

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 01/14/00 for the Period Ending 11/30/99

Address	ONE BOWERMAN DR BEAVERTON, OR 97005-6453
Telephone	5036713173
CIK	0000320187
Symbol	NKE
SIC Code	3021 - Rubber and Plastics Footwear
Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

NIKE INC

FORM 10-Q (Quarterly Report)

Filed 1/14/2000 For Period Ending 11/30/1999

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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended November 30, 1999 Commission file number - 1-10635

NIKE, Inc.

(Exact name of registrant as specified in its charter)

OREGON	93-0584541
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Bowerman Drive, Beaverton, Oregon	97005-6453
(Address of principal executive offices)	(Zip Code)

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

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

Yes X No .

Common Stock shares outstanding as of November 30, 1999 were:

Class A	100,468,351
Class B	175,536,825

	276,005,176
	=====

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

NIKE, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET

Nov. 30,	May 31,
1999	1999

(in millions)	

ASSETS

Current assets:		
Cash and equivalents	\$ 253.0	\$ 198.1
Accounts receivable	1,510.0	1,540.1
Inventories (Note 4)	1,251.7	1,199.3
Deferred income taxes	109.6	120.6
Income taxes receivable	-	15.9
Prepaid expenses	161.3	190.9
	<hr/>	<hr/>
Total current assets	3,285.6	3,264.9
Property, plant and equipment		
Less accumulated depreciation	2,355.0	2,001.3
	806.0	735.5
	<hr/>	<hr/>
	1,549.0	1,265.8
Identifiable intangible assets and goodwill		
Deferred income taxes and other assets	417.3	426.6
	307.5	290.4
	<hr/>	<hr/>
	\$5,559.4	\$5,247.7
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 50.2	\$ 1.0
Notes payable	568.9	419.1
Accounts payable	491.4	373.2
Accrued liabilities	576.3	653.6
Income taxes payable	100.0	-
	<hr/>	<hr/>
Total current liabilities	1,786.8	1,446.9
Long-term debt	472.4	386.1
Deferred income taxes and other liabilities	87.6	79.8
Commitments and contingencies (Note 7)	--	--
Redeemable preferred stock	0.3	0.3
Shareholders' equity:		
Common stock at stated value:		
Class A convertible-100.5 and 101.7 shares outstanding	0.2	0.2
Class B-175.5 and 181.6 shares outstanding	2.7	2.7
Capital in excess of stated value	352.7	334.1
Accumulated other comprehensive income	(84.4)	(68.9)
Retained earnings	2,941.1	3,066.5
	<hr/>	<hr/>
	3,212.3	3,334.6
	<hr/>	<hr/>
	\$5,559.4	\$5,247.7
	=====	=====

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

NIKE, Inc.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended November 30,		Six Months Ended November 30,	
	1999	1998	1999	1998
	<hr/>	<hr/>	<hr/>	<hr/>
	(in millions, except per share data)			
Revenues	\$2,059.7	\$1,913.0	\$4,560.8	\$4,417.9
Costs and expenses:				
Cost of sales	1,238.0	1,229.6	2,772.6	2,792.3
Selling and administrative	624.8	531.9	1,251.4	1,184.5
Interest	6.7	10.1	16.7	24.3
Other expense	16.8	6.7	23.7	11.2
Restructuring Charge	-	20.9	-	20.9

	1,886.3	1,799.2	4,064.4	4,033.2
Income before income taxes	173.4	113.8	496.4	384.7
Income taxes	65.9	44.9	188.6	151.9
Net income	\$ 107.5 =====	\$ 68.9 =====	\$ 307.8 =====	\$ 232.8 =====
Basic earnings per common share (Note 3)	\$ 0.39 =====	\$ 0.24 =====	\$ 1.10 =====	\$ 0.82 =====
Diluted earnings per common share (Note 3)	\$ 0.38 =====	\$ 0.24 =====	\$ 1.09 =====	\$ 0.80 =====
Dividends declared per common share	\$ 0.12 =====	\$ 0.12 =====	\$ 0.24 =====	\$ 0.24 =====

