
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2017**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **0-23939**

COLUMBIA SPORTSWEAR COMPANY

(Exact name of registrant as specified in its charter)

Oregon

(State or other jurisdiction of
incorporation or organization)

14375 Northwest Science Park Drive

Portland, Oregon

(Address of principal executive offices)

93-0498284

(IRS Employer
Identification Number)

97229

(Zip Code)

(503) 985-4000

(Registrant's telephone number, including area code)

Indicate by check mark whether 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock outstanding on July 21, 2017 was 69,746,957.

COLUMBIA SPORTSWEAR COMPANY
JUNE 30, 2017

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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 2017	December 31, 2016	June 30, 2016
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 620,639	\$ 551,389	\$ 415,944
Short-term investments	1,591	472	12,859
Accounts receivable, net of allowance of \$8,666, \$8,556 and \$7,338, respectively	181,119	333,678	192,354
Inventories	559,544	487,997	653,636
Prepaid expenses and other current assets	42,053	38,487	35,657
Total current assets	1,404,946	1,412,023	1,310,450
Property, plant and equipment, at cost, net of accumulated depreciation of \$435,625, \$408,676 and \$390,100, respectively	286,006	279,650	287,869
Intangible assets, net (Note 4)	131,045	133,438	136,011
Goodwill	68,594	68,594	68,594
Deferred income taxes	94,514	92,494	78,651
Other non-current assets	26,095	27,695	25,979
Total assets	\$ 2,011,200	\$ 2,013,894	\$ 1,907,554
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term borrowings	\$ —	\$ —	\$ 2,364
Accounts payable	264,881	215,048	274,609
Accrued liabilities (Note 5)	114,807	142,158	121,696
Income taxes payable	3,245	5,645	3,094
Total current liabilities	382,933	362,851	401,763
Note payable to related party (Note 13)	—	14,053	14,681
Other long-term liabilities	44,809	42,622	43,416
Income taxes payable	11,102	12,710	9,858
Deferred income taxes	156	147	228
Total liabilities	439,000	432,383	469,946
Commitments and contingencies (Note 11)			
Columbia Sportswear Company Shareholders' Equity:			
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—	—
Common stock (no par value); 250,000 shares authorized; 69,686, 69,873, and 69,729, issued and outstanding, respectively (Note 8)	31,045	53,801	44,525
Retained earnings	1,529,061	1,529,636	1,385,769
Accumulated other comprehensive loss (Note 7)	(13,296)	(22,617)	(10,773)
Total Columbia Sportswear Company shareholders' equity	1,546,810	1,560,820	1,419,521
Non-controlling interest (Note 3)	25,390	20,691	18,087
Total equity	1,572,200	1,581,511	1,437,608
Total liabilities and equity	\$ 2,011,200	\$ 2,013,894	\$ 1,907,554

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net sales	\$ 398,904	\$ 388,745	\$ 942,697	\$ 913,881
Cost of sales	218,042	209,161	503,368	486,920
Gross profit	180,862	179,584	439,329	426,961
Selling, general and administrative expenses	200,598	193,321	413,413	398,346
Net licensing income	2,451	1,951	4,804	3,864
Income (loss) from operations	(17,285)	(11,786)	30,720	32,479
Interest income, net	1,250	692	2,205	1,183
Interest expense on note payable to related party (Note 13)	(180)	(262)	(429)	(526)
Other non-operating income (expense), net	360	259	307	(116)
Income (loss) before income tax	(15,855)	(11,097)	32,803	33,020
Income tax benefit (expense)	4,539	3,224	(5,234)	(6,699)
Net income (loss)	(11,316)	(7,873)	27,569	26,321
Net income attributable to non-controlling interest	219	299	3,098	2,723
Net income (loss) attributable to Columbia Sportswear Company	\$ (11,535)	\$ (8,172)	\$ 24,471	\$ 23,598
Earnings (loss) per share attributable to Columbia Sportswear Company (Note 8):				
Basic	\$ (0.17)	\$ (0.12)	\$ 0.35	\$ 0.34
Diluted	\$ (0.17)	\$ (0.12)	\$ 0.35	\$ 0.33
Cash dividends per share	\$ 0.18	\$ 0.17	\$ 0.36	\$ 0.34
Weighted average shares outstanding (Note 8):				
Basic	69,672	69,694	69,639	69,567
Diluted	69,672	69,694	70,367	70,542

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	\$ (11,316)	\$ (7,873)	\$ 27,569	\$ 26,321
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities (net of tax effects of \$0, (\$1), \$0 and \$0, respectively)	(4)	4	—	2
Unrealized losses on derivative transactions (net of tax effects of \$3,361, \$379, \$4,241 and \$3,160, respectively)	(6,157)	(920)	(7,762)	(9,424)
Foreign currency translation adjustments (net of tax effects of \$93, \$200, \$2 and (\$183), respectively)	7,182	315	18,684	18,836
Other comprehensive income (loss)	1,021	(601)	10,922	9,414
Comprehensive income (loss)	(10,295)	(8,474)	38,491	35,735
Comprehensive income (loss) attributable to non-controlling interest	1,644	(543)	4,699	2,074
Comprehensive income (loss) attributable to Columbia Sportswear Company	\$ (11,939)	\$ (7,931)	\$ 33,792	\$ 33,661

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 27,569	\$ 26,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,932	29,491
Loss on disposal and impairment of property, plant, and equipment	441	3,460
Deferred income taxes	3,378	1,514
Stock-based compensation	5,719	5,453
Changes in operating assets and liabilities:		
Accounts receivable	156,755	187,132
Inventories	(61,809)	(167,461)
Prepaid expenses and other current assets	(3,073)	(1,968)
Other assets	2,037	(3,125)
Accounts payable	39,773	53,458
Accrued liabilities	(41,523)	(33,456)
Income taxes payable	(4,133)	(1,020)
Other liabilities	1,981	2,903
Net cash provided by operating activities	<u>157,047</u>	<u>102,702</u>
Cash flows from investing activities:		
Purchases of short-term investments	(33,813)	(21,263)
Sales of short-term investments	32,878	8,855
Capital expenditures	(24,323)	(22,972)
Proceeds from sale of property, plant, and equipment	202	40
Net cash used in investing activities	<u>(25,056)</u>	<u>(35,340)</u>
Cash flows from financing activities:		
Proceeds from credit facilities	2,774	19,625
Repayments on credit facilities	(2,774)	(19,202)
Proceeds from issuance of common stock under employee stock plans	10,606	9,102
Tax payments related to restricted stock unit issuances	(3,539)	(4,806)
Repurchase of common stock	(35,542)	—
Cash dividends paid	(25,046)	(23,689)
Payment of related party note payable	(14,236)	—
Net cash used in financing activities	<u>(67,757)</u>	<u>(18,970)</u>
Net effect of exchange rate changes on cash	<u>5,016</u>	<u>(2,218)</u>
Net increase in cash and cash equivalents	69,250	46,174
Cash and cash equivalents, beginning of period	551,389	369,770
Cash and cash equivalents, end of period	<u>\$ 620,639</u>	<u>\$ 415,944</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	\$ 18,133	\$ 11,805
Cash paid during the period for interest on note payable to related party	501	532
Supplemental disclosures of non-cash investing and financing activities:		
Capital expenditures incurred but not yet paid	\$ 9,191	\$ 4,856

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—BASIS OF PRESENTATION AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the management of Columbia Sportswear Company (together with its wholly owned subsidiaries and entities in which it maintains a controlling financial interest, the "Company") and in the opinion of management include all normal recurring material adjustments necessary to present fairly the Company's financial position as of June 30, 2017 and 2016, and the results of operations and cash flows for the three and six months ended June 30, 2017 and 2016. The December 31, 2016 financial information was derived from the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. A significant part of the Company's business is of a seasonal nature; therefore, results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of results to be expected for other quarterly periods or for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company, however, believes that the disclosures contained in this report comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934 for a Quarterly Report on Form 10-Q and are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Columbia Sportswear Company, its wholly owned subsidiaries and entities in which it maintains a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions. Some of these more significant estimates relate to revenue recognition, including sales returns and miscellaneous claims from customers, allowance for doubtful accounts, excess, slow-moving and closeout inventories, product warranty, long-lived and intangible assets, goodwill, income taxes, and stock-based compensation.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers Topic 606*, outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. The updated guidance requires an entity to recognize revenue when it transfers control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company expects to adopt the standard utilizing the modified retrospective approach on January 1, 2018. The Company is in the process of evaluating the new standard against its existing accounting policies, including principal and agent considerations and balance sheet classifications, to determine the effect the guidance will have on the Consolidated Financial Statements. We do not expect the adoption of the standard to have a material impact on the timing of revenue recognition.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, an update to its accounting guidance related to the recognition and measurement of certain financial instruments. This new standard requires equity investments that are not accounted for under the equity method of accounting to be measured at fair value with changes recognized in net income and also updates certain presentation and disclosure requirements. This standard is effective beginning in the first quarter of 2018 with early adoption permitted. The

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

adoption of ASU 2016-01 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for most leases previously classified as operating leases. The new standard will become effective beginning with the first quarter of 2019 using a modified retrospective approach and early adoption is permitted. The Company is evaluating the impact of this guidance and expects the adoption will result in a material increase in the assets and liabilities on the Company's consolidated balance sheets and will likely have an insignificant impact on the Company's consolidated statements of operations.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The pronouncement changes the impairment model for most financial assets and will require the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. This standard is effective beginning in the first quarter of 2020. The adoption of ASU 2016-13 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax effects of an intra-entity transfer of an asset, other than inventory, when the transfer occurs, eliminating an exception under current GAAP in which the tax effects of intra-entity asset transfers are deferred until the transferred asset is sold to a third party or otherwise recovered through use. Income tax effects of intra-entity transfers of inventory will continue to be deferred until the inventory has been sold to a third party. The Company expects to adopt this standard when it becomes effective during the first quarter of 2018, and plans to apply the required modified retrospective approach with a cumulative-effect adjustment to retained earnings of the previously deferred charges. The Company anticipates it will result in increased volatility in our effective income tax rate.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairments by eliminating step two from the goodwill impairment test. Under this new guidance, if the carrying amount of a reporting unit exceeds its estimated fair value, an impairment charge shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The new standard will become effective during the first quarter of 2019, with early adoption permitted. The Company is evaluating the impact and expects the adoption of ASU 2017-04 to affect the amount and timing of future goodwill impairment charges, if any.

NOTE 3—NON-CONTROLLING INTEREST

The Company owns a 60% controlling interest in a joint venture formed with Swire Resources Limited ("Swire") to support the development and operation of the Company's business in China. The accounts of the joint venture are included in the condensed consolidated financial statements. Swire's share of net income from the joint venture is included in net income attributable to non-controlling interest in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016. The 40% non-controlling equity interest in this entity is included in total equity as non-controlling interest in the Condensed Consolidated Balance Sheets as of June 30, 2017 and 2016, and December 31, 2016.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited)

The following table presents the changes in Columbia Sportswear Company shareholders' equity and non-controlling interest for the six months ended June 30, 2017 (in thousands, except per share amounts):

	Columbia Sportswear Company	Non-Controlling Interest	Total
Balance at December 31, 2016	\$ 1,560,820	\$ 20,691	\$ 1,581,511
Net income	24,471	3,098	27,569
Other comprehensive income (loss), net of tax:			
Derivative holding losses	(7,567)	(195)	(7,762)
Foreign currency translation adjustments	16,888	1,796	18,684
Cash dividends (\$0.36 per share)	(25,046)	—	(25,046)
Issuance of common stock under employee stock plans, net	7,067	—	7,067
Stock-based compensation expense	5,719	—	5,719
Repurchase of common stock	(35,542)	—	(35,542)
Balance at June 30, 2017	\$ 1,546,810	\$ 25,390	\$ 1,572,200

The following table presents the changes in Columbia Sportswear Company shareholders' equity and non-controlling interest for the six months ended June 30, 2016 (in thousands, except per share amounts):

	Columbia Sportswear Company	Non-Controlling Interest	Total
Balance at December 31, 2015	\$ 1,399,800	\$ 16,013	\$ 1,415,813
Net income	23,598	2,723	26,321
Other comprehensive income (loss), net of tax:			
Unrealized holding gains on available-for-sale securities	2	—	2
Derivative holding losses	(9,424)	—	(9,424)
Foreign currency translation adjustments	19,485	(649)	18,836
Cash dividends (\$0.34 per share)	(23,689)	—	(23,689)
Issuance of common stock under employee stock plans, net	9,102	—	9,102
Tax adjustment from stock plans	(4,806)	—	(4,806)
Stock-based compensation expense	5,453	—	5,453
Balance at June 30, 2016	\$ 1,419,521	\$ 18,087	\$ 1,437,608

NOTE 4—INTANGIBLE ASSETS, NET

Intangible assets that are determined to have finite lives include patents, purchased technology and customer relationships and are amortized over their estimated useful lives, which range from approximately 3 to 10 years, and are measured for impairment only when events or circumstances indicate the carrying value may be impaired. Goodwill and intangible assets with indefinite useful lives, including trademarks and trade names, are not amortized but are periodically evaluated for impairment.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Intangible Assets

The following table summarizes the Company's identifiable intangible assets (in thousands):

	June 30, 2017	December 31, 2016	June 30, 2016
Intangible assets subject to amortization:			
Patents and purchased technology	\$ 14,198	\$ 14,198	\$ 14,198
Customer relationships	23,000	23,000	23,000
Gross carrying amount	37,198	37,198	37,198
Accumulated amortization:			
Patents and purchased technology	(9,986)	(9,321)	(8,656)
Customer relationships	(11,588)	(9,860)	(7,952)
Total accumulated amortization	(21,574)	(19,181)	(16,608)
Net carrying amount	15,624	18,017	20,590
Intangible assets not subject to amortization	115,421	115,421	115,421
Intangible assets, net	\$ 131,045	\$ 133,438	\$ 136,011

Amortization expense for intangible assets subject to amortization was \$1,106,000 and \$1,287,000 for the three months ended June 30, 2017 and 2016, respectively, and was \$2,393,000 and \$2,573,000 for the six months ended June 30, 2017 and 2016, respectively.

Annual amortization expense is estimated to be as follows for the years 2017-2021 (in thousands):

2017	\$ 3,883
2018	2,980
2019	2,980
2020	2,537
2021	1,650

NOTE 5—PRODUCT WARRANTY

Some of the Company's products carry limited warranty provisions for defects in quality and workmanship. A warranty reserve is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements and is recorded in cost of sales. The warranty reserve is included in accrued liabilities in the Condensed Consolidated Balance Sheets.

A reconciliation of product warranties is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Balance at beginning of period	\$ 11,503	\$ 11,733	\$ 11,455	\$ 11,487
Provision for warranty claims	731	895	1,931	2,438
Warranty claims	(1,190)	(906)	(2,489)	(2,433)
Other	170	(69)	317	161
Balance at end of period	\$ 11,214	\$ 11,653	\$ 11,214	\$ 11,653

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

NOTE 6—STOCK-BASED COMPENSATION

The Company's Stock Incentive Plan (the "Plan") allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units and other stock-based or cash-based awards. The majority of all stock options and restricted stock unit grants outstanding under the Plan were granted in the first quarter of each fiscal year. Stock compensation is recognized based on an estimated number of awards that are expected to vest.

Stock-based compensation expense consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Stock options	\$ 1,005	\$ 1,009	\$ 2,009	\$ 1,981
Restricted stock units	1,772	1,371	3,710	3,472
Total	\$ 2,777	\$ 2,380	\$ 5,719	\$ 5,453

Stock Options

The Company estimates the fair value of stock options using the Black-Scholes model. Key inputs and assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected stock price volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term and the Company's expected annual dividend yield.

The following table presents the weighted average assumptions for stock options granted in the periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Expected option term	6.89 years	7.73 years	4.56 years	4.63 years
Expected stock price volatility	28.50%	30.95%	28.91%	29.80%
Risk-free interest rate	1.94%	1.47%	1.72%	1.17%
Expected annual dividend yield	1.26%	1.21%	1.30%	1.20%
Weighted average grant date fair value	\$15.98	\$17.47	\$13.00	\$13.39

During the six months ended June 30, 2017 and 2016, the Company granted a total of 496,384 and 422,973 stock options, respectively. At June 30, 2017, unrecognized costs related to outstanding stock options totaled approximately \$9,241,000, before any related tax benefit. The unrecognized costs related to stock options are amortized over the related vesting period using the straight-line attribution method. Unrecognized costs related to stock options at June 30, 2017 are expected to be recognized over a weighted average period of 2.72 years.

Restricted Stock Units

The Company estimates the fair value of service-based and performance-based restricted stock units using the Black-Scholes model. Key inputs and assumptions used to estimate the fair value of restricted stock units include the vesting period, expected annual dividend yield and closing price of the Company's common stock on the date of grant.

The following table presents the weighted average assumptions for restricted stock units granted in the periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Vesting period	3.08 years	2.80 years	3.86 years	3.83 years
Expected annual dividend yield	1.26%	1.20%	1.30%	1.16%
Estimated average grant date fair value per restricted stock unit	\$55.06	\$54.80	\$52.54	\$55.94

During the six months ended June 30, 2017 and 2016, the Company granted 245,953 and 188,719 restricted stock units, respectively. At June 30, 2017, unrecognized costs related to outstanding restricted stock units totaled approximately \$18,265,000, before any related tax benefit. The unrecognized costs related to restricted stock units are being amortized over the related vesting

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

period using the straight-line attribution method. These unrecognized costs at June 30, 2017 are expected to be recognized over a weighted average period of 2.56 years.

NOTE 7—ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss, net of applicable taxes, reported on the Company's Condensed Consolidated Balance Sheets consists of unrealized holding gains and losses on available-for-sale securities, unrealized gains and losses on certain derivative transactions and foreign currency translation adjustments.

The following table sets forth the changes in accumulated other comprehensive loss attributable to Columbia Sportswear Company, net of tax, for the three months ended June 30, 2017 (in thousands):

	Unrealized losses on available-for-sale securities	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at March 31, 2017	\$ —	\$ 5,246	\$ (18,138)	\$ (12,892)
Other comprehensive income (loss) before reclassifications	(4)	(5,537)	5,640	99
Amounts reclassified from other comprehensive income	—	(503)	—	(503)
Net other comprehensive income (loss) during the period	(4)	(6,040)	5,640	(404)
Balance at June 30, 2017	\$ (4)	\$ (794)	\$ (12,498)	\$ (13,296)

The following table sets forth the changes in accumulated other comprehensive loss attributable to Columbia Sportswear Company, net of tax, for the three months ended June 30, 2016 (in thousands):

	Unrealized gains (losses) on available- for-sale securities	Unrealized holding losses on derivative transactions	Foreign currency translation adjustments	Total
Balance at March 31, 2016	\$ (4)	\$ (2,417)	\$ (8,593)	\$ (11,014)
Other comprehensive income (loss) before reclassifications	4	(787)	1,157	374
Amounts reclassified from other comprehensive income	—	(133)	—	(133)
Net other comprehensive income (loss) during the period	4	(920)	1,157	241
Balance at June 30, 2016	\$ —	\$ (3,337)	\$ (7,436)	\$ (10,773)

The following table sets forth the changes in accumulated other comprehensive loss attributable to Columbia Sportswear Company, net of tax, for the six months ended June 30, 2017 (in thousands):

	Unrealized losses on available-for-sale securities	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at December 31, 2016	\$ (4)	\$ 6,773	\$ (29,386)	\$ (22,617)
Other comprehensive income (loss) before reclassifications	—	(6,975)	16,888	9,913
Amounts reclassified from other comprehensive income	—	(592)	—	(592)
Net other comprehensive income (loss) during the period	—	(7,567)	16,888	9,321
Balance at June 30, 2017	\$ (4)	\$ (794)	\$ (12,498)	\$ (13,296)

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following table sets forth the changes in accumulated other comprehensive loss attributable to Columbia Sportswear Company, net of tax, for the six months ended June 30, 2016 (in thousands):

	Unrealized gains (losses) on available- for-sale securities	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at December 31, 2015	\$ (2)	\$ 6,087	\$ (26,921)	\$ (20,836)
Other comprehensive income (loss) before reclassifications	2	(7,925)	19,485	11,562
Amounts reclassified from other comprehensive income	—	(1,499)	—	(1,499)
Net other comprehensive income (loss) during the period	2	(9,424)	19,485	10,063
Balance at June 30, 2016	\$ —	\$ (3,337)	\$ (7,436)	\$ (10,773)

NOTE 8—EARNINGS PER SHARE

Earnings per share ("EPS") is presented on both a basic and diluted basis. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if outstanding securities or other contracts to issue common stock were exercised or converted into common stock.

A reconciliation of common shares used in the denominator for computing basic and diluted EPS is as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Weighted average shares of common stock outstanding, used in computing basic earnings per share	69,672	69,694	69,639	69,567
Effect of dilutive stock options and restricted stock units	—	—	728	975
Weighted average shares of common stock outstanding, used in computing diluted earnings per share	69,672	69,694	70,367	70,542
Earnings per share of common stock attributable to Columbia Sportswear Company:				
Basic	\$ (0.17)	\$ (0.12)	\$ 0.35	\$ 0.34
Diluted	\$ (0.17)	\$ (0.12)	\$ 0.35	\$ 0.33

Stock options and service-based restricted stock units representing 2,641,676 and 2,793,715 shares of common stock for the three months ended June 30, 2017 and 2016, respectively, were outstanding but were excluded from the computation of diluted EPS because their effect would have been anti-dilutive due to a net loss in the period. Stock options and service-based restricted stock units representing 862,559 and 471,964 shares of common stock for the six months ended June 30, 2017 and 2016, respectively, were outstanding but were excluded from the computation of diluted EPS because their effect would be anti-dilutive as a result of applying the treasury stock method. In addition, performance-based restricted stock units representing 50,403 and 76,742 shares of common stock for the three months ended June 30, 2017 and 2016, respectively, and 46,485 and 69,472 shares of common stock for the six months ended June 30, 2017 and 2016, respectively, were outstanding but were excluded from the computation of diluted EPS because these shares were subject to performance conditions that had not been met.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited)

Common Stock Repurchase Plan

Since the inception of the Company's stock repurchase plan in 2004 through June 30, 2017, the Company's Board of Directors has authorized the repurchase of \$700,000,000 of the Company's common stock. Shares of the Company's common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions. The repurchase program does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time. As of June 30, 2017, the Company had repurchased 21,658,035 shares under this program at an aggregate purchase price of approximately \$562,064,000. During the three and six months ended June 30, 2017, the Company repurchased 48,943 and 665,095 shares of the Company's common stock at an aggregate purchase price of \$2,542,000 and \$35,542,000, respectively. During the three and six months ended June 30, 2016, the Company did not repurchase any shares of the Company's common stock.

