.

ARTICLE 10 - Limitation of Director Liability

To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for conduct as a director. Without limiting the generality of the foregoing, if the Oregon Revised Statutes are amended, after this Article 10 becomes effective, to authorize corporate action further eliminating or limiting the personal liability of directors of the Corporation, then the liability of directors of the Corporation shall be eliminated or limited to the fullest extent permitted by the Oregon Revised Statutes, as so amended. No amendment or repeal of this Article 10, nor the adoption of any provision of these Bylaws inconsistent with this Article 10, nor a change in the law, shall adversely affect any right or protection that is based upon this Article 10 and pertains to conduct that occurred prior to the time of such amendment, repeal, adoption or change. No change in the law shall reduce or eliminate the rights and protections set forth in this Article 10 unless the change in the law specifically requires such reduction or elimination.

CREDIT AGREEMENT

Dated as of September 15, 1995

among

NIKE, INC.,

Certain of Its Subsidiaries,

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION**

as Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BA SECURITIES, INC. _

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CREDIT AGREEMENT

This Agreement, dated as of September 15, 1995, is among NIKE, Inc., the "Subsidiary Borrowers" from time to time party hereto, the Banks and Bank of America National Trust and Savings Association, as Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Absolute Rate" means, with respect to an Absolute Rate Loan made by a given Bank for the relevant Absolute Rate Interest Period, the rate of interest per annum (rounded to the nearest 1/1000 of 1%) offered by such Bank and accepted by the Company.

"Absolute Rate Advance" means a borrowing hereunder consisting of the aggregate amount of the several Absolute Rate Loans made by some or all of the Banks to the Company at the same time and for the same Interest Period.

"Absolute Rate Auction" means a solicitation of Competitive Bid Quotes setting forth Absolute Rates pursuant to Section 2.3.

"Absolute Rate Interest Period" means, with respect to an Absolute Rate Advance, a period of not less than 7 and not more than 180 days commencing on a Business Day selected by the Company pursuant to this Agreement. If such Absolute Rate Interest Period would end on a day which is not a Business Day, such Absolute Rate Interest Period shall end on the next succeeding Business Day.

"Absolute Rate Loan" means a Loan which bears interest at the Absolute Rate.

"Acquisition" means any material transaction, or any series of related transactions, consummated after the date of this Agreement, by which the Company or any of the Subsidiaries (i) acquires any going concern business or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency).

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by some or all of the Banks to the Company on the same Borrowing Date, at the same Rate Option (or on the same interest basis in the case of Competitive Bid Advances) and for the same Interest Period and includes a Competitive Bid Advance.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract, or otherwise.

"Agent" means Bank of America National Trust and Savings Association in its capacity as agent for the Banks pursuant to Article XI, and not in its individual capacity as a Bank, and any successor Agent appointed pursuant to Article XI.

"Agent-Related Persons" means BofA and any successor agent arising under Section 11.9, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Aggregate Commitment" means the aggregate of the Commitments of all the Banks hereunder, as reduced from time to time pursuant to the terms hereof.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted principles of accounting as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Alternate Base Rate" means, on any date and with respect to all Floating Rate Advances, a fluctuating rate of interest per annum equal to the higher of (i) the Federal Funds Effective Rate most recently determined by the Agent plus 1/2% per annum and (ii) the Corporate Base Rate. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each

change in the Alternate Base Rate. The Agent will give notice promptly to the Company and the Banks of changes in the Alternate Base Rate in respect of any outstanding Floating Rate Loans.

"Applicable Margin" shall have the meaning set forth in Section 2.2.5.

"Arranger" means BA Securities, Inc.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Attorney Costs" has the meaning set forth in Section 10.7.

"Banks" means the financial institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Base Eurocurrency Rate" means, with respect to a Eurocurrency Advance and for the relevant Eurocurrency Interest Period, the rate determined by the Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of one percent) of the annual rates of interest published by Reuters Limited, by reference to the Screen page "LIBO", as being the offered rates in the London interbank market for deposits in the applicable Eurocurrency for a period approximately equal to such Eurocurrency Interest Period at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurocurrency Interest Period. If such rates are not available, Base Eurocurrency Rate means the rate determined by the Agent to be the rate reported to the Agent by BofA as the rate at which deposits in the applicable Eurocurrency are offered by BofA to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two business days prior to the first day of such Eurocurrency Interest Period, in the approximate amount of BofA's portion of the relevant Eurocurrency Advance and having a maturity approximately equal to such Eurocurrency Interest Period.

"BofA" means Bank of America National Trust and Savings Association, and its successors.

"Borrowers" means the Company and any Subsidiary Borrowers. References to "the Borrower" in relation to any particular Loan shall be deemed to refer to the applicable Borrower with respect to such Loan.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Ratable Advances or Eurodollar Bid Rate Advances, a day other than Saturday or Sunday on which banks are open for business in San Francisco and New York City and on which dealings in United States dollars are carried on in the London interbank market, (ii) with respect to any borrowing payment or rate selection of Eurocurrency Advances, a day on which banks are open for business in San Francisco, New York City and London, England and on which dealings in such Eurocurrency are carried on in the London interbank market and in the place where the principal foreign exchange market in the country of issue of the applicable Eurocurrency is located; and (iii) for all other purposes, a day other than Saturday or Sunday on which banks are open for business in San Francisco and New York City.

"Capitalized Lease" of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment" means, for each Bank, the obligation of the Bank to make Loans not exceeding the amount set forth opposite its signature below, as such amount may be modified from time to time pursuant to the terms of this Agreement.

"Company" means NIKE, Inc., an Oregon corporation.

"Competitive Bid Advance" means a borrowing hereunder prior to the Revolving Credit Termination Date consisting of the aggregate amount of the several Competitive Bid Loans made by some or all of the Banks to a Borrower at the same time and for the same Interest Period.

"Competitive Bid Borrowing Notice" is defined in Section 2.3.6.

"Competitive Bid Loan" means a Eurodollar Bid Rate Loan or an Absolute Rate Loan, or both, as the case may be.

"Competitive Bid Margin" means the margin above or below the applicable Eurodollar Base Rate offered for a Eurodollar Bid Rate Loan, expressed as a percentage (rounded to the nearest 1/1000 of 1%) to be added or subtracted from such Eurodollar Base Rate.

"Competitive Bid Note" means a promissory note in substantially the form of Exhibit "B" hereto, with appropriate insertions, duly executed

and delivered to the Agent by the Borrowers for the account of a Bank and payable to the order of such Bank, including any amendment, modification, renewal or replacement of such promissory note.

"Competitive Bid Quote" means a Competitive Bid Quote substantially in the form of Exhibit "E" hereto completed and delivered by a Bank to the Agent in accordance with Section 2.3.4.

"Competitive Bid Quote Request" means a Competitive Bid Quote Request substantially in the form of Exhibit "C" hereto completed and delivered by a Borrower to the Agent in accordance with Section 2.3.2.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

"Conversion/Continuation Date" means any date on which, under Section 2.2.4, a Borrower (a) converts an Advance bearing interest based on a Rate Option to an Advance bearing interest based on another Rate Option, or (b) continues an Advance bearing interest based on the same Rate Option, but with a new Interest Period, an Advance having an Interest Period expiring on such date.

"Corporate Base Rate" means a rate per annum equal to the "reference rate" of interest announced by BofA from time to time, changing when and as said reference rate changes. The reference rate is not necessarily the lowest rate of interest charged by BofA at any given time for any particular class of customers or credit extensions.

"Default" means an event described in Article VII.

"Dollars" means lawful money of the United States of America.

"Effective Date" means the date on which all conditions set forth in Section 4.1 are satisfied or waived by the Agent and the Banks, provided such date shall not be later than September 30, 1995.

"Eligible Assignee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"Environmental Laws" means the Resource Conservation and Recovery Act of 1987, the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, and any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous materials or other hazardous or toxic substance, as now or at any time hereafter in effect.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency" means Dutch Guilders, British Pounds Sterling, Italian Lira, Belgian Francs, Spanish Pesetas, German Marks and any other currency other than Dollars which is freely transferable and convertible into Dollars.

"Eurocurrency Advance" means an advance which bears interest at a Eurocurrency Rate requested by the Company pursuant to Section 2.2.

"Eurocurrency Interest Period" means with respect to a Eurocurrency Advance, a period of one, two, three or six months commencing on a Business Day selected by a Borrower pursuant to this Agreement. Such Eurocurrency Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurocurrency Interest Period shall end on the last Business Day of such next, second, third or sixth month. If a Eurocurrency Interest Period would otherwise end on a day which is not a Business Day, such Eurocurrency Interest Period shall end on the next succeeding Business Day provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurocurrency Interest Period shall end on the immediately preceding Business Day.

"Eurocurrency Loan" means a Loan which bears interest at a Eurocurrency Rate requested by the Borrower pursuant to Section 2.2.

"Eurocurrency Rate" means, with respect to a Eurocurrency Advance for the relevant Eurocurrency Interest Period, a rate per annum equal to the sum of (i) the Base Eurocurrency Rate applicable to that Eurocurrency Interest Period plus (ii) the Applicable Margin, rounded if necessary, to the next higher 1/16th of 1%.

"Eurodollar Auction" means a solicitation of Competition Bid Quotes setting forth Eurodollar Bid Rates pursuant to Section 2.3.

"Eurodollar Base Rate" means, with respect to a Eurodollar Ratable Advance or a Eurodollar Bid Rate Advance and for the relevant Eurodollar Interest Period, the rate determined by the Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest one-sixteenth of one percent) of the annual rates of interest published by Reuters Limited, by reference to the Screen page "LIBO", as being the offered rates in the London interbank market for Dollar deposits for a period approximately equal to such Eurodollar Interest Period at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period. If such rates are not available, Eurodollar Base Rate means the rate determined by the Agent to be the rate at which deposits in Dollars are offered by BofA to first-class banks in the London interbank market at approximately 11 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, in the approximate amount of BofA's relevant Eurodollar Ratable Loan, or, in the case of a Eurodollar Bid Rate Advance, the amount of the Eurodollar Bid Rate Advance requested by a Borrower and having a maturity approximately equal to such Eurodollar Interest Period.

"Eurodollar Bid Rate" means, with respect to a Eurodollar Bid Rate Loan made by a given Bank for the relevant Eurodollar Interest Period, the sum of (i) the Eurodollar Base Rate and (ii) the Competitive Bid Margin offered by such Bank and accepted by the Borrower.

"Eurodollar Bid Rate Advance" means a Competitive Bid Advance which bears interest at a Eurodollar Bid Rate.

"Eurodollar Bid Rate Loan" means a Loan which bears interest at the Eurodollar Bid Rate.

"Eurodollar Interest Period" means, with respect to a Eurodollar Ratable Advance or a Eurodollar Bid Rate Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Eurodollar Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new month, such Eurodollar Interest Period shall end on the immediately preceding Business Day.

"Eurodollar Rate" means, with respect to a Eurodollar Ratable Advance for the relevant Eurodollar Interest Period, the sum of (i) the Eurodollar Base Rate applicable to that Eurodollar Interest Period plus (ii) the Applicable Margin. The Eurodollar Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

"Eurodollar Ratable Advance" means an Advance which bears interest at a Eurodollar Rate requested by the Borrower pursuant to Section 2.2.

"Eurodollar Ratable Loan" means a Loan which bears interest at a Eurodollar Rate requested by the Borrower pursuant to Section 2.2.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York; or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (San Francisco time) for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by the Agent.

"Fixed Rate" means the Eurodollar Rate, the Eurocurrency Rate, the Eurodollar Bid Rate or the Absolute Rate.

"Fixed Rate Advance" means an Advance which bears interest at a Fixed Rate.

"Fixed Rate Loan" means a Loan which bears interest at a Fixed Rate.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate plus (ii) the Applicable Margin.

"Floating Rate Advance" means an Advance which bears interest at the Floating Rate.

"Floating Rate Interest Period" means, with respect to a Floating Rate Advance, a period of three months commencing on a Business Day selected by the Borrower pursuant to this Agreement. If such Floating Rate Interest Period would end on a day which is not a Business Day, such Floating Rate Interest Period shall end on the next succeeding Business Day.

"Floating Rate Loan" means a Loan which bears interest at the Floating Rate.

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 3.1.

"Guaranteed Obligations" is defined in Section 9.1.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of

property or services other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, and (vii) liability under any arrangement by which such Person assumes, guarantees, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person.

"Indemnified Liabilities" has the meaning specified in Section 10.7.

"Interest Period" means a Floating Rate Interest Period, a Eurodollar Interest Period, a Eurocurrency Interest Period or an Absolute Rate Interest Period.

"Invitation for Competitive Bid Quotes" means an Invitation for Competitive Bid Quotes substantially in the form of Exhibit "D" hereto, completed and delivered by the Agent to the Banks in accordance with Section 2.3.3.

"IRS" means the Internal Revenue Service of the United States Treasury.

"Knight Family" means, collectively, Philip H. Knight, and his wife, children, parents and siblings, and any trust with respect to his assets established for estate planning purposes.

"Lending Installation" means any office, branch, subsidiary or affiliate of any Bank or the Agent.

"Leverage Ratio" means, with respect to the Company and its Subsidiaries on a consolidated basis, the ratio of (i) Indebtedness to (ii) net worth as determined in accordance with generally accepted accounting principles.

"Lien" means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any Person's assets or properties in favor of any other Person.

"Loan" means, with respect to a Bank, such Bank's portion, if any, of any Advance.

"Loan Documents" means this Agreement and the Notes.

"Material Adverse Effect" means with respect to any matter that such matter (i) could reasonably be expected to materially and adversely affect the business, properties, condition (financial or otherwise), or results of operations of the Company or the Company and its Subsidiaries taken as a whole, or (ii) has been brought by or before any court or arbitrator or any governmental body, agency or official, and draws into question the validity or enforceability of any material provision of any Loan Document against any obligor party thereto.

"Material Subsidiary" means, at any time, any Subsidiary having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period in excess of 10% of the Company's consolidated total (gross) revenues for such period, or (ii) total assets, as of the last day of the preceding fiscal quarter, having a net book value in excess of 10% of the net book value of the Company's consolidated total assets on such date, in each case, based upon the Company's most recent annual or quarterly financial statements delivered to the Agent under Section 6.1.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Company or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Notes" means, collectively, the Competitive Bid Notes and the Ratable Notes; and "Note" means any one of the Notes.

"Notice of Conversion/Continuation" is defined in Section 2.2.4.

"Occupational Safety and Health Law" means the Occupational Safety and Health Act of 1970 and any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning employee health and/or safety.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid fees and all other reimbursements, indemnities or other obligations of the Borrowers to the Banks or to any Bank, the Agent or indemnified party hereunder arising under the Loan Documents (including the Company's obligations under Article IX hereof).

"Other Taxes" means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents, excluding, in the case of each Bank and the Agent, respectively, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the

case may be, is organized or maintains a lending office.

"Payment Date" means the last day of each May, August, November, and February.

"PBGC" means the Pension Benefit Guaranty Corporation and its successors and assigns.

"Person" means any corporation, natural person, firm, joint venture, partnership, trust, unincorporated organization, enterprise, government or any department or agency of any government.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Company or any member of the Controlled Group may have any liability.

"Ratable Advance" means a borrowing hereunder consisting of the aggregate amount of the several Ratable Loans made by the Banks to a Borrower at the same time, at the same Rate Option and for the same Interest Period.

"Ratable Borrowing Notice" is defined in Section 2.2.3.

"Ratable Loan" means a Loan made by a Bank to a Borrower pursuant to Section 2.2 hereof.

"Ratable Note" means a promissory note in substantially the form of Exhibit "A" hereto, duly executed and delivered to the Agent by the Borrowers for the account of each Bank and payable to the order of a Bank in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"Rate Option" means the Eurodollar Rate, the Eurocurrency Rate or the Floating Rate.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulations U and X" means Regulations U and X of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stock applicable to member banks of the Federal Reserve System.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waivers in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Banks" means Banks in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Banks in the aggregate holding at least 66-2/3% of the aggregate unpaid principal amount of the outstanding Loans.