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

NIKE, Inc.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended November 30,	
	1999	1998
	(in millions)	
Cash provided (used) by operations:		
Net income	\$ 307.8	\$232.8
Income charges (credits) not affecting cash:		
Depreciation	91.0	102.0
Deferred income taxes	(.8)	(18.4)
Amortization and other	20.4	16.8
Changes in other working capital components	161.0	337.9
	<u>579.4</u>	<u>671.1</u>
Cash provided (used) by investing activities:		
Additions to property, plant and equipment	(358.6)	(173.6)
Disposals of property, plant and equipment	12.0	11.7
Increase in other assets	(13.8)	(26.7)
Increase (decrease) in other liabilities	3.5	(6.4)
	<u>(356.9)</u>	<u>(195.0)</u>
Cash provided (used) by financing activities:		
Additions to long-term debt	109.0	-
Reductions in long-term debt including current portion	(1.4)	(0.9)
Increase (decrease) in notes payable	149.8	(48.6)
Proceeds from exercise of options	27.2	9.3
Repurchase of stock	(371.1)	(194.0)
Dividends - common and preferred	(67.5)	(68.6)
	<u>(154.0)</u>	<u>(302.8)</u>
Effect of exchange rate changes on cash	(13.6)	(27.3)
Net increase in cash and equivalents	54.9	146.0
Cash and equivalents, May 31, 1999 and 1998	<u>198.1</u>	<u>108.6</u>

Cash and equivalents, November 30, 1999
and 1998

\$ 253.0 \$254.6
===== =====

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 six (6) months ended November 30, 1999 are not necessarily indicative of results to be expected for the entire year.

Year 2000 costs:

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

NOTE 2 - Comprehensive Income:

Comprehensive income, net of taxes, is as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	1999	1998	1999	1998
	(in millions)			
Net Income	\$107.5	\$ 68.9	\$307.8	\$232.8
Change in Cumulative Translation Adjustment	(4.0)	(3.6)	(15.5)	(8.7)
Total Comprehensive Income	\$103.5	\$ 65.3	\$292.3	\$224.1
	=====	=====	=====	=====

NOTE 3 - Net income per common share:

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

	Three Months Ended November 30,		Six Months Ended November 30	
	1999	1998	1999	1998
	(in millions, except per share data)			
Determination of shares:				
Average common shares outstanding	277.3	283.0	279.2	284.9
Assumed conversion of stock options	3.9	4.7	4.2	4.9
	_____	_____	_____	_____

Diluted average common shares outstanding	281.2	287.7	283.4	289.8
	=====	=====	=====	=====
Basic earnings per common share	\$ 0.39	\$ 0.24	\$ 1.10	\$ 0.82
	=====	=====	=====	=====
Diluted earnings per common share	\$ 0.38	\$ 0.24	\$ 1.09	\$ 0.80
	=====	=====	=====	=====

NOTE 4 - Inventories:

Inventories by major classification are as follows:

	Nov. 30, 1999	May 31, 1999
	_____	_____
	(in millions)	
Finished goods	\$1,177.7	\$1,132.7
Work-in-progress	59.2	44.8
Raw materials	14.8	21.8
	_____	_____
	\$1,251.7	\$1,199.3
	=====	=====

NOTE 5 - Operating Segments:

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

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

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	_____		_____	
	1999	1998	1999	1998
	_____	_____	_____	_____
Net Revenue				
USA	\$1,078.6	\$1,054.6	\$2,410.3	\$2,411.7
EURORE	484.7	430.2	1,202.5	1,111.1
ASIA PACIFIC	242.6	196.9	433.5	388.3
AMERICAS	145.1	119.7	288.7	272.3
OTHER BRANDS	108.7	111.6	225.8	234.5
	_____	_____	_____	_____
	\$2,059.7	\$1,913.0	\$4,560.8	\$4,417.9
	=====	=====	=====	=====
Contribution Profit				
USA	\$ 197.4	\$ 179.2	\$ 472.3	\$ 465.8
EUROPE	63.6	31.4	215.5	158.4
ASIA PACIFIC	44.3	9.8	68.4	17.5
AMERICAS	22.8	20.2	43.2	47.2
OTHER BRANDS	19.8	9.5	39.8	14.6
CORPORATE & OTHER	(167.8)	(126.2)	(326.1)	(294.5)
	_____	_____	_____	_____
	\$ 180.1	\$ 123.9	\$ 513.1	\$ 409.0
	=====	=====	=====	=====
	Nov 30, 1999	May 31, 1999		

Accounts Receivable, net		
USA	\$ 536.1	\$ 578.2
EUROPE	484.9	551.6
ASIA PACIFIC	180.0	141.5
AMERICAS	140.5	119.2
OTHER BRANDS	135.6	104.6
CORPORATE & OTHER	32.9	45.0
	<u>\$1,510.0</u>	<u>\$1,540.1</u>
	=====	=====
Inventories, net		
USA	\$ 666.3	\$ 565.5
EUROPE	265.0	316.3
ASIA PACIFIC	97.1	81.5
AMERICAS	65.1	73.1
OTHER BRANDS	127.5	137.5
CORPORATE & OTHER	30.7	25.4
	<u>\$1,251.7</u>	<u>\$1,199.3</u>
	=====	=====
Property, Plant and Equipment, net		
USA	\$ 279.8	\$ 293.0
EUROPE	281.3	271.4
ASIA PACIFIC	400.4	148.0
AMERICAS	20.6	21.5
OTHER BRANDS	109.7	111.7
CORPORATE & OTHER	457.2	420.2
	<u>\$1,549.0</u>	<u>\$1,265.8</u>
	=====	=====