NOTE 9—SEGMENT INFORMATION

The Company has aggregated its operating segments into four geographic segments: (1) United States, (2) Latin America and Asia Pacific ("LAAP"), (3) Europe, Middle East and Africa ("EMEA") and (4) Canada, which are reflective of the Company's internal organization, management and oversight structure. Each geographic segment operates predominantly in one industry: the design, development, marketing and distribution of outdoor and active lifestyle apparel, footwear, accessories, and equipment. Intersegment net sales and intersegment profits, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material. Unallocated corporate expenses consist of expenses incurred by centrally-managed departments, including global information systems, finance and legal, executive compensation, unallocated benefit program expense, and other miscellaneous costs.

The geographic distribution of the Company's net sales and income from operations are summarized in the following table (in thousands) for the three and six months ended June 30, 2017 and 2016.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net sales to unrelated entities:				
United States	\$ 238,196	\$ 228,776	\$ 571,380	\$ 565,021
LAAP	79,467	87,258	197,811	189,059
EMEA	67,392	59,045	122,726	110,374
Canada	13,849	13,666	50,780	49,427
	<u>\$ 398,904</u>	<u>\$ 388,745</u>	<u>\$ 942,697</u>	<u>\$ 913,881</u>
Segment income (loss) from operations:				
United States	\$ 22,314	\$ 21,687	\$ 84,956	\$ 87,979
LAAP	3,503	5,331	23,311	19,498
EMEA	152	105	1,476	1,364
Canada	(2,563)	(3,173)	3,264	686
Total segment income from operations	23,406	23,950	113,007	109,527
Unallocated corporate expenses	(40,691)	(35,736)	(82,287)	(77,048)
Interest income, net	1,250	692	2,205	1,183
Interest expense on note payable to related party	(180)	(262)	(429)	(526)
Other non-operating income (expense)	360	259	307	(116)
Income (loss) before income taxes	<u>\$ (15,855)</u>	<u>\$ (11,097)</u>	<u>\$ 32,803</u>	<u>\$ 33,020</u>

Concentrations

The Company had two customers that accounted for approximately 12.6% and 10.9%, respectively, of consolidated accounts receivable at June 30, 2017. The Company had one customer that accounted for approximately 10.4% consolidated accounts receivable at June 30, 2016. No single customer accounted for 10% or more of consolidated accounts receivable at December 31, 2016. No single customer accounted for 10% or more of consolidated net sales for the three or six months ended June 30, 2017 or 2016.

NOTE 10—FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

In the normal course of business, the Company's financial position, results of operations and cash flows are routinely subject to a variety of risks. These risks include risks associated with financial markets, primarily currency exchange rate risk and, to a lesser extent, interest rate risk and equity market risk. The Company regularly assesses these risks and has established policies and business practices designed to mitigate them. The Company does not engage in speculative trading in any financial market.

The Company actively manages the risk of changes in functional currency equivalent cash flows resulting from anticipated non-functional currency denominated purchases and sales. Subsidiaries that use European euros, Canadian dollars, Japanese yen, Chinese renminbi, or Korean won as their functional currency are primarily exposed to changes in functional currency equivalent cash flows from anticipated U.S. dollar inventory purchases. The Company's prAna subsidiary uses U.S. dollars as its functional currency and is exposed to anticipated Canadian dollar denominated sales. The Company manages these risks by using currency forward and option contracts formally designated and effective as cash flow hedges. Hedge effectiveness is generally determined by evaluating the ability of a hedging instrument's cumulative change in fair value to offset the cumulative change in the present value of expected cash flows on the underlying exposures. For forward contracts, the change in fair value attributable to changes in forward points is excluded from the determination of hedge effectiveness and included in current period cost of sales for hedges of anticipated U.S. dollar inventory purchases and in net sales for hedges of anticipated Canadian dollar sales. For option contracts, the change in fair value attributable to changes in time value are excluded from the assessment of hedge effectiveness and included in current period cost of sales. Hedge ineffectiveness was not material during the three and six months ended June 30, 2017 and 2016.

The Company also uses currency forward contracts not formally designated as hedges to manage the consolidated currency exchange rate risk associated with the remeasurement of non-functional currency denominated monetary assets and liabilities by subsidiaries that use U.S. dollars, euros, Swiss francs, Canadian dollars, yen, won, or renminbi as their functional currency. Non-functional currency denominated monetary assets and liabilities consist primarily of cash and cash equivalents, short-term investments, receivables, payables, and intercompany loans. The gains and losses generated on these currency forward contracts not formally designated as hedges are expected to be largely offset in other non-operating expense, net by the gains and losses generated from the remeasurement of the non-functional currency denominated monetary assets and liabilities.

The following table presents the gross notional amount of outstanding derivative instruments (in thousands):

	June 30, 2017	December 31, 2016	June 30, 2016
Derivative instruments designated as cash flow hedges:			
Currency forward contracts	\$ 314,000	\$ 206,000	\$ 247,500
Derivative instruments not designated as cash flow hedges:			
Currency forward contracts	166,476	184,940	79,930

At June 30, 2017, approximately \$7,000 of deferred net losses on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to net income during the next twelve months as a result of underlying hedged transactions also being recorded in net income. Actual amounts ultimately reclassified to net income are dependent on U.S. dollar exchange rates in effect against the euro, renminbi, Canadian dollar, and yen when outstanding derivative contracts mature.

At June 30, 2017, the Company's derivative contracts had a remaining maturity of less than three years. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was less than \$2,000,000 at June 30, 2017. All of the Company's derivative counterparties have investment grade credit ratings. The Company is a party to master netting arrangements that contain features that allow counterparties to net settle amounts arising from multiple separate derivative transactions or net settle in the case of certain triggering events such as a bankruptcy or major default of one of the counterparties to the transaction. Finally, the Company has not pledged assets or posted collateral as a requirement for entering into or maintaining derivative positions.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The following table presents the balance sheet classification and fair value of derivative instruments (in thousands):

	<u>Balance Sheet Classification</u>	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Derivative instruments designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	\$ 1,648	\$ 9,805	\$ 2,228
Currency forward contracts	Other non-current assets	816	1,969	1,079
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	3,151	106	4,169
Currency forward contracts	Other long-term liabilities	1,665	—	1,456
Derivative instruments not designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	505	1,361	458
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	916	180	3,545

The following table presents the statement of operations effect and classification of derivative instruments (in thousands):

	<u>Statement of Operations Classification</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Currency Forward and Option Contracts:					
Derivative instruments designated as cash flow hedges:					
Loss recognized in other comprehensive income or loss	—	\$ (5,537)	\$ (787)	\$ (6,975)	\$ (7,925)
Gain reclassified from accumulated other comprehensive income or loss to income for the effective portion	Net sales	—	—	144	161
Gain reclassified from accumulated other comprehensive income or loss to income for the effective portion	Cost of sales	897	171	951	1,605
Loss reclassified from accumulated other comprehensive income or loss to income as a result of cash flow hedge discontinuance	Cost of sales	—	(81)	—	(81)
Gain recognized in income for amount excluded from effectiveness testing and for the ineffective portion	Net sales	2	1	5	5
Gain recognized in income for amount excluded from effectiveness testing and for the ineffective portion	Cost of sales	492	540	1,286	962
Derivative instruments not designated as cash flow hedges:					
Loss recognized in income	Other non-operating expense	(1,723)	(1,887)	(3,411)	(3,441)

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

NOTE 11—COMMITMENTS AND CONTINGENCIES

Inventory Purchase Obligations

Inventory purchase obligations consist of open production purchase orders and other commitments for raw materials and sourced apparel, footwear, accessories, and equipment. At June 30, 2017, inventory purchase obligations were \$319,714,000.

Litigation

The Company is a party to various legal claims, actions and complaints from time to time. Although the ultimate resolution of legal proceedings cannot be predicted with certainty, management believes that disposition of these matters will not have a material adverse effect on the Company's consolidated financial statements.

NOTE 12—FAIR VALUE MEASURES

Certain assets and liabilities are reported at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1 — observable inputs such as quoted prices for identical assets or liabilities in active liquid markets;

Level 2 — inputs, other than the quoted market prices in active markets, that are observable, either directly or indirectly; or observable market prices in markets with insufficient volume or infrequent transactions; and

Level 3 — unobservable inputs for which there is little or no market data available, that require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 307,724	\$ —	\$ —	\$ 307,724
Time deposits	66,217	—	—	66,217
U.S. Government-backed municipal bonds	—	97,738	—	97,738
Other short-term investments:				
Mutual fund shares	1,591	—	—	1,591
Other current assets:				
Derivative financial instruments (Note 10)	—	2,153	—	2,153
Other non-current assets:				
Derivative financial instruments (Note 10)	—	816	—	816
Mutual fund shares	8,298	—	—	8,298
Total assets measured at fair value	<u>\$ 383,830</u>	<u>\$ 100,707</u>	<u>\$ —</u>	<u>\$ 484,537</u>
Liabilities:				
Accrued liabilities:				
Derivative financial instruments (Note 10)	\$ —	\$ 4,067	\$ —	\$ 4,067
Other long-term liabilities:				
Derivative financial instruments (Note 10)	—	1,665	—	1,665
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 5,732</u>	<u>\$ —</u>	<u>\$ 5,732</u>

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 299,769	\$ —	\$ —	\$ 299,769
Time deposits	73,127	—	—	73,127
Other short-term investments:				
Mutual fund shares	472	—	—	472
Other current assets:				
Derivative financial instruments (Note 10)	—	11,166	—	11,166
Other non-current assets:				
Derivative financial instruments (Note 10)	—	1,969	—	1,969
Mutual fund shares	8,411	—	—	8,411
Total assets measured at fair value	<u>\$ 381,779</u>	<u>\$ 13,135</u>	<u>\$ —</u>	<u>\$ 394,914</u>
Liabilities:				
Accrued liabilities:				
Derivative financial instruments (Note 10)	\$ —	\$ 286	\$ —	\$ 286
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 286</u>	<u>\$ —</u>	<u>\$ 286</u>

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 166,000	\$ —	\$ —	\$ 166,000
Time deposits	105,212	—	—	105,212
Reverse repurchase agreements	—	30,000	—	30,000
U.S. Government-backed municipal bonds	—	12,149	—	12,149
Available-for-sale short-term investments ⁽¹⁾ :				
U.S. Government-backed municipal bonds	—	12,410	—	12,410
Other short-term investments:				
Mutual funds shares	449	—	—	449
Other current assets:				
Derivative financial instruments (Note 10)	—	2,686	—	2,686
Other non-current assets:				
Derivative financial instruments (Note 10)	—	1,079	—	1,079
Mutual fund shares	7,874	—	—	7,874
Total assets measured at fair value	<u>\$ 279,535</u>	<u>\$ 58,324</u>	<u>\$ —</u>	<u>\$ 337,859</u>
Liabilities:				
Accrued liabilities:				
Derivative financial instruments (Note 10)	\$ —	\$ 7,714	\$ —	\$ 7,714
Other long-term liabilities				
Derivative financial instruments (Note 10)	—	1,456	—	1,456
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 9,170</u>	<u>\$ —</u>	<u>\$ 9,170</u>

⁽¹⁾ Investments have remaining maturities of less than one year.

Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 2 instrument valuations are obtained from inputs, other than quoted market prices in active markets, which are directly or indirectly observable in the marketplace and quoted prices in markets with limited volume or infrequent transactions.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Non-recurring Fair Value Measurements

There were no material assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2017, December 31, 2016 or June 30, 2016.

NOTE 13—RELATED PARTY TRANSACTIONS

The Company owns a 60% controlling interest in a joint venture formed with Swire, which is a related party. The joint venture arrangement involves Transition Services Agreements ("TSAs") with Swire, under which Swire provides administrative and information technology services to the joint venture. The Company continues to reduce its costs under the TSAs as it internalizes the back-office functions and related personnel, including the transition of the joint venture's systems to the Company's platform in the second quarter of 2017. The joint venture incurred service fees, valued under the TSAs at Swire's cost, of \$329,000 and \$1,042,000 during the three months ended June 30, 2017 and 2016, respectively and \$845,000 and \$1,895,000 during the six months ended June 30, 2017 and 2016, respectively. These fees are included in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations. In addition, the joint venture pays Swire sourcing fees related to the purchase of certain inventory. These sourcing fees are capitalized into inventories and charged to cost of sales as the inventories are sold. The Company incurred sourcing fees of \$4,000 and \$10,000, for the three months ended June 30, 2017 and 2016, respectively, and \$5,000 and \$61,000, for the six months ended June 30, 2017 and 2016, respectively.

In 2014, both the Company and Swire funded long-term loans to the joint venture. The Company's loan has been eliminated in consolidation, while the Swire loan is reflected as a note payable to related party in the Condensed Consolidated Balance Sheets as of December 31, 2016 and June 30, 2016. In June 2017, the Company repaid these loans, including the note with Swire in the principal amount of RMB 97,600,000 (USD \$14,236,000), and as such, the balance on the Condensed Consolidated Balance Sheets is zero at June 30, 2017. Interest expense related to this note was \$180,000 and \$262,000 for the three months ended June 30, 2017 and 2016, respectively, and \$429,000 and \$526,000 for the six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017 and 2016, and December 31, 2016, net payables to Swire for service fees, interest expense and miscellaneous expenses totaled \$340,000, \$1,042,000 and \$707,000, respectively, and were included in accounts payable in the Condensed Consolidated Balance Sheets.

In addition to the transactions described above, Swire is also a third-party distributor of the Company's brands in certain regions outside of mainland China and purchases products from the Company under the Company's standard third-party distributor terms and pricing.

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

This quarterly report contains forward-looking statements. Forward-looking statements include any statements related to our expectations regarding future performance or market position, including any statements regarding anticipated sales, gross margins and operating margins across markets, profitability and the effect of specified factors on profitability for 2017, expenses, sourcing costs, effects of unseasonable weather on our results of operations, inventory levels, investments in our business, investments in and implementation of our information technology systems, our operating model assessment or subsequent actions, intellectual property disputes, our direct-to-consumer channels and other capital expenditures, including planned store additions, access to raw materials and factory capacity, financing and working capital requirements and resources, income tax rates and pre-tax income, and our exposure to market risk associated with interest rates and foreign currency exchange rates.

These forward-looking statements, and others we make from time to time, are subject to a number of risks and uncertainties. Many factors may cause actual results to differ materially from those projected in forward-looking statements, including the risks described below in Part II, Item 1A, Risk Factors. We do not undertake any duty to update forward-looking statements after the date they are made or to conform them to actual results or to changes in circumstances or expectations.

Our Business

As one of the largest outdoor and active lifestyle apparel and footwear companies in the world, we design, source, market and distribute outdoor and active lifestyle apparel, footwear, accessories, and equipment primarily under the Columbia, SOREL, prAna, and Mountain Hardwear brands. Our products are sold through a mix of wholesale distribution channels, our own direct-to-consumer channels and independent international distributors. In addition, we license some of our trademarks across a range of apparel, footwear, accessories, and equipment.

The popularity of outdoor activities, changing design trends, consumer adoption of innovative performance technologies, variations in seasonal weather, and the availability and desirability of competitor alternatives affect consumer desire for our products. Therefore, we seek to drive, anticipate and respond to trends and shifts in consumer preferences and shopping patterns by adjusting our product offerings and selling channels, developing new products with innovative performance features and designs and creating persuasive and memorable marketing communications to generate consumer awareness, demand and retention. Failure to anticipate or respond to consumer needs and preferences in a timely and adequate manner could have a material adverse effect on our sales and profitability.

Seasonality and Variability of Business

Our business is affected by the general seasonal trends common to the industry, including seasonal weather and discretionary consumer shopping and spending patterns. Our products are marketed on a seasonal basis and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. In 2016, approximately 60% of our net sales and approximately 90% of our profitability was realized in the second half of the year, illustrating our dependence upon sales results in the second half of the year, as well as the less seasonal nature of our operating costs. The expansion of our direct-to-consumer channels has increased the proportion of sales, profits and cash flows that we generate in the second half of the year, particularly in the fourth quarter.

We generally solicit orders from wholesale customers and independent international distributors for the fall and spring seasons based on seasonal ordering deadlines that we establish to aid our efforts to plan manufacturing volumes to meet demand. We typically ship the majority of our advance spring season orders to customers beginning in January and continuing through June. Similarly, we typically ship the majority of our advance fall season orders to customers beginning in July and continuing through December. Generally, orders are subject to cancellation prior to the date of shipment.

Results of operations in any period should not be considered indicative of the results to be expected for any future period, particularly in light of persistent volatility in global economic and geopolitical conditions and volatility of foreign currency exchange rates which, when combined with seasonal weather patterns and inflationary or volatile sourcing costs, reduce the predictability of our business.

Business Outlook

The global business climate continues to present us with a great deal of uncertainty, making it difficult to predict future results. Consistent with the historical seasonality of the business, we anticipate 2017 profitability to be heavily concentrated in the second half of the year. Factors that could significantly affect our full year 2017 financial results include:

- Performance and profitability of our owned brick-and-mortar stores and e-commerce direct-to-consumer sales globally;

- Unseasonable weather conditions or other unforeseen factors affecting consumer demand and the resulting effect on cancellations of advance wholesale orders, sales returns, wholesale customer accommodations, replenishment orders and reorders, direct-to-consumer sales, changes in mix and volume of full price sales in relation to promotional and closeout product sales, and suppressed wholesale and end-consumer demand in subsequent seasons;
- Industry trends affecting consumer traffic and spending in brick and mortar retail channels, which are creating uncertainty regarding the long-term financial health of several of our U.S. wholesale customers, including some who have recently closed stores, or initiated restructuring activities, bankruptcy proceedings or liquidation;
- Difficult economic and competitive environments in certain key markets within our Latin America and Asia Pacific ("LAAP") region, in particular, Korea;
- Continued sales growth and profitability contributed by our Europe-direct business;
- The effects of changes in foreign currency exchange rates on sales, gross margin, operating income, and net income;
- A reduction in the rate of net sales growth of our prAna business;
- Performance of our Mountain Hardwear business as we work to re-invigorate that brand in the marketplace; and
- The financial impact of activities associated with and resulting from our operating model assessment or subsequent actions.

These factors and others may have a material effect on our financial condition, results of operations or cash flows, particularly with respect to quarterly comparisons.

During the second quarter of 2017, we commenced an initiative to invest in a global retail platform ("GRP"), which encompasses the IT systems infrastructure to support the growth and expansion of our direct-to-consumer businesses. The objective of this initiative is to deliver an improved consumer experience and to modernize and standardize our processes and systems to enable us to better anticipate and deliver against the needs of our consumers. This GRP initiative is currently in the early design phase and we expect to incur related costs beginning in the second half of 2017, targeting regional implementations beginning in the first half of 2019.

In addition, we are continuing to invest in our ongoing multi-year global enterprise resource planning ("ERP") implementation, which has been executed in the majority of our operations to date. During the second quarter of 2017, we implemented the ERP system in our China joint venture and plan to transition our Europe-direct business onto the system in mid-2018.

During the first quarter of 2017, we commenced a thorough assessment of our operating model to ensure that the business is aligned and organized to successfully execute our strategic plan. We completed the operational assessment phase of this initiative during the second quarter of 2017, and as a result, we announced a realignment of our senior leadership team to evolve to a brand-led, consumer-focused organization. We have now entered the second phase of this initiative that we have named Project CONNECT, which will consist of identifying and implementing initiatives intended to enhance our ability to execute against our strategic plan to drive sustainable, profitable growth through our brand portfolio. We anticipate providing updates as the project progresses.

We remain focused on driving sustainable, profitable sales growth by providing innovative, stylish products at accessible prices through effective sales channels, nurturing stronger emotional connections with consumers through compelling marketing communications, transforming our global supply chain and information technology platforms and effectively managing inventory and other working capital assets.

Results of Operations

The following discussion of our results of operations and liquidity and capital resources should be read in conjunction with the Condensed Consolidated Financial Statements and accompanying Notes that appear elsewhere in this quarterly report. All references to quarters relate to the quarter ended June 30 of the particular year.

To supplement financial information reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we disclose constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP measures useful by reviewing our net sales results without the volatility in foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results. Constant-currency financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The following discussion includes references to constant-currency net sales, and

we provide a reconciliation of this non-GAAP measure to the most directly comparable financial measure calculated in accordance with GAAP.

Highlights of the Second Quarter of 2017

- Net sales for the second quarter of 2017 increased \$10.1 million, or 3%, to \$398.9 million from \$388.8 million for the second quarter of 2016.
- Net loss attributable to Columbia Sportswear Company increased \$3.3 million, or 40%, for the second quarter of 2017 to \$11.5 million, or \$(0.17) per share, compared to net loss of \$8.2 million, or \$(0.12) per share, for the second quarter of 2016.
- We paid a quarterly cash dividend of \$0.18 per share, or \$12.5 million, in the second quarter of 2017.

The following table sets forth, for the periods indicated, the percentage relationship to net sales of specified items in our Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	54.7	53.8	53.4	53.3
Gross profit	45.3	46.2	46.6	46.7
Selling, general and administrative expenses	50.3	49.7	43.9	43.6
Net licensing income	0.6	0.5	0.5	0.5
Income (loss) from operations	(4.4)	(3.0)	3.2	3.6
Interest income, net	0.3	0.2	0.2	—
Interest expense on note payable to related party	—	(0.2)	—	—
Other non-operating income	0.1	0.1	—	—
Income (loss) before income tax	(4.0)	(2.9)	3.4	3.6
Income tax benefit (expense)	1.2	0.9	(0.6)	(0.7)
Net income (loss)	(2.8)	(2.0)	2.8	2.9
Net income attributable to non-controlling interest	0.1	0.1	0.3	0.3
Net income (loss) attributable to Columbia Sportswear Company	(2.9)%	(2.1)%	2.5 %	2.6 %

Quarter Ended June 30, 2017 Compared to Quarter Ended June 30, 2016

Net Sales: Consolidated net sales increased \$10.1 million, or 3%, to \$398.9 million for the second quarter of 2017 from \$388.8 million for the comparable period in 2016.

Sales by Geographic Region

Net sales by geographic region are summarized in the following table:

	Three Months Ended June 30,									
	Reported	Adjust for	Constant-	Reported	Reported	Constant-				
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency				
2017	Currency	Net Sales	2016	% Change	Net Sales	% Change ⁽¹⁾				
	Translation	2017 ⁽¹⁾								
(In millions, except for percentage changes)										
United States	\$	238.2	\$	—	\$	238.2	\$	228.8	4%	4%
LAAP		79.5		1.0		80.5		87.3	(9)%	(8)%
EMEA		67.3		1.1		68.4		59.1	14%	16%
Canada		13.9		0.4		14.3		13.6	2%	5%
	\$	398.9	\$	2.5	\$	401.4	\$	388.8	3%	3%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure, which excludes the effect of changes in foreign currency exchange rates against the U.S. dollar between comparable reporting periods. We calculate constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the average exchange rates that were in effect during the comparable period of the prior year.