"Reserve Requirement" means, with respect to a Eurodollar Interest Period or a Eurocurrency Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities (in the case of Eurodollar Advances and Eurocurrency Advances). The Reserve Requirement shall be adjusted automatically on and as of the effective date of any change in the applicable reserve requirement.

"Revolving Credit Termination Date" means October 31, 2000 or such later date to which the Revolving Credit Termination Date is extended pursuant to Section 2.6, unless this Agreement is earlier terminated pursuant to the terms hereof.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan maintained by the Company or any member of the Controlled Group for employees of the Company or any member of the Controlled Group.

"Subsidiary" means any corporation more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by a Person or by one or more Subsidiaries or by such Person and one or more Subsidiaries of such Person, or any similar business organization which is so owned or controlled. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Subsidiary Borrowers" means any Person becoming a Subsidiary Borrower under Section 2.7 hereof.

"Substantial Portion" is defined in Section 6.12.

"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties deductions, fees withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, respectively, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office.

"Unfriendly Acquisition" means the Acquisition of a corporation or similar business entity if the Acquisition has not been approved by the board of directors of such corporation.

"Unfunded Liabilities" means, (i) in the case of Single Employer Plans, the amount (if any) by which the present value of all vested nonforfeitable benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans, and (ii) in the case of Multiemployer Plans, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all Multiemployer Plans.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"U.S. Dollar Equivalent" means, at anytime, in relation to any amount of Eurocurrency, the amount of Dollars (rounded to the nearest Dollar) which such amount of such Eurocurrency would purchase at BofA's spot buying rate at such time for value two Business Days later in the London interbank market.

"Wholly-Owned Subsidiary" means any Subsidiary all of the outstanding voting securities (other than directors' qualifying shares) of which shall at the time be owned or controlled, directly or indirectly, by the Company or one or more Wholly-Owned Subsidiaries, or by the Company and one or more Wholly-Owned Subsidiaries, or any similar business organization which is so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE FACILITY

2.1. The Facility. From and including the Effective Date and prior to the Revolving Credit Termination Date, each Bank severally agrees to make Ratable Loans to the Borrowers from time to time in amounts not to exceed in the aggregate at any one time outstanding, the amount of its Commitment.

(i) Each Bank may, in its sole discretion and not subject to the amount of its Commitment, make bids to make Competitive Bid Loans to a Borrower in accordance with Section 2.3.

(ii) In no event may the aggregate principal amount of all outstanding Advances (including both the Ratable Advances and the Competitive Bid Advances) exceed the Aggregate Commitment.

(iii) Subject to the terms of this Agreement, the Borrowers may borrow, repay and re-borrow at any time prior to the Revolving Credit Termination Date.

2.2. Ratable Advances.

2.2.1. Ratable Advances Each Ratable Advance hereunder shall consist of borrowings made from the several Banks ratably in proportion to the amounts of their respective Commitments. Subject to the terms of Section 2.5.14, the U.S. Dollar Equivalent of each Eurocurrency Advance on the day each Eurocurrency Advance is made shall be deemed to be the amount of the Advance outstanding for the purpose of calculating the unutilized portion of the Commitment of each Bank from time to time and the aggregate amount of the Advances outstanding for purposes of Section 2.4, provided that no Bank shall be obligated to make a Loan hereunder if the aggregate principal amount of such Bank's Loans outstanding (after converting each Eurocurrency Advance to its U.S. Dollar Equivalent on the date an Advance is requested and giving effect to the requested Advance) would exceed such Bank's Commitment. The aggregate outstanding amount of Competitive Bid Advances shall reduce each Bank's Commitment ratably in the proportion such Bank's Commitment bears to the Aggregate Commitment regardless of which Bank or Banks make such Competitive Bid Advances. Ratable Advances shall be evidenced by the Ratable Notes.

2.2.2. Ratable Advance Rate Options. The Ratable Advances may be Floating Rate Advances, Eurocurrency Advances or Eurodollar Ratable Advances, or a combination thereof, selected by the Borrower in accordance with Section 2.2.3, and as converted or continued in accordance with

Section 2.2.4. No Ratable Advance may mature after the Revolving Credit Termination Date.

2.2.3. Method of Selecting Rate Options and Interest Periods for Ratable Advances. The Borrower shall select the Rate Option and Interest Period applicable to each Ratable Advance from time to time. The Borrower shall give the Agent irrevocable notice in the form attached hereto

as Exhibit G (a "Ratable Borrowing Notice") not later than 8:00

a.m. (San Francisco time) (a) on the Business Day preceding the Borrowing Date of each Floating Rate Advance, (b) three Business Days before the Borrowing Date for each Eurodollar Ratable Advance, and (c) four Business Days before the Borrowing Date for each Eurocurrency Advance. Notwithstanding anything herein to the contrary, Eurocurrency Advances shall be available only if the Eurocurrency requested is freely available to all of the Banks on the date the Company requests such Eurocurrency Advance. Notwithstanding the foregoing, a Ratable Borrowing Notice for a Floating Rate Advance may be given not later than 15 minutes after the time which the Company is required to reject one or more bids offered in connection with an Absolute Rate Auction pursuant to Section 2.3.6 and a Ratable Borrowing Notice for a Eurodollar Ratable Advance may be given not later than 15 minutes after the time the Company is required to reject one or more bids offered in connection with a Eurodollar Auction pursuant to Section 2.3.6. A Ratable Borrowing Notice shall specify:

- (i) the applicable Borrower;
- (ii) the Borrowing Date, which shall be a Business Day, of such Ratable Advance;
- (iii) the aggregate amount of such Ratable Advance;
- (iv) the Rate Option selected for such Ratable Advance;
- (v) In the case of each Eurocurrency Advance, the Eurocurrency requested; and
- (vi) in the case of each Fixed Rate Advance, the Interest Period applicable thereto (which may not end after the Revolving Credit Termination Date).

2.2.4. Conversion and Continuation Elections.

(a) The Borrower may, upon irrevocable written notice to the Agent in accordance with subsection 2.2.4(b): (i) elect, as of any Business Day, in the case of a Floating Rate Advance, or as of the last day of the applicable Interest Period, in the case of an Eurocurrency Advance or Eurodollar Ratable Advance, to convert such Advance into an Advance bearing interest based on another Rate Option; or (ii) elect, as of the last day of the applicable Interest Period, to continue an Eurocurrency Advance or Eurodollar Ratable Advance having an Interest Period expiring on such day; except, that during the existence of a Default or Unmatured Default, the Borrower may not elect to have any Advance converted into or continued as a Eurocurrency Advance or Eurodollar Ratable Advance unless the Required Banks consent thereto. Notwithstanding anything herein to the contrary, Eurocurrency Advances shall be available only if the Eurocurrency requested is freely available to all of the Banks on the date the Company requests a conversion to or continuation of an Eurocurrency Advance. All conversions and continuations of Advances shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(b) The Borrower shall deliver a notice of conversion/ continuation in the form attached hereto as Exhibit H (a "Notice of Conversion/Continuation") to be received by the Agent not later than 8:00 a.m. (San Francisco time) (i) on the Business Day preceding the Conversion/ Continuation Date if the Advance is to be converted into or continued as a Floating Rate Advance, (ii) three Business Days before the Conversion/Continuation Date if the Advance is to be converted into or continued as an Eurodollar Ratable Advance, and (iii) four Business Days before the Conversion/Continuation Date if the Advance is to be converted into or continued as an Eurocurrency Advance; specifying:

- (A) the applicable Borrower;
- (B) the Conversion/Continuation Date, which shall be a Business Day, of such Ratable Advance;
- (C) the aggregate amount of such Ratable Advance to be converted or continued;
- (D) the Rate Option for such Ratable Advance resulting from the conversion or continuation; and
- (E) in the case of each Fixed Rate Advance, the Interest Period applicable thereto (which may not end after the Revolving Credit Termination Date).

(c) If upon the expiration of any Interest Period applicable to an Eurocurrency Advance or Eurodollar Ratable Advance, the Borrower has failed to select timely a new Interest Period to be applicable to such Advance, or if any Default or Unmatured Default then exists, the Borrower shall be deemed to have elected to convert such Advance into a Floating Rate Advance effective as of the expiration date of such Interest Period.

2.2.5. Applicable Margin. The Applicable Margin for Advances shall be based on the Leverage Ratio in accordance with the table below; provided that on the Effective Date the Leverage Ratio shall be deemed to be 0.32 to 1.00. The Leverage Ratio shall be determined on a quarterly basis from the financial statements delivered by the Company pursuant to Sections 6.1(i) and (ii). The adjustment, if any, to the Applicable Margin shall be effective on the fifth Business Day after the delivery of such financial statements and shall be applicable to all

outstanding Advances as well as to all Interest Periods beginning on and after the fifth Business Day after the delivery of such statements. If financial statements are not received by the Agent within the time periods set forth in Sections 6.1(i) and (ii) and the Agent has given the Company five days' notice that such statements have not been received by the Agent, the maximum Applicable Margin shall apply until such statements are received by the Agent.

APPLICABLE MARGIN

	Leverage Ratio	Floating Rate Advances	Eurodollar and Eurocurrency Advances
1)	Less than 0.50 to 1.00	0%	0.120%
2)	Greater than or equal to 0.50 to 1.00 and less than 0.75 to 1.00	0%	0.200%
3)	Greater than or equal to 0.75 to 1.00	0%	0.275

2.3. Competitive Bid Advances.

2.3.1. Competitive Bid Option. In addition to Ratable Advances pursuant to Section 2.2, but subject to the terms and conditions of this Agreement (including, without limitation, the limitation set forth in Section 2.1(ii) as to the maximum aggregate principal amount of all outstanding Advances hereunder), any Borrower may, as set forth in this Section 2.3, request the Banks, prior to the Revolving Credit Termination Date, to make offers to make Competitive Bid Advances to such Borrower. Each Bank may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.3. Competitive Bid Advances shall be evidenced by the Competitive Bid Notes.

2.3.2. Competitive Bid Quote Request. When a Borrower wishes to request offers to make Competitive Bid Loans under this Section 2.3, it shall transmit to the Agent by teletype a Competitive Bid Quote Request substantially in the form of Exhibit "C" hereto so as to be received no later than (i) 8:00 a.m. (San Francisco time) at least four Business Days prior to the Borrowing Date proposed therein, in the case of a Eurodollar Auction or (ii) 8:00 a.m. (San Francisco time) at least one Business Day prior to the Borrowing Date proposed therein, in the case of an Absolute Rate Auction specifying:

- (a) the proposed Borrowing Date, which shall be a Business Day, for the proposed Competitive Bid Advance;
- (b) the aggregate principal amount of such Competitive Bid Advance;
- (c) whether the Competitive Bid Quotes requested are to set forth a Eurodollar Bid Rate or an Absolute Rate, or both; and
- (d) the Interest Period applicable thereto (which may not end after the Revolving Credit Termination Date).

The Borrowers may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request. No Competitive Bid Quote Request shall be given within 5 Business Days (or, in either case upon reasonable prior notice to the Banks, such other number of days as the Borrowers and the Agent may agree) of any other Competitive Bid Quote Request. Each Competitive Bid Quote Request shall be in Dollars in a minimum amount of \$5,000,000 (and in integral multiples of \$1,000,000 in excess thereof). A Competitive Bid Quote Request that does not conform substantially to the format of Exhibit "C" hereto shall be rejected, and the Agent shall promptly notify the Borrowers of such rejection by teletype.

2.3.3. Invitation for Competitive Bid Quotes. Promptly and in any event before the close of business on the same Business Day of receipt of a Competitive Bid Quote Request that is not rejected pursuant to Section 2.3.2, the Agent shall send to each of the Banks by teletype an Invitation for Competitive Bid Quotes substantially in the form of Exhibit "D" hereto, which shall constitute an invitation by the Borrower to each Bank to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with this Section 2.3.

2.3.4. Submission and Contents of Competitive Bid Quotes. (i) Each Bank may, in its sole discretion, submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this Section 2.3.4 and must be submitted to the Agent by teletype at its offices specified in or pursuant to Article XIII not later than (a) 9:00 a.m. (San Francisco time) at least three Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (b) 9:00 a.m. (San Francisco time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction (or, in either case upon reasonable prior notice to the Banks, such other time and date as the Company and the Agent may agree); provided that Competitive Bid Quotes submitted by BofA may only be submitted if BofA notifies the Company of the terms of the offer or offers contained therein not later than 15 minutes prior to the latest time at which the relevant Competitive Bid Quotes must be submitted by the other Banks. Subject to Articles IV and VIII, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(ii) Each Competitive Bid Quote shall be in substantially the form of Exhibit "E" hereto and shall in any case specify:

- (a) the proposed Borrowing Date, which shall be the same as that set forth in the applicable Invitation for Competitive Bid Quotes,
- (b) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (1) may be greater than, less than or equal to the Commitment of the quoting Bank, (2) must be at least \$5,000,000 and an integral multiple of \$1,000,000, and (3) may not exceed the principal amount of Competitive Bid Loans for which offers were requested,
- (c) in the case of a Eurodollar Auction, the Competitive Bid Margin offered for each such Competitive Bid Loan,
- (d) the minimum or maximum amount, if any, of the Competitive Bid Loan which may be accepted by the Borrower,
- (e) in the case of an Absolute Rate Auction, the Absolute Rate offered for each such Competitive Bid Loan, and
- (f) the identity of the quoting Bank.

(iii) The Agent shall reject any Competitive Bid Quote that:

- (a) is not substantially in the form of Exhibit "E" hereto or does not specify all of the information required by Section 2.3.4(ii);
- (b) contains qualifying, conditional or similar language, other than any such language contained in Exhibit "E" hereto;
- (c) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or
- (d) arrives after the time set forth in Section 2.3.4(i).

If any Competitive Bid Quote shall be rejected pursuant to this Section 2.3.4(iii), then the Agent shall notify the relevant Bank of such rejection as soon as practical.

2.3.5. Notice to Borrower. The Agent shall promptly notify the Borrower of the terms (i) of any Competitive Bid Quote submitted by a Bank that is in accordance with Section 2.3.4 and (ii) of any Competitive Bid Quote that is in accordance with Section 2.3.4 and amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Bank with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Agent unless such subsequent competitive Bid Quote specifically states that it is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Agent's notice to the Borrower shall specify the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request and the respective principal amounts and Eurodollar Bid Rates or Absolute Rates, as the case may be, so offered.

2.3.6. Acceptance and Notice by Borrower. Not later than

- (i) 10:00 a.m. (San Francisco time) at least three Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or
- (ii) 10:00 a.m. (San Francisco time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction (or, in either case upon reasonable prior notice to the Banks, such other time and date as the Company and the Agent may agree), the Borrower shall notify the Agent of its acceptance or rejection of the offers so notified to it pursuant to Section 2.3.5; provided, however, that the failure by the Borrower to give such notice to the Agent shall be deemed to be a rejection of all such offers. In the case of acceptance, such notice (a "Competitive Bid Borrowing Notice") shall specify the aggregate principal amount of offers for each Interest Period that are accepted. The Borrower may accept any Competitive Bid Quote in whole or in part (subject to the terms of Section 2.3.4(ii)(d)); provided that:

- (a) the aggregate principal amount of each Competitive Bid Advance may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;
- (b) acceptance of offers may only be made on the basis of ascending Eurodollar Bid Rates or Absolute Rates, as the case may be; and
- (c) the Borrower may not accept any offer that is described in Section 2.3.4(iii) or that otherwise fails to comply with the requirements of this Agreement for the purpose of obtaining a Competitive Bid Loan under this Agreement.

2.3.7. Allocation by Agent. If offers are made by two or more Banks with the same Eurodollar Bid Rates or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks as nearly as possible (in such multiples, not less than \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amount of such offers; provided, however, that no Bank shall be allocated a portion of any Competitive Bid Advance which is less than the minimum amount which such Bank has indicated that it is willing to accept. Allocations by the Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error. The Agent shall promptly, but in any event on the same Business Day, notify each Bank of its receipt of a Competitive Bid Borrowing Notice and the aggregate principal amount of such Competitive Bid Advance allocated to each

participating Bank.