Note 6 - Restructuring Charges:

1998 Charge

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

Employees were terminated from almost all areas of the Company, including marketing, sales and administrative areas. The total number of employees terminated was 1,208, with 1,203 having left the Company as of November 30, 1999.

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

Detail of the 1998 restructuring charge is as follows:

(in millions)		FY98	FY99			
DESCRIPTION	CASH/NON- CASH	RESTRUCTURING CHARGE	ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 11/30/99
ELIMINATION OF JOB RESPONSIBILITIES COMPANY- WIDE		\$ (49.8)	\$46.5	\$ (3.3)	\$ 1.7	\$ (1.6)
Severance packages	cash	(29.1)	28.2	(0.9)	0.5	(0.4)
Lease cancellations & commitments	cash	(10.8)	8.4	(2.4)	1.2	(1.2)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-

Other	cash	(0.3)	0.3	-	-	-
<hr/>						
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG		\$(13.1)	\$13.0	\$(0.1)	\$0.1	\$ -
Severance packages	cash	(4.6)	4.6	-	-	-
Lease cancellations & commitments	cash	(5.5)	5.4	(0.1)	0.1	-
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
<hr/>						
DOWNSIZING THE JAPAN DISTRIBUTION CENTER		\$(31.6)	\$30.5	\$(1.1)	\$1.1	\$ -
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non cash	(19.1)	18.0	(1.1)	1.1	-
<hr/>						
CANCELLATION OF ENDORSEMENT CONTRACTS	cash	\$(5.6)	\$5.3	\$(0.3)	\$ -	\$(0.3)
<hr/>						
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER		\$(22.7)	\$21.7	\$(1.0)	\$0.6	\$(0.4)
Write-down of assets	non-cash	(14.7)	14.7	-	-	-
Divestiture of manufacturing facilities	non-cash	(5.2)	5.2	-	-	-
Lease cancellations & commitments	cash	(1.6)	0.9	(0.7)	0.3	(0.4)
Severance packages	cash	(1.2)	0.9	(0.3)	0.3	-
<hr/>						
OTHER		\$(7.1)	\$6.4	\$(0.7)	\$0.2	\$(0.5)
Cash	cash	(0.6)	0.6	-	-	-
Non-cash	non-cash	(6.5)	5.8	(0.7)	0.2	(0.5)
<hr/>						
Effect of foreign currency translation		-	\$0.2	\$0.2	\$(0.3)	\$(0.1)
<hr/>						
TOTAL		\$(129.9)	\$123.6	\$(6.3)	\$3.4	\$(2.9)

</TABLE

1999 Charge

During fiscal 1999, a \$60.1 million charge was taken due to further cost realignment programs. The charge (shown below in tabular format) was primarily for costs of severing employees, including severance packages, lease abandonments and the write down of assets no longer in use. Employees were terminated in Europe, Asia Pacific, and in the United States, and included employees affected by the Company's shift to outsourcing certain of its information technology functions. The original number of employees to be terminated was 1,291. As of November 30, 1999, 13 employees have found positions elsewhere in the Company and 1,105 have left the Company, leaving 173 still to be terminated. Due to the change in the number of employees that will be terminated, \$0.3 million of the reserve was reversed during the second quarter.

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

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

Detail of the 1999 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	FY99 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 11/30/99
ELIMINATION OF JOB RESPONSIBILITIES		\$(39.9)	\$21.9	\$(18.0)	\$9.4	\$(8.6)

Severance packages	cash	(28.0)	11.7	(16.3)	8.5	(7.8)
Lease cancellations & commitments	cash	(2.4)	1.6	(0.8)	0.5	(0.3)
Write-down of assets	non-cash	(7.8)	7.8	-	-	-
Other	cash/non-cash	(1.7)	0.8	(0.9)	0.4	(0.5)
<hr/>						
CHANGE IN WAREHOUSE DISTRIBUTION STRATEGY		\$(20.2)	\$20.2	\$ -	\$ -	\$ -
Write-down of assets	non-cash	(20.2)	20.2	-	-	-
<hr/>						
Effect of foreign currency translation		-	\$0.1	\$0.1	\$(0.9)	\$(0.8)
<hr/>						
TOTAL		\$(60.1)	\$42.2	\$(17.9)	\$8.5	\$(9.4)
<hr/>						

<Table/

NOTE 7 - Commitments and contingencies:

At November 30, 1999, the Company had letters of credit outstanding totalling \$47.4 million. These letters of credit were issued for the purchase of inventory.