Net sales in the United States increased \$9.4 million, or 4%, to \$238.2 million for the second quarter of 2017 from \$228.8 million for the comparable period in 2016. The net sales increase in the United States was led by the Columbia brand, followed by the prAna and SOREL brands. The United States net sales increase was led by an increase in net sales in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business. The net sales increase in our direct-to-consumer business was led by increased net sales from our retail stores, followed by increased e-commerce net sales. At June 30, 2017, we operated 122 retail stores, compared with 113 retail stores at June 30, 2016. The net sales decrease in our wholesale business resulted primarily from the combined effects of U.S. wholesale customer bankruptcies, liquidations and store closures that have occurred over the past 18 months.

Net sales in the LAAP region decreased \$7.8 million, or 9% (8% constant-currency), to \$79.5 million for the second quarter of 2017 from \$87.3 million for the comparable period in 2016. The net sales decrease in the LAAP region was concentrated in the Columbia brand and was driven by net sales decreases in China and Korea. The net sales decrease in China was affected by accelerated first quarter shipments to wholesale customers in advance of the ERP go-live that occurred in the second quarter of 2017. The net sales decrease in Korea reflected continued business weakness amid the extremely promotional outdoor sector in that country.

Net sales in the EMEA region increased \$8.2 million, or 14% (16% constant-currency), to \$67.3 million for the second quarter of 2017 from \$59.1 million for the comparable period in 2016. The net sales increase in the EMEA region was concentrated in the Columbia brand and was driven by increased shipments of fall 2017 advance orders to our EMEA distributors, reflecting increased net sales to our Russian distributor and increased spring 2017 advance wholesale orders within our Europe-direct business.

Net sales in Canada increased \$0.3 million, or 2% (5% constant-currency), to \$13.9 million for the second quarter of 2017 from \$13.6 million for the comparable period in 2016. The increase in net sales in Canada was driven by a net sales increase in the SOREL brand, partially offset by a decline in Columbia brand net sales, and was also negatively affected by changes in foreign currency exchange rates.

Sales by Brand

Net sales by brand are summarized in the following table:

	Three Months Ended June 30,									
	Reported	Adjust for	Constant-	Reported	Reported	Constant-				
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency				
2017	Currency	Net Sales	2016	% Change	Net Sales	% Change				
	Translation	2017								
(In millions, except for percentage changes)										
Columbia	\$	340.5	\$	2.3	\$	342.8	\$	333.4	2%	3%
SOREL		6.0		0.1		6.1		3.5	71%	74%
prAna		35.0		—		35.0		32.2	9%	9%
Mountain Hardwear		16.1		—		16.1		17.0	(5)%	(5)%
Other		1.3		0.1		1.4		2.7	(52)%	(48)%
	\$	398.9	\$	2.5	\$	401.4	\$	388.8	3%	3%

Columbia brand net sales increased \$7.1 million, or 2% (3% constant currency), to \$340.5 million, including increased net sales in the U.S. direct-to-consumer channel and EMEA region, partially offset by lower net sales in the U.S. wholesale business and lower net sales in China.

SOREL brand net sales increased \$2.5 million, or 71% (74% constant currency), to \$6.0 million, driven by increased sales of the brand's expanded spring season assortment, concentrated in the United States.

prAna brand net sales increased \$2.8 million, or 9%, to \$35.0 million, led by the U.S. direct-to-consumer business, followed by increased net sales in the U.S. wholesale business.

Mountain Hardwear brand net sales decreased \$0.9 million, or 5%, to \$16.1 million, primarily reflecting net sales declines in Korea and the United States.

Sales by Product Category

Net sales by product category are summarized in the following table:

	Three Months Ended June 30,									
	Reported	Adjust for	Constant-	Reported	Reported	Constant-				
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency				
2017	Currency	Net Sales	2016	% Change	Net Sales	% Change				
	Translation	2017								
(In millions, except for percentage changes)										
Apparel, Accessories and Equipment	\$	329.7	\$	1.6	\$	331.3	\$	321.5	3%	3%
Footwear		69.2		0.9		70.1		67.3	3%	4%
	\$	398.9	\$	2.5	\$	401.4	\$	388.8	3%	3%

Net sales of apparel, accessories and equipment increased \$8.2 million, or 3%, to \$329.7 million for the second quarter of 2017 from \$321.5 million for the comparable period in 2016. The apparel, accessories and equipment net sales increase was led by the Columbia brand, followed by the prAna brand, partially offset by a net sales decrease in the Mountain Hardwear brand. The apparel, accessories and equipment net sales increase was led by the United States and EMEA regions, partially offset by a net sales decrease in the LAAP region.

Net sales of footwear increased \$1.9 million, or 3% (4% constant-currency), to \$69.2 million for the second quarter of 2017 from \$67.3 million for the comparable period in 2016. The increase in footwear net sales consisted of a net sales increase in the SOREL brand. The footwear net sales increase was driven by a net sales increase in the EMEA region and Canada, partially offset by a net sales decrease in the LAAP region.

Gross Profit: Gross profit, as a percentage of net sales, decreased to 45.3% for the second quarter of 2017, from 46.2% for the comparable period in 2016. Gross profit contraction was primarily due to:

- Increased promotional activity in the U.S. in order to liquidate aged inventory primarily through our outlet stores;
- partially offset by:
- Favorable changes in sales channel mix with a higher proportion of direct-to-consumer net sales, which generally carry higher gross margins, and a lower proportion of net sales to our wholesale customers and international distributors, which generally carry lower gross margins.

Our gross profit as a percentage of sales may not be comparable to that of other companies in our industry because some include costs related to both their distribution network and retail store occupancy in cost of sales while we, like many others, include these expenses as a component of selling, general and administrative ("SG&A") expense.

Selling, General and Administrative Expense: SG&A expense includes all costs associated with design, merchandising, marketing, distribution, store occupancy and corporate functions, including related depreciation and amortization.

SG&A expense increased \$7.3 million, or 4%, to \$200.6 million, or 50.3% of net sales, for the second quarter of 2017 from \$193.3 million, or 49.7% of net sales, for the comparable period in 2016. The SG&A expense increase was primarily due to:

- Increased costs to support our expanding global direct-to-consumer businesses;
 - Increased costs related to our operating model assessment; and
 - Increased personnel related expenses;
- partially offset by:
- Changes in the timing of receipt of local tax subsidies related to the company's China joint venture; and
 - The favorable impact of foreign currency translation.

Depreciation and amortization included in SG&A expense totaled \$14.8 million for the second quarter of 2017, compared to \$14.6 million for the same period in 2016.

Income Tax Benefit: Income tax benefit increased to \$4.5 million for the second quarter of 2017 from \$3.2 million for the comparable period in 2016. Our effective income tax rate was 28.6% for the second quarter of 2017 compared to 29.1% for the same period in 2016.

Net Loss Attributable to Columbia Sportswear Company: Net loss increased \$3.3 million, or 40%, to \$11.5 million, or \$(0.17) per share, for the second quarter of 2017 from \$8.2 million, or \$(0.12) per share, for the comparable period in 2016.

Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016

Net Sales: Consolidated net sales increased \$28.8 million, or 3%, to \$942.7 million for the six months ended June 30, 2017 from \$913.9 million for the comparable period in 2016.

Sales by Geographic Region

Net sales by geographic region are summarized in the following table:

	Six Months Ended June 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
	2017	Currency	Net Sales	2016	Net Sales	Net Sales
		Translation	2017		% Change	% Change
	(In millions, except for percentage changes)					
United States	\$ 571.4	\$ —	\$ 571.4	\$ 565.0	1%	1%
LAAP	197.8	2.3	200.1	189.1	5%	6%
EMEA	122.7	2.0	124.7	110.4	11%	13%
Canada	50.8	(0.9)	49.9	49.4	3%	1%
	<u>\$ 942.7</u>	<u>\$ 3.4</u>	<u>\$ 946.1</u>	<u>\$ 913.9</u>	<u>3%</u>	<u>4%</u>

Net sales in the United States increased \$6.4 million, or 1%, to \$571.4 million for the six months ended June 30, 2017 from \$565.0 million for the comparable period in 2016. The net sales increase in the United States was concentrated in the SOREL and Mountain Hardwear brands, partially offset by a decrease in Columbia brand net sales. The United States net sales increase was led by an increase in net sales in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business. The net sales increase in our direct-to-consumer business was led by our retail stores, followed by increased e-commerce net sales.

The net sales decrease in our wholesale business resulted primarily from the combined effects of U.S. wholesale customer bankruptcies, liquidations, and store closures that have occurred over the past 18 months.

Net sales in the LAAP region increased \$8.7 million, or 5% (6% in constant-currency), to \$197.8 million for the six months ended June 30, 2017 from \$189.1 million for the comparable period in 2016. The net sales increase in the LAAP region was concentrated in the Columbia brand and was led by our LAAP distributor business and Japan, partially offset by a net sales decrease in Korea. The net sales increase in our LAAP distributor business was driven by increased spring 2017 advance orders combined with a shift in the timing of shipments of spring 2017 advance wholesale orders from the fourth quarter of 2016 into the first quarter of 2017. The net sales increase in Japan was driven by increased direct-to-consumer net sales. The net sales decrease in Korea reflected continued business weakness amid the extremely promotional outdoor sector in that country.

Net sales in the EMEA region increased \$12.3 million, or 11% (13% constant-currency), to \$122.7 million for the six months ended June 30, 2017 from \$110.4 million for the comparable period in 2016. The EMEA net sales increase consisted of net sales increases in the Columbia and SOREL brands, partially offset by a net sales decrease in the prAna brand. The EMEA net sales increase was led by our Europe-direct business, followed by net sales growth from our EMEA distributor business. The net sales increase in our Europe-direct business was driven by increased spring 2017 advance wholesale orders, increased fall 2016 close-out sales and reorders, and increased direct-to-consumer net sales. The net sales increase in our EMEA distributor business was driven by increased shipments of fall 2017 advance orders partially offset by a shift in timing of shipments of spring 2017 advance orders from the first quarter of 2017 into the fourth quarter of 2016 compared to the same period last year, when a larger proportion of spring 2016 advance orders shipped in the first quarter of 2016 than in the fourth quarter of 2015.

Net sales in Canada increased \$1.4 million, or 3% (1% constant-currency), to \$50.8 million for the six months ended June 30, 2017 from \$49.4 million for the comparable period in 2016. The net sales increase in Canada was concentrated in the SOREL brand.

Sales by Brand

Net sales by brand are summarized in the following table:

	Six Months Ended June 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency-	Net Sales	Net Sales	currency-
2017	Currency	Net Sales	2017	2016	% Change	% Change
	Translation					
(In millions, except for percentage changes)						
Columbia	\$ 789.6	\$ 3.4	\$ 793.0	\$ 770.5	2%	3%
SOREL	33.2	—	33.2	21.6	54%	54%
prAna	73.7	—	73.7	73.6	—%	—%
Mountain Hardwear	43.8	(0.1)	43.7	42.2	4%	4%
Other	2.4	0.1	2.5	6.0	(60)%	(58)%
	<u>\$ 942.7</u>	<u>\$ 3.4</u>	<u>\$ 946.1</u>	<u>\$ 913.9</u>	<u>3%</u>	<u>4%</u>

Columbia brand net sales increased \$19.1 million, or 2% (3% constant currency), to \$789.6 million, including increased net sales in the U.S. direct-to-consumer channel, the EMEA region and the LAAP region, partially offset by lower U.S. wholesale net sales.

SOREL brand net sales increased \$11.6 million, or 54%, to \$33.2 million, driven by increased sales of the brand's expanded spring season assortment concentrated in the United States and increased fall 2016 close-out product sales.

prAna brand net sales of \$73.7 million remained relatively flat compared to the same period in 2016.

Mountain Hardwear brand net sales increased \$1.6 million, or 4%, to \$43.8 million, driven by increased net sales in the U.S. direct-to-consumer channel.

Sales by Product Category

Net sales by product category are summarized in the following table:

	Six Months Ended June 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
2017	Currency	Net Sales	2016	% Change	Net Sales	% Change
(In millions, except for percentage changes)						
Apparel, Accessories and Equipment	\$ 769.7	\$ 1.8	\$ 771.5	\$ 755.5	2%	2%
Footwear	173.0	1.6	174.6	158.4	9%	10%
	<u>\$ 942.7</u>	<u>\$ 3.4</u>	<u>\$ 946.1</u>	<u>\$ 913.9</u>	<u>3%</u>	<u>4%</u>

Net sales of apparel, accessories and equipment increased \$14.2 million, or 2%, to \$769.7 million for the six months ended June 30, 2017 from \$755.5 million for the comparable period in 2016. The apparel, accessories and equipment net sales increase was led by the Columbia brand, followed by the Mountain Hardwear brand. The apparel, accessories and equipment net sales increase was led by the LAAP region, followed by net sales increases in the EMEA region and in the United States.

Net sales of footwear increased \$14.6 million, or 9% (10% constant-currency), to \$173.0 million for the second quarter of 2017 from \$158.4 million for the comparable period in 2016. The increase in footwear net sales was led by the SOREL brand, followed by the Columbia brand. The footwear net sales increase was driven by a net sales increase in the EMEA region, followed by the United States, Canada, and the LAAP region.

Gross Profit: Gross profit, as a percentage of net sales, was 46.6% for the six months ended June 30, 2017, compared to 46.7% for the same period in 2016. Gross profit contraction was primarily due to:

- Increased promotional activity in the U.S. in order to liquidate aged inventory primarily through our outlet stores;
- partially offset by:
- Favorable changes in sales channel mix with a higher proportion of direct-to-consumer net sales, which generally carry higher gross margins, and a lower proportion of net sales to our wholesale customers and international distributors, which generally carry lower gross margins.

Selling, General and Administrative Expense: SG&A expense increased \$15.1 million, or 4%, to \$413.4 million, or 43.9% of net sales, for the six months ended June 30, 2017 from \$398.3 million, or 43.6% of net sales, for the comparable period in 2016. The SG&A expense increase was primarily due to:

- Increased costs to support our expanding global direct-to-consumer businesses;
 - Increased costs related to our operating model assessment;
 - Increased personnel related expenses;
 - and
 - Increased demand creation expenses;
- partially offset by:
- The favorable impact of foreign currency translation;
 - and
 - A decrease in information technology investments.

Depreciation and amortization included in SG&A expense totaled \$29.5 million for the six months ended June 30, 2017, compared to \$29.1 million for the same period in 2016.

Income Tax Expense: Income tax expense decreased to \$5.2 million for the six months ended June 30, 2017 from \$6.7 million for the comparable period in 2016. Our effective income tax rate was 16.0% for the six months ended June 30, 2017 compared to 20.3% for the same period in 2016. The lower effective income tax rate was primarily due to the resolution of tax audits in certain jurisdictions.

Net Income Attributable to Columbia Sportswear Company: Net income increased \$0.9 million, or 3.7%, to \$24.5 million, or \$0.35 per diluted share, for the six months ended June 30, 2017 from \$23.6 million, or \$0.33 per diluted share, for the comparable period in 2016.

Liquidity and Capital Resources

Our primary ongoing funding requirements are for working capital, investing activities associated with our global direct-to-consumer expansion, ongoing ERP and GRP initiatives and complementary systems implementations, general corporate needs, strategic business initiatives, and the expansion of our global operations. At June 30, 2017, we had total cash and cash equivalents of \$620.6 million, compared to \$551.4 million at December 31, 2016 and \$415.9 million at June 30, 2016. In addition, we had short-term investments of \$1.6 million at June 30, 2017, compared to \$0.5 million at December 31, 2016 and \$12.9 million at June 30, 2016. At June 30, 2017, approximately 55% of our cash and short-term investments were held by foreign subsidiaries, from which repatriation of those funds to the United States would likely result in a significant tax expense for us. However, based on the capital and liquidity needs of our foreign operations, as well as the status of current United States tax law, we intend to indefinitely reinvest these funds outside the United States. In addition, our United States operations do not require the repatriation of these funds to meet our currently projected liquidity needs.

Net cash provided by operating activities was \$157.0 million for the six months ended June 30, 2017, compared to \$102.7 million for the same period in 2016. The increase in cash provided by operating activities was primarily driven by favorable changes in inventory, partially offset by a lower decrease in accounts receivable during the six months ended June 30, 2017 compared to the same period in 2016.

Net cash used in investing activities was \$25.1 million for the six months ended June 30, 2017, compared to \$35.3 million for the comparable period in 2016. For the 2017 period, cash used in investing activities primarily consisted of \$24.3 million for capital expenditures. For the same period in 2016, net cash used in investing activities primarily consisted of \$23.0 million for capital expenditures and \$12.4 million for purchases of short-term investments.

Net cash used in financing activities was \$67.8 million for the six months ended June 30, 2017, compared to \$19.0 million for the comparable period in 2016. For the 2017 period, net cash used in financing activities primarily consisted of repurchases of common stock of \$35.5 million, dividend payments of \$25.0 million and payment of a related-party note payable of \$14.2 million, partially offset by net proceeds from stock plan activity of \$7.1 million. For the same period in 2016, net cash used in financing activities primarily consisted of dividend payments of \$23.7 million, partially offset by net proceeds from stock plan activity of \$4.3 million.

Short-term borrowings and credit lines

We have an unsecured, committed revolving line of credit available to fund our domestic working capital requirements. Monthly variable commitments available for funding average \$100.0 million over the course of a calendar year. At June 30, 2017, no balance was outstanding under this line of credit. At June 30, 2017, we were in compliance with all associated covenants. Internationally, our subsidiaries have operating lines of credit in place guaranteed by the parent company with a combined credit limit of approximately \$88.0 million at June 30, 2017, of which \$3.2 million is designated as a European customs guarantee. At June 30, 2017, no amount was outstanding under these subsidiary lines of credit.

We expect to fund our future capital expenditures with existing cash, operating cash flows and credit facilities. If the need arises, we may seek additional funding. Our ability to obtain additional financing will depend on many factors, including prevailing market conditions, our financial condition and our ability to negotiate favorable terms and conditions. Financing may not be available on terms that are acceptable or favorable to us, if at all.

Our operations are affected by seasonal trends typical in the outdoor apparel industry and have historically resulted in higher sales and profits in the third and fourth calendar quarters. This pattern has resulted primarily from the timing of shipments of fall season products to wholesale customers and proportionally higher sales from our direct-to-consumer operations in the fourth quarter, combined with an expense base that is more consistent throughout the year. We believe that our liquidity requirements for at least the next 12 months will be adequately covered by existing cash, cash provided by operations and existing short-term borrowing arrangements. We plan to fund future cash dividends and share repurchases with cash generated from operating activities.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make various estimates and judgments that affect reported amounts of assets, liabilities, sales, cost of sales and expenses and related disclosure of contingent assets and liabilities. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in our Annual Report on Form 10-K for the year ended December 31, 2016 have the greatest potential effect on our financial statements, so we consider these to be our critical accounting policies and estimates. Because of the uncertainty inherent in these matters, actual results may differ from the estimates we use in applying these critical accounting policies. We base our ongoing estimates on historical experience and other assumptions that we believe to be reasonable in the

circumstances. Some of these critical accounting policies affect working capital account balances, including the policy for revenue recognition, including sales returns and claims from customers, the allowance for doubtful accounts, the provision for potential excess, slow-moving and closeout inventories, product warranty, income taxes and stock-based compensation.

Management regularly discusses with our audit committee each of our critical accounting estimates, the development and selection of these accounting estimates, and the disclosure about each estimate in Management's Discussion and Analysis of Financial Condition and Results of Operations. These discussions typically occur at our quarterly audit committee meetings and include the basis and methodology used in developing and selecting these estimates, the trends in and amounts of these estimates, specific matters affecting the amount of and changes in these estimates and any other relevant matters related to these estimates, including significant issues concerning accounting principles and financial statement presentation.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2016.

Recent Accounting Pronouncements

See "Recent Accounting Pronouncements" in Note 2 to the notes to the condensed consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has not been any material change in the market risk disclosure contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have evaluated, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We are implementing an ERP system and complementary systems that support our operations and financial reporting. This implementation is occurring in phases globally over several years, and has been executed in the majority of our operations to date. During the second quarter of 2017, we implemented the ERP system in our China joint venture and plan to transition our Europe-direct business onto the system in mid-2018. Each implementation phase involves changes to the processes that constitute our internal control over financial reporting. We are taking steps to monitor and maintain appropriate internal control over financial reporting and will continue to evaluate these controls for effectiveness.

There were no other changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, and various regulatory compliance activities. We have considered facts related to legal and regulatory matters and opinions of counsel handling these matters, and do not believe the ultimate resolution of these proceedings will have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. RISK FACTORS

In addition to the other information contained in this Form 10-Q, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, results of operations, or cash flows may be materially adversely affected by these and other risks. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. The following risk factors include changes to and supersede the description of the risk factors associated with our business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

We Face Many Challenges Executing Growth Strategies

Our business strategies aim to achieve sustainable, profitable growth by creating innovative products at competitive prices, focusing on product design, utilizing innovations to differentiate our brands from competitors, working to ensure that our products are sold through strong distribution partners capable of effectively presenting our brands to consumers, increasing the impact of consumer communications to drive demand for our brands and sell-through of our products, making sure our products are merchandised and displayed appropriately in retail environments, expanding our presence in key markets around the world, and continuing to build brand-enhancing direct-to-consumer businesses. We intend to pursue these strategies across our portfolio of brands, product categories and geographic markets. Our failure to implement our business strategies, including those identified in connection with our operating model assessment, successfully could have a material adverse effect on our financial condition, results of operations or cash flows.

To implement our business strategies, we must continue to modify and fund various aspects of our business, to maintain and enhance our information systems and supply chain operations to improve efficiencies and to attract, retain and manage qualified personnel. These efforts, coupled with cost containment measures, place increasing strain on management, information technology, financial, product design, marketing, distribution, supply chain, and other resources, and we may have operating difficulties as a result. For example, in support of our strategic initiatives, we are making significant investments in our business processes and information technology infrastructure that require significant management attention and corporate resources. These changes may make it increasingly difficult to pursue acquisitions or to adapt our information technology systems and business processes to integrate an acquired business. These integration challenges may also be present as we continue to fully integrate operations of prAna, which we acquired in May 2014. These business initiatives involve many risks and uncertainties that, if not managed effectively, may have a material adverse effect on our financial condition, results of operations or cash flows.

Our business strategies and related increased expenditures could also cause our operating margin to decline if we are unable to offset our increased spending with increased sales or gross profit or comparable reductions in other operating costs. If our sales or gross profit decline or fail to grow as planned and we fail to sufficiently leverage our operating expenses, our profitability will decline. This could result in a decision to delay, reduce, modify, or terminate our strategic business initiatives, which could limit our ability to invest in and grow our business and could have a material adverse effect on our financial condition, results of operations or cash flows.