2.3.8. Administration Fee. The Company hereby agrees to pay to the Agent an administration fee for Competitive Bid Quote Requests in such amounts as are from time to time agreed upon by the Company and the Agent.

2.4. Fees.

2.4.1. Facility Fee. The Company hereby agrees to pay to the Agent for the account of each Bank a facility fee at the rates per annum set forth below, based on the Leverage Ratio set forth in the table below on each Bank's Commitment (whether used or unused) for the period from the Effective Date to and including the Revolving Credit Termination Date, payable in arrears on each Payment Date hereafter and on the Revolving Credit Termination Date for any period then ending for which such fee shall not have been theretofore paid; provided that on the Effective Date the Leverage Ratio shall be 0.32 to 1.00. The adjustment, if any, to the facility fee shall be applicable on the fifth Business Day after delivery to the Banks of the financial statements delivered by the Company pursuant to Sections 6.1(i) or (ii). If the financial statements are not received by the Agent within the time periods set forth in Sections 6.1(i) and (ii) and the Agent has given the Company five days' notice that such statements have not been received by the Agent, the maximum fee shall apply until such statements are received by the Agent.

	Leverage Ratio	Facility Fee
1)	Less than 0.50 to 1.00	0.070%
2)	Greater than or equal to 0.50 to 1.00 and less than 0.75 to 1.00	0.095%
3)	Greater than or equal to 0.75 to 1.00	0.125%

All fees shall be calculated for the actual number of days elapsed on the basis of a year consisting of 360 days.

2.5. General Facility Terms.

2.5.1. Method of Borrowing. Not later than 11:00 a.m. (San Francisco time, in the case of any Dollar borrowing, or the local time at the applicable payment office of the Agent for the applicable currency, in the case of any non-Dollar borrowing) on each Borrowing Date, each Bank shall make available its Loan or Loans in funds immediately available to the Agent, in the applicable currency, at the applicable payment office of the Agent for such currency, or at such other location and time as the Agent shall direct. Unless otherwise instructed by the Company, the Agent shall deposit the funds so received from the Banks in the Company's account at BofA's main office in San Francisco.

2.5.2. Minimum Amount of Each Advance. Each Ratable Advance and each conversion and continuation with respect to a Ratable Advance, shall be in the minimum amount of \$10,000,000 (and in integral multiples of \$1,000,000 if in excess thereof), or U.S. Dollar Equivalent amounts; provided, however, that any Floating Rate Advance may be in the aggregate amount of the unused Aggregate Commitment.

2.5.3. Repayment. Except for optional payments pursuant to Section 2.5.4, each Competitive Bid Advance shall be paid in full by the Borrower on the last day of the Interest Period applicable thereto, and each Ratable Advance shall be paid in full by the Company on the last day of the Interest Period applicable thereto, unless converted or continued in accordance with Section 2.2.4, but in any event all Advances shall be paid in full on the Revolving Credit Termination Date.

2.5.4. Optional Principal Payments. The Borrower may from time to time pay all outstanding Ratable Advances, or, in a minimum aggregate amount of \$10,000,000 (and in multiples of \$1,000,000 if in excess thereof), or U.S. Dollar Equivalent amounts, any portion of the outstanding Ratable Advances upon three Business Days' prior notice to the Agent (or four, in the case of prepayment of Eurocurrency Advances). All such payments shall be made in immediately available funds to the Agent at the Agent's address specified in Article XIII or at any other Lending Installation of the Agent specified by the Agent in accordance with Section 2.5.8. by 11:00 a.m. (San Francisco time, in the case of any Dollar denominated Ratable Advance being prepaid, or the local time at the applicable payment office of the Agent for the applicable currency, in the case of any non-Dollar Ratable Advance being prepaid) on the date of payment. A Competitive Bid Advance may not be prepaid prior to the last day of its applicable Interest Period without the prior consent of the Bank which originally made such Loan, which consent may be given or withheld at the Bank's sole and absolute discretion. Any prepayment of a Fixed Rate Advance prior to the end of an applicable Interest Period shall be subject to the indemnification provided in Section 3.4.

2.5.5. Interest Periods. Subject to the provisions of Section 2.5.6, each Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the earlier of (i) the last day of such Interest Period or (ii) the date of any earlier prepayment as permitted by Section 2.5.4, at the interest rate determined as applicable to such Advance, subject to the Company's right to convert or continue Advances pursuant to Section 2.2.4. The Borrowers shall not request a Fixed Rate Advance if, after giving effect to the requested Fixed Rate Advance, more than 20 separate Fixed Rate Advances would be outstanding.

2.5.6 Rate after Maturity. Except as provided in the next sentence, any Advance not paid at maturity, whether by acceleration or otherwise, shall bear interest until paid in full at a rate per annum equal to the Alternate Base Rate plus 1% per annum. In the case of a Fixed Rate Advance the maturity of which is accelerated, such Fixed Rate Advance shall bear interest for the remainder of the applicable Interest Period, at the higher of the rate otherwise applicable to such Interest Period plus 1% per annum or the Alternate Base Rate plus 1% per annum.

2.5.7 Interest Payment Dates; Interest Basis. Interest accrued on each Advance shall be payable on the last day of its applicable Interest Period and on any date on which such Advance is prepaid, whether due to acceleration or otherwise. Interest accrued on each Fixed Rate Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on all Floating Rate Advances calculated on the basis of the Corporate Base Rate shall be calculated for the actual number of days elapsed on the basis of a year consisting of 365/366 days. Interest on all other Advances shall be calculated for the actual number of days elapsed on the basis of a year consisting of 360 days. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 11:00 a.m. (San Francisco time, in the case of any Dollar Advance, or the local time at the applicable payment office of the Agent for the applicable currency, in the case of any non-Dollar Advance) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.5.8. Method of Payment. Except as specifically provided in this Agreement and in the following sentence, all payments of principal, interest, and fees hereunder shall be made in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIV or at any other Lending Installation of the Agent specified in writing by the Agent to the Company (at least one Business Day prior to the applicable due date) by 11:00 a.m. (San Francisco time, in the case of any Dollar Advance, or the local time at the applicable payment office of the Agent for the applicable currency, in the case of any non-Dollar Advance) on the date when due and shall be applied (i) first, ratably among the Banks with respect to any principal and interest due in connection with Ratable Advances, (ii) second, after all amounts described in clause (i) have been satisfied, ratably among those Banks for whom any payment of principal and interest is due in connection with any Competitive Bid Advances and (iii) third, after all amounts described in clauses (i) and (ii) have been satisfied, ratably to any other Obligations then due. All payments of principal and interest hereunder shall be made in the currency in which the related Advance was made. Each payment delivered to the Agent for the account of any Bank shall be delivered by the Agent to such Bank in the same type of funds which the Agent received at such Bank's address specified pursuant to Article XIV or at any Lending Installation specified in a notice received by the Agent from such Bank. If such payment is received by the Agent by 11:00 a.m. (San Francisco time, in the case of any Dollar Advance, or the local time at the applicable payment office of the Agent for the applicable currency, in the case of any non-Dollar Advance) such delivery to the Banks shall be made on the same day and if received thereafter shall be made on the next succeeding Business Day. The Agent is hereby authorized to charge the account of the Company held at BofA for each payment of principal, interest and fees owing by any Borrower as it becomes due hereunder.

2.5.9. Notes; Telephonic Notices; Designation of Company. Each Bank is hereby authorized to record on the schedule attached to each of its Notes, or otherwise record in accordance with its usual practice, the date and amount of each of its Loans of the type evidenced by such Note; provided, however, that any failure to so record shall not affect the Borrowers' Obligations under any Note. The Borrowers hereby authorize the Banks and the Agent to extend, continue and convert Advances, effect Rate Option selections and submit Competitive Bid Quotes based on telephonic notices made by any person or persons the Agent or any Bank in good faith believes to be an authorized officer or an officer, employee or agent of such Borrower designated by an authorized officer. The Borrowers agree to deliver promptly to the Agent a written or teletype confirmation of each telephonic notice signed by an authorized officer. If the written or teletype confirmation differs in any material respect from the action taken by the Agent and the Banks, the records of the Agent and the Banks shall govern absent manifest error. Each Subsidiary Borrower hereby irrevocably appoints the Company as its agent and attorney-in-fact, authorized to execute and deliver on its behalf any and all statements, certificates, documents and agreements as may be required or contemplated hereunder, including Ratable Borrowing Notices and Notices of Conversion/Continuation and requests for offers to make Competitive Bid Loans, and to receive any and all notices and other communications from the Agent and the Banks hereunder and to perform on such Subsidiary Borrower's behalf any and all other acts, deeds and requirements of this Agreement.

2.5.10. Notification of Advances, Interest Rates and Prepayments. The Agent will notify each Bank of the contents of each Ratable Borrowing Notice, Notice of Conversion/Continuation (or automatic conversion pursuant to subsection 2.2.4(c)), and payment notice received by it hereunder promptly and in any event (provided such items were timely received by the Agent from the Borrowers) before the close of business on the same Business Day of receipt thereof (or, in the case of borrowing notices with respect to Floating Rate Advances, within one hour of receipt thereof). The Agent will notify each Bank of the interest rate applicable to each Fixed Rate Advance promptly upon determination of such interest rate and will give each Bank prompt notice of each change in the Alternate Base Rate in respect of any outstanding Floating Rate Advance.

2.5.11. Non-Receipt of Funds by the Agent Unless the Borrower or a Bank, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Bank, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Banks, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Bank or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Bank, the Federal Funds Effective Rate for such day or (y) in the case of payment by the Company, the interest rate applicable to the relevant Loan.

2.5.12. Cancellation. The Company may at any time after the date hereof cancel the Aggregate Commitment in whole, or in a minimum aggregate amount of \$10,000,000 (and in integral multiples of \$1,000,000) ratably among the Banks upon at least three Business Days' prior written notice to the Agent, which notice shall specify the amount of such reduction; provided, however, no such notice of cancellation shall be effective to the extent that it would reduce the Aggregate Commitment to an amount which would be less than the outstanding principal amount of Loans at the time such cancellation is to take effect. Any notice of cancellation given pursuant to this Section shall be irrevocable and shall specify the date upon which such cancellation is to take effect.

2.5.13. Lending Installations. Each Bank may book its Loans at any Lending Installation selected by such Bank and may change its Lending Installation from time to time. Each Bank will notify the Agent and the Company on or prior to the date of this Agreement of the Lending Installation which it intends to utilize for each type of Loan hereunder. Each Bank may, by written or teletype notice to the Agent and the Company, change the Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.5.14. Currency Fluctuations. If the aggregate principal amount of all Advances outstanding (after converting each Eurocurrency Advance to its U.S. Dollar Equivalent on the date of calculation) as of the last Business Day of any calendar month exceeds the Aggregate Commitment, then upon five Business Days' written notice from such Bank to the Borrowers and the Agent, the Borrowers shall prepay an aggregate principal amount of Ratable Advances (ratably among the Banks) such that the outstanding principal balance of all Advances outstanding does not exceed the Aggregate Commitment. Unless otherwise specified by the Company at a time during which there exists no Default, prepayments under this Section 2.5.14 shall be allocated ratably among the Borrowers according to their respective outstanding Advances.

2.5.15. Failure to Pay in a Eurocurrency. If any Borrower is unable for any reason to effect payment of a Eurocurrency Advance in a Eurocurrency as required by Section 2.5.8 or if any Borrower shall default in the payment when due of any payment in a Eurocurrency, the Banks may, at their option, require such payment to be made to the Agent at the Agent's office specified in Article XIV in the equivalent amount in Dollars at the U.S. Dollar Equivalent of such Eurocurrency to the place or places where such payment was payable. In any case in which the Borrower shall make such payment in Dollars, the Borrower agrees to hold each Bank harmless from any loss incurred by such Bank arising from any change in the value of Dollars in relation to such Eurocurrency between the date such payment became due and the date of payment thereof. The Borrowers' Obligations under this Section 2.5.15 shall survive termination of this Agreement.

2.5.16. Judgment Currency Provisions. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder or under any Note in any currency (the "Original Currency") into another currency (the "Other Currency"), the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which in accordance with normal banking procedures BofA could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is given. To the fullest extent permitted by applicable law, the Obligations of the Borrowers in respect to any sum due in the Original Currency to any Bank hereunder shall, notwithstanding any judgment in an Other Currency, be discharged only to the extent that on the Business Day following receipt by such Bank of any sum adjudged to be so due in the Other Currency such Bank may in accordance with normal banking procedures purchase the Original Currency with the Other Currency; if the amount of the Original Currency so purchased is less than the sum originally due to the Bank in the Original Currency, the Borrowers severally agree, as a separate Obligation and notwithstanding any such judgment, to indemnify such Bank against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due such Bank in the Original Currency, such Bank agrees to remit to the Borrower such excess.

2.6. Extension of Revolving Credit Termination Date. (a) The Company may, from time to time, by notice to the Agent (each such notice being an "Extension Notice") given no later than 30 days but not sooner than 60 days prior to October 31 of each year beginning 1996 (each such October 31, called an "Extension Date") of this Agreement, extend the Revolving Credit Termination Date to a date one year after the then applicable Revolving Credit Termination Date. Such extension shall not be effective with respect to a Bank which, by a notice (a "Withdrawal Notice") to the Company and the Agent given within 30 days following the Agent's receipt of such Extension Notice, declines to consent to such extension or which has failed to respond to the Company and the Agent within said 30-day period (each Bank giving a Withdrawal Notice or failing to respond in a timely manner being called a "Withdrawing Bank" and each Bank other than a Withdrawing Bank being a "Continuing Bank"). Such extension shall be effective only if the aggregate of the Commitments of the Continuing Banks is 66 2/3% or more of the Aggregate Commitment in effect on the date of this Agreement.

If Banks with less than 66-2/3% of the Aggregate Commitment elect to be Continuing Banks, the Revolving Credit Termination Date shall not be extended and the Banks (including Withdrawing Banks) shall be obligated to make Loans to the Company in accordance with the original terms of this Agreement (including any previously approved extensions). If Banks with 66-2/3% or more, but less than 100%, of the Aggregate Commitment elect to be Continuing Banks, the Company may, at any time prior to the then applicable Extension Date, invite the Continuing Banks to increase their Commitments and/or invite other banks to become party to the Agreement in accordance with Section 13.3, in an aggregate amount not to exceed the Commitments of the Withdrawing Banks. If the Company fails to receive new or increased Commitments equal to the Commitments of the Withdrawing Banks prior to the then applicable Extension Date, the Company may, at its option, elect to cancel the requested extension of the Revolving Credit Termination Date and the Banks, including the Withdrawing Banks, shall continue to be obligated to make Loans in accordance with the original terms of this Agreement (including any previously approved extensions). If the Company receives 66-2/3% or more, but less than 100%, of the Aggregate Commitment, and the Company elects not to cancel the requested extension, the Revolving Credit Termination Date shall be extended by one year, provided, however, that the Commitment of each Withdrawing Bank shall terminate on the then applicable Revolving Credit Termination Date without giving any effect to such each Withdrawing Bank on such Revolving Credit Termination Date, provided, however, that so long as no Default or Unmatured Default exists, the Company may, at any time prior to such Revolving Credit Termination Date and by not less than five Business Days' prior written notice to the Agent and any Withdrawing Bank, cancel such Bank's Commitment, and thereupon prepay all Loans made by such Bank, together with interest and fees accrued to the date of such prepayment and breakage costs due under Section 3.3, if any, whereupon such Bank shall cease to be obliged to make further Loans hereunder, its Commitment shall be reduced to zero and it shall be released from all unaccrued obligations under this Agreement.

The Agent shall notify each Bank of its receipt of an Extension Notice within two Business Days after the Agent's receipt thereof. The Company may deliver only one Extension Notice per year.

