UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 September 30, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

COLUMBIA SPORTSWEAR COMPANY
(Exact name of registrant as specified in its charter)

Oregon	0-23939	93-0498284
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification Number)

14375 Northwest Science Park Drive Portland, Oregon	97229
(Address of principal executive offices)	(Zip Code)

(503) 985-4000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

The number of shares of Common Stock outstanding on October 22, 2004 was 39,939,657.

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COLUMBIA SPORTSWEAR COMPANY
September 30, 2004

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Item 1 – *FINANCIAL STATEMENTS*

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

	September 30, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 123,344	$ 264,585
Accounts receivable, net of allowance of $9,562 and $8,852, respectively	374,696	206,024
Inventories (Note 3)	194,381	126,808
Deferred tax assets	17,746	17,442
Prepaid expenses and other current assets	10,363	5,371
Total current assets	720,530	620,230
Property, plant, and equipment, net	150,089	126,247
Intangibles and other assets (Note 4)	26,061	25,132
Goodwill (Note 4)	12,157	12,157
Total assets	$ 908,837	$ 783,766
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 71,291	$ 62,432
Accrued liabilities	55,754	43,789
Income taxes payable	34,762	8,069
Current portion of long-term debt	4,571	4,596
Total current liabilities	166,378	118,886
Long-term debt	11,714	16,335
Other liabilities	8,110	7,716
Total liabilities	186,202	142,937
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—
Common stock; 125,000 shares authorized; 39,970 and 40,253 issued and outstanding, respectively	160,292	182,188
Retained earnings	534,631	435,364
Accumulated other comprehensive income (Note 5)	27,712	23,277
Total shareholders' equity	722,635	640,829
Total liabilities and shareholders' equity	$ 908,837	$ 783,766

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net sales	$415,759	$373,409	$793,531	$694,357
Cost of sales	219,371	194,592	430,029	374,077
Gross profit	196,388	178,817	363,502	320,280
Selling, general, and administrative expense	92,689	78,748	215,545	182,213
Net licensing income	(1,594)	(678)	(3,072)	(1,287)
Income from operations	105,293	100,747	151,029	139,354
Interest income	(1,142)	(758)	(3,398)	(2,110)
Interest expense	120	906	525	1,886
Income before income tax	106,315	100,599	153,902	139,578
Income tax expense	37,742	37,027	54,635	51,644
Net income (Note 5)	$ 68,573	$ 63,572	$ 99,267	$ 87,934
Earnings per share (Note 6):				
Basic	$ 1.70	$ 1.59	$ 2.46	$ 2.20
Diluted	1.68	1.56	2.42	2.17
Weighted average shares outstanding :				
Basic	40,254	39,984	40,347	39,894
Diluted	40,895	40,781	40,977	40,540

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Cash Provided By (Used In) Operating Activities:		
Net income	$ 99,267	$ 87,934
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,082	17,316
(Gain) loss on disposal of property, plant, and equipment	269	(88)
Deferred income taxes	(1,315)	(4,541)
Tax benefit from employee stock plans	3,407	5,275
Changes in operating assets and liabilities:		
Accounts receivable	(167,373)	(151,330)
Inventories	(66,686)	(58,271)
Prepaid expenses and other current assets	(4,993)	(699)
Other assets	(442)	(232)
Accounts payable	10,464	(395)
Accrued liabilities	12,000	10,243
Income taxes payable	26,263	33,763
Other liabilities	870	—
Net cash used in operating activities	(74,187)	(61,025)
Cash Provided by (Used in) Investing Activities:		
Mountain Hardwear net assets acquired, net of cash	—	(29,865)
Capital expenditures	(38,462)	(7,166)
Proceeds from sale of property, plant, and equipment	28	88
Net cash used in investing activities	(38,434)	(36,943)
Cash Provided by (Used in) Financing Activities:		
Proceeds from notes payable	8,201	2,781
Repayments on notes payable	(8,201)	(12,727)
Repayment of Mountain Hardwear debt	—	(6,413)
Repayment of long-term debt	(4,588)	(4,505)
Proceeds from employee stock plans	9,905	10,274
Repurchase of common stock	(35,208)	(498)
Net cash used in financing activities	(29,891)	(11,088)
Net Effect of Exchange Rate Changes on Cash	1,271	268
Net Decrease in Cash and Cash Equivalents	(141,241)	(108,788)
Cash and Cash Equivalents, Beginning of Period	264,585	194,670
Cash and Cash Equivalents, End of Period	$ 123,344	$ 85,882
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest, net of capitalized interest	$ 567	$ 1,782
Cash paid during the period for income taxes	27,790	16,475
Supplemental Disclosures of Non-Cash Financing Activities:		
Assumption of Mountain Hardwear debt	$ —	$ 6,413

See accompanying notes to condensed consolidated financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

The accompanying unaudited condensed consolidated financial statements have been prepared by the management of Columbia Sportswear Company (the "Company") and in the opinion of management contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company's financial position as of September 30, 2004, the results of operations for the three and nine months ended September 30, 2004 and 2003 and cash flows for the nine months ended September 30, 2004 and 2003. The results of operations for the three and nine months ended September 30, 2004 are not necessarily indicative of the results to be expected 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 ("generally accepted accounting principles") 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 financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Certain reclassifications of amounts reported in the prior period financial statements have been made to conform to classifications used in the current period financial statements.

Beginning with the Company's annual report for the year ended December 31, 2003, net licensing income was presented as a separate line item in the Company's consolidated statement of operations for all years presented. Net licensing income has historically been presented as an offset to selling, general and administrative ("SG&A") expense.

Use of estimates:

The preparation of condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from these estimates and assumptions. Some of these estimates relate to revenue recognition, allowance for doubtful accounts, inventory, product warranty, and income taxes.

Stock-based compensation:

The Company has elected to follow the accounting provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees," for stock-based compensation and to furnish the pro forma disclosures required under Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure." No stock-based employee compensation cost is reflected in net income because all options granted under those plans had an exercise price no less than the market value of the underlying common stock on the date of the grant.

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The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based compensation (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net income, as reported	$68,573	$63,572	$99,267	$87,934
Add: Stock-based employee compensation expense included in reported net income, net of tax	—	—	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	2,447	2,236	6,908	6,026
Pro forma net income	$66,126	$61,336	$92,359	$81,908
Earnings per share - basic				
As reported	$ 1.70	$ 1.59	$ 2.46	$ 2.20
Pro forma	1.64	1.53	2.29	2.05
Earnings per share – diluted				
As reported	$ 1.68	$ 1.56	$ 2.42	$ 2.17
Pro forma	1.62	1.50	2.25	2.02

The effects of applying SFAS No. 123 in this pro forma disclosure are not necessarily indicative of future amounts.

Product warranty:

Some of our products carry limited warranty provisions for defects in quality and workmanship. A reserve is established at the time of sale to cover estimated warranty costs based on the Company's history of warranty repairs and replacements. A summary of accrued warranties for the three and nine months ended September 30, 2004 and 2003 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Balance at beginning of period	$ 8,767	$ 8,376	$ 8,642	$ 7,800
Charged to costs and expenses	618	783	2,774	2,940
Claims settled	(374)	(353)	(2,405)	(1,934)
Balance at end of period	$ 9,011	$ 8,806	$ 9,011	$ 8,806

NOTE 2 - ACQUISITION

On March 31, 2003, the Company acquired Mountain Hardwear, Inc. ("Mountain Hardwear") for aggregate consideration of approximately $36 million, including approximately $30 million in cash and $6 million of debt assumption. Mountain Hardwear, which is based in Richmond, California, designs, develops and markets technically advanced equipment and apparel for outdoor enthusiasts and professionals. The acquisition was accounted for under the purchase method of accounting and the results of operations of Mountain Hardwear have been recorded in the Company's consolidated financial statements beginning on April 1, 2003. The cost of the acquisition was allocated on the basis of the estimated fair value of the assets acquired and the liabilities assumed. The fair values of assets and liabilities acquired are presented below (in thousands):

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Cash	$ 370
Accounts receivable	6,236
Inventory	8,600
Prepaids and other assets	19
Property, plant and equipment	440
Intangible assets	28,357
Total assets acquired	44,022
Accounts payable and accrued liabilities	1,181
Deferred tax liabilities	6,193
Debt	6,413
Total liabilities assumed	13,787
Net assets acquired	$30,235

Intangible assets acquired consist of $15.0 million for the trademark and trade names of Mountain Hardwear, $12.2 million for goodwill and $1.2 million for patents. The $16.2 million of purchase price allocated to the trademark and trade names and patents was determined by management and, in part, by a third party appraiser through established valuation techniques. The trademark and trade names and goodwill are not subject to amortization as these assets are deemed to have indefinite useful lives. Patents are subject to amortization over 17 years from the date filed with the U.S. Patent and Trademark Office. At the time of the acquisition, the remaining useful lives of these patents ranged from 13 to 15 years and the weighted average useful life was 14.3 years. These intangible assets will be reviewed for impairment in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets."