Initiatives to Upgrade Our Business Processes and Information Technology Infrastructure Involve Many Risks Which Could Result In, Among Other Things, Business Interruptions and Higher Costs

We regularly implement business process improvement initiatives to optimize our operational and financial performance. Our current initiatives include plans to improve business results through standardization of business processes and technologies that support our supply chain and go-to-market strategies through on-going implementation of and upgrades to integrated global ERP software solutions and other complementary information technology systems over the next several years. Implementation of and upgrades to these solutions and systems are highly dependent on coordination of numerous employees, contractors and software and system providers. The interdependence of these solutions and systems is a significant risk to the successful completion of the initiatives, and the failure of any one contractor or system could have a material adverse effect on the implementation of our overall information technology infrastructure. We may experience difficulties as we transition to these new or upgraded systems and processes, including loss or corruption of data, delayed shipments, decreases in productivity as our personnel implement and become familiar with new systems, increased costs, and lost revenues. In addition, transitioning to these new or upgraded systems

requires significant capital investments and personnel resources. Difficulties in implementing new or upgraded information systems or significant system failures, including system outages and loss of system availability, could disrupt our operations and have a material adverse effect on our financial condition, results of operations or cash flows.

Implementation of this information technology infrastructure has a pervasive effect on our business processes and information systems across a significant portion of our operations. As a result, we are undergoing significant changes in our operational processes and internal controls as our implementation progresses, which in turn require significant change management, including training of and testing by our personnel. If we are unable to successfully manage these changes as we implement these systems, including harmonizing our systems, data, processes and reporting analytics, our ability to conduct, manage and control routine business functions could be negatively affected and significant disruptions to our business could occur. In addition, we could incur material unanticipated expenses, including additional costs of implementation or costs of conducting business. These risks could result in significant business disruptions or divert management's attention from key strategic initiatives and have a material adverse effect on our financial condition, results of operations or cash flows.

We Rely on Our Highly Customized Information Management Systems

Our business is increasingly reliant on information technology. Information systems are used across our supply chain and retail operations, from design to distribution and sales, and are used as a method of communication among employees, with our subsidiaries and liaison offices overseas and with our customers and retail stores. We also rely on our information systems to allocate resources, pay vendors and collect from customers, manage product data, develop demand and supply plans, forecast and report operating results, and meet regulatory requirements.

Our legacy ERP, product development, retail point-of-sale and other systems, on which we continue to manage a substantial portion of our business activities, are highly customized. As a result, the availability of internal and external resources with the expertise to maintain these systems is limited. Our legacy systems may not support desired functionality for our operations and may inhibit our ability to operate efficiently, which could have an adverse effect on our financial condition, results of operations or cash flows. As we transition from our legacy ERP and supporting systems to our new ERP and supporting systems, certain functionality and information from our legacy systems, including that of third party systems that interface with our legacy systems, may not be fully compatible with the new systems. As a result, temporary processes or solutions may be required, including manual operations, which could significantly increase the risk of loss or corruption of data and information used by the business or result in business disruptions, which could have a material adverse effect on our financial condition, results of operations or cash flows.

A Breach in the Security of Our Systems, or the Privacy and Security of Company, Customer, Supplier, or Employee Information, Could Disrupt Our Operations, Damage Our Reputation or Cause Us to Incur Substantial Costs

We manage and store various types of proprietary information and sensitive and confidential data relating to our business, including personally identifiable information. Our information systems are subject to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to our systems or information through fraud or other means of deceiving our employees or third party service providers. Hardware, software or applications we develop or obtain from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. The methods used to obtain unauthorized access, disable or degrade service, or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. We have implemented and regularly review and update processes and procedures to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever-evolving threats mean we must continually evaluate and adapt our systems and processes, and there is no guarantee that they will be adequate to safeguard against all data security breaches or misuses of data. For example, in February 2017, we reported the discovery of a cybersecurity incident involving our prAna.com e-commerce website. We referred the matter to the FBI for investigation and also notified potentially affected prAna customers.

In addition, any future breaches of our security measures, or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive and confidential data about us, our customers, our suppliers, or our employees, could expose us, our customers, our suppliers, our employees, or other individuals that may be affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation, or otherwise harm our business and could have a material adverse effect on our financial condition, results of operations or cash flows. In addition, as the regulatory environment related to information security, data collection and use and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs.

We Depend on Contract Manufacturers

Our products are manufactured by contract manufacturers worldwide. Although we enter into purchase order commitments with these contract manufacturers each season, we generally do not maintain long-term manufacturing commitments with them. Without long-term or reserve commitments, there is no assurance that we will be able to secure adequate or timely production capacity or favorable pricing if growth or product demand differs from our forecasts. Contract manufacturers may fail to perform as expected or our competitors may obtain production capacities that effectively limit or eliminate the availability of these resources to us. If a contract manufacturer fails to ship orders in a timely manner or to meet our standards or if we are unable to obtain necessary capacities, this could cause supply disruptions that would hinder our ability to satisfy demand through our direct-to-consumer businesses and we may miss delivery deadlines or incur additional costs, which may cause our wholesale or distributor customers to cancel their orders, refuse to accept deliveries or demand a reduction in purchase prices, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

Reliance on contract manufacturers also creates quality control risks. Contract manufacturers may need to use sub-contracted manufacturers to fulfill demand and these manufacturers may have less experience producing our products or possess lower overall capabilities, which could result in compromised quality of our products. A failure in our quality control program, or a failure of our contract manufacturers or their contractors to meet our quality control standards, may result in diminished product quality, which in turn could result in increased order cancellations, price concessions and returns, decreased consumer demand for our products, non-compliance with our product standards or regulatory requirements, or product recalls (or other regulatory actions), any of which may have a material adverse effect on our financial condition, results of operations or cash flows.

We also have license agreements that permit unaffiliated parties to manufacture or contract to manufacture products using our trademarks. We impose standards of manufacturing practices on our contract manufacturers and licensees for the benefit of workers and require compliance with our restricted substances list and product safety and other applicable environmental, health and safety laws. We also require our contract manufacturers and licensees to impose these practices, standards and laws on their contractors. If a contract manufacturer, licensee or subcontractor violates labor or other laws or engages in practices that are not generally accepted as safe or ethical, the manufacturer, licensee or subcontractor or its respective employees may suffer serious injury due to industrial accidents, the manufacturer may suffer disruptions to its operations due to work stoppages or employee protests and we may experience production disruptions, lost sales or significant negative publicity that could result in long-term damage to our reputation. In some circumstances, parties may assert that we are liable for our independent manufacturers', licensees' or subcontractors' labor and operational practices, which could have a material adverse effect on our brand image and our financial condition, results of operations or cash flows, in particular if such assertions are successful.

We May Be Adversely Affected by Volatility in Global Production and Transportation Costs and Capacity

Our product costs are subject to substantial fluctuation based on:

- Availability and quality of raw materials;
- The prices of oil, leather, natural down, cotton, and other raw materials whose prices are determined by global commodity markets and can be very volatile;
- Changes in labor markets and wage rates paid by our independent factory partners, which are often mandated by governments in the countries where our products are manufactured, particularly in China and Vietnam;
- Disruption to shipping and transportation channels utilized to bring our products to market;
- Interest rates and currency exchange rates;
- Availability of skilled labor and production capacity at contract manufacturers; and
- General economic conditions.

Prolonged periods of inflationary pressure on some or all input costs will result in increased costs to produce our products that may result in reduced gross profit or necessitate price increases for our products that could adversely affect consumer demand for our products.

In addition, since the majority of our products are manufactured outside of our principal sales markets, our products must be transported by third parties over large geographical distances. Shortages in ocean or air freight capacity and volatile fuel costs can result in rapidly changing transportation costs. Similarly, disruption to shipping and transportation channels due to labor disputes could cause us to rely more heavily on alternative modes of transportation to achieve timely delivery to our customers, resulting in significantly higher freight costs. Because we price our products in advance and changes in transportation and other costs may be difficult to predict, we may not be able to pass all or any portion of these higher costs on to our customers or adjust

our pricing structure in a timely manner in order to remain competitive, either of which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by Volatile Economic Conditions

We are a consumer products company and are highly dependent on consumer discretionary spending and retail traffic patterns. Purchasing patterns of our wholesale customers can vary year to year as they attempt to forecast and match their seasonal advance orders, in-season replenishment and at-once orders to eventual seasonal consumer demand. In addition, as we have expanded our direct-to-consumer businesses, we have increased our direct exposure to the risks associated with volatile and unpredictable consumer discretionary spending patterns. Consumer discretionary spending behavior is inherently unpredictable and consumer demand for our products may not reach our sales targets, or may decline, especially during periods of heightened economic uncertainty in our key markets. Our sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by the Financial Health of Our Customers

In recent periods, sluggish economies and consumer uncertainty regarding future economic prospects in our key markets has had an adverse effect on the financial health of our customers, some of whom have reduced their store fleet, filed or may file for protection under bankruptcy laws, restructured, or ceased operations, which may in turn have a material adverse effect on our financial condition, results of operations, or cash flows. We extend credit to our customers based on an assessment of the customer's financial condition, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers discounts for placing advance orders and extended payment terms for taking delivery before the peak shipping season. These extended payment terms increase our exposure to the risk of uncollectable receivables. In addition, we face increased risk of order reduction or cancellation or reduced availability of credit insurance coverage when dealing with financially ailing retailers or retailers struggling with economic uncertainty. Some of our significant wholesale customers and international independent distributors have liquidated or reorganized, while others have had financial difficulties in the past or have experienced tightened credit markets, sales declines and reduced profitability, which in turn have had an adverse effect on our business. Future customer liquidations or reorganizations could have a material adverse effect on our financial condition, results of operations or cash flows. We may choose to limit our credit risk by reducing our level of business with customers experiencing financial difficulties and may not be able to replace those revenues with other customers or through our direct-to-consumer businesses within a reasonable period, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by Retailer Consolidation

When our wholesale customers combine their operations through mergers, acquisitions or other transactions, their consolidated order volume may decrease while their bargaining power and the competitive threat they pose by marketing products under their own private labels may increase. Some of our significant customers have consolidated their operations in the past, which in turn has had a negative effect on our business. Future customer consolidations could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by Global Credit Market Conditions

Economic downturns and economic uncertainty generally affect global credit markets. Our vendors, customers and other participants in our supply chain may require access to credit markets in order to do business. Credit market conditions may slow our collection efforts as customers find it more difficult to obtain necessary financing, leading to higher than normal accounts receivable. This could result in greater expense associated with collection efforts and increased bad debt expense. Credit conditions may impair our vendors' ability to finance the purchase of raw materials or general working capital needs to support our production requirements, resulting in a delay or non-receipt of inventory shipments during key seasons.

Historically, we have limited our reliance on debt to finance our working capital, capital expenditures and investing activity requirements. We expect to fund our future capital expenditures with existing cash, expected operating cash flows and credit facilities, but, if the need arises to finance additional expenditures, we may need to seek additional funding. Our ability to obtain additional financing will depend on many factors, including prevailing market conditions, our financial condition and our ability to negotiate favorable terms and conditions. Financing may not be available on terms that are acceptable or favorable to us, if at all.

We May Be Adversely Affected by Currency Exchange Rate Fluctuations

We derive a significant portion of our net sales from markets outside the United States, comprised of sales to wholesale customers and directly to consumers by our consolidated subsidiaries in Europe, Korea, Japan, and Canada, and our China joint

venture, and sales to independent international distributors who operate within the EMEA and LAAP regions. Sales and related operational expenses of our foreign subsidiaries and China joint venture, as well as their respective assets and liabilities, are denominated in currencies other than the U.S. dollar and translated into U.S. dollars for periodic reporting purposes using the exchange rates in effect during each period. If the U.S. dollar strengthens against the foreign subsidiary's functional currency, translated revenues and expenses will decline on a relative basis.

The majority of our purchases of finished goods inventory from contract manufacturers are denominated in U.S. dollars, including purchases by our foreign subsidiaries and China joint venture. The cost of these products may be affected by relative changes in the value of the local currencies of these subsidiaries and the joint venture in relation to the U.S. dollar and in relation to the local currencies of our manufacturing vendors. In order to facilitate solicitation of advance orders from wholesale customers and distributors for the spring and fall seasons, we establish local-currency-denominated wholesale and retail price lists in each of our foreign subsidiaries approximately six to nine months prior to U.S. dollar-denominated seasonal inventory purchases. As a result, our consolidated results are directly exposed to transactional foreign currency exchange risk to the extent that the U.S. dollar strengthens during the six to nine months between when we establish seasonal local-currency prices and when we purchase inventory.

We employ several tactics in an effort to mitigate this transactional currency risk, including the use of currency forward and option contracts. We may also implement local-currency wholesale and retail price increases in our subsidiary and joint venture markets in an effort to mitigate the effects of currency exchange rate fluctuations on inventory costs. There is no assurance that our use of currency forward and option contracts and implementation of price increases, in combination with other tactics, will succeed in fully mitigating the negative effects of adverse foreign currency exchange rate fluctuations on the cost of our finished goods in a given period or that price increases will be accepted by our wholesale customers, distributors, or consumers. Our gross margins are adversely affected whenever we are not able to offset the full extent of finished goods cost increases caused by adverse fluctuations in foreign currency exchange rates.

Because the functional currencies of our foreign subsidiaries and China joint venture are not the U.S. dollar, we are also exposed to potential material gains or losses from the remeasurement of U.S. dollar monetary transactions into the respective functional currencies of those entities. In an effort to mitigate this risk, we use foreign currency forward contracts to hedge net balance sheet exposures related primarily to our foreign subsidiaries' and joint venture's non-functional currency denominated monetary assets and liabilities. These consist primarily of cash and cash equivalents, short-term investments, payables, and intercompany loans for subsidiaries that use European euros, Swiss francs, Canadian dollars, Japanese yen, Korean won, or Chinese renminbi as their functional currency.

In addition to the direct currency exchange rate exposures described above, our business is indirectly exposed to currency exchange rate risks. For example, all of the EMEA and LAAP distributors to whom we sell purchase their inventory from us in U.S. dollars. Weakening of a distributor's functional currency relative to the U.S. dollar makes it more expensive for it to purchase finished goods inventory from us. In order to make those purchases and pay us on a timely basis, our distributors must exchange sufficient quantities of their functional currency for U.S. dollars through the financial markets. Some of our distributors have experienced periods during which they have been unable to obtain U.S. dollars in sufficient amounts to complete their purchase of finished goods inventory or to pay amounts owed for past purchases. Although each distributor bears the full risk of fluctuations in the value of its currency against the U.S. dollar, our business can be indirectly affected when adverse fluctuations cause a distributor to cancel portions of prior advance orders or significantly reduce its future purchases or both. In addition, price increases that our distributors implement in an effort to offset higher product costs may make our products less price-competitive in those markets and reduce consumer demand for our products.

Currency exchange rate fluctuations may also create indirect risk to our business by disrupting the business of independent finished goods manufacturers from which we purchase our products. When their functional currencies weaken in relation to other currencies, the raw materials they purchase on global commodities markets become more expensive and more difficult to finance. Although each manufacturer bears the full risk of fluctuations in the value of its currency against other currencies, our business can be indirectly affected when adverse fluctuations cause a manufacturer to raise the prices of goods it produces for us, disrupt the manufacturer's ability to purchase the necessary raw materials on a timely basis or disrupt the manufacturer's ability to function as an ongoing business.

Primarily for each of the reasons described above, currency fluctuations and disruptions in currency exchange markets may have a material adverse effect on our financial condition, results of operations or cash flows.

Our Orders from Customers Are Subject to Cancellation

We do not have long-term contracts with any of our wholesale customers. We do have contracts with our independent international distributors; however, although these contracts may have annual purchase minimums which must be met in order to retain distribution rights, the distributors are not otherwise obligated to purchase product. Sales to our wholesale customers and distributors are generally on an order-by-order basis and are subject to rights of cancellation and rescheduling. We consider the timing of delivery dates in our wholesale customer orders when we forecast our sales and earnings for future periods. If any of

our major customers, including distributors, experience a significant downturn in business or fail to remain committed to our products or brands, these customers could postpone, reduce, cancel, or discontinue purchases from us. As a result, we could experience a decline in sales or gross profit, write-downs of excess inventory, increased discounts, extended credit terms to our customers, or uncollectable accounts receivable, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Not Realize Returns on Our Investments in Our Direct-to-Consumer Businesses

In recent years, our direct-to-consumer businesses have grown substantially and we anticipate continued growth in the future. Accordingly, we continue to make significant investments in our online platforms and physical retail locations, including system upgrades, entering into long-term store leases, constructing leasehold improvements, purchasing fixtures and equipment, and investing in inventory and personnel. Since many of the costs of our direct-to-consumer businesses are fixed, if we have insufficient sales, we may be unable to reduce expenses in order to avoid losses or negative cash flows. Our direct-to-consumer businesses are dependent upon our ability to operate in an increasingly complex and evolving marketplace and these businesses' results are highly dependent on retail traffic patterns in our physical locations and our on-line platforms where our products are sold, as well as the spending patterns of our consumers. If we are unable to effectively navigate the direct-to-consumer marketplace or anticipate consumer buying patterns, our ability to generate sales through our direct-to-consumer businesses may be adversely affected, which in turn could have a material adverse effect on our financial condition, results of operations or cash flows.

Labor costs and labor-related benefits are primary components in the cost of our retail operations and are affected by various federal, state and foreign laws governing matters such as minimum wage rates, overtime compensation and other requirements. For example, we have seen significant political pressure and legislative actions to increase the minimum wage rate in many of the jurisdictions within which our stores are located. If we are unable to operate profitable stores or if we close stores, we may experience significant reductions in sales and income or incur significant write-downs of inventory, severance costs, lease termination costs, impairment losses on long-lived assets, or loss of working capital, which could have a material adverse effect on our financial condition, results of operations or cash flows.

In addition, from time to time we license the right to operate retail stores for our brands to third parties, primarily to our independent international distributors. We provide training to support these stores and set operational standards. However, these third parties may not operate the stores in a manner consistent with our standards, which could cause reputational damage to our brands or harm the third parties' sales and as a result harm our financial condition, results of operations or cash flows.

Our Results of Operations Could Be Materially Harmed If We Are Unable to Accurately Match Supply Forecast with Consumer Demand for Our Products

Many factors may significantly affect demand for our products, including, among other things, economic conditions, fashion trends, the financial condition of our independent international distributors and wholesale customers, consumer and customer preferences, and weather, making it difficult to accurately forecast demand for our products and our future results of operations. To minimize our purchasing costs, the time necessary to fill customer orders and the risk of non-delivery, we place a significant amount of orders for our products with contract manufacturers prior to receiving orders from our customers, and we maintain an inventory of various products that we anticipate will be in greatest demand. In addition, customers are generally allowed to cancel orders prior to shipment.

Factors that could affect our ability to accurately forecast demand for our products include:

- Unseasonable weather conditions;
- Our reliance, for certain demand and supply planning functions, on manual processes and judgments that are subject to human error;
- Consumer acceptance of our products or changes in consumer demand for products of our competitors, which could increase pressure on our product development cycle;
- Unanticipated changes in general market conditions or other factors, which may result in lower advance orders from wholesale customers and distributors, cancellations of advance orders or a reduction or increase in the rate of reorders placed by retailers; and
- Weak economic conditions or consumer confidence, which could reduce demand for discretionary items such as our products.

In some cases, we may produce quantities of product that exceed actual demand, which could result in higher inventory levels that we need to liquidate at discounted prices. During periods of unseasonable weather conditions, weak economic conditions, unfavorable currency fluctuations, or unfavorable geopolitical conditions in key markets, we may experience a significant increase in the volume of order cancellations by our customers, including cancellations resulting from the bankruptcy, liquidation or

contraction of some customers' operations. We may not be able to sell all of the products we have ordered from contract manufacturers or that we have in our inventory. Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices through our owned outlet stores or third-party liquidation channels, which could have a material adverse effect on our brand image, financial condition, results of operations, or cash flows.

Conversely, if we underestimate demand for our products or if our contract manufacturers are unable to supply products when we need them, we may experience inventory shortages. Inventory shortages may prevent us from fulfilling customer orders, delay shipments to customers, negatively affect customer relationships, result in increased costs to expedite production and delivery, and diminish our ability to build brand loyalty. Shipments delayed due to limited factory capacity, transportation or port disruption or other factors could result in order cancellations by our customers, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We Face Risks Associated with Consumer Preferences and Fashion Trends

Changes in consumer preferences, consumer purchasing behavior or consumer interest in outdoor activities may have a material adverse effect on our business and changes in fashion trends may have a greater effect than in the past as we expand our offerings to include more product categories in more geographic areas that are generally more sensitive to fashion trends. We also face risks because our success depends on our and our customers' abilities to anticipate consumer preferences and buying patterns, including the growth of e-commerce off-price retailing, and respond to changes in a timely manner. Lead times for many of our products may make it more difficult for us to respond rapidly to new or changing product trends or consumer preferences. In addition, our decisions about product designs often are made far in advance of consumer acceptance. Although we try to manage our inventory risk by soliciting advance order commitments from customers, we generally place a significant portion of our seasonal production orders with our contract manufacturers before we have received all of a season's advance orders from customers, and orders may be canceled by customers before shipment. If we or our customers fail to anticipate and respond to consumer preferences or fail to respond in a timely manner or if we or our customers are unable to effectively navigate a transforming retail marketplace, we could suffer reputational damage to our brands and we may experience lower sales, excess inventories and lower profit margins in current and future periods, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by Weather Conditions, Including Global Climate Change Trends

Our business is adversely affected by unseasonable weather conditions. A significant portion of the sales of our products is dependent in part on the weather and likely to decline in years in which weather conditions do not stimulate demand for our products. Periods of unseasonably warm weather in the fall or winter or unseasonably cold weather in the spring and summer may have a material adverse effect on our financial condition, results of operations or cash flows. Unintended inventory accumulation by our wholesale customers resulting from unseasonable weather in one season generally negatively affects orders in future seasons, which may have a material adverse effect on our financial condition, results of operations or cash flows.

A significant portion of our business is highly dependent on cold-weather seasons and patterns to generate consumer demand for our cold-weather apparel and footwear. Consumer demand for our cold-weather apparel and footwear may be negatively affected to the extent global weather patterns trend warmer, reducing typical patterns of cold-weather events or increasing weather volatility, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Acquisitions Are Subject to Many Risks

From time to time, we may pursue growth through strategic acquisitions of assets or companies. Acquisitions, for instance our acquisition of prAna in May 2014, are subject to many risks, including potential loss of significant customers or key personnel of the acquired business as a result of the change in ownership, difficulty integrating the operations of the acquired business or achieving targeted efficiencies, the incurrence of substantial costs and expenses related to the acquisition effort, and diversion of management's attention from other aspects of our business operations.