(b) A Withdrawing Bank shall be obliged, at the request of the Company and subject to the Withdrawing Bank receiving payment in full of all amounts owing to it under this Agreement prior to completion of an assignment, to assign, without recourse or warranty and by an assignment

agreement in substantially the form of Exhibit "J" attached hereto, and in accordance with Section 13.3, all of its rights and obligations hereunder to another financial institution which is an Eligible Assignee nominated by the Company and willing to participate in the facility in the place of such Withdrawing Bank; provided that such transferee satisfies all the requirements of this Agreement.

(c) If the Revolving Credit Termination Date shall have been extended in respect of Continuing Banks in accordance with this Section 2.6, any Ratable Borrowing Notice or Notice of Conversion/Continuation specifying a Borrowing Date or Conversion/Continuation Date occurring after the Revolving Credit Termination Date applicable to a Withdrawing Bank or requesting an Interest Period extending beyond such date (i) shall have no effect in respect of such Withdrawing Bank and (ii) shall not specify a requested aggregate principal amount exceeding, when combined with all then outstanding Advances, the Aggregate Commitment calculated on the basis of the Commitments of the Continuing Banks.

(d) If the Revolving Credit Termination Date shall have been extended in respect of Continuing Banks in accordance with this Section 2.6, all references herein to the "Revolving Credit Termination Date" shall, with respect to all parties hereto other than Withdrawing Banks, refer to the Revolving Credit Termination Date as so extended.

2.7. **Subsidiary Borrowers.** From time to time, the Company may designate Subsidiaries as Subsidiary Borrowers by delivering to the Agent a fully-executed original certificate in the form of Exhibit "L" hereto, together with all documents required by such certificate (in sufficient number for the Agent and each of the Banks), whereupon, upon the Agent's acknowledgment of receipt of same, such designated Subsidiaries shall be deemed Subsidiary Borrowers for all purposes hereof. Until a Subsidiary so becomes a Subsidiary Borrower, it shall not be entitled to any Advances hereunder.

ARTICLE III

TAXES, CHANGE IN CIRCUMSTANCES

3.1. **Taxes.** (a) Any and all payments by the Borrowers to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Borrowers severally agree to pay all Other Taxes.

(b) If a Borrower shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Bank or the Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Borrowers severally agree to indemnify and hold harmless each Bank and the Agent for the full amount of i) Taxes, ii) Other Taxes, and iii) Further Taxes in the amount that the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by any Borrower of Taxes, Other Taxes or Further Taxes, the Borrower shall furnish to each Bank or the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Bank or the Agent.

3.2. **Yield Protection.** If, after the date hereof, because of the enactment of, or any change in, any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof (other than such enactments or changes that are not effective as of June 1, 1995 but are scheduled to become effective thereafter pursuant to such laws, rules, regulations, policies, guidelines, directives or interpretations that are effective as of June 1, 1995), which

(i) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Fixed Rate Advances), or

(ii) imposes any other condition the result of which is to increase the cost to any Bank or any applicable Lending Installation of making, funding or maintaining loans or reduces any amount receivable by any Bank or any applicable Lending Installation in connection with loans, or requires any Bank or any applicable Lending Installation to make any payment calculated by reference to the amount of loans held or interest received by it, by an amount deemed material by such Bank, or

(iii) affects the amount of capital required or expected to be maintained by any Bank or Lending Installation or any corporation controlling any Bank and such Bank determines the amount of capital required is increased by or based upon the existence of this Agreement or its obligation to make Loans hereunder or of commitments of this type,

Then, within 15 days of demand by such Bank through the Agent, the Company shall pay such Bank that portion of such increased expense incurred (including, in the case of Section 3.2(iii), any reduction in the rate of return on capital to an amount below that which it could have achieved but for such law, rule, regulation, policy, guideline or directive and after taking into account such Bank's policies as to capital adequacy) or reduction in an amount received which such Bank determines is attributable to making, funding and maintaining its Loans and its Commitment. Notwithstanding the foregoing, if a Bank fails to make a claim within 90 days after it becomes, or ought reasonably to have become, aware of any event giving rise to a claim under this Section 3.2, then such Bank shall be entitled to make any claim under this Section 3.2 with respect to such Advance only in respect of any amounts due under this Section 3.2 that are attributable to the period following the 90th day preceding the day upon which the Bank makes such claim.

3.3. Availability of Rate Options. If any Bank determines that maintenance of any of its Fixed Rate Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, such Bank shall so notify the Agent and the Agent shall suspend the availability of the affected Rate Option and require any Fixed Rate Advances outstanding under the affected Rate Option to be repaid; or if any Bank determines that (i) deposits of a type or maturity appropriate to match fund Fixed Rate Advances (other than Eurocurrency Advances) are not available, the Agent shall suspend the availability of the affected Rate Option with respect to any Fixed Rate Advances made after the date of any such determination, or (ii) a Rate Option does not accurately reflect the cost of making a Fixed Rate Advance, (other than a Eurocurrency Advance) at such Rate option, such Bank shall so notify the Agent and then the Agent shall suspend the availability of the affected Rate Option with respect to any Fixed Rate Advances made after the date of any such determination; or if any Bank determines that (iii) deposits of a type or maturity appropriate to match fund Eurocurrency Advances are not available to it or (iv) the Eurocurrency Rate does not accurately reflect the cost of making its Eurocurrency Loan, such Bank shall so notify the Agent and then the Agent shall suspend the availability of the Eurocurrency Rate for that particular Eurocurrency with respect to Eurocurrency Advances made after the date of such determination.

3.4. Funding Indemnification. If any payment of a Fixed Rate Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment, automatic conversion or otherwise, or the Borrower requests a Fixed Rate Advance, or the continuation or conversion of an Advance as or to a Fixed Rate Advance, and the Borrower does not borrow, continue or convert such Fixed Rate Advance on the date specified by the Borrower except by reason of default by the Banks, the Borrower will indemnify each Bank for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Fixed Rate Advance.

3.5. Regulation D Compensation. Each Bank may through the Agent request any Borrower to pay and upon such request the Borrower shall pay, contemporaneously with each payment of interest on such Borrower's Eurocurrency Loans and Eurodollar Ratable Loans, additional interest on such Loans at a rate per annum determined by such Bank up to but not exceeding the excess of (i) (A) the applicable Base Eurocurrency Rate or Eurodollar Base Rate, as the case may be, divided by (B) one minus the Reserve Requirement with respect to Eurocurrency liabilities over (ii) the applicable Base Eurocurrency Rate or Eurodollar Base Rate, as the case may be. Any Bank wishing to require payment of such additional interest (v) shall so notify the Borrowers and the Agent, in which case such additional interest on the Eurocurrency Loans and Eurodollar Ratable Loans of such Bank shall be payable to such Bank at the place indicated in such notice with respect to each Interest Period commencing at least five Business Days after the giving of such notice and (y) shall notify the Borrowers at least five Business Days prior to each date on which interest is payable on the Eurocurrency Loans and the Eurodollar Ratable Loans of the amount then due it under this Section.

3.6. Bank Statements; Survival of Indemnity. To the extent reasonably possible, each Bank shall designate an alternate Lending Installation with respect to its Fixed Rate Loans to reduce any liability of the Borrowers to such Bank under Section 3.1 or 3.2 or to avoid the unavailability of a Rate Option under Section 3.3, so long as such designation is not disadvantageous to such Bank. Each Bank shall deliver to the Borrowers through the Agent a written statement of such Bank as to the amount due, if any, under Sections 3.1, 3.2 or 3.4, simultaneously with making a request for payment under said Sections 3.1, 3.2 or 3.4. Such written statement shall set forth in reasonable detail the calculations upon which such Bank determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Fixed Rate Loan shall be calculated as though each Bank funded its Fixed Rate Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Fixed Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable on demand after receipt by the Borrowers of the written statement. The Obligations of the Borrowers under Sections 3.1, 3.2 and 3.4 shall survive payment of the Obligations and termination of this Agreement.

3.7. Removal of Banks. If (i) the obligation of any Bank to make or continue any Loans as, or convert Loans to, Eurocurrency Loans or Eurodollar Ratable Loans has been suspended pursuant to Section 3.3 or (ii) any Bank has demanded compensation under Section 3.1 or 3.2, the Company may elect to terminate this Agreement as to such Bank, provided that (i) the Company notifies such Bank through the Agent of such election at least five Business Days before any date fixed for a borrowing, (ii) the Company repays all of such Bank's Outstanding Obligations at the end of the respective Interest Periods applicable thereto and (iii) no Default or Unmatured Default exists. Upon receipt by the

Agent of such notice, the Commitment of such Bank shall terminate.

ARTICLE IV

CONDITIONS PRECEDEN

4.1. Closing. (a) Concurrently with the execution of this Agreement and prior to making the initial Advance, the Company will deliver to the Agent, with sufficient copies for the Banks, the following documents, in form and substance satisfactory to the Agent and the Banks:

(i) Executed copies of this Agreement.

(ii) Competitive Bid Notes and Ratable Notes payable to the order of each of the Banks.

(iii) Copies, certified as of a date not more than one week prior to the Effective Date by the Secretary or Assistant Secretary of the Company, of its Board of Directors' (or Executive Committee's) resolutions authorizing execution of the Loan Documents.

(iv) An incumbency certificate, executed as of a date not more than one week prior to the Effective Date by the Secretary or Assistant Secretary of the Company which shall identify by name and title and bear the signature of the officers of the Company authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Banks shall be entitled to rely until informed of any change in writing by the Company.

(v) A written opinion of the Company's in-house counsel, addressed to the Agent and the Banks in substantially the form of Exhibit "F" hereto (which opinion the Company hereby expressly instruct such counsel to prepare and deliver to the Banks for their benefit).

(vi) One copy of the Articles of Incorporation of the Company, together with all amendments, certified as of a recent date by the Secretary or Assistant Secretary of the Company.

(vii) Copies, certified by the Secretary or Assistant Secretary of the Company, of its Bylaws.

(viii) A certificate, signed by the chief financial officer of the Company, stating that on the Effective Date, no Default or Unmatured Default has occurred and is continuing.

(ix) Evidence satisfactory to the Agent that the Credit Agreement dated as of June 1, 1991 among the Company, The First National Bank of Chicago as "Agent" and the banks party thereto has been terminated and no loans or other amounts are outstanding thereunder.

(x) Such other documents as any Bank or its counsel may have reasonably requested prior to execution of the Agreement.

4.2. Each Advance. The Banks shall not be required to make any Advance, unless on the applicable Borrowing Date:

(i) There exists no Default or Unmatured Default.

(ii) The representations and warranties contained in Article V are true and correct as of such Borrowing Date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement.

Each Ratable Borrowing Notice or Competitive Bid Quote Request with respect to each such Advance shall constitute a representation and warranty by the Company that the conditions contained in Sections 4.2(i) and (ii) have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrowers severally represent and warrant to the Banks that:

5.1. Corporate Existence. Each of the Borrowers and the Subsidiaries is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. Authorization and Validity. The Borrowers each have the corporate power and authority and legal right to execute and deliver the Loan Documents and to perform their Obligations thereunder. The execution and delivery by the Borrowers of the Loan Documents and the performance of their Obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents constitute legal, valid and binding Obligations of the Borrowers enforceable against the Borrowers in accordance with their terms, except as

enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrowers of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrowers or any Subsidiary or any Borrower's or any Subsidiary's articles of incorporation or bylaws or the provisions of any indenture, instrument or agreement to which any Borrower or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, or on the property of any Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

5.4. Financial Statements. The May 31, 1995, consolidated financial statements of the Company and the Subsidiaries heretofore delivered to the Banks were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Company and the Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since May 31, 1995, there has been no change in the business, properties, condition (financial or otherwise) or results of operations of the Company and its Subsidiaries which could have a Material Adverse Effect.

5.6. Taxes. The Company and the Subsidiaries have filed all United States federal tax returns and all other United States and foreign tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The United States income tax returns of the Company and the Subsidiaries have been audited by the Internal Revenue Service through the fiscal year ended May 31, 1992. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Company or any Subsidiary which might materially adversely affect the business, properties, financial condition prospects, or results of operations of the Company or the ability of the Company to perform its Obligations under the Loan Documents. The Company has no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule "1" hereto contains an accurate list of all of the presently existing Subsidiaries of the Company, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Company or other Subsidiaries as of the Effective Date. All of the issued and outstanding shares of capital stock of such Subsidiaries have been duly authorized and issued and are fully paid and non-assessable. Each of the Borrowers (other than the Company) is a Wholly-Owned Subsidiary.

5.9. ERISA. There are no material Unfunded Liabilities. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Company nor any other members of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to terminate any Plan.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Company or any Subsidiary to the Agent or to any Bank in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.11. Regulation U. Neither the Company nor any Subsidiary owns any margin stock (as defined in Regulation U).

5.12. Material Agreements. Neither the Company nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which might have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default might have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.13. Compliance With Laws. The Company and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties where failure to comply might have a Material Adverse Effect.

5.14. Ownership of Properties. Except as set forth on Schedule "2" hereto, on the date of this Agreement, the Company and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.15, to all of the properties and assets reflected in the financial statements as owned by it.

5.15. Post-Retirement Benefits. The amount of the present value of the expected cost of post-retirement medical and insurance benefits payable by the Company and its Subsidiaries to its employees and former employees, as estimated by the Company in accordance with reasonable procedures and assumptions, is not material to the financial condition of the Company.

5.16. Environmental and Safety and Health Matters. To the best of the knowledge of the Company, the Company and each Subsidiary are in compliance with all Environmental Laws and Occupational and Health Laws where failure to comply would reasonably be expected to have a Material Adverse Effect on the ability of the Company to perform its obligations hereunder. Neither the Company nor any Subsidiary has received notice of any claims that any of them is not in compliance in all material respects with the Environmental Laws where failure to comply would reasonably be expected to have a Material Adverse Effect on the ability of the Company to perform its Obligations.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Banks shall otherwise consent in writing:

6.1. Financial Reporting. The Company will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Agent with sufficient copies for each Bank:

(i) Within 120 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants, acceptable to the Banks, prepared in accordance with generally accepted accounting principles on a consolidated basis for itself and the Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows.

(ii) Within 60 days after the close of each of the first three quarterly periods of each of its fiscal years, for itself and the Subsidiaries, a consolidated unaudited balance sheet as at the close of such period, and a consolidated profit and loss statement and a consolidated statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(iii) Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit "I" hereto signed by its chief financial officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(iv) Promptly upon the furnishing thereof to the shareholders of the Company, copies of all financial statements, reports and proxy statements so furnished.

(v) Promptly upon the filing thereof, copies of all S-1's, 10-Ks and 10-Qs (and any substitute which may hereafter be required) which the Company or any Subsidiary files with the Securities and Exchange Commission.

(vi) Such other information (including non-financial information) as the Agent or any Bank may from time to time reasonably request.

6.2. Use of Proceeds. The Borrowers will, and the Company will cause each Subsidiary to, use the proceeds of the Advances for working capital purposes and general corporate purposes other than the direct financing of an Unfriendly Acquisition, a bid to make an Unfriendly Acquisition or any steps preliminary to an Unfriendly Acquisition or a bid to make an Unfriendly Acquisition. The Borrowers will not, nor will the Company permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any "margin stock" (as defined in Regulations U and X) or

o extend credit to any person to purchase or carry any margin stock, or extend credit to any person for any of the aforesaid purposes.

6.3. Notice of Default. The Company will, and will cause each Subsidiary to, give prompt notice in writing to the Agent and Banks of (i) the occurrence of any Default or Unmatured Default, (ii) any other development, financial, legal or otherwise, which the Company reasonably expects will have a Material Adverse Effect or would materially adversely affect the ability of the Company to repay the Obligations and (iii) receipt of any notice that the operations of the Company or any Subsidiary are not in compliance with requirements of any applicable Environmental Law or any Occupational Safety and Health Law where failure to comply would reasonably be expected to have a Material Adverse Effect on the ability of the Company to perform its Obligations hereunder, or receipt of notice that any properties or assets of the Company or any Subsidiary are subject to an Environmental Lien securing obligations in excess of \$5,000,000. As used herein, "Environmental Lien" means a Lien in favor of any governmental entity for

(i) any liability under any Environmental Law, or (ii) damages arising from or costs incurred by such governmental entity in response to a spillage, disposal or release into the environment of any hazardous or toxic substance.