NOTE 3 - INVENTORIES

Inventories are carried at the lower of cost or market. Cost is determined using the first-in, first-out method. The Company periodically reviews its inventory for excess, close-out and slow moving items and makes provisions as necessary to properly reflect inventory value.

Inventories consist of the following (in thousands):

	September 30, 2004	December 31, 2003
Raw materials	$ 3,256	$ 3,386
Work in process	8,546	3,692
Finished goods	182,579	119,730
	$ 194,381	$ 126,808

NOTE 4 - INTANGIBLE ASSETS AND GOODWILL

The Company adopted SFAS No. 142 effective January 1, 2002. In accordance with SFAS No. 142, certain intangible assets with indefinite useful lives are no longer being amortized and are periodically evaluated for impairment. Certain intangible assets that are determined to have definite lives continue to be amortized over their useful lives. The Company reviews and tests its goodwill and intangible assets for impairment in the fourth quarter of each year and when events or changes in circumstances indicate that the carrying amount of such assets may be impaired.

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

	September 30, 2004		December 31, 2003	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Patents	$ 1,200	$ (126)	$ 1,200	$ (63)
Intangible assets not subject to amortization:				
Trademarks and trade names	$21,971		$21,971	
Goodwill	12,157		12,157	
	$34,128		$34,128	

Amortization expense for intangible assets subject to amortization in each of the next five fiscal years is estimated to be $0.1 million in each of 2004, 2005, 2006, 2007 and 2008.

Other non-current assets totaled $3.0 million at September 30, 2004 and $2.0 million at December 31, 2003.

NOTE 5 - COMPREHENSIVE INCOME

Accumulated other comprehensive income reported on the Company's consolidated balance sheets consists of foreign currency translation adjustments and the unrealized gains and losses, net of applicable taxes, on derivative transactions. Comprehensive income, net of related tax effects, is as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Net income	$68,573	$63,572	$ 99,267	$ 87,934
Unrealized derivative holding gains (losses) arising during period, net of tax	(913)	2,600	567	1,450
Reclassification adjustment for gains (losses) included in net income	962	(91)	2,549	(63)
Net unrealized gain on derivative transactions	49	2,509	3,116	1,387
Foreign currency translation adjustments	6,546	2,335	1,319	14,957
Total comprehensive income	$75,168	$68,416	$103,702	$104,278

Accumulated other comprehensive income consisted of the following (in thousands):

	Foreign currency translation	Unrealized holding gains (losses) on derivative transactions	Accumulated other comprehensive income
Balance at December 31, 2003	$ 25,741	$ (2,464)	$ 23,277
Activity for the nine months ended September 30, 2004	1,319	3,116	4,435
Balance at September 30, 2004	$ 27,060	$ 652	$ 27,712

NOTE 6 - EARNINGS PER SHARE

SFAS No. 128, "Earnings per Share," requires dual presentation of basic and diluted earnings per share ("EPS"). Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

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There were no adjustments to net income in computing diluted EPS for the three and nine months ended September 30, 2004 and 2003. A reconciliation of the common shares used in the denominator for computing basic and diluted EPS is as follows (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Weighted average common shares outstanding, used in computing basic earnings per share	40,254	39,984	40,347	39,894
Effect of dilutive stock options	641	797	630	646
Weighted average common shares outstanding, used in computing diluted earnings per share	40,895	40,781	40,977	40,540
Earnings per share of common stock:				
Basic	$ 1.70	$ 1.59	$ 2.46	$ 2.20
Diluted	1.68	1.56	2.42	2.17

Options to purchase an additional 18,000 and -0- shares of common stock were outstanding for the three months ended September 30, 2004 and 2003, respectively, and 24,950 and 48,210 shares of common stock were outstanding for the nine months ended September 30, 2004 and 2003, respectively, but these shares were excluded in the computation of diluted EPS because their effect would be antidilutive.

In June 2003, the Company repurchased 234,831 unvested shares of its common stock awarded to a former key employee under a Deferred Compensation Conversion Agreement. The repurchase cost was approximately $498,000 and was accounted for as a reduction to shareholders' equity.

In April 2004, the Company's Board of Directors authorized the repurchase of up to $100 million 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. At September 30, 2004, the Company had repurchased 653,535 shares under this program at an aggregate purchase price of $35.2 million.

NOTE 7- SEGMENT INFORMATION

The Company operates in one industry segment: the design, production, marketing and selling of active outdoor apparel, including outerwear, sportswear, footwear, accessories and equipment.

The geographic distribution of the Company's net sales, income before income tax, and identifiable assets are summarized in the following tables (in thousands). In addition to the geographic distribution of net sales, the Company's net sales by major product line are also summarized below. Inter-geographic net sales, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net sales to unrelated entities:				
United States	$264,385	$249,835	$485,582	$439,890
Canada	49,539	49,361	84,393	78,421
Europe	58,801	45,654	126,237	98,249
Other International	43,034	28,559	97,319	77,797
	$415,759	$373,409	$793,531	$694,357

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	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Income before income tax:				
United States	$ 74,483	$ 82,846	$ 98,840	$104,910
Canada	11,881	12,019	12,727	15,781
Europe	10,814	3,403	19,802	5,340
Other International	7,255	4,500	17,046	12,695
Interest income, net and eliminations	1,882	(2,169)	5,487	852
	$106,315	$100,599	$153,902	$139,578

	September 30, 2004	December 31, 2003
Total assets:		
United States	$ 849,400	$ 729,533
Canada	86,239	69,184
Europe	200,315	163,514
Other International	48,551	46,985
	1,184,505	1,009,216
Eliminations	(275,668)	(225,450)
Total assets	$ 908,837	$ 783,766

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Net sales to unrelated entities:				
Outerwear	$224,405	$220,930	$305,636	$303,677
Sportswear	108,346	86,032	315,735	252,602
Footwear	62,715	46,184	131,821	104,170
Accessories	18,623	18,915	33,455	30,103
Equipment (1)	1,670	1,348	6,884	3,805
	$415,759	$373,409	$793,531	$694,357

(1) The equipment product category was introduced with the acquisition of Mountain Hardwear and consists primarily of tents and sleeping bags.

NOTE 8 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As part of the Company's risk management programs, the Company uses a variety of financial instruments, including foreign currency option and forward exchange contracts. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company hedges against the currency risk associated with firmly committed and anticipated transactions for the next twelve months denominated in European euros, Canadian dollars or Japanese yen.

The Company accounts for these instruments as cash flow hedges. In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activity," as amended, such financial instruments are marked to market with the offset to accumulated other comprehensive income and subsequently recognized as a component of cost of goods sold when the underlying transaction is recognized. Hedge effectiveness is determined by evaluating whether gains and losses on hedges will offset gains and losses on the underlying exposures. Hedge ineffectiveness was not material during the three and nine months ended September 30, 2004 and 2003.