Acquisitions may also cause us to incur debt or result in dilutive issuances of our equity securities. Our acquisitions may cause large one-time expenses or create goodwill or other intangible assets that could result in significant impairment charges in the future. We also make various estimates and assumptions in order to determine purchase price allocation and estimate the fair value of assets acquired and liabilities assumed. If our estimates or assumptions used to value these assets and liabilities vary from actual or future projected results, we may be exposed to losses, including impairment losses, that could be material.

We do not provide any assurance that we will be able to successfully integrate the operations of any acquired businesses into our operations or achieve the expected benefits of any acquisitions. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future could have an adverse effect on our financial condition,

results of operations and cash flows. We may not complete a potential acquisition for a variety of reasons, but we may nonetheless incur material costs in the preliminary stages of evaluating and pursuing such an acquisition that we cannot recover.

We May Not Succeed in Realizing the Anticipated Benefits of Our Joint Venture in China

Effective January 2014, our joint venture in China with Swire began operations. The joint venture, in which we hold a 60% interest, is subject to a number of risks and uncertainties, including those listed below:

- Our ability to effectively operate the joint venture depends upon our ability to manage the employees of the joint venture, and to attract new employees as necessary to supplement the skills, knowledge and expertise of the existing management team and other key personnel. We face intense competition for these individuals worldwide, including in China. We may not be able to attract qualified new employees or retain existing employees to operate the joint venture. Additionally, turnover in key management positions at the joint venture could impair our ability to execute our growth strategy, which may negatively affect the value of our investment in the joint venture and the growth of our sales in China.
- We rely, in part, on the operational skill of our joint venture partner. Additionally, because our joint venture partner has protective voting rights with respect to specified major business decisions of the joint venture, we may experience difficulty reaching agreement as to implementation of various changes to the joint venture's business. For these reasons, or as a result of other factors, we may not realize the anticipated benefits of the joint venture, and our results of operations could be adversely affected.
- Continued sales growth in China is an important part of our expectations for our joint venture business. Although China has experienced significant economic growth in recent years, that growth is slowing. Slowing economic growth in China could result in reduced consumer discretionary spending, which in turn could result in lower demand for our products, and thus could have a material adverse effect on our financial condition, results of operations or cash flows.
- Although we believe we have achieved a leading market position in China, many of our competitors who are significantly larger than we are and have substantially greater financial, distribution, marketing, and other resources, more stable manufacturing resources and greater brand strength are also concentrating on growing their businesses in China. In addition, the number of competitors in the marketplace has increased significantly in recent years. Increased investment by our competitors in this market could decrease our market share and competitive position in China.

Our International Operations Involve Many Risks, and Global Economic and Political Conditions as Well as Potential Changes in Legislation and Government Policy May Negatively Affect Our Business

We are subject to risks generally associated with doing business internationally. These risks include the effects of foreign laws and regulations, foreign government fiscal and political crises, political and economic disputes and sanctions, changes in consumer preferences, foreign currency exchange rate fluctuations, managing a diverse and widespread workforce, political unrest, terrorist acts, military operations, disruptions or delays in shipments, disease outbreaks, natural disasters, and changes in economic conditions in countries in which we manufacture or sell products. These factors, among others, may affect our ability to sell products in international markets, our ability to collect accounts receivable, our ability to manufacture products or procure materials, and our cost of doing business. For example, political and economic turmoil in certain South American distributor markets have resulted in currency and import restrictions, limiting our ability to sell products in some countries in this region. Also, Russia constitutes a significant portion of our non-U.S. sales and operating income and a significant change in conditions in that market has had an adverse effect on our results of operations in the past. The United Kingdom's June 23, 2016 referendum, in which voters approved its exit from the European Union (commonly referred to as "Brexit"), has created economic uncertainty and volatility in currency exchange rates, and the potential adverse effects of changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, and the associated effects on our European operations, are unknown. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business may be materially and adversely affected.

In addition, the new U.S. administration has publicly supported potential trade proposals, including import tariffs, modifications to international trade policy, and other changes that may affect U.S. trade relations with other countries, any of which may require us to significantly modify our current business practices or may otherwise materially and adversely affect our business.

As we expand our operations in geographic scope and product categories, we anticipate intellectual property disputes will increase, making it more expensive and challenging to establish and protect our intellectual property rights and to defend against claims of infringement by others. In addition, many of our imported products are subject to duties, tariffs or other import limitations that affect the cost and quantity of various types of goods imported into the United States and other markets. Any country in which our products are produced or sold may eliminate, adjust or impose new import limitations, duties, anti-dumping penalties, or other charges or restrictions, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Have Additional Tax Liabilities

As a global company, we determine our income tax liability in various competing tax jurisdictions based on an analysis and interpretation of local tax laws and regulations. This analysis requires a significant amount of judgment and estimation and is often based on various assumptions about the future actions of the local tax authorities. These determinations are the subject of periodic domestic and foreign tax audits. Although we accrue for uncertain tax positions, our accruals may be insufficient to satisfy unfavorable findings. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Changes in the tax laws of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the Base Erosion and Profit Shifting (BEPS) project undertaken by the Organization for Economic Co-operation and Development (OECD). The OECD, which represents a coalition of member countries, is recommending changes to numerous long-standing tax principles. If these changes are adopted by countries, tax uncertainty could increase and may adversely affect our provision for income taxes. In addition, in the United States, a number of proposals for broad reform of the corporate tax system are under evaluation by various legislative and administrative bodies, including a border-adjustment tax, other increased taxes on imports, and a limit on the ability to defer U.S. taxation on earnings outside the United States until those earnings are repatriated to the United States. Although it is not possible to accurately determine or predict at this time whether, when or to what extent new U.S. federal tax laws, regulations, interpretations, or rulings will be issued, or the overall effect of any such changes on our effective tax rate, changes such as these may have a material adverse effect on our financial condition, results of operations or cash flows.

We earn a significant amount of our operating income from outside the United States for which deferred taxes have not been provided. These earnings are considered indefinitely invested outside of the United States and a repatriation of these funds may result in a significant increase in our U.S. income taxes and foreign withholding taxes. If we become legally required to repatriate funds or we encounter a significant need for liquidity domestically or at a particular location that we cannot fulfill on favorable terms through borrowings, equity offerings or other internal or external sources, we may experience unfavorable tax and earnings consequences as a result of cash transfers.

We Operate in Highly Competitive Markets

The markets for apparel, footwear, accessories, and equipment are highly competitive, as are the markets for our licensed products. In each of our geographic markets, we face significant competition from global and regional branded apparel, footwear, accessories, and equipment companies, including competition from companies with significantly greater resources than ours.

Retailers who are our customers often pose our most significant competitive threat by designing and marketing apparel, footwear, accessories, and equipment under their own private labels. For example, in the United States and Europe, several of our largest customers have developed significant private label brands during the past decade that compete directly with our products. These retailers have assumed an increasing degree of inventory risk in their private label products and, as a result, may first cancel advance orders with us in order to manage their own inventory levels downward during periods of unseasonable weather or weak economic cycles. As our direct-to-consumer businesses grow, we also experience direct competition from retailers that are our customers, some of which primarily operate e-commerce operations and employ aggressive pricing strategies. We also compete with other companies for the production capacity of contract manufacturers from which we source our products and for import capacity. Many of our competitors are significantly larger than we are and have substantially greater financial, distribution, marketing, and other resources, more stable manufacturing resources and greater brand strength than we have. In addition, when our competitors combine operations through mergers, acquisitions or other transactions, their competitive strengths may increase.

Increased competition may result in reduced access to production capacity, challenges in obtaining favorable locations for our retail stores, reductions in display areas in retail locations, reductions in sales, or reductions in our profit margins, any of which may have a material adverse effect on our financial condition, results of operations or cash flows.

We Rely on Innovation to Compete in the Market for Our Products

To distinguish our products in the marketplace and achieve commercial success, we rely on product innovations, including new or exclusive technologies, inventive and appealing design or other differentiating features. Although we are committed to designing innovative and functional products that deliver relevant performance benefits to consumers, who participate in a wide range of competitive and recreational outdoor activities, if we fail to introduce technical innovation in our products that address consumers' performance expectations, we could suffer reputational damage to our brands and demand for our products could decline.

As we strive to achieve product innovations, we face a greater risk of inadvertent infringements of third party rights or compliance issues with regulations applicable to products with technical features or components. In addition, technical innovations often involve more complex manufacturing processes, which may lead to higher instances of quality issues, and if we experience problems with the quality of our products, we may incur substantial expense to address the problems and any associated product risks. Failure to successfully bring to market innovations in our product lines could have a material adverse effect on our financial condition, results of operations or cash flows.

Our Success Depends on Our Use and Protection of Intellectual Property Rights

Our registered and common law trademarks and our patented or patent-pending designs and technologies have significant value and are important to our ability to differentiate our products from those of our competitors and to create and sustain demand for our products. We also place significant value on our trade dress, the overall appearance and image of our products. We regularly discover products that are counterfeit reproductions of our products or that otherwise infringe on our proprietary rights. Counterfeiting activities typically increase as brand recognition increases, especially in markets outside the United States. Increased instances of counterfeit manufacture and sales may adversely affect our sales and the reputation of our brands and result in a shift of consumer preference away from our products. The actions we take to establish and protect trademarks and other proprietary rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as violations of proprietary rights. In markets outside of the United States, it may be more difficult for us to establish our proprietary rights and to successfully challenge use of those rights by other parties. We also license our proprietary rights to third parties. We could suffer reputational damage to our brands if we fail to choose appropriate licensees and licensed product categories. In addition to our own intellectual property rights, many of the intellectual property rights in the technology, fabrics and processes used to manufacture our products are generally owned or controlled by our suppliers and are generally not unique to us. In those cases, we may not be able to adequately protect our products or differentiate their performance characteristics and fabrications from those of our competitors. The management of our intellectual property portfolio may affect the strength of our brands, which may in turn have a material adverse effect on our financial condition, results of operations or cash flows.

Although we have not been materially inhibited from selling products in connection with patent, trademark and trade dress disputes, as we focus on innovation in our product lines, extend our brands into new product categories and expand the geographic scope of our marketing, we may become subject to litigation based on allegations of infringement or other improper use of intellectual property rights of third parties, including third party trademark, copyright and patent rights. An increasing number of our products include technologies or designs for which we have obtained or applied for patent protection. Failure to successfully obtain and maintain patents on these innovations could negatively affect our ability to market and sell our products. Litigation is often necessary to defend against claims of infringement or to enforce and protect our intellectual property rights. As we utilize e-commerce and social media to a greater degree in our sales and marketing efforts, we face an increasing risk of patent infringement claims from non-operating entities and others covering broad functional aspects of internet operations. Intellectual property litigation may be costly and may divert management's attention from the operation of our business. Adverse determinations in any litigation may result in the loss of our proprietary rights, subject us to significant liabilities or require us to seek licenses from third parties, which may not be available on commercially reasonable terms, if at all. Any of these outcomes may have a material adverse effect on our financial condition, results of operations or cash flows.

Our Success Depends on Our Distribution Facilities

Our ability to meet customer expectations, manage inventory, complete sales, and achieve objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, the development or expansion of additional distribution capabilities and services, such as the transition of value-added services functions from contract manufacturers to our distribution centers, and the timely performance of services by third parties, including those involved in shipping product to and from our distribution facilities. In the United States, we rely primarily on our distribution centers in Portland, Oregon and Robards, Kentucky; in Canada, we rely primarily on our distribution facility in London, Ontario; in Europe, we rely primarily on our distribution center in Cambrai, France; in Japan, we rely primarily on a third-party logistics distribution provider in Tokyo; in Korea, we rely primarily on one leased distribution facility near Seoul that we manage and operate; and in China, we rely primarily on two distribution centers managed by third parties.

Our primary distribution facilities in the United States, France and Canada are highly automated, which means that their operations are complicated and may be subject to a number of risks related to computer viruses, the proper operation of software and hardware, electronic or power interruptions, and other system failures. Risks associated with upgrading or expanding these facilities may significantly disrupt or increase the cost of our operations. For example, in addition to supporting our traditional wholesale business, our existing distribution facilities have been modified to enable them to also support our e-commerce businesses in the United States, Canada and Europe. Failure to successfully maintain and update these modifications could disrupt our wholesale and e-commerce shipments and may have a material adverse effect on our financial condition, results of operations or cash flows.

The fixed costs associated with owning, operating and maintaining these large, highly automated distribution centers during a period of economic weakness or declining sales can result in lower operating efficiencies, financial deleverage and potential impairment in the recorded value of distribution assets. This has occurred in recent years in Europe, where our distribution center is underutilized. This fixed cost structure globally may make it difficult for us to achieve or maintain profitability if sales volumes decline for an extended period of time and could have material adverse effects on our financial condition, results of operations or cash flows.

Our distribution facilities may also be interrupted by natural disasters, such as earthquakes, tornadoes or fires. We maintain business interruption insurance, but it may not adequately protect us from the adverse effect that may be caused by significant disruptions in our distribution facilities.

Our Investments May Be Adversely Affected by Market Conditions

Our investment portfolio is subject to a number of risks and uncertainties. Changes in market conditions, such as those that accompany an economic downturn or economic uncertainty, may negatively affect the value and liquidity of our investment portfolio, perhaps significantly. Our ability to find diversified investments that are both safe and liquid and that provide a reasonable return may be impaired, potentially resulting in lower interest income, less diversification, longer investment maturities, or other-than-temporary impairments.

We May Be Adversely Affected by Labor Disruptions, Changes in Labor Laws and Other Labor Issues

Our business depends on our ability to source and distribute products in a timely manner. While a majority of our own operations are not subject to organized labor agreements, our relationship with our Cambrai distribution center employees is governed by French law, including a formal representation of employees by a Works Council and the application of a collective bargaining agreement. Labor disputes at contract manufacturers where our goods are produced, shipping ports, transportation carriers, retail stores, or distribution centers create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during our peak manufacturing, shipping and selling seasons. For example, work slowdowns and stoppages at ports on the west coast of the United States in recent years have resulted in product delays and increased costs. Labor disruptions may have a material adverse effect on our business, potentially resulting in canceled orders by customers, unanticipated inventory accumulation and reduced revenues and earnings.

Our ability to meet our labor needs at our distribution centers, retail stores, corporate headquarters, and regional subsidiaries, including our ability to find qualified employees while controlling wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which our operations are located, unemployment levels within those markets, prevailing and minimum wage rates, changing demographics, health and other insurance costs, and adoption of new or revised employment and labor laws and regulations. If we are unable to locate, attract or retain qualified employees, our ability to source, distribute and sell products in a timely and cost-effective manner may be negatively affected, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We Depend on Key Suppliers

Some of the materials that we use may be available from only one source or a very limited number of sources. For example, some specialty fabrics are manufactured to our specification by one source or a few sources, and a single vendor supplies the majority of the zippers used in our products. From time to time, we have difficulty satisfying our raw material and finished goods requirements. Although we believe that we can identify and qualify additional contract manufacturers to produce these materials as necessary, there are no guarantees that additional contract manufacturers will be available. In addition, depending on the timing, any changes in sources or materials may result in increased costs or production delays, which may have a material adverse effect on our financial condition, results of operations or cash flows.

We Depend on Key Personnel

Our future success will depend in part on the continued service of key personnel and our ability to attract, retain and develop key managers, designers, sales and information technology professionals, and others. We face intense competition for these individuals worldwide, and there is a significant concentration of well-funded apparel and footwear competitors in and near our headquarters in Portland, Oregon. We may not be able to attract qualified new employees or retain existing employees, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Our Business Is Affected by Seasonality

Our business is affected by the general seasonal trends common to the outdoor industry. Our products are marketed on a seasonal basis and our annual net sales are weighted heavily toward the fall/winter season, while our operating expenses are more equally distributed throughout the year. As a result, the majority, and sometimes all, of our operating profits are generated in the second half of the year. The expansion of our direct-to-consumer businesses and sales growth in our winter footwear business has increased the proportion of sales and profits that we generate in the fourth calendar quarter. This seasonality, along with other factors that are beyond our control and that are discussed elsewhere in this section, may adversely affect our business and cause our results of operations to fluctuate. As a result, our profitability may be materially affected if management is not able to timely adjust expenses in reaction to adverse events such as unfavorable weather, weak consumer spending patterns or unanticipated levels of order cancellations. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

Our Products Are Subject to Increasing Product Regulations and We Face Risks of Product Liability and Warranty Claims

Our products are subject to increasingly stringent and complex domestic and foreign product labeling and performance and safety standards, laws and other regulations. These requirements could result in greater expense associated with compliance efforts, and failure to comply with these regulations could result in a delay, non-delivery, recall, or destruction of inventory shipments during key seasons or in other financial penalties. Significant or continuing noncompliance with these standards and laws could disrupt our business and harm our reputation and, as a result, could have a material adverse effect on our financial condition, results of operations or cash flows.

Our products are used in outdoor activities, sometimes in severe conditions. Product recalls or product liability claims resulting from the failure, or alleged failure, of our products could have a material adverse effect on the reputation of our brands, our financial condition, results of operations, or cash flows. Most of our products carry limited warranties for defects in quality and workmanship. We maintain a warranty reserve for estimated future warranty claims, but the actual costs of servicing future warranty claims may exceed the reserve, which may also have a material adverse effect on our financial condition, results of operations or cash flows.

Our Common Stock Price May Be Volatile

The price of our common stock has fluctuated substantially since our initial public offering. Our common stock is traded on the NASDAQ Global Select Market. Factors such as general market conditions, actions by institutional investors to rapidly accumulate or divest of a substantial number of our shares, fluctuations in financial results, variances from financial market expectations, changes in earnings estimates or recommendations by analysts, or announcements by us or our competitors may cause the market price of our common stock to fluctuate, perhaps substantially.

Insiders Control a Majority of Our Common Stock and May Sell Shares

Five related shareholders, Gertrude Boyle, Sarah Bany, Timothy Boyle, Joseph Boyle, and Molly Boyle, beneficially own a majority of our common stock. As a result, if acting together, they can effectively control matters requiring shareholder approval without the cooperation of other shareholders. Shares held by these five shareholders are available for resale, subject to the requirements of, and the rules under, the Securities Act of 1933 and the Securities Exchange Act of 1934. The sale or the prospect of the sale of a substantial number of these shares may have an adverse effect on the market price of our common stock.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2017 through April 30, 2017	—	\$ —	—	\$ 140,478,000
May 1, 2017 through May 31, 2017	48,943	51.94	48,943	137,936,000
June 1, 2017 through June 30, 2017	—	—	—	137,936,000
Total	48,943	\$ 51.94	48,943	\$ 137,936,000

⁽¹⁾ Our Board of Directors has authorized the repurchase of \$ 700,000,000 of our common stock. As of June 30, 2017, we had repurchased 21,658,035 shares under this program at an aggregate purchase price of approximately \$562,064,000. Shares of our common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions. The repurchase program does not obligate us to acquire any specific number of shares or to acquire shares over any specified period of time.

Item 5. OTHER INFORMATION

On June 13, 2017, at the Company's annual meeting of shareholders, the shareholders approved the Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (the "Stock Plan"). The Stock Plan provides for issuance of up to 20,800,000 shares of the Company's Common Stock. The Stock Plan allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units and other stock-based awards, and all employees, officers and directors of the Company and its subsidiaries and non-employee agents, consultants, advisors, and independent contractors are eligible to participate in the Stock Plan. The Stock Plan is administered by the Company's Compensation Committee.

The Stock Plan will continue until all shares available for issuance under the Stock Plan have been issued and all restrictions on such shares have lapsed. The Board of Directors may suspend or terminate the Stock Plan at any time. The Board of Directors may also, at any time, modify or amend the Stock Plan, but any modification or amendment may not materially adversely affect a holder's rights under an outstanding award without the written consent of the holder.

The foregoing is a summary of the principal provisions of the Stock Plan. The summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Stock Plan, which is filed as Exhibit 10.1.

On June 13, 2017, at the Company's annual meeting of shareholders, the shareholders approved the Columbia Sportswear Company Executive Incentive Compensation Plan, as amended (the "Compensation Plan"). By approving the Compensation Plan, our shareholders also re-approved the material terms of the performance goals for performance-based awards under the Compensation Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Plan is administered by the Company's Compensation Committee. The Compensation Committee determines which executive officers of Columbia are eligible to participate in the Compensation Plan for any year no later than 90 days after the beginning of the plan year. No later than 90 days after the beginning of each plan year, the Compensation Committee establishes performance goals for each participating executive officer and the related cash performance awards related to achievement of those goals. The Committee may use its discretion to reduce the amount payable to any eligible executive officer by up to 100 percent, based on factors it determines warrant such a reduction. The maximum amount payable under the Compensation Plan to any participant for a calendar year will not exceed \$4 million.

The Compensation Plan will remain in effect until terminated by the Board of Directors. The Board of Directors has the power to amend the Compensation Plan, in whole or in part, at any time, except that the Board of Directors does not have the right to change the performance goals established by the Compensation Committee under the Compensation Plan. The Compensation Committee may generally amend the Compensation Plan, with the approval of the Board, at any time.

The foregoing is a summary of the principal provisions of the Compensation Plan. The summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Compensation Plan, which is filed as Exhibit 10.2.

Item 6. EXHIBITS

(a) Exhibits

- [10.1](#) Ninth amendment to Credit Agreement dated May 24, 2017 among Columbia Sportswear Company, Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on May 30, 2017) (File No. 0-23939)
 - + [10.2](#) Columbia Sportswear Company 1997 Stock Incentive Plan, as amended
 - + [10.3](#) Columbia Sportswear Company Executive Incentive Compensation Plan, as amended
 - [10.4](#) Columbia Sportswear Company Second Amendment Change in Control Severance Plan
 - [31.1](#) Rule 13a-14(a) Certification of Timothy P. Boyle, President and Chief Executive Officer
 - [31.2](#) Rule 13a-14(a) Certification of Jim A. Swanson, Senior Vice President, Chief Financial Officer
 - [32.1](#) Section 1350 Certification of Timothy P. Boyle, President and Chief Executive Officer
 - [32.2](#) Section 1350 Certification of Jim A. Swanson, Senior Vice President, Chief Financial Officer
 - 101 INS XBRL Instance Document
 - 101 SCH XBRL Taxonomy Extension Schema Document
 - 101 CAL XBRL Taxonomy Extension Calculation Linkbase Document
 - 101 DEF XBRL Taxonomy Extension Definition Linkbase Document
 - 101 LAB XBRL Taxonomy Extension Label Linkbase Document
 - 101 PRE XBRL Taxonomy Extension Presentation Linkbase Document
- + Management Contract or Compensatory Plan

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.