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

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

Operating Results

Net income for the second quarter of fiscal year 2000 was \$107.5 million, an increase of 56% over the prior year's second quarter. Year-to-date net income increased 32% over the prior year, to \$307.8 million. Excluding last year's second quarter net pre-tax restructuring charge of \$20.9 million, net income increased 32% and 25% for the quarter and year-to-date, respectively. Quarterly earnings were driven by an increase in revenues of 8%, representing our first consolidated revenue increase in two years, a 420 basis point increase in gross margin percentage, due to better margins on close-out sales relative to the prior year, offset by an increase in selling and administrative costs as percentage of revenues. In addition, earnings improved as our effective tax rate fell to 38.0% from 39.5% in the prior year. Diluted earnings per share increased 58% to \$0.38, and 36% to \$1.09, for the quarter and year-to-date, respectively, slightly better than net income, as a result of share repurchases.

Consolidated revenues increased 8% to \$2.1 billion in the second quarter compared to the prior year and increased 3% year-to-date to \$4.6 billion. Had the dollar remained constant with that of the prior year, revenues would have increased 9% for the quarter and 4% for the year. NIKE brand revenue increases were experienced in all regions during the second quarter. By region, the U.S. increased 2%, Europe increased 13% (22% in constant dollars), Asia Pacific increased 23% (9% in constant dollars) and Americas and Africa increased 21% (28% in constant dollars). Our consolidated footwear revenues increased 16% (18% in constant dollars) while apparel was down 4% (3% in constant dollars), primarily as a result of the U.S. apparel business which was down 10%.

U.S. NIKE brand footwear revenues increased over the prior year 9% and 5% for the second quarter and year-to-date, respectively. U.S. footwear represents more than 35% of our total revenues. Major categories showing revenue increases for the quarter included Running, up 23% (19% year-to-date), basketball, up 22% (10% year-to-date), Cross Training, up 8% (6% year-to-date), and Kids, up 22% (5% year-to-date). A notable category that experienced a revenue reduction for the quarter was Brand Jordan, down 42% (down 3% year-to-date). U.S. NIKE brand apparel business decreased 10% in the second quarter and 11% year-to-date. All apparel categories experienced reductions except our largest single category, Branded Athletic, which increased 8% (down 3% year-to-date).

Revenue growth continued outside the U.S. In constant dollars, our footwear business in Europe was up 29% for the quarter (17% year-to-date), and apparel was up 15% (12% year-to-date). Of the major markets in the region, the

United Kingdom increased 37% for the quarter (19% year-to-date), France increased 12% (19% year-to-date), Italy increased 17% (21% year-to-date), while Spain was flat and Germany was down 3% for the quarter (down 1% and 3%, year-to-date, respectively).

In constant dollars, revenues in our Asia Pacific region were up 9% for the quarter and were flat on a year-to-date basis. Our footwear business in the second quarter increased 29% (17% year-to-date), offset by a decrease in apparel of 9%, (down 17% year-to-date). The significant decrease in apparel was primarily due to the high volume of closeout product sold during the prior year to reduce high inventory levels, which are not present this year. The most significant market in that region for us is Japan, which increased 35% in constant dollars for the quarter (19% year-to-date). In addition, Korea doubled its revenues in the second quarter compared with the prior year (up 25% year-to-date), primarily as a result of the lower revenues experienced in the prior year due to the significant economic issues affecting the region at that time.

Revenue of the combined Americas and Africa regions increased 28% in constant dollars for the quarter (11% year-to-date), with footwear increasing 48% for the quarter, (20% year-to-date) and apparel decreasing 5%, (down 11% for the quarter). Other Brands business decreased 3% for the quarter and was down 4% for the year.