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

Forward Looking Statements

This Quarterly Report, including Items 1, 2 and 3 of Part I, contains forward-looking statements. Forward-looking statements include any statements related to our expectations regarding future performance or conditions, including any statements regarding anticipated sales growth across markets, distribution channels, and product categories, access to raw materials and factory capacity, and financing and working capital requirements and resources.

These forward-looking statements, and others we make from time to time, are subject to a number of risks and uncertainties. Many factors could cause actual results to differ materially from those projected in forward-looking statements, including the risks described below under the heading "Factors That May Affect Our Business and the Price of Our Common Stock." 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.

Overview

Since our initial public offering in 1998, our net sales have steadily increased from $427.3 million in 1998 to $951.8 million in 2003, which equates to a compound annual growth rate of 17.4% for this period. Although we cannot predict future results with certainty, our long-term goal is to capitalize on global market opportunities for each of our key product categories. We are committed to our four-pronged growth strategy of enhancing the retail productivity of our customers, leveraging our brands in international markets, further developing our product categories and selectively broadening our retail distribution channels. With our well developed sourcing and distribution infrastructure and proven design and product development teams, we believe that we are well positioned for future long-term growth.

Highlights for the quarter ended September 30, 2004, compared to the same period in 2003, are as follows:

- Net sales increased 11.4% to $415.8 million. Excluding changes in currency exchange rates, net sales increased 9.3% to $408.2 million.
- Sales grew in each of our product categories except accessories. The majority of our sales growth resulted from increased shipments of sportswear and footwear in the United States and outerwear in Europe and in our international distributor markets. As a result of continued weakness in our youth outerwear business, net sales of outerwear in the United States declined. We attribute our consolidated sales growth to the strength of our product offerings, which performed well within existing sales channels and key accounts.
- Net income increased 7.9% to $68.6 million, and diluted earnings per share increased to $1.68. Excluding changes in currency exchange rates, net income increased 5.8% to $67.3 million, and diluted earnings per share increased to $1.65.
- Our backlog for the spring 2005 selling season increased $47.0 million, or 16.1%, to $339.5 million as of September 30, 2004 from $292.5 million as of September 30, 2003. Excluding changes in currency exchange rates, spring 2005 backlog increased 13.9% to $333.3 million. Although, we cannot predict with certainty any future results, our reported backlog is one indicator of our anticipated growth rates for the spring 2005 selling season. Many factors, however, could cause actual sales to differ materially from reported future order backlog.

Results of Operations

Net income increased $5.0 million, or 7.9%, to $68.6 million for the third quarter of 2004 from $63.6 million for the comparable period in 2003. Diluted earnings per share increased $0.12 to $1.68 for the third quarter of 2004 from $1.56 for the comparable period in 2003.

The following table sets forth, for the periods indicated, the percentage relationship to net sales of specified items in our consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	52.8	52.1	54.2	53.9
Gross profit	47.2	47.9	45.8	46.1
Selling, general and administrative expense	22.3	21.1	27.2	26.2
Net licensing income	(0.4)	(0.2)	(0.4)	(0.1)
Income from operations	25.3	27.0	19.0	20.0
Interest (income) expense, net	(0.3)	0.1	(0.4)	(0.1)
Income before income tax	25.6	26.9	19.4	20.1
Income tax expense	9.1	9.9	6.9	7.4
Net income	16.5 %	17.0 %	12.5 %	12.7 %

Three Months Ended September 30, 2004 Compared to Three Months Ended September 30, 2003

Net Sales: Consolidated net sales increased 11.4% to $415.8 million for the third quarter of 2004 from $373.4 million for the comparable period in 2003. Net sales growth was largely the result of increased shipments of sportswear and footwear in the United States and outerwear in Europe and our international distributor markets.

Net sales grew in each major international geographic region, led by the United States, followed by our European, Other International and Canadian businesses. Sales growth was attributable to an increase in unit sales volume across all major geographic regions and product categories. We continued to experience a shift in our sales product mix as sales of sportswear and footwear grew faster than our other product categories.

Net sales from outerwear increased $3.5 million, or 1.6%, to $224.4 million for the third quarter of 2004 from $220.9 million for the comparable period in 2003. Outerwear sales growth was the strongest in Europe and in our international distributor markets. Sales growth in Europe was primarily attributable to increased sales within existing sales channels and key accounts. Shipments to our distributors in Russia, Hong Kong/China and South America contributed to the sales growth achieved in our international distributor channel. Primarily as a result of weakness in our youth outerwear category, shipments of outerwear decreased in the United States.

Net sales from sportswear increased $22.4 million, or 26.0%, to $108.4 million for the third quarter of 2004 from $86.0 million for the comparable period in 2003. Sportswear sales growth was largely the result of increased shipments of knitted fleece tops in the United States. Internationally, sales of sportswear increased in Canada and in our Other International businesses partially offset by a slight decrease in European sales.

Net sales from footwear increased $16.5 million, or 35.7%, to $62.7 million for the third quarter of 2004 from $46.2 million for the comparable period in 2003. Footwear sales grew in all geographic regions, led by the United States and followed by Europe, Canada and our Other International businesses. We attribute the increase in footwear sales primarily to increased sales within existing sales channels and key accounts.

Net sales from accessories decreased $0.3 million, or 1.6%, to $18.6 million for the third quarter of 2004 from $18.9 million for the comparable period in 2003. The decrease in net sales of accessories was due to decreased sales in the United States and Europe, partially offset by sales growth in our Other International businesses and Canada. Sales of youth accessories decreased in the United States which can be partially attributed to the weakness in our youth outerwear category.

Net sales from equipment increased $0.3 million, or 21.4%, to $1.7 million for the third quarter of 2004 from $1.4 million for the third quarter of 2003. Equipment sales were generated by sales of Mountain Hardwear products predominately in the United States.

Net sales in the United States increased $14.6 million, or 5.8%, to $264.4 million for the third quarter of 2004 from $249.8 million for the comparable period in 2003. The increase in domestic net sales was the result of increased sales from sportswear, footwear and equipment partially offset by decreased sales from outerwear and accessories. The increase in sportswear and footwear sales drove our United States sales growth for the quarter, which was primarily attributable to increased sales within existing sales channels and key accounts. Sales of outerwear decreased due primarily to weaknesses in our youth outerwear category.

Europe's net sales increased $13.1 million, or 28.7%, to $58.8 million for the third quarter of 2004 from $45.7 million for the comparable period in 2003. Excluding changes in currency exchange rates, Europe's net sales increased 18.9%. Increased outerwear shipments were the major catalyst for Europe's sales growth during the quarter. The outerwear sales growth is attributable to increased sales within existing sales channels and key accounts. Footwear also contributed to Europe's sales growth while sales of sportswear and accessories decreased slightly.

Canada's net sales increased $0.1 million, or 0.2%, to $49.5 million for the third quarter of 2004 from $49.4 million for the comparable period in 2003. Excluding changes in currency exchange rates, Canada's net sales decreased 4.1%. Shipments of footwear, sportswear and accessories increased during the period while outerwear sales decreased. The slight increase in Canadian sales was primarily due to a shift in the timing of some fall related product shipments to the fourth quarter of this year. We expect Canada's outerwear sales in 2004 to be comparable with outerwear sales in 2003.

Net sales from Other International including Japan, Korea and our international distributor channel increased $14.6 million, or 51.2%, to $43.1 million for the third quarter of 2004 from $28.5 million for the comparable period in 2003. Excluding changes in currency exchange rates, Other International sales increased 47.8%. From a product category perspective, sales growth was predominately the result of increased sales of outerwear and sportswear. However, sales of footwear, accessories and equipment also increased.

Gross Profit*:* Gross profit, as a percentage of net sales, was 47.2% for the third quarter of 2004 compared to 47.9% for the comparable period in 2003. The decrease in gross margin was primarily the result of a shift in our product sales mix between product categories. To a lesser degree, shifts in product sales mix within our product categories and an increase in sales from our lower-margin international distributor channel also resulted in a decrease in gross margin. These decreases in our gross margin were partially offset by the favorable impact from changes in currency exchange rates.