Date: August 3, 2017

COLUMBIA SPORTSWEAR COMPANY

/s/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President, Chief Financial Officer

(Duly Authorized Officer and

Principal Financial and Accounting Officer)

COLUMBIA SPORTSWEAR COMPANY
1997 STOCK INCENTIVE PLAN, AS AMENDED

1. Purpose. The purpose of this 1997 Stock Incentive Plan (the "Plan") is to enable Columbia Sportswear Company (the "Company") to attract and retain the services of (i) selected employees, officers and directors of the Company or any parent or subsidiary of the Company and (ii) selected nonemployee agents, consultants, advisors and independent contractors of the Company or any parent or subsidiary of the Company. For purposes of this Plan, a person is considered to be employed by or in the service of the Company if the person is employed by or in the service of the Company or any parent or subsidiary of the Company (in which case, the Company, parent or subsidiary is referred to as an "Employer").

2. Shares Subject to the Plan.

2.1 Shares Subject to the Plan. Subject to adjustment as provided below and in Section 10, the shares to be offered under the Plan shall consist of Common Stock of the Company, and the total number of shares of Common Stock that may be issued under the Plan shall be 20,800,000 shares.

2.2 Share Usage. Shares of Common Stock covered by an award shall not be counted as used unless and until they are actually issued and delivered to the Recipient. If all or any portion of an option or Performance-based Award granted under the Plan or a restricted stock units award awarded pursuant to Section 7 expires, terminates, is cancelled, or otherwise does not result in all the shares subject to such award being issued, the unissued shares subject to that option Performance-based Award or restricted stock units award shall again be available under the Plan. If shares awarded as a stock bonus or restricted stock award pursuant to Section 7 or sold pursuant to Section 8 under the Plan are forfeited to or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the Plan.

3. Effective Date and Duration of Plan.

3.1 Effective Date. The Plan shall become effective as of March 12, 1997. No Incentive Stock Option (as defined in Section 5 below) granted under the Plan shall become exercisable and no payments shall be made under a Performance-based Award, however, until the Plan is approved by the affirmative vote of the holders of a majority of the shares of Common Stock represented at a shareholders meeting at which a quorum is present and the exercise of any Incentive Stock Options granted under the Plan before such approval shall be conditioned on and subject to such approval. Subject to this limitation, options and Performance-based Awards may be granted and shares may be awarded as bonuses or sold under the Plan at any time after the effective date and before termination of the Plan.

3.2 Duration. The Plan shall continue in effect until all shares available for issuance under the Plan have been issued and all restrictions on such shares have lapsed. The Board of Directors may suspend or terminate the Plan at any time except with respect to options, Performance-based Awards, restricted stock units and shares subject to restrictions then outstanding under the Plan. Termination shall not affect any outstanding options, any outstanding Performance-based Awards, any outstanding restricted stock units or any right of the Company to repurchase shares or the forfeitability of shares issued under the Plan.

4. Administration.

4.1 Board of Directors. The Plan shall be administered by the Board of Directors of the Company, which shall determine and designate from time to time the individuals to whom awards shall be made, the amount of the awards and the other terms and conditions of the awards. Subject to the provisions of the Plan, the Board of Directors may from time to time adopt and amend rules and regulations relating to administration of the Plan, advance the lapse of any waiting period, accelerate any exercise date, waive or modify any restriction applicable to shares (except those restrictions imposed by law), determine the form of payment for awards (in cash, in shares, in some combination thereof or in any other manner approved by the Board of Directors), and make all other determinations in the judgment of the Board of Directors necessary or desirable for the administration of the Plan. The interpretation and construction of the provisions of the Plan and related agreements by the Board of Directors shall be final and conclusive. The Board of Directors may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect, and it shall be the sole and final judge of such expediency.

4.2 Committee. The Board of Directors may delegate to any committee of the Board of Directors (the "Committee") any or all authority for administration of the Plan. If authority is delegated to the Committee, all references to the Board of Directors in the Plan shall mean and relate to the Committee, except (i) as otherwise provided by the Board of Directors and (ii) that only the Board of Directors may amend or terminate the Plan as provided in Sections 3 and 11.

4.3 Officers. The Board of Directors may delegate to any officer or officers of the Company authority to grant awards under the Plan, subject to any restrictions imposed by the Board of Directors.

4.4 Non-U.S. Provisions. Notwithstanding anything in the Plan to the contrary, with respect to any person eligible for awards under the Plan who is resident outside the United States, the Board of Directors may, in its sole discretion, amend or vary the terms of the Plan in order to conform such terms with the requirements of local law or to meet the goals and objectives of the Plan or to permit the Plan to operate in a qualified or tax-efficient manner, and may, in its sole discretion, establish administrative rules and procedures to facilitate the operation of the Plan in such non-U.S. jurisdictions. The Board may, where it deems appropriate in its sole discretion, establish one or more sub-plans for these purposes.

5. Types of Awards; Eligibility. The Board of Directors may, from time to time, take the following actions, separately or in combination, under the Plan: (i) grant Incentive Stock Options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), as provided in Sections 6.1 and 6.2; (ii) grant options other than Incentive Stock Options ("Non-Statutory Stock Options") as provided in Sections 6.1 and 6.3; (iii) award stock bonuses or restricted stock units as provided in Section 7; (iv) sell shares subject to restrictions as provided in Section 8; and (v) award Performance-based Awards as provided in Section 9. Awards may be made to employees, including employees who are officers or directors, and to other individuals described in Section 1 who the Board of Directors believes have made or will make an important contribution to the Company; provided, however, that only employees of the Company or any parent or subsidiary of the Company (as defined in subsections 424(e) and 424(f) of the Code) shall be eligible to receive Incentive Stock Options under the Plan. The Board of Directors shall select the individuals to whom awards shall be made and shall specify the action taken with respect to each individual to whom an award is made. At the discretion of the Board of Directors, an individual may be given an election to surrender an award in exchange for the grant of a new award.

6. Option Grants.

6.1 General Rules Relating to Options.

6.1-1 Terms of Grant. The Board of Directors may grant options under the Plan. With respect to each option grant, the Board of Directors shall determine the number of shares subject to the option, the option exercise price, the period of the option, the time or times at which the option may be exercised and whether the option is an Incentive Stock Option or a Non-Statutory Stock Option.

6.1-2 Exercise of Options. Except as provided in Section 6.1-4 or as determined by the Board of Directors, no option granted under the Plan may be exercised unless at the time of such exercise the optionee is employed by or in the service of the Company and shall have been so employed or provided such service continuously since the date the option was granted. Except as provided in Sections 6.1-4 and 10, options granted under the Plan may be exercised from time to time over the period stated in each option in such amounts and at such times as shall be prescribed by the Board of Directors, provided that options shall not be exercised for fractional shares. Unless otherwise determined by the Board of Directors, if an optionee does not exercise an option in any one year with respect to the full number of shares to which the optionee is entitled in that year, the optionee's rights shall be cumulative and the optionee may purchase those shares in any subsequent year during the term of the option.

6.1-3 Nontransferability. Each Incentive Stock Option and, unless otherwise determined by the Board of Directors, each other option granted under the Plan by its terms (i) shall be nonassignable and nontransferable by the optionee, either voluntarily or by operation of law, except by will or by the laws of descent and distribution of the state or country of the optionee's domicile at the time of death, and (ii) during the optionee's lifetime, shall be exercisable only by the optionee.

6.1-4 Termination of Employment or Service.

6.1-4(a) General Rule. Unless otherwise determined by the Board of Directors or unless otherwise required under applicable law, in the event an optionee's employment or service with the Company terminates for any reason other than because of total disability or death as provided in Sections 6.1-4(b) and (c), his or her option may be exercised at any time before the expiration date of the option or the expiration of the post-termination exercise period after the

date of termination, whichever is the shorter period, but only if and to the extent the optionee was entitled to exercise the option at the date of termination. The post-termination exercise period for a grant is set forth in an option agreement.

6.1-4(b) Termination Because of Total Disability. Unless otherwise determined by the Board of Directors, in the event an optionee's employment or service with the Company terminates because of total disability, his or her option may be exercised at any time before the expiration date of the option or before the date 12 months after the date of termination, whichever is the shorter period, but only if and to the extent the optionee was entitled to exercise the option at the date of termination. The term "total disability" shall be defined under the Company's long-term disability policy.

6.1-4(c) Termination Because of Death. Unless otherwise determined by the Board of Directors, in the event of an optionee's death while employed by or providing service to the Company, his or her option may be exercised at any time before the expiration date of the option or before the date 12 months after the date of death, whichever is the shorter period, but only if and to the extent the optionee was entitled to exercise the option at the date of death and only by the person or persons to whom the optionee's rights under the option shall pass by the optionee's will or by the laws of descent and distribution of the state or country of domicile at the time of death.

6.1-4(d) Amendment of Exercise Period Applicable to Termination. The Board of Directors may at any time prior to the expiration of an option extend the applicable post-termination exercise periods any length of time not longer than the original expiration date of the option. The Board of Directors may at any time increase the portion of an option that is exercisable, subject to such terms and conditions as the Board of Directors may determine.

6.1-4(e) Failure to Exercise Option. To the extent that the option of any deceased optionee or any optionee whose employment or service terminates is not exercised within the applicable period, all further rights to purchase shares pursuant to the option shall cease and terminate.

6.1-4(f) Leave of Absence. Absence on leave approved by the Employer or on account of illness or disability shall not be deemed a termination or interruption of employment or service. Unless otherwise determined by the Board of Directors, vesting of options shall continue during a medical, family or military leave of absence, whether paid or unpaid, and vesting of options shall be suspended during any other unpaid leave of absence greater than 30 days.

6.1-5 Purchase of Shares.

6.1-5(a) Notice of Exercise. Unless the Board of Directors determines otherwise, shares may be acquired pursuant to an option granted under the Plan only upon the receipt by the Company, or by a broker or other agent as directed or approved by the Company, of written notice from the optionee of the optionee's binding commitment to purchase shares, specifying the number of shares the optionee desires to purchase under the option and the date on which the optionee agrees to complete the transaction, and, if required in order to comply with the Securities Act of 1933, as amended, containing a representation that it is the optionee's present intention to acquire the shares for investment and not with a view to distribution.

6.1-5(b) Payment. Unless the Board of Directors determines otherwise, on or before the date specified for completion of the purchase of shares pursuant to an option exercise, the optionee must have paid the Company the full purchase price of those shares in cash or by check or, with the consent of the Board of Directors, in whole or in part, in Common Stock of the Company valued at fair market value, restricted stock, or other contingent awards denominated in either stock or cash, promissory notes and other forms of consideration. The fair market value of Common Stock provided in payment of the purchase price shall be the closing price of the Common Stock last reported before the time payment in Common Stock is made or, if earlier, committed to be made, if the Common Stock is publicly traded, or another value of the Common Stock as shall be specified by the Board of Directors. No shares shall be issued until full payment for the shares has been made, including all amounts owed for tax withholding. With the consent of the Board of Directors, an optionee may request the Company to apply automatically the shares to be received upon the exercise of a portion of a Non-Statutory Stock Option (even though stock certificates have not yet been issued) to satisfy the purchase price for additional portions of the option.

6.1-5(c) Tax Withholding. Each optionee who has exercised an option shall, immediately upon notification of the amount due, if any, pay to the Company in cash or by check amounts necessary to satisfy any applicable federal, state, local and non-U.S. tax withholding requirements. If additional withholding is or becomes required (as a result of exercise of an option or as a result of disposition of shares acquired pursuant to exercise of an option) beyond any amount deposited before delivery of the certificates, the optionee shall pay such amount, in cash or by check, to the Company

on demand. If the optionee fails to pay the amount demanded, the Company or the Employer may withhold that amount from other amounts payable to the optionee, including salary, subject to applicable law. The Company shall have the right, but not the obligation, to deduct from any and all payments made under the Plan, or to require the optionee, to satisfy this obligation, in whole or in part, by instructing the Company to withhold from the shares to be issued upon exercise or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so withheld or delivered shall not exceed the maximum amount necessary to satisfy the required tax obligation based on the maximum individual statutory rate in the applicable jurisdiction. The Company shall have no obligation to deliver shares of stock until the Company's tax withholding obligations have been satisfied by the optionee.

6.1-5(d) Reduction of Reserved Shares. Upon the exercise of an option, the number of shares reserved for issuance under the Plan shall be reduced by the number of shares issued upon exercise of the option (less the number of any shares surrendered in payment for the exercise price or withheld to satisfy tax obligations).

6.1-6 Limitations on Grants to Non-Exempt Employees. Unless otherwise determined by the Board of Directors, if an employee of the Company or any parent or subsidiary of the Company is a non-exempt employee subject to the overtime compensation provisions of Section 7 of the Fair Labor Standards Act (the "FLSA"), any option granted to that employee shall be subject to the following restrictions: (i) the option price shall be at least 85 percent of the fair market value, as described in Section 6.2-4, of the Common Stock subject to the option on the date it is granted; and (ii) the option shall not be exercisable until at least six months after the date it is granted; provided, however, that this six-month restriction on exercisability will cease to apply if the employee dies, becomes disabled or retires, there is a change in ownership of the Company, or in other circumstances permitted by regulation, all as prescribed in Section 7(e)(8)(B) of the FLSA.

6.2 Incentive Stock Options. Incentive Stock Options shall be subject to the following additional terms and conditions:

6.2-1 Limitation on Amount of Grants. If the aggregate fair market value of stock (determined as of the date the option with respect to such stock is granted) with respect to which Incentive Stock Options granted under this Plan (and any other stock incentive plan of the Company or its parent or subsidiary corporations) are exercisable for the first time by an employee during any calendar year exceeds \$100,000, the portion of the option or options not exceeding \$100,000 will be treated as an Incentive Stock Option and the portion of the option exceeding \$100,000 will be treated as a Non-Statutory Stock Option. The preceding sentence will be applied by taking options into account in the order in which they were granted. The Company may designate stock that is treated as acquired pursuant to exercise of an option that is in part an Incentive Stock Option and in part a Non-Statutory Stock Option as Incentive Stock Option stock by issuing a separate certificate for that stock and identifying the certificate as Incentive Stock Option stock in its stock records. In the absence of such a designation, each share of stock issued pursuant to exercise of the option will be treated in part as Incentive Stock Option stock and in part as Non-Statutory Stock Option stock.

6.2-2 Limitations on Grants to 10 Percent Shareholders. An Incentive Stock Option may be granted under the Plan to an employee possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or any parent or subsidiary (as defined in subsections 424(e) and 424(f) of the Code) only if the option price is at least 110 percent of the fair market value, as described in Section 6.2-4, of the Common Stock subject to the option on the date it is granted and the option by its terms is not exercisable after the expiration of five years from the date it is granted.

6.2-3 Duration of Options. Subject to Sections 6.1-2, 6.1-4 and 6.2-2, Incentive Stock Options granted under the Plan shall continue in effect for the period fixed by the Board of Directors, except that no Incentive Stock Option shall be exercisable after the expiration of 10 years from the date it is granted.

6.2-4 Option Price. The option price per share shall be determined by the Board of Directors at the time of grant. Except as provided in Section 6.2-2, the option price shall not be less than 100 percent of the fair market value of the Common Stock covered by the Incentive Stock Option at the date the option is granted. The fair market value shall be the closing price of the Common Stock last reported before the time the option is granted, if the stock is publicly traded, or, another value of the Common Stock as shall be specified by the Board of Directors.

6.2-5 Limitation on Time of Grant. No Incentive Stock Option shall be granted on or after the tenth anniversary of the last action by the Board of Directors adopting the Plan or approving any amendment to the Plan that constitutes the adoption of a new Plan for purposes of Section 422 of the Code. If the Company's shareholders do not approve the Plan within 12 months of such adoption or amendment, any Incentive Stock Options granted under the Plan after the date of such adoption or amendment will be treated as Non-Statutory Stock Options.

6.2-6 Early Dispositions. If within two years after an Incentive Stock Option is granted or within 12 months after an Incentive Stock Option is exercised, the optionee sells or otherwise disposes of Common Stock acquired on exercise of the Option, the optionee shall within 30 days of the sale or disposition notify the Company in writing of (i) the date of the sale or disposition, (ii) the amount realized on the sale or disposition and (iii) the nature of the disposition (e.g., sale, gift, etc.).

6.3 Non-Statutory Stock Options. Non-Statutory Stock Options shall be subject to the following terms and conditions, in addition to those set forth in Section 6.1 above:

6.3-1 Option Price. The option price for Non-Statutory Stock Options shall be determined by the Board of Directors at the time of grant. Except as provided in Section 6.2-2, the option price shall not be less than 100 percent of the fair market value of the Common Stock covered by the Non-Statutory Stock Option at the date the option is granted. The fair market value shall be the closing price of the Common Stock last reported before the time the option is granted, if the stock is publicly traded, or, another value of the Common Stock as shall be specified by the Board of Directors.

6.3-2 Duration of Options. Non-Statutory Stock Options granted under the Plan shall continue in effect for the period fixed by the Board of Directors.

7. Stock Bonuses and Restricted Stock Units. The Board of Directors may award shares under the Plan as stock bonuses or restricted stock units. Shares awarded as a stock bonus or restricted stock units shall be subject to the terms, conditions and restrictions determined by the Board of Directors. The restrictions may include restrictions concerning transferability and forfeiture of the shares awarded, together with such other restrictions as may be determined by the Board of Directors. The Board of Directors may require the recipient to sign an agreement as a condition of the award, but may not require the recipient to pay any monetary consideration other than amounts necessary to satisfy tax withholding requirements. The agreement may contain any terms, conditions, restrictions, representations and warranties required by the Board of Directors. The certificates representing the shares awarded shall bear any legends required by the Board of Directors. The Company may require any recipient of an award to pay to the Company in cash or by check upon demand amounts necessary to satisfy any applicable federal, state, local or non-U.S. tax withholding requirements. If the recipient fails to pay the amount demanded, the Company or the Employer may withhold that amount from other amounts payable to the recipient, including salary, subject to applicable law. The Company shall have the right, but not the obligation, to deduct from any and all payments made under the Plan, or to require the recipient, to satisfy this obligation, in whole or in part, by instructing the Company to withhold from the shares to be issued or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so withheld or delivered shall not exceed the maximum amount necessary to satisfy the required tax obligation based on the maximum individual statutory rate in the applicable jurisdiction. The Company shall have no obligation to deliver shares of stock until the Company's tax withholding obligations have been satisfied by the recipient. Upon the issuance of a stock bonus or restricted stock unit, the number of shares reserved for issuance under the Plan shall be reduced by the number of shares issued, less the number of shares withheld or delivered to satisfy tax obligations.

8. Restricted Stock. The Board of Directors may issue shares under the Plan for such consideration (including promissory notes and services) as determined by the Board of Directors. Shares issued under the Plan shall be subject to the terms, conditions and restrictions determined by the Board of Directors. The restrictions may include restrictions concerning transferability, repurchase by the Company and forfeiture of the shares issued, together with such other restrictions as may be determined by the Board of Directors. All Common Stock issued pursuant to this Section 8 shall be subject to a purchase agreement, which shall be executed by the Company and the prospective purchaser of the shares before the delivery of certificates representing such shares to the purchaser. The purchase agreement may contain any terms, conditions, restrictions, representations and warranties required by the Board of Directors. The certificates representing the shares shall bear any legends required by the Board of Directors. The Company may require any purchaser of restricted stock to pay to the Company in cash or by check upon demand amounts necessary to satisfy any applicable federal, state, local, or non-U.S. tax withholding requirements. If the purchaser fails to pay the amount demanded, the Company or the Employer may withhold that amount from other amounts payable to the purchaser, including salary, subject to applicable law. With the consent of the Board of Directors, a purchaser may satisfy this obligation, in whole or in part, by instructing the Company to withhold from any shares to be issued or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so withheld or delivered shall not exceed the maximum amount necessary to satisfy the required tax obligation based on the maximum individual statutory rate in the applicable jurisdiction. Upon the issuance of restricted stock, the number of shares reserved for issuance under the Plan shall be reduced by the number of shares issued, less the number of shares withheld or delivered to satisfy tax obligations.

9. Performance-based Awards. The Committee may grant awards intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the regulations thereunder to any "covered employee" as that term is defined for purposes of Section 162(m)(3) of the Code or any successor provision ("Performance-based Awards"). Performance-based Awards shall be denominated at the time of grant either in Common Stock ("Stock Performance Awards") or in dollar amounts ("Dollar Performance Awards"). Payment under a Stock Performance Award or a Dollar Performance Award shall be made, at the discretion of the Committee, in Common Stock ("Performance Shares"), or in cash or in any combination thereof. Performance-based Awards shall be subject to the following terms and conditions:

9.1 Award Period. The Committee shall determine the period of time for which a Performance-based Award is made (the "Award Period").

9.2 Performance Goals and Payment. The Committee shall establish in writing objective performance goals ("Performance Goals") that must be met by the Company or any subsidiary, division or other unit of the Company ("Business Unit") during the Award Period as a condition to payment being made under the Performance-based Award.

9.2-1 The Performance Goals for each Performance-based Award shall be one or more targeted levels of performance with respect to one or more of the following "performance criteria" with respect to the Company or any Business Unit as reported or calculated by the Company: earnings, earnings per share, book value per share, stock price appreciation, total shareholder return (stock price increase plus dividends), return on equity, return on assets, return on invested capital, working capital, market or economic value added, revenues, operating income (including or excluding depreciation, amortization, unusual or infrequently occurring items, restructuring charges or other expenses), operating margins, inventories, inventory turns, debt, debt plus equity, cost control, strategic initiatives, market share, net income, improvements in capital structure, cash flows (including, but not limited to, operating cash flow, free cash flow or cash flow return on capital).

9.2-2 Performance Goals also may be based on the achievement of specified levels of Company performance (or performance of an applicable Business Unit) under one or more of the performance criteria described above relative to the performance of other corporations. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder.

9.2-3 The Committee may provide in any Performance-based Award that any evaluation of performance may include or exclude any of the following events that occurs during an Award Period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (iv) any reorganization and restructuring programs, (v) unusual or infrequently occurring items as described in Accounting Standards Codification Subtopic 225-20 and/or in Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's annual report to shareholders for the applicable year, (vi) acquisitions or divestitures, (vii) foreign exchange gains and losses, and (viii) gains and losses on asset sales. To the extent such inclusions or exclusions affect Performance-based Awards to covered employees, they shall be prescribed in a form that satisfies the requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

9.2-4 The Committee shall also establish the number of Performance Shares or the amount of cash payment to be made under a Performance-based Award if the Performance Goals are met or exceeded, including the fixing of a maximum payment (subject to Section 9.4).

9.2-5 The Committee may establish other restrictions to payment under a Performance-based Award, such as a continued employment requirement, in addition to satisfaction of the Performance Goals. Some or all of the Performance Shares may be issued at the time of the award as restricted shares subject to forfeiture in whole or in part if Performance Goals or, if applicable, other restrictions are not satisfied.