The breakdown of revenues follows:

	Three Months Ended November 30,			Six Months Ended November 30,		
	1999	1998	% change	1999	1998	% change
(in millions)						
U.S.A. REGION						
FOOTWEAR	\$722.9	\$665.9	9%	\$1,663.9	\$1,583.3	5%
APPAREL	307.0	343.0	-10%	639.0	717.7	-11%
EQUIPMENT AND OTHER	48.7	45.7	7%	107.4	110.7	-3%
TOTAL U.S.A.	1,078.6	1,054.6	2%	2,410.3	2,411.7	0%
EUROPE REGION						
FOOTWEAR	235.4	197.7	19%	610.7	551.9	11%
APPAREL	231.7	215.7	7%	560.2	526.5	6%
EQUIPMENT AND OTHER	17.6	16.8	5%	31.6	32.7	-3%
TOTAL EUROPE	484.7	430.2	13%	1,202.5	1,111.1	8%
ASIA PACIFIC REGION						
FOOTWEAR	129.9	90.7	43%	253.1	197.1	28%
APPAREL	105.8	101.4	4%	168.3	180.7	-7%
EQUIPMENT AND OTHER	6.9	4.8	44%	12.1	10.5	15%
TOTAL ASIA PACIFIC	242.6	196.9	23%	433.5	388.3	12%
AMERICAS REGION						
FOOTWEAR	102.0	73.7	38%	202.6	176.3	15%
APPAREL	41.0	42.5	-4%	79.7	89.5	-11%
EQUIPMENT AND OTHER	2.1	3.5	-40%	6.4	6.5	-2%
TOTAL AMERICAS	145.1	119.7	21%	288.7	272.3	6%
TOTAL NIKE BRAND	1,951.0	1,801.4	8%	4,335.0	4,183.4	4%
OTHER & OTHER BRANDS	108.7	111.6	-3%	225.8	234.5	-4%
TOTAL REVENUES	\$2,059.7	\$1,913.0	8%	\$4,560.8	\$4,417.9	3%
	=====	=====		=====	=====	

Consolidated gross margins as a percentage of revenues increased significantly in the second quarter and for the year compared with the prior year. As with the first quarter of this fiscal year, the quality of our revenues improved significantly relative to a year ago. While our total closeout sales were about the same as last year, the margins generated on those sales were greatly improved primarily as a result of the significant inventory

liquidation efforts in place around the world last year. This quarter was the first in over a year that reflected the total margin impact of those efforts. In addition, virtually all of our revenue increases for the quarter were from in-line product sales that carried higher margins. The increase in margins can also be attributed to the leveraging of fixed warehousing and distribution costs over increasing revenue volumes, and increased comparative pricing margins on both in-line and closeout product sales.

Selling and administrative expenses increased \$93 million over last year's second quarter, an increase of 17%, representing 30.3% of revenues compared with 27.8% in the prior year. For the year, selling and administrative expenses increased \$67 million or 6%. A significant portion of the quarter on quarter increase relates to incremental and certain one-time expenses. Incremental spending relates to infrastructure investments such as our Supply Chain and NIKE.com initiatives, incentive compensation enhancements that tie to our revenue and earnings growth goals and additional costs incurred to support an expanded corporate headquarters. One-time charges reflect increases to our bad debt reserves in the U.S. and certain transition costs of moving our employees in the U.S. and Europe into larger and expanded centralized campuses. In Europe, these moves reflect the centralization of certain shared services from individual country locations to our European headquarters. In addition, increased demand creation spending accounted for a portion of the increase, particularly in print and TV advertising in the U.S. and Europe. Growth of our retail operations around the world also increased our selling and administrative costs. Over the last 12 months, we have added four new NIKEtowns, four new in-line stores and 31 new factory outlet stores. The return on our investment in retail is demonstrated in our improved margins on closeout sales discussed above. Our spending can be characterized as being directed at growing our infrastructure to meet the demands of the future. Investments in NIKE.com and Supply Chain are clear examples of this.

Interest expense decreased in the second quarter and year-to-date, compared to last year, primarily due to our restructured operating agreement with Nissho Iwai Corporation, resulting in improved interest rates. Offsetting this was increased interest due to higher levels of short and long term debt, as discussed under Liquidity and Capital Resources section below.

Other expense increased over the prior year, for both the quarter and year-to-date, mainly due to increased profit share expense, costs associated with moving and outsourcing certain operations in the U.S., foreign currency transaction losses, and other one-time non-operating charges.

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

Worldwide futures and advance orders for NIKE brand athletic footwear and apparel scheduled for delivery between December 1999 and April 2000 totaled \$3.8 billion, 4% higher than such orders for the same period last year. These orders and the percentage change in these orders are not necessarily indicative of the change in revenues that we will experience for subsequent periods. This is due to potential shifts in the mix of advance orders in relation to at-once orders and varying cancellation rates. Finally exchange rate fluctuations will also cause differences in the comparisons.

Restructuring charges

1998 Charge

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

Employees were terminated from almost all areas of the Company, including marketing, sales and administrative areas. The total number of employees terminated was 1,208, with 1,203 having left the Company as of November 30,

1999.