The decrease in gross margin resulting from the shift in product sales mix arose from a change in the proportion of products selling at higher gross margins compared to those selling at lower margins. From a product category perspective, we sold a greater proportion of lower margin sportswear and footwear products for the third quarter of 2004 than for the comparable period in 2003. Similarly, as a proportion of total net sales, we sold fewer higher margin outerwear products for the third quarter of 2004 than for the comparable period in 2003. For the third quarter of 2004, outerwear sales represented 54.0% of net sales compared to 59.2% of net sales for the third quarter of 2003 while sportswear and footwear net sales increased to 26.1% and 15.1%, respectively, in the third quarter of 2004 from 23.0% and 12.4%, respectively, for the third quarter of 2003. For the remainder of 2004, we anticipate the shift in product sales mix will continue to exert pressure on our gross margins.

Our gross margin may not be comparable to those of companies that include all of the costs related to their distribution networks in cost of sales. Some companies such as ours, however, have chosen to include these expenses as a component of selling, general and administrative expense.

Selling, General and Administrative Expense: Selling, general and administrative ("SG&A") expense includes all costs associated with our design, marketing, distribution and corporate functions, including depreciation and amortization. Our quarterly report for the quarter ended September 30, 2003 and prior periods included net licensing income as an offset to SG&A expense. For the purposes of this quarterly report for the quarter ended September 30, 2004 and our annual report for the year ended December 31, 2003, net licensing income is presented as a separate line item in our consolidated statement of operations for each period presented.

SG&A expense increased $14.0 million, or 17.8%, to $92.7 million for the third quarter of 2004 from $78.7 million for the comparable period in 2003. As a percentage of net sales, SG&A expense increased to 22.3% for the third quarter of 2004 from 21.1% for the comparable period in 2003. The increase was largely due to higher variable selling expenses and personnel related costs partially offset by a decrease in depreciation expense. Excluding changes in currency exchange rates, SG&A expense increased $12.0 million, or 15.2%.

The increase in selling expense was predominately related to our net sales growth. As a result of increased advertising costs and commissions expense, selling expenses also increased as a percentage of net sales. The rise in advertising costs was the result of increased marketing efforts internationally and continued investment in domestic promotional activities. The increase in commission expense was primarily attributable to an increase in the relative level of commissionable sales globally.

The increase in general and administrative expense was primarily due to an increase in personnel related costs, and to a lesser extent, provision for bad debts and professional fees, partially offset by a decrease in depreciation expense. The increase in personnel costs was primarily due to an expansion of our product offerings, our new distribution center in Kentucky and additional costs to support the higher level of sales and anticipated sales growth. Depreciation and amortization totaled $4.2 million for the third quarter of 2004 compared to $5.8 million for the comparable period in 2003. The decrease was primarily related to some assets in the United States becoming fully depreciated.

Net Licensing Income: As our licensees have gained momentum in the marketplace with the sale of our branded products, our licensing arrangements have been highly profitable for the Company. Although net licensing income is not a significant contributor to income, beginning in 2003 net licensing income was presented as a separate line item in our consolidated statement of operations for all years presented. Historically, licensing income was presented as an offset to SG&A expense.

We derive net licensing income from income that we earn through licensing our trademarks across a range of categories that complement our current product offerings. For the third quarter of 2004, we recognized licensing income from eleven licensees. Products distributed by the licensees included socks, bags, packs, leather outerwear, eyewear, watches, camping gear, home furnishings and other accessories.

Net licensing income increased $0.9 million, or 128.6%, to $1.6 million for the third quarter of 2004 from $0.7 million for the comparable period in 2003. Licensing income was led by socks, followed by Columbia licensed bags and leather outerwear.

Interest (Income) Expense, Net: Interest income increased to $1.1 million for the third quarter of 2004 from $0.8 million for the comparable period in 2003. The increase in interest income was due to the higher cash balance and higher interest rate environment compared to the same period in 2003. Interest expense decreased to $0.1 million for the third quarter of 2004 from $0.9 million for the comparable period in 2003. The decrease in interest expense was primarily attributable to an increase in capitalized interest related to the construction of the distribution center in Henderson County, Kentucky, and repayments of notes payable and long-term debt.

Income Tax Expense: The provision for income taxes increased to $37.7 million for the third quarter of 2004 from $37.0 million for the comparable period in 2003. The reduction in the annual estimated effective tax rate from 37.0% to 35.5% was due to several factors, including changes in the geographic mix of taxable income, as some of our international growth rates exceeded our domestic growth rates, and expected reductions in our overall state income tax expense.

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

Net Sales: Consolidated net sales increased 14.3% to $793.5 million for the nine months ended September 30, 2004 from $694.4 million for the comparable period in 2003. The majority of the sales growth resulted from increased shipments of sportswear and footwear in the United States, outerwear and footwear in Europe and outerwear in our international distributor channel.

Net sales grew in each major international geographic region in which we operate, led by the United States, followed by our European, Other International and Canadian businesses. Net sales growth was attributable to an increase in unit sales volume across all geographic markets and product categories. Unit sales volume growth was led by sportswear, followed by footwear, outerwear, accessories and equipment. Net sales growth was led by sportswear, followed by footwear, accessories, equipment and outerwear.

We continued to experience a shift in our product sales mix as sales of sportswear and footwear grew faster than outerwear. This shift in product sales mix is in-line with our sales expectations.

Net sales from outerwear increased $1.9 million, or 0.6%, to $305.6 million from $303.7 million for the comparable period in 2003. Outerwear sales increased significantly in Europe and our international distributor markets. These increases were offset considerably, however, by decreases in outerwear sales in the United States and Canada. The decrease in outerwear sales in the United States was largely attributable to weakness in the youth outerwear category.

Net sales from sportswear increased $63.1 million, or 25.0%, to $315.7 million from $252.6 million for the comparable period in 2003. Sportswear sales growth was led by the United States, followed by Other International, Europe and Canada markets.

Net sales from footwear increased $27.6 million, or 26.5%, to $131.8 million from $104.2 million for the comparable period in 2003. Footwear sales growth was led by the United States, followed by Europe, Canada and Other International markets.

Net sales from accessories increased $3.4 million, or 11.3%, to $33.5 million from $30.1 million for the comparable period in 2003. Sales growth for accessories was predominately the result of increased sales in our Other International markets. Sales of accessories in the United States, Canada and Europe also contributed to our sales growth.

Net sales from equipment were $6.9 million for the nine months ended September 30, 2004. Net sales data is not comparable for 2003 since this product category was added following our acquisition of Mountain Hardwear in April 2003 and includes only six months of sales in 2003.

Net sales in the United States increased $45.7 million, or 10.4%, to $485.6 million from $439.9 million for the comparable period in 2003. Excluding sales of Mountain Hardwear products, domestic net sales increased 8.0%. The increase in net sales in the United States was mainly the result of increased sales of sportswear and footwear partially offset by decreased outerwear sales. Equipment and accessories also contributed to net sales growth in the United States.

Europe’s net sales increased $27.9 million, or 28.4%, to $126.2 million from $98.3 million for the comparable period in 2003. Excluding changes in currency exchange rates, Europe’s net sales increased 15.6%. Sales growth was achieved across all product categories in Europe for the nine months ended September 30, 2004. Outerwear led Europe’s sales growth, followed by footwear, sportswear and accessories.

Canada’s net sales increased $6.0 million, or 7.7%, to $84.4 million from $78.4 million for the comparable period in 2003. Excluding changes in currency exchange rates, Canada’s net sales increased 0.4%. Net sales growth was led by footwear, followed by sportswear and accessories. Net sales from outerwear decreased for the nine months ended September 30, 2004 compared to the nine months ended September 30, 2003.