6.4. Preservation of Existence; Conduct of Business. The Company will, and will cause each Subsidiary to, do all things necessary to remain duly incorporated and validly existing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted provided however, that the Company may liquidate or dissolve any Subsidiary into the Company or any other Subsidiary; provided, however, that neither a Subsidiary Borrower nor a Material Subsidiary may liquidate or dissolve into a Subsidiary that is not a Subsidiary Borrower or Material Subsidiary. The Company will not, and will not permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof or such other lines of business as are reasonably related thereto.

6.5. Taxes. The Company will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or property, except those which are being contested in good faith by appropriate proceedings and with respect to

which adequate reserves have been set aside.

6.6. Insurance. The Company will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their property in such amounts and covering such risks as is consistent with sound business practice, and the Company will furnish to the Agent upon any Bank's request full information as to the insurance carried.

6.7. Compliance with Laws. The Company will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

6.8. Maintenance of Properties; Trademarks and Franchises. The Company will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times. The Company and each Subsidiary owns, is licensed or otherwise has the lawful right to use, and will continue to own, be licensed or have the lawful right to use, all permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes used in or necessary for the conduct of its business as currently conducted. The use of such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes by the Company and each of its Subsidiaries does not infringe on the rights of any Person.

6.9. Inspection. Subject to Section 10.12 hereof, the Company will, and will cause each Subsidiary to, permit the Agent or any Bank, by their respective representatives and agents, to inspect any of the properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Agent or any Bank may designate.

6.10. Dividends. The Company will not, nor will it permit any Subsidiary to, declare or pay any dividends on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, if, after giving effect thereto, the Company or any Subsidiary is in violation of any of the provisions hereof.

6.11. Merger. The Company will not, nor will it permit any Subsidiary Borrower or Material Subsidiary to, merge or consolidate with or into any other Person, except that (a) a Subsidiary Borrower or Material Subsidiary may merge or consolidate with the Company or another Subsidiary Borrower or Material Subsidiary, provided, that in connection with any merger or consolidation involving the Company, the Company is the surviving entity, and (b) the Company, a Subsidiary Borrower or a Material Subsidiary may merge or consolidate with any other Person to effect an Acquisition permitted by Section 6.14, provided, that the Company, such Subsidiary Borrower or such Material Subsidiary, as applicable, is the surviving entity.

6.12. Sale of Assets. The Company will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of all or any of its property, assets or business to any other Person except (i) sales of inventory in the ordinary course of business and (ii) any other disposals of assets (including sale and leasebacks but excluding the sale and leaseback of the Company's headquarters in Beaverton, Oregon) so long as the aggregate book value of the assets so disposed by the Company and its Subsidiaries in any period of twelve consecutive months, commencing on or after the date hereof, does not exceed 20% of the aggregate book value of the assets of the Company and its Subsidiaries, taken as a whole ("Substantial Portion"), as of the end of the fiscal quarter immediately preceding the date of calculation.

6.13. Sale and Leaseback. The Company will not, nor will it permit any Subsidiary to, sell or transfer any property in order to concurrently or subsequently lease as lessee such or similar property except with respect to sales of property which would be permitted by Section 6.12 and a sale and leaseback with respect to the Company's headquarters in Beaverton, Oregon.

6.14. Acquisitions. The Company will not, nor will it permit any Subsidiary to, make any Acquisition if the Acquisition is of a Person engaged in businesses not permitted by Section 6.4.

6.15. Liens. The Company will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the property of the Company or any Subsidiary, except:

(i) Liens for taxes, assessments or governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings.

(ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of Obligations not more than 30 days past due.

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Company or the Subsidiaries.

(v) Liens existing on the date hereof and described in Schedule "2" hereto.

(vi) Liens incurred in connection with the purchase by the Company or a Subsidiary of tangible assets (excluding inventory) provided the Indebtedness secured thereby does not exceed the purchase price of such asset, plus any related interest and fees and the Lien attaches only to the asset so purchased.

(vii) Liens incurred in connection with the acquisition of real estate and construction of buildings for or on behalf of the Company or a Subsidiary provided that:

(a) the Indebtedness secured by such lien does not exceed the cost of such construction, plus any related interest and fees, and

(b) the aggregate book value of all real estate and buildings subject to Liens permitted by this subparagraph 6.15, does not exceed 20% of net worth at the time of determination.

(viii) Liens not otherwise permitted hereunder, on property other than accounts receivable and inventory, provided that the aggregate amount of Indebtedness secured thereby (other than those referred to in (i) through (vii) above) shall not at any one time exceed \$100,000,000 or its U.S. Dollar Equivalent at such time in other currencies.

(ix) Liens filed in connection with the construction of, and additions to, the Company's headquarters in Beaverton, Oregon in an aggregate amount which do not reflect obligations of the Company in excess of \$80,000,000.

6.16. Affiliates. The Company will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company than the Company or such Subsidiary would obtain in a comparable arm's length transaction.

6.17. Leverage Ratio. The Company will not as of the end of any fiscal quarter from and after the Effective Date permit the Leverage Ratio to exceed 1.00 to 1.00.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of any Borrower or any Subsidiary to the Banks or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2. Nonpayment of principal of any Note when due, or nonpayment of interest upon any Note or of any commitment fee or other Obligations under any of the Loan Documents within five days after the same becomes due.

7.3. The breach by the Company of any of the terms or provisions of Sections 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16 and 6.17. The breach by the Company (other than a breach which constitutes a Default under Section 7.1, 7.2 or the preceding sentence of this Section 7.3) of any of the terms or provisions of this Agreement which is not remedied within 30 days after written notice from the Agent or any Bank.

7.4. Failure of the Company or any Subsidiary to pay any Indebtedness in an aggregate principal amount in excess of \$20,000,000 within 30 days after the Company knows or ought reasonably to have known, that such Indebtedness was due; or the default by the Company or any Subsidiary in the performance of any term, provision or condition contained in any agreement under any such Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Company or any Subsidiary shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Company or any Subsidiary shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.5. The Company or any Subsidiary shall (i) have an order for relief entered with respect to it under the Federal or State bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate action to authorize or effect any of the foregoing actions set forth in this Section 7.5 or

(vi) fail to contest in good faith any appointment or proceeding described in Section 7.6.

7.6. Without the application, approval or consent of the Company or any Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Company or any Subsidiary or any substantial part of its property, or a proceeding described in Section 7.5(iv) shall be instituted against the Company or any Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 days with respect to any such appointment or proceeding against the Company or a Subsidiary incorporated within the United States and 60 days with respect to any Subsidiary incorporated outside of the United States.

7.7. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any Substantial Portion of the property of the Company or any Subsidiary.

7.8. The Company or any Subsidiary shall fail within 30 days to pay, bond or otherwise discharge, any judgment or order for the payment of money in excess of \$5,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith. Any Liens arising out of such judgments or orders are subject to the provisions of Section 6.15(viii).

7.9. Any Reportable Event shall occur in connection with any Plan or any material Unfunded Liabilities shall exist.

7.10. Any Change in Control shall occur. "Change in Control" means either (a) with respect to any capital stock of the Company that is publicly traded, the acquisition after the date of this Agreement by any Person or two or more Persons acting in concert, other than the Knight Family, of beneficial ownership (within the meaning of Rule 13d3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of such capital stock which are entitled to vote in the election of directors; or (b) with respect to any capital stock of the Company that is not publicly traded, if the Knight Family shall at any time fail to own and control 67% or more of the outstanding shares of such capital stock.

7.11. There occurs under any agreement or arrangement designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants (each, a "Swap Contract"), an "early termination date" (as defined in such Swap Contract) resulting from (a) any "event of default" (as defined in such Swap Contract) under such Swap Contract as to which the Company or any Subsidiary is the defaulting party, or (b) any "termination event" (as defined in such Swap Contract) as to which the Company or any Subsidiary is an affected party, and, in either event, the net mark-to-market value for such Swap Contract, as determined by the Company based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts, owed by the Company or such Subsidiary as a result thereof is greater than \$20,000,000.

7.12. The guaranty contained in Article IX of this Agreement is for any reason partially or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or the Company or any other Person contests in any manner the validity or enforceability thereof or denies that the Company has any further liability or obligation thereunder.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.5, 7.6 or 7.7 occurs with respect to any Borrower, the obligations of the Banks to make Loans to that Borrower hereunder shall automatically terminate and the Obligations of such Borrower shall immediately become due and payable without any election or action on the part of the Agent or any Bank. If any Default described in Section 7.5, 7.6 or 7.7 occurs with respect to the Company, the obligations of the Banks to make Loans to any Borrower hereunder shall automatically terminate and the Obligations of all the Borrowers shall immediately become due and payable without any election or action on the part of the Agent or any Bank. If any Default occurs, the Required Banks may terminate or suspend the Obligations of the Banks to make Loans to any and all Borrowers hereunder, or declare the Obligations of any and all Borrowers to be due and payable, or both, whereupon such Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrowers hereby each expressly waive.

If, within 14 days after acceleration of the maturity of the Obligations or termination of the obligations of the Banks to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.5, 7.6, or 7.7 with respect to any Borrower or 7.10 with respect to the Company) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Banks (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrowers, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Banks (or the Agent with the consent in writing of the Required Banks) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Banks or the Borrowers hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Bank affected thereby:

(i) Extend the scheduled maturity of any Loan or Note or reduce the principal amount thereof (other than as permitted by this Agreement), or

reduce the rate or extend the time of payment of interest or fees thereon.

(ii) Reduce the percentage specified in the definition of Required Banks.

(iii) Subject to Section 2.6, extend the Revolving Credit Termination Date, or increase the amount of the Commitment of any Bank hereunder, or permit any Borrower to assign its rights under this Agreement.

(iv) Amend or waive the provisions of Article IV.

(v) Amend this Section 8.2.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 10.7(a) without obtaining the consent of any of the Banks.

8.3. Preservation of Rights. No delay or omission of the Banks or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Banks and the Agent required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Banks until the Obligations have been paid in full.

ARTICLE IX

GUARANTY

9.1. Guaranty. The Company hereby irrevocably, absolutely and unconditionally guarantees the full and punctual payment or performance when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all of the Obligations of each Subsidiary Borrower (the "Guaranteed Obligations"). This guaranty constitutes a guaranty of payment and performance when due and not of collection, and the Company specifically agrees that it shall not be necessary or required that the Agent or any Bank exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Subsidiary Borrower (or any other Person) before or as a condition to the obligations of the Company under this Article IX. The Agent or any Bank may permit the indebtedness of any Subsidiary Borrower to the Agent or any Bank to include indebtedness other than the Guaranteed Obligations, and may apply any amounts received from any source, other than from the Company, to that portion of Subsidiary Borrowers' indebtedness to the Agent or any Bank which is not a part of the Guaranteed Obligations.

9.2. Obligations Independent. The obligations under this Article IX are independent of the Obligations of the Subsidiary Borrowers, and, if the Company fails to pay when due any amount owing under this Article IX, a separate action or actions may be brought and prosecuted against the Company whether action is brought against the Subsidiary Borrowers or whether the Subsidiary Borrowers be joined in any such action or actions.

9.3. Authorization of Renewals, Etc The Company authorizes the Agent and each Bank, without notice or demand and without affecting its liability hereunder, from time to time: to renew, compromise, extend, accelerate or otherwise change the time for payment, or otherwise change the terms, of the Guaranteed Obligations, including increase or decrease of the rate of interest thereon.

9.4. Waiver of Certain Rights. The Company waives any right to require the Agent or any Bank (a) to proceed against the Subsidiary Borrowers or any other Person; (b) to proceed against or exhaust any security for the Guaranteed Obligations or any other indebtedness of the Subsidiary Borrowers to the Agent or any Bank; or (c) to pursue any other remedy in the Agent's or any such Bank's power whatsoever.

9.5. Waiver of Certain Defenses. The Company waives all suretyship defenses, any defense arising by reason of any disability or other defense of the Subsidiary Borrowers, or the cessation from any cause whatsoever of the liability of the Subsidiary Borrowers, whether consensual or arising by operation of law or any bankruptcy, insolvency or debtor relief proceeding, ore burdensome than those of the Subsidiary Borrowers. The Company waives all rights and defenses arising out of an election of remedies by the Agent or any Bank. The Company waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this guaranty. In connection with any action against the Company seeking to enforce the terms of this Article IX, the Company agrees that it may not assert as a defense that the underlying obligation of the Subsidiary Obligor is not enforceable against such Subsidiary Borrower by reason of any statute of limitations applicable to such underlying obligation.

9.6. Information Relating to Company. The Company acknowledges and agrees that it shall have the sole responsibility for obtaining from the Subsidiary Borrowers such information concerning the Subsidiary Borrowers' financial condition or business operations as the Company may require, and that neither the Agent nor any Bank has any duty at any time to disclose to the Company any information relating to the business operations or financial condition of the Subsidiary Borrowers.

9.7. Subordination. Any obligations of the Subsidiary Borrowers to the Company, now or hereafter existing, constituting obligations to the Company as subrogee of the Agent or any Bank or resulting from the Company's performance under this Article IX, are hereby fully subordinated in time and priority of payment to the Guaranteed Obligations.

9.8. Reinstatement of Guaranty. If any payment or transfer of any interest in property by any Subsidiary Borrower to the Agent or any Bank in fulfillment of any Guaranteed Obligation is rescinded or must at any time (including after the termination or cancellation of this guaranty) be returned, in whole or in part, by the Agent or any Bank to the Subsidiary Borrower or any other Person, upon the insolvency, bankruptcy or reorganization of the Subsidiary Borrower or otherwise, this guaranty shall be reinstated with respect to any such payment or transfer, regardless of any such prior return or cancellation.

9.9. Power and Authority of Subsidiary Borrowers. The Company acknowledges that none of the Agent or any Bank has inquired into the power or authority of any Subsidiary Borrower to execute and deliver this Agreement or the Notes or to borrow any Advance hereunder, or of any officer, director or agent acting or purporting to act on behalf of any Subsidiary Borrower to do any of the foregoing. The Company agrees that it is not necessary for the Agent or any Bank to inquire into any such power and authority, and that any Guaranteed Obligation made or created in reliance upon the professed exercise of such power and authority of a Subsidiary Borrower, or of any officer, director or agent acting or purporting to act on behalf of any Subsidiary Borrower, shall be guaranteed hereunder.

ARTICLE X

GENERAL PROVISIONS

10.1. Survival of Representation. All representations and warranties of the Company contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

10.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

10.3. Taxes. Any taxes (excluding income taxes) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Loan Documents shall be paid by the Company, together with interest and penalties, if any.

10.4. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

10.5. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrowers, the Agent and the Banks and supersede all prior agreements and understandings among the Borrowers, the Agent and the Banks relating to the subject matter thereof.

10.6. Several Obligations. The respective Obligations of the Banks hereunder are several and not joint and no Bank shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Bank to perform any of its Obligations hereunder shall not relieve any other Bank from any of its Obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

10.7. Expenses; Indemnification. (a) The Company shall reimburse the Agent for the costs and expenses incurred in the preparation, execution and administration of the Loan Documents as set forth in a letter agreement between the Agent and the Company dated July 14, 1995. (b) The Borrowers jointly and severally shall reimburse the Agent and each Bank for all itemized, reasonable costs and expenses (including attorney's fees and time charges of attorneys for the Agent and each Bank, which attorneys may be employees of a Bank) (hereinafter, collectively, "Attorney Costs") paid or incurred in connection with the collection and enforcement of the Loan Documents during the existence of a Default or after acceleration of the Advances (including in connection with any "workout" or restructuring regarding the Advances, and including in any insolvency proceeding). The Borrowers jointly and severally further agree to indemnify the Agent, the Arranger, and each Bank, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent or any Bank is a party thereto, including Attorney Costs) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder (together, "Indemnified Liabilities"), subject to Oregon Revised Statutes 20.096. The Obligations of the Borrowers under this Section shall survive the termination of this Agreement.