9.3 Maximum Awards. No covered employee may be awarded in any fiscal year awards, other than Performance-based Awards, with respect to more than 100,000 shares of Common Stock, Stock Performance Awards under which the aggregate amount of shares of Common Stock payable under the Awards exceeds the equivalent of 100,000 shares of Common Stock, or Dollar Performance Awards under which the aggregate amount payable under the Awards exceeds \$3,000,000.

9.4 Tax Withholding. Each participant who has received Performance Shares shall, upon notification of the amount due, pay to the Company in cash or by check amounts necessary to satisfy any applicable federal, state, local, or non-U.S. tax withholding requirements. If the participant fails to pay the amount demanded, the Company or the Employer may

withhold that amount from other amounts payable to the participant, including salary, subject to applicable law. With the consent of the Board of Directors, a participant may satisfy this obligation, in whole or in part, by instructing the Company to withhold from any shares to be issued or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so delivered or withheld shall not exceed the maximum amount necessary to satisfy the required tax obligation based on the maximum individual statutory rate in the applicable jurisdiction.

9.5 Effect on Shares Available. The payment of a Performance-based Award in cash shall not reduce the number of shares of Common Stock reserved for issuance under the Plan. The number of shares of Common Stock reserved for issuance under the Plan shall be reduced by the number of shares issued upon payment of an award, less the number of shares delivered or withheld to satisfy tax obligations.

10. Changes in Capital Structure.

10.1 Stock Splits; Stock Dividends; Extraordinary Distributions. If the outstanding Common Stock of the Company is hereafter increased or decreased in number or value or changed into or exchanged for a different number or kind of shares or other securities of the Company or any other Company by reason of any stock split, reverse stock split, spin off, combination or exchange of shares, dividend payable in shares, distribution to shareholders other than a normal cash dividend or recapitalization, reclassification, or other change in the Company's corporate or capital structure, appropriate adjustment shall be made by the Board of Directors in the number and kind of shares available for grants under the Plan and in all other share amounts set forth in the Plan. In addition, the Board of Directors shall make appropriate adjustment in the number and kind of shares as to which outstanding options and awards, or portions thereof then unexercised or not yet vested or settled, shall be exercisable or payable, and/or the per share price for such outstanding options and awards, so that the optionee's proportionate interest before and after the occurrence of the event is maintained. Notwithstanding the foregoing, the Board of Directors shall have no obligation to effect any adjustment that would or might result in the issuance of fractional shares, and any fractional shares resulting from any adjustment may be disregarded or provided for in any manner determined by the Board of Directors. Any such adjustments made by the Board of Directors shall be conclusive.

10.2 Mergers, Reorganizations, Etc. In the event of a merger, consolidation, plan of exchange, acquisition of property or stock, split-up, split-off, spin-off or reorganization to which the Company is a party or any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the Company's assets or of more than 50% of the Company's outstanding shares of Common Stock (each, a "Transaction"), the Board of Directors shall, in its sole discretion and to the extent possible under the structure of the Transaction, select one of the following alternatives for treating outstanding awards under the Plan, in each case provided that the Transaction is consummated:

10.2-1 Outstanding awards shall remain in effect in accordance with their terms.

10.2-2 Outstanding awards shall be assumed, converted into or exchanged for awards with respect to stock in one or more of the corporations, including the Company, that are the surviving or acquiring corporations in the Transaction (or in a parent corporation). The amount and type of securities subject thereto and exercise price of any converted options shall be determined by the Board of Directors of the Company, taking into account the relative values of the companies involved in the Transaction and the exchange rate, if any, used in determining shares of the surviving corporation(s) to be held by holders of shares of the Company following the Transaction. Unless otherwise determined by the Board of Directors, the assumed converted or exchanged awards shall be vested and/or free from applicable restrictions only to the extent that such requirements relating to awards granted hereunder have been satisfied.

10.2-3 The Board of Directors shall provide a period of 30 days or less before the consummation of the Transaction during which outstanding options may be exercised to the extent then exercisable, and upon the expiration of that period, all unexercised options shall immediately terminate. The Board of Directors may, in its sole discretion, accelerate the exercisability of options so that they are exercisable in full during that period. The Board of Directors may, in its sole discretion, provide that any or all other outstanding awards granted under the Plan shall terminate upon or immediately prior to the consummation of the Transaction and/or accelerate the vesting and/or waive any applicable restrictions upon the expiration of the period provided as described in this Section 10.2-3 or upon or immediately prior to the consummation of the Transaction.

10.2-4 The Board of Directors, in its sole discretion, shall provide that outstanding awards shall terminate either upon or immediately prior to consummation of a Transaction and that holders of such awards shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (x) the value of the per share consideration received by holders of Common Stock in the Transaction, or, in the event the Transaction does not result in direct receipt of consideration by holders of Common Stock, the value of the deemed per share consideration received, in each case as determined by the Board of Directors in its sole discretion, multiplied by the number of shares of Common Stock subject to

such outstanding awards (to the extent then vested and/or exercisable or whether or not then vested and/or exercisable, as determined by the Board of Directors in its sole discretion) exceeds (y) if applicable, the respective aggregate exercise price or grant price for such awards, if any.

10.2-5 For the avoidance of doubt, nothing in this Section 10.2 requires all outstanding awards to be treated similarly.

10.3 Dissolution of the Company. Unless otherwise determined by the Board of Directors in its sole discretion, in the event of the dissolution or liquidation of the Company, outstanding awards shall automatically terminate immediately prior to such dissolution or liquidation of the Company. To the extent a vesting condition, forfeiture provision or repurchase right applicable to an award has not been waived by the Board of Directors, the award shall be forfeited immediately prior to the consummation of the dissolution or liquidation.

10.4 Rights Issued by Another Corporation. The Board of Directors may also grant options, stock bonuses, restricted stock units and Performance-based Awards and issue restricted stock under the Plan having terms, conditions and provisions that vary from those specified in this Plan, provided that any such awards are granted in exchange or substitution for, or in connection with the assumption or conversion of, existing options, stock bonuses, restricted stock units, Performance-based Awards and restricted stock granted, awarded or issued by another corporation and assumed, converted, exchanged or otherwise agreed to be provided for by the Company pursuant to or by reason of a Transaction.

11. Amendment of the Plan. The Board of Directors may at any time, modify or amend the Plan in such respects as it shall deem advisable because of changes in the law while the Plan is in effect or for any other reason. Except as provided in Section 10, however, no change in an award already granted shall be made without the written consent of the holder of the award if the change would adversely affect the holder to a material extent.

12. Approvals. The Company's obligations under the Plan are subject to the approval of federal, state and non-U.S. authorities or agencies with jurisdiction in the matter. The Company will use its best efforts to comply with applicable law and regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the grants under the Plan. The foregoing notwithstanding, the Company shall not be obligated to issue or deliver Common Stock under the Plan if such issuance or delivery would violate applicable federal, state or non-U.S. laws, rules or regulations.

13. Employment and Service Rights. Nothing in the Plan or any award pursuant to the Plan shall (i) confer upon any employee any right to be continued in the employment of an Employer or interfere in any way with the Employer's right to terminate such employee's employment at will at any time, for any reason, with or without cause, or to decrease such employee's compensation or benefits, or (ii) confer upon any person engaged by an Employer any right to be retained or employed by the Employer or to the continuation, extension, renewal or modification of any compensation, contract or arrangement with or by the Employer.

14. Rights as a Shareholder. The recipient of any award under the Plan shall have no rights as a shareholder with respect to any Common Stock until the date the recipient becomes the holder of record of those shares. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date occurs before the date the recipient becomes the holder of record.

15. Option Repricing. In no event shall the Board of Directors have the right, without shareholder approval, to (i) lower the price of an option after it is granted, except in connection with adjustments provided in Section 10; (ii) take any other action that is treated as a repricing under generally accepted accounting principles; or (iii) cancel an option at a time when its exercise price exceeds the fair market value of the underlying stock, in exchange for cash, another option, stock appreciation right, restricted stock, or other equity, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction.

16. Section 409A of the Code. The Plan and awards granted under the Plan are intended to be exempt from the requirements of Section 409A of the Code to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the exclusion applicable to stock options, stock appreciation rights and certain other equity-based compensation under Treasury Regulation Section 1.409A-1(b)(5), or otherwise. To the extent Section 409A is applicable to the Plan or any award granted under the Plan, it is intended that the Plan and such awards granted under the Plan comply with the deferral, payout and other limitations and restrictions imposed under Section 409A. Notwithstanding any other provision of the Plan or any award granted under the Plan to the contrary, the Plan and any award granted under the Plan shall be interpreted, operated and administered in a manner consistent with such

intentions. Without limiting the generality of the foregoing, and notwithstanding any other provision of the Plan or any award granted under the Plan to the contrary, with respect to any payments and benefits under the Plan or any award granted under the Plan to which Section 409A applies, all references in the Plan or any award granted under the Plan to the termination of the participant's employment or service are intended to mean the participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i). In addition, if the participant is a "specified employee," within the meaning of Section 409, then to the extent necessary to avoid subjecting the participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable under the Plan or any award granted under the Plan during the six-month period immediately following the participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the participant during such period, but shall instead be accumulated and paid to the participant (or, in the event of the participant's death, the participant's estate) in a lump sum on the first business day after the earlier of the date that is six months following the participant's separation from service or the participant's death. Notwithstanding any other provision of the Plan to the contrary, the Board of Directors, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify the Plan and any award granted under the Plan so that the award qualifies for exemption from or complies with Section 409A; provided, however, that the Board of Directors makes no representations that awards granted under the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to awards granted under the Plan.

**Columbia Sportswear Company
Executive Incentive Compensation Plan**

Article 1

Name of Plan. The name of the Plan shall be the Columbia Sportswear Company Executive Incentive Compensation Plan (the Plan).

Article 2

Effective Date of Plan. The effective date of the Plan shall be January 1, 1999. The Plan shall be subject to the approval of a majority of the shareholders of Columbia Sportswear Co. (the Company) at the first annual shareholders meeting to be held after the effective date. No payments will be made under the Plan unless and until such approval is obtained.

Article 3

Purpose of Plan. The purpose of this Plan is to provide an incentive to key executive officers of the Company who contribute to its success by offering an opportunity to such persons to earn compensation in addition to their salaries, based upon company success.

Article 4

Administration of Plan. The Plan shall be administered by the Compensation Committee (the Committee) of the Board of Directors (the Board) of the Company. The Committee shall have the full power and authority to administer the Plan. In applying and interpreting the provisions of the Plan, the decisions of the Committee shall be final.

Article 5

Eligibility. The Committee shall determine the key executive officers of the Company who shall participate in the Plan for any fiscal year as soon as practicable following the beginning thereof, but no later than 90 days after the beginning of the year. Such determination shall be in writing and shall be communicated to eligible executives as soon as practicable.

Article 6

Performance Goals. From time to time, the Committee shall establish performance goals based on one or more targeted levels of performance with respect to "performance criteria" with respect to the Company or any business unit as reported or calculated by the Company, which may include but is not limited to, one or more of the following: revenues, sales, earnings, or earnings per share, or the growth of Company revenues, sales earnings, earnings per share, book value per share, stock price appreciation, total shareholder return (stock price increase plus dividends), return on equity, return on assets, return on invested capital, working capital, market or economic value added, operating income (including or excluding depreciation, amortization, unusual or infrequently occurring items, restructuring charges or other expenses), operating margins, inventories, inventory turns, debt, debt plus equity, cost control, strategic initiatives, market share, net income, improvements in capital structure, cash flows (including, but not limited to, operating cash flow, free cash flow or cash flow return on capital). The performance goals to be applied for any calendar year shall be determined by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the U.S. Internal Revenue Code (the Code), or any successor provision thereto, and the regulations thereunder. Each eligible executive's bonus shall be determined, in such manner as the Committee shall prescribe, by the extent to which the Company attains these performance goals. The specific performance goals to which each eligible executive's bonus is tied shall be at the discretion of the Committee. The audited financial statements of the Company will be used to measure all financial goals, where applicable. The Committee shall have the discretion to include or exclude any (i) asset write downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (iv) any reorganization and restructuring programs, (v) unusual or infrequently occurring extraordinary nonrecurring items as described in Accounting Standards Codification Subtopic 225 20 and/or in Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's annual report to shareholders for the applicable year, (vi) acquisitions or divestitures, (vii) foreign exchange gains and losses, and (viii) gains and losses on asset sales, however, any decision to include or exclude such items or to adjust performance goals shall be made by the Committee at or prior to the time the Committee establishes performance goals for the calendar year as prescribed above in this Article 6.

Article 7

Amount of Target Bonus. Upon determining that an executive is eligible to participate in the Plan, the Committee shall determine a target bonus for such executive. The target bonus shall be stated as a percentage of the eligible executive's base salary.

After the end of the year, the Committee shall determine the extent to which the Company has reached the performance goals established for the eligible executives. The Committee shall have the discretion to reduce the amount payable to any participant for a calendar year by up to 100% based upon factors which it determines, in its discretion, warrant such reduction.

Notwithstanding any other provision of the Plan, the maximum amount payable to any participant under the Plan for a calendar year will not exceed \$4 million.

Article 8

Time of Payment. Payments will be made as soon as practicable after the Committee has certified the amounts payable under the Plan based upon audited financial results of the Company for the calendar year. No payments will be made under the Plan in respect of any calendar year unless the predetermined performance goals have been satisfied.

Article 9

Term of Plan. The Plan shall remain in effect until terminated by the Board.

Article 10

Separation. In case of separation from the Company due to death, disability, or retirement an individual or his or her beneficiaries shall receive a bonus, which is prorated for the period of time that the eligible executive was employed by the Company during the year in which the eligible employee died, became disabled or retired. Retirement means the eligible executive's separation from service after (a) the executive's attainment of age 50, and (b) the tenth anniversary of the executive's hire date. The amount of such payment shall be determined and payable after the end of such year. In case of separation from the Company for any other reason, an eligible executive shall not be entitled to a bonus under this Plan for the year in which the separation occurs.

Article 11

Amendment of the Plan. The Board shall have the power to amend or terminate this Plan, in whole or in part, at any time, except that the Board shall not have the right to change the performance goals established by the Committee under Article 6, above. The Plan shall not create any rights of future participation in any employee. No person eligible to receive a bonus under this Plan shall have any rights to pledge, assign, or otherwise dispose of any unpaid portion of such bonus.

Article 12

Section 409A of the Code. The Plan and bonus awards granted under the Plan are intended to be exempt from the requirements of Section 409A of the Code to the maximum extent possible, whether pursuant to the short term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4) or otherwise. To the extent Section 409A is applicable to the Plan or any bonus award granted under the Plan, it is intended that the Plan and such awards granted under the Plan comply with the deferral, payout and other limitations and restrictions imposed under Section 409A. Notwithstanding any other provision of the Plan or any bonus award granted under the Plan to the contrary, the Plan and any bonus award granted under the Plan shall be interpreted, operated and administered in a manner consistent with such intentions. Without limiting the generality of the foregoing, and notwithstanding any other provision of the Plan or any bonus award granted under the Plan to the contrary, with respect to any payments and benefits under the Plan or any bonus award granted under the Plan to which Section 409A applies, all references in the Plan or any bonus award granted under the Plan to the termination of the participant's employment or service are intended to mean the participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i). In addition, if the participant is a "specified employee," within the meaning of Section 409, then to the extent necessary to avoid subjecting the participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable under the Plan or any bonus award granted under the Plan during the six month period immediately following the participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the participant during such period, but shall instead be accumulated and paid to the participant (or, in the event of the

participant's death, the participant's estate) in a lump sum on the first business day after the earlier of the date that is six months following the participant's separation from service or the participant's death. Notwithstanding any other provision of the Plan to the contrary, the Board of Directors, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify the Plan and any bonus award granted under the Plan so that the award qualifies for exemption from or complies with Section 409A; provided, however, that the Board of Directors makes no representations that bonus awards granted under the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to bonus awards granted under the Plan.

Article 13

Recovery of Incentive Compensation. Notwithstanding any other provision of the Plan to the contrary and to the maximum extent allowed by law, bonus awards granted under the Plan shall be subject to the Company's current incentive compensation recovery policy, if any, as it may be amended from time to time, and any other compensation recovery policies as may be adopted from time to time by the Company to comply with applicable law and/or stock exchange requirements, or otherwise, to the extent determined by the Committee in its discretion to be applicable to an executive participating in the Plan.

COLUMBIA SPORTSWEAR COMPANY

SECOND AMENDED CHANGE IN CONTROL SEVERANCE PLAN

This change in control severance plan is established by Columbia Sportswear Company, an Oregon corporation (the "Company"), to enable the Company to offer a form of income protection to its eligible employees in the event their employment with the Company is involuntarily terminated other than for Cause. The Plan is also intended to secure for the benefit of the Company the services of the eligible employees in the event of a potential or actual Change in Control without concern for whether such employees might be hindered in discharging their duties by the personal uncertainties and risks associated with a Change in Control, by affording such employees the opportunity to protect the share value they have helped create as of the date of any Change in Control and offering income protection to such employees in the event their employment terminates involuntarily or for Good Reason in connection with a Change in Control.

1. Purpose, Establishment and Applicability of Plan.

1.1 Establishment of Plan. As of the Effective Date, the Company hereby establishes its Change in Control Severance Plan (the "Plan"), as set forth in this document.

1.2 Applicability of Plan. Subject to the terms of this Plan, the benefits provided by this Plan shall be available to all those Employees who, on or after the Effective Date, receive a Notice of Participation, pursuant to Section 3 herein.

1.3 Contractual Right to Benefits. This Plan and the Notice of Participation establish and vest in each Participant a contractual right to the benefits to which he or she is entitled pursuant to the terms and conditions thereof, enforceable by the Participant against the Company.

2. Definitions and Construction.

Whenever used in this Plan, the following terms shall have the meanings set forth below.

2.1 Administrator. "Administrator" shall mean the Board of Directors of the Company, or its committee or designee, as shall be responsible for administering this Plan.

2.2 Base Salary. "Base Salary" shall mean an amount equal to the Participant's gross annual base salary, exclusive of bonuses, other incentive pay, commissions and all other pay or expense types, as in effect immediately preceding the Termination Event.

2.3 Board. "Board" shall mean the Board of Directors of the Company.

2.4 Cause. "Cause" shall mean (i) any act of personal dishonesty taken by the Participant in connection with his or her responsibilities as an Employee and intended to result in substantial personal enrichment or benefit of the Participant, (ii) the Participant's conviction of a felony that is injurious to the Company as determined by the Administrator in its sole discretion, (iii) a willful act by the Participant that constitutes gross misconduct and that is injurious to the Company as determined by the Administrator in its sole discretion, (iv) continued violations by the Participant of the Participant's employment duties that are demonstrably willful and deliberate on the Participant's part after there has been delivered to the Participant a written demand for performance from the Company that specifically sets forth the factual basis for the Company's belief that the Participant has not substantially performed his duties, (v) a material violation of the Code of Conduct as determined by the Administrator in its sole discretion or (vi) any act that would constitute a material violation of the standards set forth in this Plan, including, without limitation, the standards of Section 6.

2.5 Change in Control. "Change in Control" shall mean the occurrence of any of the following events.

(a) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities, provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege where the security being so converted was not acquired directly from the Company by the party exercising the conversion privilege, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, (iv) an acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act pursuant to a transaction that

meets the conditions of clauses (i), (ii) and (iii) set forth in subsection (b) below, or (v) any acquisition approved by the Board; or

(b) The consummation of a merger or consolidation of the Company with any other corporation or of the sale or disposition by the Company of all or substantially all of the Company's assets, excluding, however, in each case, a transaction pursuant to which

(i) the individuals, entities or groups (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) who are the beneficial owners of the total voting power represented by the voting securities of the Company immediately prior to such transaction will beneficially own, directly or indirectly, at least 50% of the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the Company or such surviving entity after the transaction in substantially the same proportions as their ownership, immediately prior to such transaction, of the total voting power represented by the voting securities of the Company;

(ii) no individual, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act (other than the Company, any employee benefit plan (or related trust) of the Company or the surviving entity) will beneficially own, directly or indirectly, 50% or more of, respectively, the total voting power represented by the voting securities of the Company or the surviving entity unless such ownership resulted solely from ownership of securities of the Company prior to such transaction; and

(iii) individuals who were members of the Incumbent Board will immediately after the consummation of the Company Transaction constitute at least a majority of the members of the board of directors of the Company or the surviving entity after the transaction.

2.6 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.7 Company. "Company" shall mean Columbia Sportswear Company, any subsidiary corporations, any successor entities as provided in Section 8 hereof, and any parent or subsidiaries of such successor entities.

2.8 Company-Paid Coverage. "Company-Paid Coverage" shall mean the benefits coverage described in Section 4 hereof.

2.9 Disability. "Disability" shall mean that the Participant has been unable to perform his or her duties as an Employee as the result of incapacity due to physical or mental illness, loss of legal capacity or any other cause beyond the Employee's control (unless the Employee is granted a leave of absence by the Administrator) as determined by a physician selected by the Company and acceptable to the Employee, for a period or periods aggregating twelve (12) weeks in any three hundred sixty-five (365) day period.

2.10 Effective Date. "Effective Date" for purposes of this Plan shall mean February 1, 2009.

2.11 Employee. "Employee" shall mean an employee of the Company.

2.12 ERISA. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.13 Good Reason. "Good Reason" shall mean any of the following that occur without the Participant's express written consent and that the Company fails to cure within the time frame specified in Section 12.3: (i) the material reduction of the Participant's authority, duties or responsibilities relative to the Participant's authority, duties or responsibilities in effect immediately prior to such reduction; provided, however, that a significant reduction in authority, duties or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as for example, when the Chief Financial Officer of Columbia Sportswear Company remains as such following a Change in Control and is not made the Chief Financial Officer of the acquiring corporation) shall not constitute Good Reason; (ii) a material reduction by the Company in the Participant's annual base salary relative to the Participant's annual base salary in effect immediately prior to such reduction, other than as part of a general decrease in the annual base salaries of all similarly ranked executives of the Company; or (iii) a change in Participant's geographic work location of over seventy-five (75) miles from the Participant's geographic work location immediately prior to such change, except for required travel in furtherance of the Company's business to the extent consistent with the Participant's duties.

2.14 Participant. "Participant" shall mean each of the Tier I Participants, the Tier II Participants, the Tier III Participants and the Tier IV Participants.

2.15 Notice of Participation. "Notice of Participation" shall mean an individualized written notice of participation in this Plan from an authorized officer of the Company.

2.16 Plan. "Plan" shall mean the Columbia Sportswear Company Change in Control Severance Plan, as set forth herein, together with all amendments hereto.

2.17 Severance Payment. "Severance Payment" shall mean the payment of severance compensation as provided in Section 4 hereof.