Net sales from Other International including Japan, Korea and our international distributor channel increased $19.5 million, or 25.1%, to $97.3 million from $77.8 million for the comparable period in 2003. Excluding changes in currency exchange rates, Other International sales increased 21.5%. Net sales growth was led by outerwear, followed by sportswear, accessories and equipment. Net sales from footwear decreased for the nine months ended September 30, 2004 compared to the nine months ended September 30, 2003, primarily due to a decrease in fall 2004 cold weather footwear shipments resulting from unseasonably warm winter weather in Russia in 2003.

Gross Profit*:* Gross profit, as a percentage of net sales, decreased to 45.8% for the nine months ended September 30, 2004 from 46.1% for the comparable period in 2003. Excluding the negative gross margin effect of recording the Mountain Hardwear inventory at fair value in purchase accounting in connection with our acquisition of Mountain Hardwear, gross margin for the nine months ended September 30, 2004 and September 30, 2003 would have been 45.8% and 46.3%, respectively.

Several other factors also affected our gross margin, including the negative impact of the continued shift in product sales mix between product categories and shifts in product mix within product categories, which were partially offset by improved margins from our international distributor channel, improved close-out sales margins, and favorable impacts from changes in currency exchange rates.

A shift in product sales mix from our higher margin outerwear products to our lower margin sportswear and footwear products had an unfavorable effect on gross margin. In general, our outerwear products carry higher gross margins, followed by our accessories, sportswear and footwear products. In addition to the shift in product sales mix, our gross margin has been negatively affected by shifts in product sales mix within some of our product categories. For the remainder of 2004, we anticipate the shift in product sales mix will continue to exert pressure on our gross margin.

Selling, General and Administrative Expense: SG&A expense increased $33.3 million, or 18.3%, to $215.5 million from $182.2 million for the comparable period in 2003. Increased variable selling expenses, including advertising and commissions, and personnel related costs were the primary factors leading to our increased SG&A expense. Excluding changes in currency exchange rates, SG&A expense increased $27.4 million, or 15.0%.

The increase in selling expense was predominately related to our net sales growth. As a result of increased advertising costs and commissions expense, selling expenses also increased as a percentage of net sales. The rise in advertising costs was primarily the result of increased marketing efforts internationally and continued investment in domestic promotional activities. The increase in commission expense was attributable to an increase in the relative level of commissionable sales globally.

The increase in general and administrative expense was largely the result of increased personnel related costs and associated travel expenses, partially offset by a decrease in depreciation expense. To a lesser degree, professional fees and provision for bad debts also contributed to the increase in general and administrative expense. The increase in personnel related costs was primarily due to an expansion of our product offerings, our new distribution center in Kentucky and additional costs to support the higher level of sales and anticipated sales growth. Depreciation and amortization totaled $13.6 million for the nine months ended September 30, 2004 compared to $17.2 million for the comparable period in 2003. The decrease was primarily related to some assets in the United States becoming fully depreciated.

As a percentage of net sales, SG&A expense increased to 27.2% for the nine months ended September 30, 2004 from 26.2% for the comparable period in 2003. We expect that, as a result of our initiatives to continue our global expansion, 2004 SG&A expense will be comparable to 2003 SG&A expense, as a percentage of net sales. As we look forward to 2005, we expect SG&A expense to increase as a percentage of net sales. The expected increase is primarily due to an increase in depreciation costs associated with our new distribution center in Kentucky as well as incremental personnel costs to support the Company’s growth strategies.

Net Licensing Income: Net licensing income increased $1.8 million, or 138.5%, to $3.1 million from $1.3 million for the comparable period in 2003. Licensing income was led by Columbia licensed bags, socks and camping gear. For the nine months ended September 30, 2004, we recognized licensing income from thirteen licensees. Products distributed by the licensees included socks, bags, packs, leather outerwear, eyewear, watches, camping gear, home furnishings and other accessories.

Interest (Income) Expense, Net: Interest income increased to $3.4 million for the nine months ended September 30, 2004 from $2.1 million for the comparable period in 2003. The increase in interest income was due to the higher cash balance and higher interest rate environment compared to the same period in 2003. Interest expense decreased to $0.5 million for the nine months ended September 30, 2004 from $1.9 million for the comparable period in 2003. The decrease in interest expense was primarily attributable to an increase in capitalized interest related to the construction of the distribution center in Henderson County, Kentucky, and repayments of short-term notes payable and long-term debt.

Income Tax Expense: The provision for income taxes increased to $54.6 million for the nine months ended September 30, 2004 from $51.6 million for the comparable period in 2003. The reduction in the annual estimated effective tax rate from 37.0% to 35.5% was due to several factors, including changes in the geographic mix of taxable income as some of our international growth rates exceeded our domestic growth rates, and expected reductions in our overall state income tax expense.

Seasonality of Business

Our business is affected by the general seasonal trends common to the outdoor apparel industry, with sales and profits highest in the third calendar quarter. Our products are marketed on a seasonal basis, with product sales mix weighted substantially toward the fall season. Results of operations in any period should not be considered indicative of the results to be expected for any future period. The sale of our products is subject to substantial cyclical fluctuation and impacts from unseasonal weather conditions. Sales tend to decline in periods of recession or uncertainty regarding future economic prospects that affect consumer spending, particularly on discretionary items. This cyclicality and any related fluctuation in consumer demand could have a material adverse effect on our results of operations, cash flows and financial position.

Liquidity and Capital Resources

Our primary ongoing funding requirements are to finance working capital and the continued growth of the business. At September 30, 2004, we had total cash equivalents of $123.3 million compared to $264.6 million at December 31, 2003. Cash used in operating activities was $74.2 million for the nine months ended September 30, 2004 and $61.0 million for the comparable period in 2003. This change was primarily due to an increase in accounts receivable as a result of customer shipments late in the quarter and an increase in inventory attributed to the current fall season partially offset by an increase in earnings.

Our primary capital requirements are for working capital, investing activities associated with the expansion of our global operations and general corporate needs. Net cash used in investing activities was $38.4 million for the nine months ended September 30, 2004 and $36.9 million for the comparable period in 2003. This increase was primarily due to an increase in capital expenditures of $31.3 million in the 2004 period primarily related to the construction of the distribution center in Kentucky. Investing activities in the 2003 period consisted primarily of the acquisition of Mountain Hardwear for $29.9 million, net of cash acquired.

Cash used in financing activities was $29.9 million for the nine months ended September 30, 2004 and $11.1 million for the comparable period in 2003. For the 2004 period, net cash used in financing activities primarily consisted of the repurchase of $35.2 million of common stock and the repayment of long-term debt of $4.6 million, partially offset by the proceeds from the sale of stock under employee stock plans of $9.9 million. For the 2003 period, net cash used in financing activities primarily consisted of the repayments of notes payable and long-term debt of $14.5 million and the repayment of Mountain Hardwear debt of $6.4 million, partially offset by proceeds from the sale of stock under employee stock plans of $10.3 million.

To fund our domestic working capital requirements, we have available unsecured revolving lines of credit with aggregate seasonal limits ranging from approximately $30 million to $75 million, of which $5 million to $50 million is committed. As of September 30, 2004, no balances were outstanding under these lines of credit. Internationally, our subsidiaries have local currency operating lines in place that we guarantee with a combined limit of approximately $82.6 million at September 30, 2004. There were no balances outstanding under these lines of credit at September 30, 2004.

Additionally, we maintain unsecured import lines of credit with a combined limit of approximately $275 million at September 30, 2004, available for issuing documentary letters of credit. At September 30, 2004, outstanding letters of credit totaled $90.3 million.

As we continue our investment in global infrastructure to support our growth, we anticipate that capital expenditures for 2004 will total approximately $45 million, primarily consisting of the costs to complete the distribution center in Kentucky, maintenance capital requirements, and the cost of information technology projects. In 2003, we broke ground on the construction of the Kentucky distribution center. As of September 30, 2004, we have incurred approximately $38.5 million in total capital expenditures.