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

Detail of the 1998 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	FY98 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 11/30/99
<hr/>						
ELIMINATION OF JOB RESPONSIBILITIES COMPANY- WIDE		\$ (49.8)	\$46.5	\$ (3.3)	\$ 1.7	\$ (1.6)
Severance packages	cash	(29.1)	28.2	(0.9)	0.5	(0.4)
Lease cancellations & commitments	cash	(10.8)	8.4	(2.4)	1.2	(1.2)
Write-down of assets	non-cash	(9.6)	9.6	-	-	-
Other	cash	(0.3)	0.3	-	-	-
<hr/>						
DOWNSIZING THE ASIA PACIFIC HEADQUARTERS IN HONG KONG		\$ (13.1)	\$13.0	\$ (0.1)	\$0.1	\$ -
Severance packages	cash	(4.6)	4.6	-	-	-
Lease cancellations & commitments	cash	(5.5)	5.4	(0.1)	0.1	-
Write-down of assets	non-cash	(3.0)	3.0	-	-	-
<hr/>						
DOWNSIZING THE JAPAN DISTRIBUTION CENTER		\$ (31.6)	\$30.5	\$ (1.1)	\$1.1	\$ -
Write-off of assets	non-cash	(12.5)	12.5	-	-	-
Software development costs	cash/non cash	(19.1)	18.0	(1.1)	1.1	-
<hr/>						
CANCELLATION OF ENDORSEMENT CONTRACTS	cash	\$ (5.6)	\$5.3	\$ (0.3)	\$ -	\$ (0.3)
<hr/>						
EXITING CERTAIN MANUFACTURING OPERATIONS AT BAUER		\$ (22.7)	\$21.7	\$ (1.0)	\$0.6	\$ (0.4)
Write-down of assets	non-cash	(14.7)	14.7	-	-	-
Divestiture of manufacturing facilities	non-cash	(5.2)	5.2	-	-	-
Lease cancellations & commitments	cash	(1.6)	0.9	(0.7)	0.3	(0.4)
Severance packages	cash	(1.2)	0.9	(0.3)	0.3	-
<hr/>						
OTHER		\$ (7.1)	\$6.4	\$ (0.7)	\$0.2	\$ (0.5)
Cash	cash	(0.6)	0.6	-	-	-
Non-cash	non-cash	(6.5)	5.8	(0.7)	0.2	(0.5)
<hr/>						
Effect of foreign currency translation		-	\$0.2	\$0.2	\$ (0.3)	\$ (0.1)
<hr/>						
TOTAL		\$ (129.9)	\$123.6	\$ (6.3)	\$3.4	\$ (2.9)

</TABLE

1999 Charge

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

information technology functions. The original number of employees to be terminated was 1,291. As of November 30, 1999, 13 employees have found positions elsewhere in the Company and 1,105 have left the Company, leaving 173 still to be terminated. Due to the change in the number of employees that will be terminated, \$0.3 million of the reserve was reversed during the second quarter.

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

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

Detail of the 1999 restructuring charge is as follows:

(in millions)

DESCRIPTION	CASH/NON-CASH	FY99 RESTRUCTURING CHARGE	FY99 ACTIVITY	RESERVE BALANCE AT 5/31/99	ACTIVITY	RESERVE BALANCE AT 11/30/99
ELIMINATION OF JOB RESPONSIBILITIES		\$(39.9)	\$21.9	\$(18.0)	\$9.4	\$(8.6)
Severance packages	cash	(28.0)	11.7	(16.3)	8.5	(7.8)
Lease cancellations & commitments	cash	(2.4)	1.6	(0.8)	0.5	(0.3)
Write-down of assets	non-cash	(7.8)	7.8	-	-	-
Other	cash/non-cash	(1.7)	0.8	(0.9)	0.4	(0.5)
CHANGE IN WAREHOUSE DISTRIBUTION STRATEGY		\$(20.2)	\$20.2	\$ -	\$ -	\$ -
Write-down of assets	non-cash	(20.2)	20.2	-	-	-
Effect of foreign currency translation		-	\$0.1	\$0.1	\$(0.9)	\$(0.8)
TOTAL		\$(60.1)	\$42.2	\$(17.9)	\$8.5	\$(9.4)

<Table/>

Euro Conversion

On January 1, 1999, eleven of the fifteen member countries of the European Union established permanent, fixed conversion rates between their existing currencies and the European Union's new common currency, the euro. During the transition period ending December 31, 2001, public and private parties may pay for goods and services using either the euro or the participating country's legacy currency. Beginning January 1, 2002, euro denominated bills and coins will be issued, with the legacy currencies being completely withdrawn from circulation on June 30, 2002.