2.18 Termination Event. "Termination Event" shall mean (i) the termination of the Participant's employment by the Company involuntarily (within the meaning of Treas. Reg. § 1.409A-1(n)(1)) without Cause, not in connection with a Change in Control or (ii) a Change in Control.

2.19 Tier I Participant. "Tier I Participant" shall mean each Employee designated as a Tier I Participant by the Administrator and who signs and returns to the Company a Notice of Participation indicating that such Employee is a Tier I Participant.

2.20 Tier II Participant. "Tier II Participant" shall mean each Employee designated as a Tier II Participant by the Administrator and who signs and returns to the Company a Notice of Participation indicating that such Employee is a Tier II Participant.

2.21 Tier III Participant. "Tier III Participant" shall mean each Employee designated as a Tier III Participant by the Administrator and who signs and returns to the Company a Notice of Participation indicating that such Employee is a Tier III Participant.

2.22 Tier IV Participant. "Tier IV Participant" shall mean each Employee designated as a Tier IV Participant by the Administrator and who signs and returns to the Company a Notice of Participation indicating that such Employee is a Tier IV Participant.

3. Eligibility.

3.1 Waiver. As a condition of receiving any payments or benefits under this Plan, an Employee must sign a general waiver and release in a form satisfactory to the Company and which becomes effective no later than the date that is two and one-half (2½) months after the end of the Company's fiscal year containing the Participant's termination date.

3.2 Participation in Plan. Each Employee who is designated by the Administrator as a Tier I Participant, a Tier II Participant, a Tier III Participant or a Tier IV Participant and who signs and returns to the Company a Notice of Participation within the time period set forth in such Notice shall be a Participant in this Plan. A Participant shall cease to be a Participant in this Plan (i) upon ceasing to be an Employee, or (ii) upon receiving written notice from the Administrator prior to a Termination Event that the Participant is no longer eligible to participate in this Plan, unless in either case such Participant is then entitled to benefits hereunder. A Participant entitled to benefits hereunder shall remain a Participant in this Plan until the full amount of the benefits has been delivered to the Participant.

4. Severance Benefits.

4.1 Termination Without Cause, Not in Connection With a Change in Control. If a Participant's employment is terminated by the Company involuntarily (within the meaning of Treas. Reg. § 1.409A-1(n)(1)) without Cause, not in connection with a Change in Control, then, subject to Sections 3.1, 5 and 6 hereof, the Participant shall be entitled to receive severance benefits as follows:

(a) Severance Pay. The Participant shall be entitled to receive a cash payment equal to the amount set forth in Exhibit A.

(b) Employee Benefits. To the extent the Participant and the Participant's spouse and dependent children properly (and timely) elect, pursuant to Code Section 4980B ("COBRA"), continuation coverage under the Company's group health plans, the Company shall reimburse the Participant for the proportionate cost of the premiums due for such coverage, as determined by the cost ratio policy for the Company's employees in effect from time to time, for a period beginning on the Participant's termination date and ending on the earliest to occur of (i) the date on which the Participant is no longer entitled to COBRA continuation coverage under the Company's group health plans, and (ii) the expiration of eighteen (18) months, in the case of Tier I Participants and Tier II Participants, or twelve (12) months, in the case of Tier III Participants and Tier IV Participants, from the Participant's termination date; provided, however, that the Company may amend or eliminate the benefits provided in this Section 4.1(b) to the extent it deems necessary to avoid the imposition of excise taxes, penalties or similar charges on the Company, including, without limitation, under Sections 4980D and 4980H under the Code.

4.2 Termination Within Twelve Months Following a Change in Control. If a Participant's employment is terminated (i) involuntarily (within the meaning of Treas. Reg. § 1.409A-1(n)(1)) by the Company without Cause within twelve (12) months following a Change in Control, or (ii) voluntarily by the Participant for Good Reason (on account of a Good Reason condition that initially occurred within twelve (12) months following a Change in Control), then, subject to Sections 3.1, 5 and 6 hereof, the Participant shall be entitled to receive severance benefits as follows:

(a) **Severance Pay.** If the Participant is involuntarily terminated by the Company without Cause or if the Participant voluntarily terminates employment for Good Reason, the Participant shall be entitled to receive a cash payment equal to the amount set forth in Exhibit B.

(b) **Employee Benefits.** To the extent the Participant and the Participant's spouse and dependent children properly (and timely) elect COBRA continuation coverage under the Company's group health plans, the Company shall reimburse the Participant for the proportionate cost of the premiums due for such coverage, as determined by the cost ratio policy for the Company's employees in effect from time to time, for a period beginning on the Participant's termination date and ending on the earliest to occur of (i) the date on which the Participant is no longer entitled to COBRA continuation coverage under the Company's group health plans, and (ii) the expiration of eighteen (18) months from the Participant's termination date; provided, however, that the Company may amend or eliminate the benefits provided in this Section 4.2(b) to the extent it deems necessary to avoid the imposition of excise taxes, penalties or similar charges on the Company, including, without limitation, under Sections 4980D and 4980H of the Code.

(c) **Treatment of Equity Awards.** Notwithstanding any provision in the instrument evidencing an equity award, all outstanding equity-based awards granted to the Participant under any applicable equity compensation plans of the Company as in effect on the date of the Change in Control (including but not limited to grants of nonqualified stock options, stock appreciation rights, and restricted stock or unit awards), whether granted before or after the Effective Date, shall become fully vested and exercisable or payable as of the effective date of the Participant's termination. In addition, all outstanding equity-based awards granted to the Participant that are eligible to become exercisable, vested or payable (or that provide for accelerated exercisability, vesting or payment) upon the attainment of specified performance goals, whether granted before or after the Effective Date, shall become fully vested and exercisable or payable, to the extent the applicable performance goals had been attained, as determined on a pro-rated basis, as of the effective date of the Participant's termination.

4.3 Method of Payment. Any cash payment to which a Participant becomes entitled pursuant to Section 4.1(a) or 4.2(a) shall be paid to the Participant in a lump sum as soon as administratively practicable after the Participant's waiver and release, described in Section 3.1, becomes effective; provided, however, that in no event shall such payment be made prior to the Participant's termination date or more than two and one-half (2½) months after the end of the Company's fiscal year containing the Participant's termination date (but only if the Participant's waiver and release has become effective by such date). If the Participant's waiver and release has not become effective by the date that is two and one-half (2½) months after the end of the Company's fiscal year containing the Participant's termination date, then the Participant shall not be entitled to a Severance Payment or Company-Paid Coverage under this Plan. If a Participant dies after becoming eligible for a cash Severance Payment and executing a copy of this Plan and an accompanying waiver and release but before payment of the cash Severance Payment, the cash Severance Payment will be paid to the Participant's estate in a lump sum. If a Participant dies after becoming eligible for a cash Severance Payment but before executing a copy of this Plan and an accompanying waiver and release, his or her estate or representative may not execute this Plan and no Severance Payment or Company-Paid Coverage with respect to the Participant will be payable under this Plan. All payments under this Plan will be net of amounts withheld with respect to taxes, offsets, or other obligations.

4.4 Voluntary Resignation: Termination For Cause. If (a) the Participant's employment terminates by reason of the Participant's voluntary resignation other than for Good Reason, (b) the Company terminates the Participant for Cause, or (c) a Participant's employment terminates for any reason prior to the occurrence of a Change in Control (other than the termination without Cause contemplated by Section 4.1 herein) then the Participant shall not be entitled to receive severance or other benefits under this Plan and shall be entitled only to those benefits (if any) as may be available under the Company's then existing benefits plans and policies at the time of such termination.

4.5 Disability; Death. If the Participant's employment terminates by reason of the Participant's death, or in the event the Company terminates the Participant's employment following his or her Disability, the Participant shall not be entitled to receive severance or other benefits under this Plan and shall be entitled only to those benefits (if any) as may be available under the Company's then existing benefits plans and policies at the time of such termination.

5. Golden Parachute Excise Tax and Non-Deductibility Limitations.

5.1 Benefits Cap. In the event that any payment or benefit under this Plan, either alone or when aggregated with any other payments or benefits received by a Participant, or to be received by a Participant, from the Company, or from any person whose actions result in a Change in Control of the Company or from any person affiliated with the Company or such persons (each a "Payment" and, collectively, the "Total Payments") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this provision, any portion of which would be subject to the excise tax imposed by Section 4999 of the Code or any similar or successor provision (the "Excise Tax"), then, either (a) the Participant shall receive the full amount of payments and benefits to which the Participant is entitled under the Plan and any resulting Excise Tax due

shall be the sole responsibility of the Participant, or (b) the Participant's payments and benefits under this Plan shall be reduced to such lesser amount or degree as would result in no portion of any Payment being subject to the Excise Tax or being disallowed as a deduction under Section 280G of the Code; provided, that Participant shall be entitled to whichever of option (a) or (b) results in the best "after-tax" position for the Participant. If, pursuant to this Section 5.1, a Participant's payments and benefits are required to be reduced, the Company shall determine the manner in which the remaining Total Payments will be reduced. Within any category of payments and benefits (i.e., cash payments, equity-based payments and acceleration, and other non-cash forms of benefits), a reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A of the Code and then with respect to amounts that are deferred compensation. To the extent any such payments are to be made over time (e.g., in installments), the payments shall be waived in reverse chronological order.

5.2 **Determination.** Unless the Company and the Participant otherwise agree in writing, any determination required under this Section 5 or the Participant's Notice of Participation shall be made in writing by an independent accounting firm appointed by the Company (the "Accountants"), whose determination shall be conclusive and binding upon the Participant and the Company for all purposes. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations pursuant to this Section 5.

6. **Forfeiture of Severance Benefits.**

Notwithstanding any other provision of this Plan to the contrary, if it is determined by the Company that a Participant has violated the Company's code of conduct or code of ethics or violated any restrictive covenants contained in the Participant's general waiver and release or any other restrictive covenants contained in any other Company plan or program or agreement between the Company and the Participant, the Participant shall be required to repay to the Company an amount equal to the economic value of all Severance Payments and Company-Paid Coverage already paid or provided to the Participant under this Plan and the Participant shall forfeit all other entitlements under this Plan. Additional forfeiture provisions may apply under this Plan or other agreements between the Participant and the Company, and any such forfeiture provisions shall remain in full force and effect.

7. **Employment Status: Withholding.**

7.1 **Employment Status.** This Plan does not constitute a contract of employment or impose on the Participant or the Company any obligations to retain the Participant as an Employee, to change the status of the Participant's employment, or to change the Company's policies regarding termination of employment. The Participant's employment is and shall continue to be at will, as defined under applicable law. If the Participant's employment with the Company or a successor entity terminates for any reason that does not constitute, or occur in connection with, a Termination Event, the Participant shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Plan, or as may otherwise be available in accordance with the Company's established employee plans and practices or other agreements with the Company at the time of termination.

7.2 **Taxation of Plan Payments.** All amounts paid pursuant to this Plan shall be subject to regular payroll and withholding taxes.

8. **Successors to Company and Participants.**

8.1 **Company's Successors.** Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Plan and agree expressly to perform the obligations under this Plan by executing a written agreement. For all purposes under this Plan, the term "Company" shall include any successor to the Company's business and/or assets that executes and delivers the assumption agreement described in this subsection or that becomes bound by the terms of this Plan by operation of law.

8.2 **Participant's Successors.** All rights of the Participant hereunder shall inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

9. **Duration, Amendment, and Termination.**

9.1 **Duration.** This Plan shall terminate on January 31, 2023, unless (a) this Plan is extended by the Administrator, (b) a Change in Control occurs prior to January 31, 2023 or (c) the Administrator terminates this Plan in accordance with Section 9.2 below. If a Change in Control occurs prior to termination of this Plan pursuant to the preceding sentence, then this Plan shall terminate upon the date that all obligations of the Company hereunder have been satisfied. A termination of this Plan

pursuant to the preceding sentences shall be effective for all purposes, except that such termination shall not affect the payment or provision of compensation or benefits earned by a Participant prior to the termination of this Plan.

9.2 Amendment and Termination. The Administrator shall have the discretionary authority to amend this Plan in any respect, including as to the removal or addition of Participants, by resolution adopted by a majority of the Administrator, unless a Termination Event has previously occurred. This Plan may be terminated by resolution adopted by a majority of the Administrator, unless a Termination Event has previously occurred. If a Termination Event occurs, this Plan and the designation of Participants thereto shall no longer be subject to amendment, change, substitution, deletion, revocation or termination in any respect whatsoever without the prior written consent of each Participant to whom such action applies.

10. Administration

10.1 Power and Authority. The Administrator has all power and authority necessary or convenient to administer this Plan, including, but not limited to, the exclusive authority and discretion: (a) to construe and interpret this Plan; (b) to decide all questions of eligibility for and the amount of benefits under this Plan; (c) to prescribe procedures to be followed and the forms to be used by the Participants pursuant to this Plan; and (d) to request and receive from all Participants such information as the Administrator determines is necessary for the proper administration of this Plan.

10.2 Section 409A. The Company makes no representations or warranties to any Employee with respect to any tax, economic or legal consequences of this Plan or any payments to any Participant hereunder, including, without limitation, under Code Section 409A, and no provision of this Plan shall be interpreted or construed to transfer any liability for failure to comply with Code Section 409A or any other applicable legal requirements from the Participant or other individual to the Company or any of its affiliates. Each Participant, by executing a Notice of Participation, shall be deemed to have waived any claim against the Company and its affiliates with respect to any such tax, economic or legal consequences. However, the payments and benefits provided under this Plan are not intended to constitute deferred compensation that is subject to the requirements of Code Section 409A. Rather, the Company intends that this Plan and the payments and other benefits provided hereunder be exempt from the requirements of Code Section 409A, whether pursuant to the short-term deferral exception described in Treas. Reg. § 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treas. Reg. § 1.409A-1(b)(9)(iii), or otherwise. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered in a manner consistent with such intention. Without limiting the generality of the foregoing, and notwithstanding any other provision of the Plan to the contrary, all references herein to the termination of a Participant's employment are intended to mean the Participant's "separation from service" within the meaning of Code Section 409A(a)(2)(A)(i).

11. Claims Process

11.1 Claim for Benefits. A Participant (or any individual authorized by such Participant) has the right under ERISA and this Plan to file a written claim for benefits. To file a claim, the Participant must send the written claim to the Company's Vice President of Human Resources. If such claim is denied in whole or in part, the Participant shall receive written notice of the decision of the Company's Vice President of Human Resources within 90 days after the claim is received. Such written notice shall include the following information: (i) specific reasons for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the perfection of the claim and an explanation of why it is needed; and (iv) steps to be taken if the Participant wishes to appeal the denial of the claim, including a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA upon an adverse decision on appeal. If the Company's Vice President of Human Resources needs more than 90 days to make a decision, he or she shall notify the Participant in writing within the initial 90 days and explain why more time is required, and how much additional time is needed. If a Participant (or any individual authorized by such Participant) submits a claim according to the procedures above and does not hear from the Company's Vice President of Human Resources within the appropriate time, the Participant may consider the claim denied.

11.2 Appeals. The following appeal procedures give the rules for appealing a denied claim. If a claim for benefits is denied, in whole or in part, or if the Participant believes benefits under this Plan have not been properly provided, the Participant (or any individual authorized by such Participant) may appeal this denial in writing within 60 days after the denial is received by filing a written request for review with the Administrator. The Administrator shall conduct a review and make a final decision within 60 days after receiving the Participant's written request for review. If the Administrator needs more than 60 days to make a decision, it shall notify the Participant in writing within the initial 60 days and explain why more time is required and the date by which the Administrator expects to render its decision. The Administrator may then take 60 more days to make a decision. If such appeal is denied in whole or in part, the decision shall be in writing and shall include the following information: (i) specific reasons for the denial; (ii) specific reference to pertinent Plan provisions on which the denial is based; (iii) a statement of the Participant's right to access and receive copies, upon request and free of charge, of all documents and other information relevant to such claim for benefits; and (iv) a statement of the Participant's (or representative's) right to bring a civil action under Section 502(a) of ERISA. If the Administrator does not respond within the applicable time frame, the Participant may consider the appeal denied. If a Participant's claim is denied, in whole or in part, the Participant (or any

individual authorized by such Participant) will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (within the meaning of 29 C.F.R. § 2560.503-1(m)(8)) to his or her claim. Likewise, a Participant (or any individual authorized by such Participant) who submits a written request to appeal a denied claim shall have the right to submit any comments, documents, records or other information relating to the claim that he or she wishes to provide.

11.3 Limitations Period. A Participant must pursue the claim and appeal rights described above before seeking any other legal recourse regarding a claim for benefits. The Participant may thereafter file an action in a court of competent jurisdiction, but he or she must do so within 180 days after the date of the notice of decision on appeal or such action will be forever barred. Any judicial review of the Administrator's decision on a claim will be limited to whether, in the particular instance, the Administrator abused its discretion. In no event will such judicial review be on a de novo basis, because the Administrator has discretionary authority to determine eligibility for (and the amount of) payments and benefits under the Plan and to construe and interpret the terms and provisions of the Plan.

12. Notices and Assignment.

12.1 General. Notices and all other communications contemplated by this Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Participant, mailed notices shall be addressed to him or her at the home address that he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Vice President of Human Resources.

12.2 Notice of Termination by the Company. Any termination by the Company in connection with a Termination Event pursuant to the terms herein shall be communicated by a notice of termination to the Participant at least five (5) days prior to the date of such termination (or at least thirty (30) days prior to the date of a termination by reason of the Participant's Disability). Such notice shall indicate the specific termination provision or provisions in this Plan relied upon (if any), shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision or provisions so indicated, and shall specify the termination date.

12.3 Notice by the Participant of Potential Involuntary Termination. In the event that the Participant (a) determines that a condition constituting Good Reason has occurred at any time within twelve (12) months following a Change in Control and (b) desires to terminate his employment with the Company for such Good Reason, the Participant shall give written notice to the Company of the condition that Participant believes constitutes Good Reason and Participant's intent to terminate his employment if the condition is not remedied by the Company within the period described below. The notice shall be delivered by the Participant to the Company within ninety (90) days following the initial existence of the condition that Participant believes constitutes Good Reason, shall specify a termination date that is no less than thirty-one (31) days and no more than ninety (90) days after the Company receives such notice, shall indicate the specific provisions or provisions in this Plan upon which the Participant relied to make such determination and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such determination. The failure by the Participant to include in the notice any fact or circumstance that contributes to a showing of Good Reason shall not waive any right of the Participant hereunder or preclude the Participant from asserting such fact or circumstance in enforcing his or her rights hereunder. The Company shall have thirty (30) days following its receipt of such notice to remedy the condition constituting Good Reason and, if it does remedy the condition within such thirty (30) day period, then the Participant's termination shall not be for Good Reason.

12.4 Assignment by Company. The Company may assign its rights under this Plan to an affiliate, and an affiliate may assign its rights under this Plan to another affiliate of the Company or to the Company; provided, however, that no assignment shall be made if the net worth of the assignee is less than the net worth of the Company at the time of assignment; provided, further, that the Company shall guarantee all benefits payable hereunder. In the case of any such assignment, the term "Company" when used in this Plan shall mean the corporation that actually employs the Participant.

13. Miscellaneous.

13.1 Governing Law, Jurisdiction and Venue. This Plan is intended to be, and shall be interpreted as, an unfunded employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) for a select group of management or highly compensated employees (within the meaning of Section 2520.104-24 of Department of Labor Regulations) and it shall be enforced in accordance with ERISA. Any Participant or other person filing an action related to this Plan shall be subject to the jurisdiction and venue of the federal courts of the State of Oregon.

13.2 Employment Status. Except as may be provided under any other agreement between a Participant and the Company, the employment of the Participant by the Company is "at will" and, prior to a Termination Event, may be terminated by either the Participant or the Company at any time, subject to applicable law.

13.3 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Plan are not part of the provisions hereof and shall have no force and effect.

13.4 Effect of Plan. This Plan, as amended, shall completely replace and supersede any prior version of this Plan and any other verbal or written document or communication concerning severance benefits. In addition, severance benefits shall not be counted as "compensation," or any equivalent term, for purposes of determining benefits under other plans, programs or practices owing to the Participant from the Company, except to the extent expressly provided therein. Except as otherwise specifically provided for in this Plan, the Participant's rights under all such agreements, plans, provisions, and practices continue to be subject to the respective terms and conditions thereof.

Exhibit A

to

COLUMBIA SPORTSWEAR COMPANY

SECOND AMENDED CHANGE IN CONTROL SEVERANCE PLAN

Tier	Amount of Cash Severance Payment
I	3.0 times the Tier I Participant's Base Salary
II	2.25 times the Tier II Participant's Base Salary
III	1.4 times the Tier III Participant's Base Salary
IV	1.3 times the Tier IV Participant's Base Salary

Exhibit B

to

COLUMBIA SPORTSWEAR COMPANY

SECOND AMENDED CHANGE IN CONTROL SEVERANCE PLAN

Tier	Amount of Cash Severance Payment
I	3.75 times the Tier I Participant's Base Salary
II	3.0 times the Tier II Participant's Base Salary
III	2.1 times the Tier III Participant's Base Salary
IV	1.95 times the Tier IV Participant's Base Salary

**COLUMBIA SPORTSWEAR COMPANY
SECOND AMENDED CHANGE IN CONTROL SEVERANCE PLAN**

NOTICE OF PARTICIPATION

To:

Date: _____, 20__

The Administrator has designated you as a Participant in the Plan, a copy of which is attached hereto. The terms and conditions of your participation in the Plan are as set forth in the Plan and herein. The terms defined in the Plan shall have the same defined meanings in this Notice of Participation. As a condition to receiving benefits under the Plan, you must sign a general waiver and release in the form provided by the Company. The variables relating to your Plan participation are as follows:

Tier __ Participant

The Severance Payment is subject to forfeiture or repayment in certain cases if the Participant has violated the Company's code of ethics or code of conduct or the Participant's restrictive covenants with the Company.

If you agree to participate in the Plan on these terms and conditions, please acknowledge your acceptance by signing below. Please return the signed copy of this Notice of Participation within ten (10) days of the date set forth above to:

Your failure to timely remit this signed Notice of Participation will result in your immediate removal from the Plan. Please retain a copy of this Notice of Participation, along with the Plan, for your records.

Date: _____ Signature: _____

CERTIFICATION

I, Timothy P. Boyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Sportswear Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/TIMOTHY P. BOYLE

Timothy P. Boyle

President, Chief Executive Officer

CERTIFICATION

I, Jim A. Swanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Sportswear Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President, Chief Financial Officer

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company”) on Form 10-Q for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Timothy P. Boyle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2017

/s/ TIMOTHY P. BOYLE

Timothy P. Boyle
President, Chief Executive Officer
Columbia Sportswear Company

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company”) on Form 10-Q for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Thomas B. Cusick, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 3, 2017

/s/ JIM A. SWANSON

Jim A. Swanson
Senior Vice President, Chief Financial Officer
Columbia Sportswear Company