Although the Kentucky distribution center will primarily support our footwear products, it was designed and engineered to support other product lines as well. The facility will improve our proximity to a majority of our footwear customers and, we believe, will facilitate reorders. We expect to fund these capital expenditures with existing cash and cash provided by operations. If the need arises for additional expenditures, we may need to seek additional funding. Our ability to obtain additional credit facilities will depend on many factors, including prevailing market conditions, our financial condition, and our ability to negotiate favorable terms and conditions. There is no assurance that financing will 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 calendar quarter. This pattern has resulted primarily from the timing of shipments to wholesale customers for the fall outerwear season. 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.

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 accounting principles generally accepted in the United States. 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 described below have the greatest potential impact 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 could differ materially from the estimates we use in applying the critical accounting policies. We base our ongoing estimates on historical experience, current conditions and other various assumptions that we believe to be reasonable under the circumstances. Some of these critical accounting policies affect working capital account balances, including the policy for revenue recognition, the allowance for doubtful accounts receivable, and inventory valuation.

Management and our independent auditors regularly discuss with the audit committee of our Board of Directors each of our critical accounting estimates, and 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.

Revenue Recognition

We record wholesale revenues and licensing income when title passes and the risks and rewards of ownership have passed to the customer, based on the terms of sale. Title generally passes upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Retail store revenues are recorded at the time of sale.

In some countries outside of the United States, predominantly where we sell directly in western Europe, precise information regarding the date of receipt by the customer is not readily available. In these cases, we estimate the date of receipt by the customer based on historical and expected delivery times by geographic location. We periodically test the accuracy of these estimates based on actual transactions. Delivery times vary by geographic location, generally from one to four days. To date, we have found these estimates to be materially accurate.

Upon shipment, we also provide for estimated sales returns and miscellaneous claims from customers as reductions to revenues. The estimates are based on historical rates of product returns and claims that have ranged from approximately one to two percent of sales. Actual returns and claims in any future period, however, are inherently uncertain and thus may differ from the estimates. If actual or expected future returns and claims were significantly greater or lower than the reserves that had been established, we would record a reduction or increase to net revenues in the period in which we made such a determination.

Allowance for Uncollectible Accounts Receivable

We make ongoing estimates for the uncollectibility of our accounts receivable and maintain an allowance for estimated losses resulting from the inability of our customers to make required payments. In determining the amount of the allowance, we consider our historical level of credit losses and we make judgments about the credit worthiness of customers based on ongoing credit evaluations. We analyze specific customer accounts, customer concentrations, current economic trends, and changes in customer payment terms. Because we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates. If the financial condition of our customers was to deteriorate, resulting in their inability to make payments, a larger allowance could be required. If we determine a smaller or larger allowance is appropriate, we record a credit or a charge to SG&A expense in the period in which we make the determination.

Inventory and Product Warranty

We make ongoing estimates of potential future excess, close-out or slow moving inventory and product warranty costs. We identify our excess inventory, a component of which is planned, and evaluate our purchase commitments, sales forecasts, and historical experience and make provisions as necessary to properly reflect inventory value. When evaluating our reserve for warranty costs, we consider our historical returns rates by season, product mix, current economic trends, and the historical cost to repair, replace, or refund the original sale. If we determine smaller or larger reserves were appropriate, we record a credit or a charge to cost of sales in the period we make the determination.

Income Taxes

We record valuation allowances against our deferred tax assets, when necessary, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." We make ongoing estimates in determining the valuation allowance for the net deferred tax asset in order to reduce our deferred tax assets to the amount that is more likely than not to be realized. Although we consider future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, if we have different judgments or use different estimates in the future, these differences may affect the valuation allowance and, accordingly, income in the period we made the determination.

On a quarterly basis, we estimate what our effective tax rate will be for the full fiscal year and record a quarterly income tax provision in accordance with the anticipated effective rate. As the calendar year progresses, we periodically refine our estimate based on actual events and earnings by jurisdiction during the year. This ongoing estimation process can result in changes to our expected effective tax rate for the full calendar year. When this occurs, we adjust the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision equals the expected annual effective tax rate.

Factors That May Affect Our Business and the Price of Our Common Stock

Our Business is Affected by Weather Conditions

Our business is adversely affected by unseasonal weather conditions. Sales of our outerwear and cold weather footwear are dependent in part on the weather and may decline in years in which weather conditions do not favor the use of these products. For example, in the past we believe unseasonably warm weather in the United States caused customers to delay, and in some cases reduce or cancel, orders for our outerwear, which had an adverse effect on our net sales and profitability. Periods of unseasonably warm weather in the fall or winter or unseasonably cold or wet weather in the spring could have a material adverse effect on our results of operations and financial condition.

Our Sales and Earnings May be Adversely Affected by an Economic Downturn or Economic Uncertainty

Sales of our products are subject to substantial cyclical fluctuation. Consumer demand for our apparel and footwear, or our licensed products, may not reach our growth targets, or may decline, when there is an economic downturn or economic uncertainty in our key markets, particularly markets in North America and Europe. Continuing weakness in the Japanese economy, for example, has limited growth opportunities in recent years, and a slower economy in the United States in 2002 and 2003 created additional uncertainties for our customers and our business. In addition, continued volatility in the global oil markets has resulted in rising fuel prices, which many shipping companies are passing on to their customers. Our shipping costs have continued to increase over the past several years, and we expect these increases to continue. Because we price our products to our customers in advance, we may not be able to pass these increased costs on to our customers. Our sensitivity to economic cyclicality and any related fluctuation in consumer demand and rising shipping costs could have a material adverse effect on our results of operations and financial condition.

Our International Operations Involve Many Risks

We are subject to many risks generally associated with doing business abroad, including foreign governmental laws and regulations, foreign consumer preferences, political unrest, disruptions or delays in shipments and changes in economic conditions in countries in which we manufacture or sell products. In addition, disease outbreaks, terrorist acts and U.S. military operations have increased the risks of doing business abroad. These factors, among others, could affect our ability to sell products in international markets, our ability to manufacture products or procure materials, and our cost of doing business. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business could be materially and adversely affected. In addition, many of our imported products are subject to duties, tariffs or quotas that affect the cost and quantity of various types of goods imported into the United States or into our other sales markets. The countries in which our products are produced or sold may eliminate, adjust or impose new quotas, duties, tariffs or other restrictions, any of which could have a material adverse effect on us. We produce a significant portion of our products in China and Vietnam, and therefore adverse conditions in either country or adverse changes in that country's trading status with the United States or with other sales markets could have a material adverse effect on our results of operations and financial condition.

We Are Affected by the Financial Health of Retailers

We extend credit to our customers based on an assessment of a customer's financial circumstances, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers discounts for placing pre-season orders and extended payment terms for taking delivery before the peak shipping season. These extended payment terms increase our exposure to the risk of uncollectible receivables. In addition, we face increased risk of order reduction or cancellation when dealing with financially ailing retailers or retailers struggling with economic uncertainty. Some of our significant customers have experienced financial difficulties in the past, which in turn have had an adverse effect on our business, and we believe that retailers are being more cautious than usual with orders as a result of weakness in the retail economy. A slowing economy in our key markets could have an adverse effect on the financial health of our customers, which could in turn have a material adverse effect on our results of operations and financial condition.

We Operate in Very Competitive Markets

The markets for outerwear, sportswear, rugged footwear, tents and sleeping bags 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 and footwear companies. In many instances, retailers who are our customers pose our most significant competitive threat by marketing apparel, footwear and equipment under their own labels. We also compete with other companies for the production capacity of independent manufacturers that produce our products and for import quota capacity. Many of our competitors are significantly larger and have substantially greater financial, distribution, marketing and other resources and have achieved greater recognition for their products than we have. Increased competition could result in reductions in display areas in retail locations, reductions in sales or reductions in prices of our products, any of which could have a material adverse effect on our results of operations and financial condition.