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

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

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

Since May 1997, a corporate-wide project team has overseen, monitored, and performed the remediation or replacement of date-sensitive computer software programs and systems that might fail because the programs use two digits rather than four to define the applicable year (the "Year 2000" issue). The risks to NIKE, and our mitigation efforts and contingency plans have been described in our most recent annual and quarterly reports on Forms 10-K and 10-Q. Those disclosures are still current. The following information updates those disclosures.

We have completed all major Year 2000 projects. With the passage of most critical dates, including the commencement of NIKE's 2000 fiscal year, and January 1, 2000, we and our significant suppliers and customers have experienced no significant disruptions due to the Year 2000 issue. Based on this experience, we currently expect no significant disruptions in the future as a result of the Year 2000 issue or the fact that 2000 is a leap year. Accordingly, the Year 2000 issue has not had, and is not currently expected to have, any material adverse effect on our financial condition, results of operations or liquidity.

Our total costs related to the Year 2000 issue will be approximately \$100 million, of which approximately \$98 million have been incurred as of November 30, 1999. Of the \$98 million, approximately \$41 million were external expenses, \$18 million internal costs and \$39 million replacement projects. Approximately \$10 million of the non-replacement expenses will be capitalized; the remainder has been expensed as incurred. NIKE has funded Year 2000 costs through operating cash flows.

This information is subject to the same risks and uncertainties outlined in prior disclosures. The above section, even if incorporated by reference into other documents or disclosures, is a Year 2000 Readiness Disclosure as defined under the Year 2000 Information and Readiness Disclosure Act of 1998.

Liquidity and Capital Resources

The Company's financial position remained strong at November 30, 1999. Compared to May 31, 1999, shareholders' equity decreased slightly to \$3.2 billion. Working capital decreased 18% to \$1.5 billion and the current ratio was 1.84:1 at November 30, 1999 compared to 2.26:1 at May 31, 1999.

Cash provided by operations was \$579 million for the first half of fiscal 2000, a decrease of \$92 million compared to last year. The changes in working capital components primarily drove this decrease, offset by increased net income. The reduction in the change in working capital relative to a year ago is primarily due to the effects of the slow down in the business experienced during the first half of last year. As a result, inventory and accounts receivable levels in the prior year had been significantly reduced during the first half of last year, generating positive cash flows, while this year our business is improving, reflecting more comparable inventory and receivable levels to fiscal year end. The reduction in inventories during the first half of last year were a result of our efforts to liquidate high closeout levels around the world to more normalized levels. In addition, the timing of income tax payments has positively affected working capital as of November 30, 1999.

During the first quarter of this fiscal year, we restructured our operating arrangement with Nissho Iwai Corporation, which allows us, among other things, to take over the financing of inventory purchases previously performed by Nissho. This will have the effect of placing USA inventory on our balance sheet fifteen to twenty-five days earlier than in the past. Although the net working capital impact of this new arrangement is minimal, as of November 30, 1999, approximately \$110 million of inventory was in transit to the U.S. and on our books, compared to zero at May 31, 1999. In addition, we are now responsible for issuing letters of credit for the purchase of inventories, which used to be performed by Nissho. At November 30, 1999, we had letters of credit outstanding of \$47.4 million for the purchase of inventory.

Additions to property, plant and equipment for the first half of fiscal 2000 were \$359 million. Approximately \$246 million related to the purchase of our distribution facility in Japan, discussed below. The other significant expenditures were related to the continued expansion of our world headquarters and additions to computer equipment and software.

During the first quarter of fiscal 2000, we finalized the purchase of our distribution facility in Japan from Nissho. We financed the purchase by assuming Nissho's Japanese development bank loans, along with some short-term debt that we currently intend to roll to long-term within the next few months. This is the primary reason for the increase in notes payable and long-term debt compared to May 31, 1999.

Management believes that significant funds generated by operations, together with access to sufficient sources of funds, will adequately meet its anticipated operating, global infrastructure expansion and capital needs.

Significant short and long-term lines of credit are maintained with banks, which, along with cash on hand, provide adequate operating liquidity. Liquidity is also provided by the Company's commercial paper program, under which there was \$390 outstanding at November 30, 1999.

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

As of November 30, 1999, the Company purchased a total of 15.8 million shares of NIKE's Class B common stock for \$731 million in the open market since the \$1 billion share repurchase program was approved in December 1997. During the first six months of fiscal year 2000, the Company purchased a total of 7.2 million shares for \$375 million. Funding has, and is expected to continue to, come from operating cash flow in conjunction with short-term borrowings. The timing and the amount of shares purchased will be dictated by working capital needs and stock market conditions.