10.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Banks.

10.9. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. The Company will not make any change in its fiscal year or in the accounting principles and methods used in preparing its financial statements.

10.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction

or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

10.11. Nonliability of Banks. The relationship between the Borrowers and the Banks and the Agent with respect to this Agreement shall be solely that of borrower and lender. Neither the Agent nor any Bank shall have any fiduciary responsibilities to the Borrowers with respect to this Agreement. Neither the Agent nor any Bank undertakes under this Agreement any responsibility to the Borrowers to review or inform the Borrowers of any matter in connection with any phase of the Borrowers' business or operations.

10.12. Confidentiality. The Agent and each Bank agrees to hold any non-public information which it may receive from the Borrowers pursuant to this Agreement in confidence, except for disclosure (i) to other Banks and their respective affiliates involved with the administration, syndication, agency and any similar functions with respect to the Loan Documents, (ii) to legal counsel, accountants, and other professional advisors to that Bank, (iii) to regulatory officials, (iv) as requested pursuant to or as required by law, regulation, or legal process, (v) in connection with any legal proceeding to which that Bank is a party, and (vi) permitted by Section 13.4.

10.13. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF OREGON BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

10.14. CONSENT TO JURISDICTION. THE BORROWERS EACH HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR OREGON STATE COURT SITTING IN PORTLAND, OREGON IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWERS EACH HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY AGENT OR ANY BANK TO BRING PROCEEDINGS AGAINST THE COMPANY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY BORROWERS AGAINST THE AGENT OR ANY BANK OR ANY AFFILIATE OF THE AGENT OR ANY BANK INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN PORTLAND, OREGON .

10.15. WAIVER OF JURY TRIAL. THE BORROWERS, THE AGENT AND EACH BANK HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

10.16. OREGON LEGAL NOTICE. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE. THE TERM "THIS ACT" MEANS CHAPTER 967 OREGON LAWS 1989. THE TERM "US" MEANS THE AGENT AND THE BANKS. THE EFFECTIVE DATE OF THIS ACT IS OCTOBER 3, 1989.

10.17. Several Obligations. Unless otherwise expressly provided herein, all Obligations of the Borrowers are several and not joint.

ARTICLE XI

THE AGENT

11.1. Appointment and Authorization; "Agent". Each Bank hereby irrevocably (subject to Section 11.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

11.2. Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible to any Bank for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

11.3. Liability of Agent. None of the Agent-Related Persons shall (i) be liable to any Bank for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrowers or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrowers or any of the Borrowers' Subsidiaries or Affiliates.

11.4. Reliance by Agent. (a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrowers), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

11.5. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Borrowers referring to this Agreement, describing such Default or Unmatured Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Unmatured Default as may be requested by the Required Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Unmatured Default as it shall deem advisable or in the best interest of the Banks.

11.6. Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrowers which may come into the possession of any of the Agent-Related Persons.

11.7. Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

11.8. Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrowers and their Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Borrowers or their

Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrowers or such Affiliates) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BofA in its individual capacity.

11.9. Successor Agent. The Agent may, and at the request of the Required Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XI and Section 10.7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above.

11.10. Withholding Tax. (a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, two properly completed and executed copies of IRS Form 1001 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrowers to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrowers to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrowers to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. However, if the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered or was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE XII

SETOFF; RATABLE PAYMENTS

12.1. Setoff. In addition to, and without limitation of, any rights of the Banks under applicable law, if any Borrower becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any indebtedness from any Bank to the Borrower (including all account

balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Bank, whether or not the Obligations, or any part hereof, shall then be due.

12.2. Ratable Payments. If any Bank, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than that received by any other Bank (except as specifically contemplated by the terms of this Agreement), such Bank agrees, promptly upon demand, to purchase a portion of the Loans held by the other Banks so that after such purchase each Bank will hold its ratable proportion of Loans. If any Bank, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to set off, such Bank agrees, promptly upon demand, to take such action necessary such that all Banks share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XIII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

13.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Company and the Banks and their respective successors and assigns, except that the Borrowers shall not have the right to assign their rights or Obligations under the Loan Documents and any assignment by any Bank must be made in compliance with Section 13.3. The Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 13.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

13.2. Participations.

13.2.1. Permitted Participants; Effect. Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other financial institutions ("Participants") participating interests in any Loan owing to such Bank, any Note held by such Bank, any Commitment of such Bank or any other interest of such Bank under the Loan Documents. Participations in Competitive Bid Loans may be sold to any entity. In the event of any such sale by a Bank of participating interests to a Participant, such Bank's Obligations under the Loan Documents shall remain unchanged, such Bank shall remain solely responsible to the other parties hereto for the performance of such Obligations, such Bank shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Company under this Agreement shall be determined as if such Bank had not sold such participating interests, and the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and Obligations under the Loan Documents.

13.2.2. Voting Rights. Each Bank shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an Interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, any such Loan or Commitment, releases any guarantor of any such Loan or releases any substantial portion of collateral, if any, securing any such Loan.

13.2.3. Benefit of Setoff. The Borrowers each agree that each Participant shall be deemed to have the right of setoff provided in Section 12.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Bank under the Loan Documents, provided that each Bank shall retain the right of setoff provided in Section 12.1 with respect to the amount of participating interests sold to each Participant. The Banks agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 12.1, agrees to share with each Bank, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 12.2 as if each Participant were a Bank.

13.3. Assignments.

13.3.1. Permitted Assignments. Any Bank may, in the ordinary course of its commercial banking business, in accordance with applicable law, with the prior consent of the Company and the Agent (which consent shall not be unreasonably withheld and provided that no such consent shall be necessary in connection with assignments to Purchaser that are Affiliates of such Bank and provided further that no consent of the Company shall be required if there exists a Default), at any time assign to one or more Eligible Assignees ("Purchasers") all or any part of its rights and Obligations, ratably, under the Loan Documents, provided that each assignment shall be in a minimum principal amount of \$15,000,000 and in increments of \$1,000,000 in excess thereof (or, if less, the remaining amount of Loans held by the assignor) and further provided, that assignments of Competitive Bid Loans may be made to any entity on a ratable or non-ratable basis. Such assignment shall be substantially in the form of Exhibit "J" hereto. Such consent shall be substantially in the form attached as Exhibit "2" to Exhibit "J" hereto.

13.3.2. Effect; Effective Date. Upon (i) delivery to the Agent of a notice of assignment, substantially in the form attached as Exhibit "1" to Exhibit "J" hereto (a "Notice of Assignment"), together with any consents required by Section 13.3.1, and (ii) payment of a \$2,500 fee to the Agent from the assignor for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Bank party to this Agreement and any other Loan Document executed by the Banks and shall have all the rights and Obligations of a Bank under the Loan Documents, to the

same extent as if it were an original party hereto, and no further consent or action by the Company, the Banks or the Agent shall be required to release the transferor Bank with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 13.3.2, the transferor Bank, the Agent and the Company shall make appropriate arrangements so that replacement Notes are issued to such transferor Bank and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Commitment, as adjusted pursuant to such assignment.

13.4. Dissemination of Information. The Company authorizes each Bank to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Bank's possession concerning the creditworthiness of the Company and the Subsidiaries, provided that such Transferee or prospective Transferee executes a Confidentiality Agreement in the form of Exhibit "K" hereto.

ARTICLE XIV

NOTICES

14.1. Giving Notice. Except as otherwise permitted by Section 2.5.9 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed by certified mail, return receipt requested and properly addressed with postage prepaid, shall be deemed given when received and receipt confirmed; any notice, if transmitted by facsimile, shall be deemed given when legibly transmitted and receipt confirmed.

14.2. Change of Address. The Company, the Agent and any Bank may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the Company, the Banks and the Agent have executed this Agreement as of the date first above written.

NIKE, INC.

By:
Title: Treasurer

One Bowerman Drive
Beaverton, OR 97005-6453
Attention: Marcia Stilwell, Treasurer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent

By:
Title: Vice President

Payment Office:

Bank of America National Trust
and Savings Association
(ABA 121-000-358)
1850 Gateway Boulevard
Concord, CA 94520
For credit to account:
No. 12338-14629
Ref: Nike, Inc.

Bank of America National Trust
and Savings Association
Agency Management Services #5596
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attn: Ivo A. Bakovic, Vice President
Telephone: (415) 622-1158
Facsimile: (415) 622-4894

COMMITMENTS:

\$45,454,545.45

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a Bank

By:
Title:
555 California Street
41st Floor
San Francisco, CA 94104
Attention: Steven F. Sterling,
Vice President
Telephone: (415) 622-8703
Facsimile: (415) 622-4585

\$45,454,545.45

ABN AMRO BANK N.V., SEATTLE BRANCH

By:
Title:
One Union Square, Suite 2323
Seattle, WA 98101
Attention: James Rice
Vice President
Telephone: (206) 587-2360
Telecopy: (206) 682-5641

\$45,454,545.45

BANQUE NATIONALE DE PARIS

By:
Title:

By:
Title:
180 Montgomery St., 4th fl.
San Francisco, CA 94104
Attention: Judith A. Dowling
Vice President
Telephone: (415) 956-0707
Telecopy: (415) 391-3390

\$45,454,545.45

CITICORP USA, INC.

By:

Title:
One Sansome St., 27th floor
San Francisco, CA 94104
Attention: David Taylor, Vice
President
Telephone: (415) 627-6325
Telecopy: (415) 433-0307

\$45,454,545.45

THE FIRST NATIONAL BANK OF CHICAGO

By:

Title:
777 South Figueroa Street, 4th floor
Los Angeles, CA 90017
Attention: Thomas C. Williams,
Vice President
Telephone: (213) 683-4936
Telecopy: (213) 683-4949

\$45,454,545.45

SEATTLE-FIRST NATIONAL BANK

By:

Title:
701 Fifth Avenue, 12th fl.
Seattle, WA 98124
Attention: Hendrikus T. Knottnerus
Vice President
Telephone: (206) 358-3274
Telecopy: (206) 358-3113

\$45,454,545.45

SWISS BANK CORPORATION,
SAN FRANCISCO BRANCH

By:

Title:

By:

Title:

101 California Street, Suite 1700

San Francisco, CA 94111-5884
Attention: David L. Parrot
Associate Director
Telephone: (415) 774-3425
Telecopy: (415) 989-7570

\$45,454,545.45

THE BANK OF NOVA SCOTIA

By:

Title:

888 S.W. Fifth Avenue, Suite 750
Portland, OR 97204
Attention: Errett Hummel
Relationship Manager
Telephone: (503) 222-5233
Telecopy: (503) 2225502

\$45,454,545.54

THE BANK OF TOKYO, LTD., PORTLAND BRANCH

By:

Title:

2300 Pacwest Center
1211 S.W. Fifth Avenue
Portland, Oregon 97204
Attention: Hiro Nakazawa
Vice President
Telephone: (503) 222-3724
Telecopy: (503) 227-5372

\$45,454,545.54

THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED

By:

Title:

900 SW Fifth Avenue, Suite 1550
Portland, Oregon 97204
Attention: Daniel Dutton
Vice President
Telephone: (503) 242-1199
Telecopy: (503) 242-2413

\$45,454,545.54

UNITED STATES NATIONAL BANK OF OREGON

By:

Title:

555 S.W. Oak Street, PL-4
Portland, Oregon 97204
Attention: Ann Smith
Vice President
Telephone: (503) 275-6380
Telecopy: (503) 275-5428

EXHIBIT "A"

NOTE

(Ratable Loans)

\$ September 15, 1995

NIKE, Inc., an Oregon corporation (the "Company"), promises to pay to the order of (the "Bank") the lesser of the principal sum of Dollars or the aggregate unpaid principal amount of all Loans made by the Bank to the Company pursuant to Section 2.2 of the Credit Agreement (as the same may be amended or modified, the "Agreement") hereinafter referred to, in immediately available funds at the main office of Bank of America National Trust and Savings Association in San Francisco, California, as Agent or as otherwise directed by the Agent pursuant to the terms of the Agreement, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Company shall pay each of these respective Loans in full on the last day of such Loan's applicable Interest Period. All Loans not sooner repaid shall be paid in full on the Revolving Credit Termination Date.

The Bank shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Ratable Loan and the date and amount of each principal payment hereunder provided, however, that any failure to so record shall not affect the Company's Obligations under this Note.

This Note (Ratable Loans) is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement, dated as of September 15, 1995, among the Company, certain of its Subsidiaries, Bank of America National Trust and Savings Association, individually and as Agent, and the banks named therein, including the Bank, to which Agreement, as it may be amended from time to time, reference is hereby made for a statement of the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

OREGON LEGAL NOTICE. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE COMPANY'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE. THE TERM "THIS ACT" MEANS CHAPTER 967 OREGON LAWS 1989. THE TERM "US" MEANS THE BANK. THE EFFECTIVE DATE OF THIS ACT IS OCTOBER 3, 1989.

NIKE, INC.

By:
Title:

**SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE (RATABLE LOANS) OF NIKE, Inc.**

Dated September 15, 1995

Date	Principal Amount of Loan	Maturity of Interest Period	Principal Amount Paid	Unpaid Balance
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EXHIBIT "B"

NOTE
(Competitive Bid Loans)

September 15, 1995

NIKE, Inc., an Oregon corporation (the "Company"), promises to pay, on or before the Termination Date, to the order of (the "Bank") the aggregate unpaid principal amount of all Competitive Bid Loans made by the Bank to the Company pursuant to Section 2.3 of the Credit Agreement hereinafter referred to (as the same may be amended or modified, the "Agreement"), in lawful money of the United States in immediately available funds at the main office of Bank of America National Trust and Savings Association, as Agent, in San Francisco, California or as otherwise directed by the Agent pursuant to the terms of the Agreement, together with interest, in like money and funds, on the unpaid principal amount hereof at the rates and on the dates determined in accordance with the Agreement. The Company shall pay each of these respective Competitive Bid Loans in full on the last day of such Competitive Bid Loan's applicable Interest Period.

The Bank shall, and is hereby authorized to, record on the schedule attached hereto, or otherwise record in accordance with its usual practice, the date and amount of each Competitive Bid Loan and the date and amount of each principal payment hereunder, provided, however, that any failure to so record shall not affect the Company's obligations under this Note.

This Note (Competitive Bid Loans) is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of September 15, 1995, among the Company, certain of its Subsidiaries, Bank of America National Trust and Savings Association, individually and as Agent, and the banks named therein, including the Bank, to which Agreement, as it may be amended from time to time, reference is hereby made for a statement of the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

OREGON LEGAL NOTICE. UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS ACT CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE COMPANY'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE. THE TERM "THIS ACT" MEANS CHAPTER 967 OREGON LAWS 1989. THE TERM "US" MEANS THE BANK. THE EFFECTIVE DATE OF THIS ACT IS OCTOBER 3, 1989.

NIKE, INC.

By:
Title:

**SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
NOTE (COMPETITIVE BID LOANS)
OF NIKE, Inc.**

Dated September 15, 1995

Date	Principal Amount of Loan	Maturity of Interest Period	Principal Amount Paid	Unpaid Balance
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EXHIBIT "C"

COMPETITIVE BID QUOTE REQUEST
(Section 2.3.2)

, 199 _

To: Bank of America National Trust and Savings Association,
as Agent (the "Agent")

From: NIKE, Inc. ("Company")

Re: Credit Agreement (the "Agreement") dated as of September 15, 1995, among the Company, certain of its Subsidiaries, Bank of America National Trust and Savings Association, individually and as Agent, and the Banks listed on the signature pages thereof

We hereby give notice pursuant to Section 2.3.2 of the Agreement that we request Competitive Bid Quotes for the following proposed Competitive Bid Advance(s):

Borrower:

Borrowing Date:

Principal Amount(1) Interest Period(1)

\$

Such Competitive Bid Quotes should offer a [Competitive Bid Margin] [Absolute Rate].