We Face Risks Associated with Consumer Preferences and Fashion Trends

Changes in consumer preferences or consumer interest in outdoor activities could have a material adverse effect on our business. In addition, although we believe that our products have not been significantly affected by past fashion trends, changes in fashion trends could have a greater impact as we expand our offerings to include more product categories in more geographic areas. Also, we face risks because our business requires us to anticipate consumer preferences. Our decisions about product designs often are made far in advance of consumer acceptance. Although we try to manage our inventory risk through early order commitments by retailers, we must generally place production orders with manufacturers before we have received all of a season's orders. If we fail to anticipate accurately and respond to consumer preferences, we could experience lower sales, excess inventories and lower profit margins, any of which could have a material adverse effect on our results of operations and financial condition.

Our Success Depends on Our Use of Proprietary Rights

Our registered and common law trademarks have significant value and are important to our ability 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. From time to time, we discover products that are counterfeit reproductions of our products, design "knock offs," or otherwise infringe on our proprietary rights. Counterfeiting activities typically increase as brand recognition increases, especially in markets outside the United States. If we are unsuccessful in challenging a party's products on the basis of trademark or design infringement, continued sales of these products could adversely affect our sales and our brand and result in the 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. Additionally, 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. Actions or decisions in the management of our intellectual property portfolio may affect the strength of the brand, which may in turn have a material adverse effect on our results of operations and financial condition.

Although we have not been materially inhibited from selling products in connection with trademark and trade dress disputes, as we extend our brand into new product categories and new product lines and expand the geographic scope of our marketing, we could become subject to litigation based on allegations of the infringement of intellectual property rights of third parties. Future litigation also may be necessary to defend us against such claims or to enforce and protect our intellectual property rights. Any intellectual property litigation could be costly and could cause diversion of management's attention from the operation of our business. Adverse determinations in any litigation could 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 intellectual property litigation could have a material adverse effect on our results of operations and financial condition.

Our Success Depends on Our Distribution Facilities and Systems

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 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 center in Portland, Oregon; in Canada, we rely primarily on our distribution center in Strathroy, Ontario; and in Europe we distribute our products through our distribution center in Cambrai, France. The implementation and performance of the new Kentucky distribution facility is subject to many risks generally associated with transition and startup activities, including the risk that the new distribution facility may not successfully handle distribution activities and the risk that the transition may be disruptive to our business. Our distribution facilities in the United States and France are highly automated, which means 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, or other system failures. Our operations could also be interrupted by disasters, such as earthquakes (which are known to occur in the Northwestern United States) or fires. We maintain business interruption insurance, but it may not adequately protect us from the adverse effect that could be caused by significant disruptions in our distribution facilities.

We have begun construction of a new distribution center in Kentucky, which we will own and operate. We anticipate that the new facility will be operational in 2005. Our ability to complete a new facility is subject to a number of risks and uncertainties, including our ability to construct and integrate a new facility with existing operations in a timely manner, the availability of labor, raw materials and other inputs on anticipated terms and our ability to obtain any necessary governmental approvals.

Our Success Depends on Our Information Systems

Our business is increasingly reliant on information technology. Information systems are used in all stages of our production cycle, from design to distribution, and are used as a method of communication between employees, our subsidiaries overseas, as well as our customers. System failures or service interruptions may occur as the result of a number of factors, including computer viruses, hacking or other unlawful activities by third parties, or failure to properly protect, repair or maintain systems. Any service interruption of critical business information systems may have a material adverse affect on our results of operations and financial condition.

We May Not Be Able to Implement Our Growth Strategy or Manage Growth Successfully

We face many challenges in implementing our growth strategies. For example, our expansion into international markets involves countries where we have little sales or distribution experience and where our brand is not yet widely known. Expanding our product categories involves, among other things, gaining experience with new products, gaining consumer acceptance, and establishing and protecting intellectual property rights. Increasing sales to department stores, and improving the sales productivity of our customers, will each depend on various factors, including strength of our brand name, competitive conditions, our ability to manage increased sales and future expansion, the availability of desirable locations and the negotiation of terms with retailers. Future terms with customers may be less favorable to us than those under which we now operate. Large retailers in particular increasingly seek to transfer various costs of business to their vendors, such as the cost of lost profits from product price markdowns. To implement our business strategy, we need to manage growth effectively. We need to continue to change various aspects of our business, to maintain and enhance our information systems and operations to respond to increased demand and to attract, retain and manage qualified personnel. Growth could place an increasing strain on management, financial, product design, marketing, distribution and other resources, and we could experience operating difficulties. For example, in recent years, we have undertaken a number of new initiatives that require significant management attention and corporate resources, including the development or expansion of distribution facilities on two continents, the acquisition, rejuvenation and extension of the Sorel brand, and the acquisition and integration of Mountain Hardwear, Inc. This growth involves many risks and uncertainties and, if we are unable to manage them effectively, we may not achieve our objectives, which could have a material adverse effect on our results of operations and financial condition.

Currency Exchange Rate Fluctuations May Affect our Business

We generally purchase products in U.S. dollars. However, the cost of these products sourced overseas may be affected by changes in the value of the relevant currencies. Price increases caused by currency exchange rate fluctuations could make our products less competitive or have an adverse effect on our margins. Our international revenues and expenses generally are derived from sales and operations in foreign currencies, and these revenues and expenses could be materially affected by currency fluctuations, including amounts recorded in foreign currencies and translated into U.S. dollars for consolidated financial reporting. Currency exchange rate fluctuations could also disrupt the business of the independent manufacturers that produce our products by making their purchases of raw materials more expensive and more difficult to finance. Foreign currency fluctuations could have a material adverse effect on our results of operations and financial condition.

Labor Disruptions at Ports May Adversely Affect Our Business

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide, particularly in the western United States. Labor disputes at various ports, such as those experienced at western U.S. ports in 2002, create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during our peak importing seasons, and could have a material adverse effect on our business, potentially resulting in cancelled orders by customers, unanticipated inventory accumulation, and reduced revenues and earnings.

We Depend on Independent Manufacturers to Make Our Products and Meet Customer Expectations

Our products are produced by independent manufacturers worldwide. We do not operate or own any production facilities. Although we enter into a number of purchase order commitments each season, we do not have long-term contracts with some manufacturers. We therefore face risks that manufacturing operations will fail to perform as expected or that our competitors will gain production or quota capacities that we need for our business. If a manufacturer fails to ship orders in a timely manner or to meet our standards, we could miss delivery requirements, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect on our business. Reliance on independent manufacturers also creates quality control risks. A failure in our quality control program could result in diminished product quality, which may have a material adverse affect on our results of operations and financial condition.

In an effort to ensure that our independent manufacturers operate with safe, ethical and humane working conditions, we regularly monitor factories and we enforce our requirements that each manufacturer agree to comply with our *Standards of Manufacturing Practices* and applicable laws and regulations, but we do not control these vendors or their labor practices. If a manufacturer violates labor or other laws, or engages in practices that are not generally accepted as ethical in our key markets, it could have a material adverse effect on our results of operations and financial condition.

We Depend on Key Suppliers for Some Specialty Fabrics

Some of the materials that we use may be available, in the short-term, 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. From time to time, we have experienced difficulty satisfying our raw material and finished goods requirements. Although we believe that we could identify and qualify additional factories to produce these materials, the unavailability of some existing manufacturers for supply of these materials could have a material adverse effect on our results of operations and financial condition.

Our Advance Purchases of Products May Result in Excess Inventories

To minimize our purchasing costs, the time necessary to fill customer orders and the risk of non-delivery, we place orders for our products with manufacturers prior to receiving all of our customers' orders and maintain an inventory of various products that we anticipate will be in greater demand. We may not be able to sell the products we have ordered from manufacturers or that we have in our inventory. Customers are allowed to cancel an order prior to shipment with sufficient notice. Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have a material adverse effect on our results of operations and financial condition.