Special Note Regarding Forward-Looking Statements and Reports Analyst Reports

Certain written and oral statements made or incorporated by reference from time to time by NIKE or its representatives in this report, other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("the Act"). Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will result," or words or phrases of similar meaning. Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in reports filed by NIKE with the S.E.C., including Forms 8-K, 10-Q, and 10-K, and include, among others, the following: international, national and local general economic and market conditions; the size and growth of the overall athletic footwear, apparel, and equipment markets; intense competition among designers, marketers, distributors and sellers of athletic footwear, apparel, and equipment for consumers and endorsers; demographic changes; changes in consumer preferences; popularity of particular designs, categories of products, and sports; seasonal and geographic demand for NIKE products; the size, timing and mix of purchases of NIKE's products; fluctuations and difficulty in forecasting operating results, including, without limitation, the fact that advance "futures" orders may not be indicative of future revenues due to the changing mix of futures and at-once orders; the ability of NIKE to sustain, manage or forecast its growth and inventories; new product development and introduction; the ability to secure and protect trademarks, patents, and other intellectual property; performance and reliability of products; customer service; adverse publicity; the loss of significant customers or suppliers; dependence on distributors; business disruptions; disruptions due to Year 2000 noncompliance by NIKE, its suppliers or customers (or their suppliers or customers); increased costs of freight and transportation to meet delivery deadlines; changes in business strategy or development plans; general risks associated with doing business outside the United States, including, without limitation, import duties, tariffs, quotas and political and economic instability; changes in government regulations; liability and other claims asserted against NIKE; the ability to attract and retain qualified personnel; and other factors referenced or incorporated by reference in this report and other reports.

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

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

Part II - Other Information

Item 1. Legal Proceedings:

There have been no material changes from the information previously reported under Item 3 of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1999.

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

(a) EXHIBITS:

3.1 Restated Articles of Incorporation, as amended (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).

3.2 Third Restated Bylaws, as amended (incorporated by reference from Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).

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

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

4.3 Form of Indenture between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference from Exhibit 4.01 to Amendment No. 1 to Registration Statement No. 333-15953 filed by the Company on November 26, 1996).

10.1 Credit Agreement dated as of September 15, 1995 among NIKE, Inc., Bank of America National Trust & Savings Association, individually and as Agent, and the other banks party thereto (incorporated by reference from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995).

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

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

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

10.5 NIKE, Inc. 1990 Stock Incentive Plan (incorporated by reference from the Company's definitive proxy statement filed in connection with its annual meeting of shareholders held on September 22, 1997).*

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

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

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

12.1 Computation of Ratio of Earnings to Charges.

27 Financial Data Schedule.

* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the fiscal quarter ending November 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,

the registrant has duly caused this report to be signed on its behalf by
the undersigned thereunto duly authorized.

NIKE, Inc.
An Oregon Corporation

BY: /s/Donald W. Blair

Donald W. Blair
Chief Financial Officer

DATED: January 14, 2000

NIKE, INC.
COMPUTATION OF RATIO OF EARNINGS TO CHARGES

	Six Months Ended November 30,	
	1999	1998
	(in millions)	
Net income	\$307.8	\$232.8
Income taxes	188.6	151.9
	<hr/>	<hr/>
Income before income taxes	496.4	384.7
	<hr/>	<hr/>
Add fixed charges		
Interest expense (A)	18.4	27.5
Interest component of leases (B)	24.0	20.9
	<hr/>	<hr/>
Total fixed charges	42.4	48.4
	<hr/>	<hr/>
Earnings before income taxes and fixed charges (C)	\$537.1	\$429.9
	=====	=====
Ratio of earnings to total fixed charges	12.67	8.88
	=====	=====

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

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

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE NOVEMBER 30, 1999 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	MAY 31 2000
PERIOD END	NOV 30 1999
CASH	253
SECURITIES	0
RECEIVABLES	1596
ALLOWANCES	86
INVENTORY	1252
CURRENT ASSETS	3286
PP&E	2355
DEPRECIATION	806
TOTAL ASSETS	5559
CURRENT LIABILITIES	1787
BONDS	472
COMMON	3
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	3209
TOTAL LIABILITY AND EQUITY	5559
SALES	4561
TOTAL REVENUES	4561
CGS	2773
TOTAL COSTS	2773
OTHER EXPENSES	1255
LOSS PROVISION	20
INTEREST EXPENSE	17
INCOME PRETAX	496
INCOME TAX	189
INCOME CONTINUING	308
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	308
EPS BASIC	1.10
EPS DILUTED	1.09

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