Upon acceptance by the undersigned of any or all of the Competitive Bid Advances offered by Banks in response to this request, the undersigned shall be deemed to affirm as of such date the representations and warranties made in the Agreement to the extent specified in Article IV thereof. Capitalized terms used herein have the meanings assigned to them in the Agreement.

NIKE, Inc.

By:
Title:

EXHIBIT "D"

INVITATION FOR COMPETITIVE BID QUOTES
(Section 2.3.3)

DATE

To: [Name of Bank]

Re: Invitation for Competitive Bid Quotes to
NIKE, INC. (the "Company")

Pursuant to Section 2.3.3 of the Credit Agreement dated as of

September 15, 1995, (the "Agreement") among the Company, certain of its Subsidiaries, the Banks parties thereto and the undersigned, as Agent, we are pleased on behalf of the Company to invite you to submit Competitive Bid Quotes to the Company for the following proposed Competitive Bid Advance(s):

Borrower:

Borrowing Date:

Principal Amount Interest Period

\$ Such Competitive Bid Quotes should offer a [Competitive Bid Margin] [Absolute Rate]. Your Competitive Bid Quote must comply with Section 2.3.4 of the Agreement and the foregoing terms in which the Competitive Bid Quote Request was made. Capitalized terms used herein have the meanings assigned to them in the Agreement.

Please respond to this invitation by no later than [1:00 p.m.] [9:00 a.m.] San Francisco time on , 19 .

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent

By:
Authorized Officer

EXHIBIT "E"

COMPETITIVE BID QUOTE
(Section 2.3.4)

, 199 _

To: Bank of America National Trust and Savings Association, as Agent
Attn: _

Re: Competitive Bid Quote to NIKE, Inc. (the "Company")

In response to your invitation on behalf of the Company dated

September 15, 1995, we hereby make the following Competitive Bid quote pursuant to Section 2.3.4 of the Credit Agreement hereinafter referred to and on the following terms:

- 1. Borrower: _
- 2. Quoting Bank: _
- 3. Person to contact at Quoting Bank: _

4. Borrowing Date: , 19 (1)

5. We hereby offer to make Competitive Bid Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Interest [Competitive Absolute Minimum Amount(2) Period(3) Bid Margin(4)] Rate(5) Amount

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement dated as of September 15, 1995, among the Borrowers, the Banks listed on the signature pages thereof and yourselves, as Agent, irrevocably obligates us to make the Competitive Bid Loan(s) for which any offer(s) are accepted, in whole or in part.

Very truly yours,

[NAME OF BANK]

Dated: , 19 By: _ Authorized Officer

EXHIBIT "F"

COMPANY COUNSEL OPINION

See Attachment

EXHIBIT "G"

RATABLE BORROWING NOTICE

Date: , 199

To: Bank of America National Trust and Savings Association as Agent for the Banks parties to the Credit Agreement dated as of September 15, 1995 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among NIKE, Inc., certain of its Subsidiaries, certain Banks which are signatories thereto and Bank of America National Trust and Savings Association, as Agent

Ladies and Gentlemen:

The undersigned, NIKE, Inc. (the "Company"), refers to the Credit Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.2.3. of the Credit Agreement, of the Ratable Advance specified below:

(i) Borrower:

(ii) The Business Day of the proposed Advance is , 19 .

(iii) The aggregate amount of the proposed Advance is \$.

(iii) The Advance shall be a [Eurodollar Ratable] [Eurocurrency] [Floating Rate] Advance.

[(iv) The Eurocurrency is .]

[(v) The duration of the Interest Period of the [Eurodollar Ratable Advance] [Eurocurrency Advance] shall be months.]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Ratable Advance, before and after giving effect thereto and to the application of the proceeds therefrom.

(a) the representations and warranties contained in Article V of the Credit Agreement are true and correct as though made on and as of such date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement;

(b) no Default or Unmatured Default has occurred and is continuing, or would result from such proposed Ratable Advance; and

(c) The proposed Ratable Advance will not cause the aggregate principal amount of all outstanding Loans to exceed the combined Commitments of the Banks.

NIKE, Inc.

By:
Title:

EXHIBIT "H"

NOTICE OF CONVERSION/CONTINUATION

Date: , 199

To: Bank of America National Trust and Savings Association as Agent for the Banks parties to the Credit Agreement dated as of September 15, 1995 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among NIKE, Inc., certain of its Subsidiaries, certain Banks which are

signatories thereto and Bank of America National Trust and Savings Association, as Agent

Ladies and Gentlemen:

The undersigned, NIKE, Inc. (the "Company"), refers to the Credit Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.2.4. of the Credit Agreement, of the [conversion] [continuation] of the Ratable Advance specified below:

- (i) Borrower:
- (ii) The Business Day of the proposed Conversion/Continuation Date is _____, 19 ____.
- (iii) The aggregate amount of the Advance to be [converted] [continued] is \$ _____.
- (iii) The Advance shall be [converted into] [continued as] a [Eurodollar Ratable] [Eurocurrency] [Floating Rate] Advance.
- [(iv) The duration of the Interest Period of the [Eurodollar Ratable Advance] [Eurocurrency Advance] included in the [conversion] [continuation] shall be months.]

NIKE, Inc.

By:

Title:

EXHIBIT "I"

COMPLIANCE CERTIFICATE

To: The Banks parties to the Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of September 15, 1995, among NIKE, Inc. and certain Subsidiaries, the banks party thereto and Bank of America National Trust and Savings Association as Agent for the Banks (the "Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected of the Company;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Company and its Subsidiaries during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Unmatured Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. Schedule I attached hereto sets forth financial data and computations evidencing the Company's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct [and Schedule II attached hereto sets forth the determination of the interest rate to be paid for Advances commencing the first day of the month following the delivery hereof.]

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Company has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I [and Schedule II] hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this day of _____, 19 ____.

SCHEDULE I TO COMPLIANCE CERTIFICATE

Schedule of Compliance as of _____, 199____, with Provisions of Sections 6.12 and 6.17 of the Agreement

Required Actual

I.	Section 6.12: Sale of Assets Cannot Exceed 20% of Assets BV (\$000's)	\$	\$
II.	Section 6.17: Leverage Ratio (Indebtedness to net worth)		1.00 to 1.00

NIKE, Inc.
Compliance Certificate - Covenants Worksheet
(all numbers reported in thousands)

Page 2

I. Section 6.12:
Sale of Assets:

A. Amount Permitted

Consolidated Assets (at book value) as of \$

x 0.20

Amount permitted during period beginning

and ending :

\$

B. Disposals of Fixed Assets
(per Statement of Cash Flows
during period beginning
and ending :

\$

(A) must be greater than/equal to (B)

—
In Compliance
(Yes or No)

NIKE, Inc.
Compliance Certificate - Covenants Worksheet
(all numbers reported in thousands)
Page 3

III. Section 6.17

Leverage Ratio:

A. Indebtedness \$ _

B. Net Worth \$ _

C. INDEBTEDNESS/NW (A/B) \$ _

Maximum Ratio Permitted 1.00:1.00

EXHIBIT "J"

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between

(the "Assignor") and (the "Assignee")

is dated as of , 19 . The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to a Credit Agreement, dated as of September 15, 1995 (which, as it may be amended, modified, renewed or extended from time to time, is herein called the "Credit Agreement"), among NIKE, Inc. (the "Company"),

certain of its Subsidiaries, certain banks party thereto and Bank of America National Trust and Savings Association, as agent for such banks. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement. The Assignor desires to assign to the Assignee, and the Assignee desires to assume from the Assignor, an undivided interest (the "Purchased Percentage") in the Commitment of the Assignor such that after giving effect to the assignment and assumption hereinafter provided, the Commitment of the Assignee shall equal \$ and its percentage of the Aggregate Commitment shall equal %.

2. **ASSIGNMENT.** For and in consideration of the assumption of obligations by the Assignee set forth in Section 3 hereof and the other consideration set forth herein, and effective as of the Effective Date (as hereinafter defined), the Assignor does hereby sell, assign, transfer and convey all of its right, title and interest in and to the Purchased Percentage of (i) the Commitment of the Assignor (as in effect on the Effective Date), (ii) any Loan constituting part of a Ratable Advance [or part of any Competitive Bid Advance] outstanding on the Effective Date and (iii) the Credit Agreement and the other Loan Documents [other than the Competitive Bid Note payable to Assignor] [(the "Transferred Documents")]. Pursuant to Section 13.3 of the Credit Agreement, on and after the Effective Date the Assignee shall have the same rights, benefits and obligations as the Assignor had under the Loan Documents [Transferred Documents] with respect to the Purchased Percentage of the Loan Documents [Transferred Documents], all determined as if the Assignee were a "Bank" under the Credit Agreement with ___% of the Aggregate Commitment. The Effective Date shall be the later of or two Business Days (or such shorter period agreed to by the Agent) after a Notice of Assignment substantially in the form of Exhibit "1" attached hereto and any consents substantially in the form of Exhibit "2" attached hereto required to be delivered to the Agent by Section 13.3 of the Credit Agreement have been delivered to the Agent. In no event will the Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Effective Date under Section 4 and 5 hereof are not made on the proposed Effective Date. The Assignor will notify the Assignee of the proposed Effective Date on the Business Day prior to the proposed Effective Date.

3. **ASSUMPTION.** For and in consideration of the assignment of rights by the Assignor set forth in Section 2 hereof and the other consideration set forth herein, and effective as of the Effective Date, the Assignee does hereby accept that assignment, and assume and covenant and agree fully, completely and timely to perform, comply with and discharge, each and all of the obligations, duties and liabilities of the Assignor under the Credit Agreement which are assigned to the Assignee hereunder, which assumption includes, without limitation, the obligation to fund the unfunded portion of the Aggregate Commitment in accordance with the provisions set forth in the Credit Agreement as if the Assignee were a "Bank" under the Credit Agreement with % of the Aggregate Commitment. The Assignee agrees to be bound by all provisions relating to "Banks" under and as defined in the Credit Agreement, including, without limitation, provisions relating to the dissemination of information and the payment of indemnification.

4. **PAYMENTS OBLIGATIONS.** On and after the Effective Date, the Assignee shall be entitled to receive from the Agent all payments of principal, interest and fees with respect to the Purchased Percentage of the Assignor's Commitment and Loans [constituting part of any Ratable Advances]. The Assignee shall advance funds directly to the Agent with respect to all such Loans and reimbursement payments made on or after the Effective Date. In consideration for the sale and assignment of such Loans hereunder, (i) with respect to all Floating Rate Loans made by the Assignor outstanding on the Effective Date, the Assignee shall pay the Assignor, on the Effective Date, [an amount equal to the Purchased Percentage of all such Floating Rate Loans; and (ii) with respect to each Fixed Rate Loan made by the Assignor outstanding on the Effective Date, (a) on the last day of the Interest Period therefor or (b) on such earlier date agreed to by the Assignor and the Assignee or (c) on the date on which any such Fixed Rate Loan either becomes due (by acceleration or otherwise) or is prepaid (the date as described in the foregoing clauses (a), (b) or (c) being hereinafter referred to as the "Payment Date")]*, the Assignee shall pay the Assignor an amount equal to the Purchased Percentage of such Fixed Rate Loan. On and after the Effective Date, the Assignee will also remit to the Assignor any amounts of interest on Loans [constituting part of any Ratable Advances] and fees received from the Agent which relate to the Purchased Percentage of Loans made by the Assignor accrued for periods prior to the Effective Date, in the case of Floating Rate Loans, or the Payment Date, in the case of Fixed Rate Loans, and not heretofore paid by the Assignee to the Assignor. In the event interest for the period from the Effective Date to but not including the Payment Date is not paid by the Company with respect to any Fixed Rate Loan sold by the Assignor to the Assignee hereunder, the Assignee shall pay to the Assignor interest for such period on such Fixed Rate Loan at the applicable rate provided by the Credit Agreement. In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

5. **FEES PAYABLE BY ASSIGNEE.** On each day on which the Assignee receives a payment of interest or commitment fees under the Credit Agreement (other than a payment of interest or commitment fees which the Assignee is obligated to deliver to the Assignor pursuant to Section 4 hereof, which shall be excluded in determining fees payable to the Assignor pursuant to this Section), the Assignee shall pay to the Assignor a fee. The amount of such fee shall be the difference between (i) the amount of such interest or fee, as applicable, received by the Assignee and (ii) the amount of the interest or fee, as applicable, which would have been received by the Assignee if each interest rate was of 1% less than the interest rate paid by the Company or if the commitment fee was of 1% less than the commitment fee paid by the Company, as applicable. In addition, the Assignee agrees to pay % of the fee required to be paid to the Agent pursuant to Section 13.3 of the Credit Agreement.

6. **CREDIT DETERMINATION; LIMITATIONS ON ASSIGNOR'S LIABILITY.** The Assignee represents and warrants to the Assignor that it is capable of making and has made and shall continue to make its own credit determinations and analysis based upon such information as the Assignee deemed sufficient to enter into the transaction contemplated hereby and not based on any statements or representations by the Assignor. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no representation or warranty of any kind to the Assignee and shall not be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectibility of the Credit Agreement or any other Loan Document, including without limitation, documents granting the Assignor and the other Banks a security interest in assets of the Company or any guarantor, (ii) any representation, warranty or statement made in or in connection with any of the Loan Documents, (iii) the financial condition or creditworthiness of the Company or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of any of the

Loan Documents, (v) inspecting any of the property, books or records of the Company or (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be liable for any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents, except for its or their own bad faith or willful misconduct.

7. INDEMNITY. The Assignee agrees to indemnify and hold the Assignor harmless against any and all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's performance or non-performance of obligations assumed under this Assignment Agreement.

8. SUBSEQUENT ASSIGNMENTS. After the Effective Date, the Assignee shall have the right pursuant to Section 13.3 of the Credit Agreement to assign the rights which are assigned to the Assignee hereunder to any entity or person, provided that (i) any such subsequent assignment does not violate any of the terms and conditions of the Loan Documents or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Loan Documents has been obtained, (ii) the assignee under such assignment from the Assignee shall agree to assume all of the Assignee's obligations hereunder in a manner satisfactory to the Assignor and (iii) the Assignee is not thereby released from any of its obligations to the Assignor hereunder.

9. REDUCTIONS OF AGGREGATE COMMITMENT. If any reduction in the Aggregate Commitment occurs between the date of this Assignment Agreement and the Effective Date, the percentage of the Aggregate Commitment assigned to the Assignee shall remain the percentage specified in Section 1 hereof and the dollar amount of the Commitment of the Assignee shall be recalculated based on the reduced Aggregate Commitment.

10. ENTIRE AGREEMENT. This Assignment Agreement and the attached consent embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

11. GOVERNING LAW. This Assignment Agreement shall be governed by the internal law, and not the law of conflicts, of the State of California.

12. NOTICES. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth under each party's name on the signature pages hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their duly authorized officers as of the date first above written.

[NAME OF ASSIGNOR]

By:
Title:

[NAME OF ASSIGNEE]

By:
Title:

EXHIBIT "1" to EXHIBIT "J"

**NOTICE
OF ASSIGNMENT**

To: NIKE, Inc.

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION**

From: [NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

, 19 _

1. We refer to that Credit Agreement, dated as of September 15, 1995 (which, as it may be amended, modified, renewed or extended from time to time, is herein called the "Credit Agreement") among NIKE, Inc. (the "Company"), certain of its Subsidiaries, certain banks party thereto

(each a "Bank"), including (the "Assignor") and Bank of America National Trust and Savings Association, as agent for the Banks (as such, the "Agent"). Capitalized terms used herein and in any consent delivered in connection herewith and not otherwise defined herein or in such consent shall have the meanings attributed to them in the Credit Agreement.

2. This Notice of Assignment (this "Notice") is given and delivered to the Company and the Agent pursuant to Section 13.3.2 of the Credit Agreement.

3. The Assignor and (the "Assignee") have entered into an Assignment Agreement, dated as of , 19 , pursuant to which, among other things, the Assignor has sold, assigned, delegated and transferred to the Assignee, and the Assignee has purchased, accepted and assumed from the Assignor, an undivided interest in and to all of the Assignor's rights and obligations under the Credit Agreement such that Assignee's percentage of the Aggregate Commitment shall equal % , effective as of the "Effective Date" (as hereinafter defined). The "Effective Date" shall be the later of , 19 or two Business Days (or such shorter period as a greed to by the Agent) after this Notice of Assignment and any consents a nd fees required by Sections 13.3.1 and 13.3.2 of the Credit Agreement have been delivered to the Agent, provided that the Effective Date shall not occur if any condition precedent agreed to by the Assignor and the Assignee has not been satisfied.

4. As of this date, the percentage of the Assignor in the Aggregate Commitment and Advances is % . As of the Effective Date, the percentage of the Assignor in the Aggregate Commitment and Loans will be % (as such percentage may be reduced or increased by assignments which become effective prior to the assignment to the Assignee becoming effective) and the percentage of the Assignee in the Aggregate Commitment and Loans will be % .

5. The Assignor and the Assignee hereby give to the Borrowers and the Agent notice of the assignment and delegation referred to herein. The Assignor will confer with the Agent before , 19 to determine if the Assignment Agreement will become effective on such date pursuant to Section 3 hereof, and will confer with the Agent to determine the Effective Date pursuant to Section 3 hereof if it occurs thereafter. The Assignor shall notify the Agent if the Assignment Agreement does not become effective on any proposed Effective Date as a result of the failure to satisfy the conditions precedent agreed to by the Assignor and the Assignee. At the request of the Agent, the Assignor will give the Agent written confirmation of the occurrence of the Effective Date.

6. The Assignee hereby accepts and assumes the assignment and delegation referred to herein and agrees as of the Effective Date (i) to perform fully all of the obligations under the Credit Agreement which it has hereby assumed and (ii) to be bound by the terms and conditions of the Credit Agreement as if it were a "Bank".

7. The Assignor and the Assignee request and agree that any payments to be made by the Agent to the Assignor on and after the Effective Date shall, to the extent of the assignment referred to herein, be made entirely to the Assignee, it being understood that the Assignor and the Assignee shall make between themselves any desired allocations.

8. The Assignor or the Assignee shall pay to the Agent on or before the Effective Date the processing fee of \$2,500 required by Section 13.3.2 of the Credit Agreement.

9. The Assignor and the Assignee request and direct that the Agent prepare and cause the Borrowers to execute and deliver new Notes or, as appropriate, replacement notes, to the Assignor and the Assignee in accordance with Section 13.3.2 of the Credit Agreement. The Assignor and the Assignee agree to deliver to the Agent the original Note received from it by the Borrowers upon its receipt of a new Note in the amount set forth above.

10. The Assignee advises the Agent that the address listed below is its address for notices under the Credit Agreement:

ASSIGNOR ASSIGNEE

By:

By:

Title:

Title:

EXHIBIT "2" to EXHIBIT "J"

CONSENT AND RELEASE

TO: [NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

, 19 _

1. We acknowledge receipt from (the "Assignor") and (the "Assignee") of the Notice of Assignment, dated as of , 19 (the "Notice"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Notice.

2. In consideration of the assumption by the Assignee of the obligations of the Assignor as referred to in the Notice, the Company hereby (i) irrevocably consents, as required by Section 13.3 of the Credit Agreement, to the assignment and delegation referred to in the Notice and (ii) as of the Effective Date, irrevocably reduces the percentage of the Assignor in the Aggregate Commitment by the percentage of the Aggregate Commitment assigned to the Assignee and releases the Assignor from all of its obligations to the Borrowers under the Loan Documents to the extent that such obligations have been assumed by the Assignee.

3. The Company directs the Agent to prepare for issuance by the Borrowers new Notes as requested by the Assignor and the Assignee in the Notice.

4. In consideration of the assumption by the Assignee of the obligations of the Assignor as referred to in the Notice, the Agent hereby (i) irrevocably consents, as required by Section 13.3 of the Credit Agreement, to the assignment and delegation referred to in the Notice, (ii) as of the Effective Date, irrevocably releases the Assignor from its obligations to the Agent under the Loan Documents to the extent that such obligations have been assumed by the Assignee, and (iii) agrees that, as of the Effective Date, the Agent shall consider the Assignee as a "Bank" for all purposes under the Loan Documents to the extent of the assignment and delegation referred to in the Notice.

NIKE, INC.

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Agent

By :

By :

Title: Title:

EXHIBIT "K"

Confidentiality Agreement

(Transferee's Letterhead)

To: [Name of Transferee]

Attention:

RE: Nike, Inc. (the "Company")

Gentlemen/Ladies:

You have asked to receive from us certain information (which may be communicated both in written and verbal form) with respect to the Company which is non-public, confidential or proprietary in nature (collectively, the "Information") in order to evaluate your possible participation in certain credit facilities to be extended to the Company (the "Credit Facilities"). In consideration of our disclosure to you of the Information, you agree as follows:

1. Non-Disclosure. You will keep the Information confidential and, without our prior written consent, you will not disclose any of the Information except:

(a) to your directors, employees, auditors or counsel (collectively "representatives") to whom it is necessary to show the Information, each of which shall be informed by you of the confidential nature of the Information;

(b) in any statement or testimony pursuant to a subpoena or order by any court, governmental body or other agency asserting jurisdiction over you, or as may otherwise be required by law (provided that you shall give us prior notice of the disclosure permitted by this clause (b) unless such notice is prohibited by the subpoena, order or law); and

(c) upon the request or demand of any regulatory agency or authority having jurisdiction over you.

2. Use of Information. You will use the Information only for the purposes of evaluating the proposed Credit Facilities and making any necessary credit judgments with respect thereto. You will not use the Information in a manner prohibited by any law, including without limitation, the securities laws of the United States.

3. Return of Documents. You will, upon demand, return to us all documents or other written material received from us and all copies thereof made by you which contain the Information which have not been properly disposed of by you.

4. Public Information. The restrictions contained herein shall not apply to Information which (a) is or becomes generally available to the public other than as a result of a disclosure by you or your representatives; (b) becomes available to you on a non-confidential basis from a source

other than us or one of our agents or (c) was known to you on a non-confidential basis prior to its disclosure to you by us or one of our agents.

5. Disclaimer. It is understood and agreed that we are under no obligation to verify the accuracy of any of the Information and make no representation or warranty of any kind, and shall have no liability with respect to, the accuracy, completeness or sufficiency of the Information.

6. General Provisions. This agreement constitutes the entire agreement of the parties hereto and supersedes all prior agreements of the parties relating to the subject matter hereof. Upon your execution of definitive loan documents, some or all of your confidentiality obligations with respect to the information may be superseded by the confidentiality provisions of the loan documents. This agreement shall be governed by, and construed in accordance with, the laws of the State of California.

If you are in agreement with the foregoing, please acknowledge your acceptance of the terms and conditions contained herein by executing and returning a copy of this agreement as provided below to the attention of the undersigned by FAX () - with the original to follow by mail.

Very truly yours,

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent

By: _

Its:

Accepted and agreed to:

(Name of Participant)

By:

Its:

Date:

EXHIBIT "L"

Certificate for Subsidiary Borrowers

Date: , 199

To: Bank of America National Trust and Savings Association as Agent for the Banks parties to the Credit Agreement dated as of September 15, 1995 (as extended, renewed, amended or restated from time to time, the "Credit Agreement") among NIKE, Inc., certain of its Subsidiaries, certain Banks which are signatory thereto and Bank of America National Trust and Savings Association, as Agent of this certificate, a "Subsidiary Borrower" for purposes of the Credit Agreement.

3. Each of the representations and warranties set forth in Article V of the Credit Agreement is true and correct as applied to the Company and the Subsidiary Borrower as of this date. There exists no Default or Unmatured Default.

4. The Company is delivering herewith to the Agent in substitution (without novation) of the existing Notes, Notes executed by each of the Borrowers, including the Subsidiary Borrower, payable to each of the Banks.

5. The Company hereby ratifies and reaffirms its obligations as guarantor set forth in Article IX of the Credit Agreement and hereby acknowledges and agrees that henceforth all Obligations of the Subsidiary Borrower shall be deemed included in the Guaranteed Obligations covered thereunder.

6. The Subsidiary Borrower hereby acknowledges its irrevocable appointment of the Company as its agent and attorney-in-fact as set forth in the last sentence of Section 2.5.9 of the Credit Agreement.

7. By its execution and delivery of this Certificate, the Subsidiary Borrower is intended to be, and shall be, bound by the Credit Agreement, as though a party thereto, and shall be deemed to have executed and delivered to the Agent and each of the Banks an original, executed counterpart of such Credit Agreement.

NIKE, Inc.

By:

Title:

[Name of Subsidiary Borrower]

By:

Title:

Receipt acknowledged:

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent**

By:

Title:

Date:

SCHEDULE "1"

SUBSIDIARIES AND OTHER INVESTMENTS

(See Section 5.8)

NIKE, Inc. - Subsidiaries	Addresses	Ownership
NIKE, Inc.	One Bowerman Drive Beaverton, OR 97005 USA	
NIKE Canada Ltd.	2445 Canoe Avenue Coquitlam, B.C. Canada V3K 6A9	NIKE, Inc. 100%
NIKE Italy SrL	Via dell Aeronautica 22 I-42100 Reggio Emilia, Italy	NIKE, Inc. NIKE UK 1%
NIKE Retail Services, Inc.	One Bowerman Drive Beaverton, OR 97005 USA	NIKE, Inc. 100%
NIKE U.K. Ltd.	Coniston House, Washington Centre District 4, Washington Tyne & Wear NE38 7RN England	NIKE, Inc. 100%
NIKE do Brasil	Portal Trade Center Rua Luiz Migliano 1110-Cj. 402 05711 Sao Paulo - S.P., Brazil	NIKE, Inc. 100%
NIKE France S.A.	Zone d'Activites des Bethunes Avenue du Fief 95310 Saint-Ouen L'Aumne, France	NIKE, Inc. 99.9%
NIKE Sports Korea	6th Floor Dongik Building 98 Nonhyun-Dong, Kangnam-Ku Seoul, Korea	NIKE, Inc. 99.9%
NIKE (European Apparel) GmbH (in liquidation)	c/o Marathon 7 1213 PD Hilversum The Netherlands	NIKE, Inc. 100%
NIKE Denmark ApS	Kokkedal Industripark 101 2980 Kokkedal, Denmark	NIKE, Inc. 100%
American NIKE S.A.	Avenida Constitucion Edificio B, 2-APDO 111 08960 Sant Just Desvern Barcelona, Spain	NIKE, Inc. 99.995%

NIKE Singapore Pte. Ltd.	6 Kim Chuan Drive Singapore 1953	NIKE, Inc. 100%
BRS NIKE Taiwan	13th Floor, #152, Sung Chiang Rd. Taipei, Taiwan, R.O.C.	NIKE, Inc. 99.9%
NIKE Holding B.V.	Kleine Tocht 1 1507 CB Zaandam, The Netherlands	NIKE, Inc. 100%
NIKE Holland B.V.	Kleine Tocht 1 1507 CB Zaandam, The Netherlands	NIKE Holding B.V. 100%
NIKE Belgium Holding N.V.	Hoge Mauw 28 B-2370 Arendonk, Belgium	NIKE, Inc. 100%
NIKE Belgium N.V.	Hoge Mauw 28 B-2370 Arendonk, Belgium	NIKE Belgium Holding B.V. 100%
NIKE Sales (Malaysia) Sdn. Bhd.	Lot 1505 Sungei Way BATU 9 Jalan Kelang Lama, Peti Surat 606 PEJ.POS Jalan Sultan, 46000 Petaling Jaya Selangor, Malaysia	NIKE, Inc. 100%
Tetra Plastics, Inc.	620 Spirit of St. Louis Blvd. Chesterfield, MO 63005 USA	NIKE, Inc. 100%
NIKE Finland O.Y.	Hameentie 153 B SF-00561 Helsinki, Finland	NIKE, Inc. 100%
NIKE Europe B.V.	Marathon 7 1213 PD Hilversum The Netherlands	NIKE, Inc. 100%
NIKE Europe Holding B.V.	Marathon 7 1213 PD Hilversum The Netherlands	NIKE, Inc. 100%
NIKE European Operations Netherlands BV (NEON)	Marathon 7 1213 PD Hilversum The Netherlands	NIKE, Inc. 100%
NIKE New Zealand Limited	50 Anzac Road, Browns Bay Auckland 10, New Zealand	NIKE, Inc. 100%
NIKE Australia Pty. Ltd.	28 Victoria Crescent Abbotsford 3067, Australia	NIKE, Inc. 100%
NIKE de Mexico, S.A. de C.V.	Av. de las Americas No. 303-1 Col Ladron de Guevara CP 44680, Guadalajara Jalisco, Mexico	NIKE, Inc. 100%
NIKE Hong Kong Limited	Unit 2 & 3, Tower 1, 18th Floor Enterprises Square 9 Shueng Yuet Road Kowloon Bay, Kowloon, Hong Kong	NIKE, Inc. 100%
NIKE Switzerland A.G.	Grindelstrasse 5 8303 Basserfdorf, Switzerland	NIKE, Inc. 100%
Sports Specialties Corporation	20 Goodyear Irvine, CA 92718	NIKE, Inc. 100%
NIKE de Chile S.A.	Francisco Noguera 201 Providencia Santiago, Chile	NIKE, Inc. 99% NIKE International 1%
NIKE International Ltd.	One Bowerman Drive Beaverton, OR 97005 USA	BRS, Inc. 99.9% Other .1%
NIKE International & Cia	Portal Trade Center Rua Luiz Migliano 1110-Cj. 402 05711 Sao Paulo - S.P., Brazil	Partnership
NIKE (Ireland) Ltd.	One Bowerman Drive Beaverton, OR 97005 USA	NIKE, Inc. 100%
NIKE GmbH	Donau Business Center 388 Handelskai/C42	NIKE, Inc. 100%

	1020 Vienna Austria	
NIKE Argentina SA	Viamonte 570 (1053) Buenos Aires, Argentina	NIKE, Inc. 100%
Cole Haan Holdings, Inc.	One Cole Haan Drive Yarmouth, Maine 04096 USA	NIKE, Inc. 100%
Downeast Casual	One Cole Haan Drive Yarmouth, Maine 04096 USA	Cole Haan Holdings, Inc. 100%
Cole Haan	One Cole Haan Drive Yarmouth, Maine 04096 USA	Cole Haan Holdings, Inc. 100%
	Cole Haan Accessories, Ltd. (same address)	Cole Haan 100%
	Cole Haan Company Store (same address)	Cole Haan 100%
	Cole Haan SRL (same address)	Cole Haan 100%
Canstar Sports Inc.		NIKE, Inc. 100%

SCHEDULE "2"

LIENS
(See Sections 5.14 & 6.15)

None

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUGUST 31, 1995 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE: 3 MOS

FISCAL YEAR END: MAY 31 1996

PERIOD END: AUG 31 1995

CASH: 178,556

SECURITIES: 0

RECEIVABLES: 1,192,172

ALLOWANCES: 33,784

INVENTORY: 676,417

CURRENT ASSETS: 2,203,127

PP&E: 934,801

DEPRECIATION: 352,091

TOTAL ASSETS: 3,323,416

CURRENT LIABILITIES: 1,145,270

BONDS: 14,082

COMMON: 2,853

PREFERRED MANDATORY: 0

PREFERRED: 300

OTHER SE: 2,100,038

TOTAL LIABILITY AND EQUITY: 3,323,416

SALES: 1,614,649

TOTAL REVENUES: 1,614,649

CGS: 967,522

TOTAL COSTS: 967,522

OTHER EXPENSES: 362,836

LOSS PROVISION: 5,033

INTEREST EXPENSE: 11,377

INCOME PRETAX: 267,881

INCOME TAX: 103,100

INCOME CONTINUING: 164,781

DISCONTINUED: 0

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 164,781

EPS PRIMARY: 2.26

EPS DILUTED: 2.26

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