We Depend on Key Personnel

Our future success will depend in part on the continued service of key personnel, particularly Timothy Boyle, our President and Chief Executive Officer, and Gertrude Boyle, our Chairman and widely recognized advertising spokesperson. Our future success will also depend on our ability to attract and retain key managers, designers, sales people 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 around Portland, Oregon (including Nike and adidas-Salomon). We may not be able to attract or retain these employees, and our failure to do so could have a material adverse effect on our results of operations and financial condition.

Our Business Is Affected by Seasonality and Fluctuations in Operating Results

Our results of operations have fluctuated and are likely to fluctuate significantly from period to period. Our products are marketed on a seasonal basis, with a product sales mix now weighted substantially toward the fall season. Our results of operations for the quarter ended September 30 in the past have been much stronger than the results for the other quarters. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer preferences, weather conditions, availability of import quotas and currency exchange rate fluctuations, could adversely affect our business and cause our results of operations to fluctuate. Our operating margins are also sensitive to a number of factors that are beyond our control, including shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which we expect to continue as we expand our product offerings and geographic penetration. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

We Face Risks of Product Liability and Warranty Claims

Our products are used in outdoor activities, sometimes in severe conditions. Although we have not experienced any significant expense as the result of product recalls or product liability claims, recalls or these types of claims could occur in the future and have a material adverse effect on our business. Some of our outerwear and Sorel products carry limited warranties for defects in quality and workmanship. We maintain a warranty reserve for future warranty claims, but the actual costs of servicing future warranty claims could exceed the reserve and have a material adverse effect on our results of operations and financial condition.

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 National Market, which has experienced and is likely to experience significant price and volume fluctuations that could adversely affect the market price of our common stock without regard to our operating performance. We also believe factors such as fluctuations in financial results, variances from financial market expectations, changes in earnings estimates by analysts, or announcements by us or competitors may cause the market price of the common stock to fluctuate, perhaps substantially.

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

Timothy Boyle, Gertrude Boyle and Sarah Bany (Gertrude Boyle's daughter and a member of our Board of Directors), beneficially own a majority of our common stock. As a result, if acting together, they are able to effectively control matters requiring shareholder approval without the cooperation of other shareholders. Shares held by these three insiders are available for resale, subject to the requirements of, and the rules under, the Securities Act of 1933. The sale or prospect of the sale of a substantial number of these shares could have an adverse effect on the market price of our common stock.

Item 3 – ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

There has not been any material change in the market risk disclosure contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Item 4 – ***CONTROLS AND PROCEDURES***

Our management has evaluated, under the supervision and with the participation of 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 are 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.

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2 – *UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS*

Issuer Purchases of Equity Securities

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
July 1, 2004 to July 31, 2004	134,328	$ 53.57	134,328	$ 92,804,006
August 1, 2004 to August 31, 2004	388,187	53.82	388,187	71,911,569
September 1, 2004 to September 30, 2004	131,020	54.34	131,020	64,792,532
Total	653,535	$ 53.87	653,535	$ 64,792,532

(1) In April 2004, the Company's Board of Directors authorized the repurchase of up to $100 million of the Company's common stock. The repurchase program does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time.

Item 6 – *EXHIBITS*

(a) Exhibits

10.1 Employment Agreement between Carl K. Davis and the Company dated as of July 19, 2004

31.1 Rule 13a-14(a) Certification of Timothy P. Boyle, President and Chief Executive Officer

31.2 Rule 13a-14(a) Certification of Bryan L. Timm, Vice President and Chief Financial Officer

32.1 Section 1350 Certification of Timothy P. Boyle, President and Chief Executive Officer

32.2 Section 1350 Certification of Bryan L. Timm, Vice President and Chief Financial Officer

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SIGNATURE

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.

COLUMBIA SPORTSWEAR COMPANY

Date: November 4, 2004

/s/ BRYAN L. TIMM

Bryan L. Timm
Vice President and Chief Financial Officer

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

July 19, 2004

Mr. Carl Davis
18223 SW Anduin Terrace
Lake Oswego, OR 97034

Dear Carl:

I am writing to confirm the terms of our agreement regarding your new assignment with Columbia Sportswear Company and to outline the terms applicable to your transition from your current position as Vice President and General Counsel.

1. Effective Date. You have agreed to serve as Vice President of Corporate Affairs, effective July 19, 2004. In this position you continue to be an employee of Columbia Sportswear Company (the “Company”), reporting to Peter Bragdon.

2. Terms of Employment and Transition. The following outlines the terms applicable to your transition and, as of July 19, 2004, to your new assignment, which we anticipate will run through December 31, 2005:

a. Compensation. Effective as of July 19, 2004, your compensation will consist of a bi-weekly base salary of $5000.00, which shall be payable in accordance with the Company’s regular payroll practices.

b. Work Assignment. You will be employed on a part-time basis, with the expectation that you will work twelve (12) days a month. We anticipate six (6) days per calendar month will be worked at the Company’s offices in Portland, Oregon and six (6) days per calendar month from your home in Bend, Oregon. You will provide services to the Company’s Legal Department on a project by project basis as agreed to with the Company’s General Counsel. Issues related to salary, benefits, or overall performance will be determined by the CEO and Board Compensation Committee or by a member of management designated by them. You agree to perform such acts and duties as Peter Bragdon, or his/her designee, shall reasonably direct; to comply with all applicable policies and procedures of the Company; and to devote the agreed-upon working time, energy and skills to your assignment and to the performance of your duties to the company.

c. Bonus Plan. Your participation in the Executive Incentive Compensation Plan (“Executive Incentive Plan”) will continue as outlined in the plan document. Your 2004 bonus will be pro-rated based on the number of full-time and part-time months worked in 2004. Bonus payment will be made at the times and on the conditions set out in the applicable plan.

d. Benefits and Vacation. Because you will be employed less than thirty (30) hours per week, your eligibility for Company sponsored benefits will be limited to the Employee Stock Purchase Plan and 401(k) Profit Sharing Plan. As a result, your coverage under the Company’s group health plan will terminate on July 31, 2004 and you may immediately thereafter exercise whatever rights you have under COBRA to continue medical benefits under the Company’s group health plan. Should you elect to exercise your right of continued coverage under COBRA, the Company will pay the full cost of your premium under COBRA (including medical, dental and vision, but excluding medical flexible spending account) for a period of eighteen (18) months following your election of COBRA health care continuation coverage. The Company will provide a bonus to assist with the premiums for your 2004 and 2005 Executive LTD premiums. Participation in all benefits and programs are in accordance with the terms applicable to such benefits and programs as in effect from time to time and subject to any changes generally applicable to other similarly situated participating Company employees.

e. Business Expenses. You will be responsible for all costs associated with work you will do from your home office, including without limitation, costs of telephone, electricity, acquisition of office equipment, furniture, and internet access. You will also be responsible for the cost you will incur to commute from your home in Bend, Oregon to Portland (and costs associated with lodging, if any, you incur) in connection with the six (6) days per month that you are required to work at the Company's offices in Portland. However, if you are asked by the Company to work in the Portland offices more than six (6) days per month, or drive your vehicle in connection with your job duties (other than the commute to and from your home), the Company will reimburse you for your mileage in accordance with the then-current standard mileage rate established by the Internal Revenue Service. The current rate for 2004 is 37.5 cents per mile. In addition, the Company will reimburse all ordinary and necessary business expenses you reasonably incur in connection with other travel you are asked to undertake in connection with your job duties, provided that you account promptly for such expenses to the Company in the manner prescribed from time to time by the Company. Other business related expenses will be reimbursed in accordance with the Company's expense policy.

f. Duration of Assignment. Although we have discussed this assignment as Vice President of Corporate Affairs as being for an approximately eighteen (18) month period, your employment with the Company will be on an "at will" basis, with both you and the Company retaining the right to terminate the employment relationship at any time and for any reason or no reason, with or without notice, and without liability on the part of the Company for the termination or entitlement to severance benefits.

The assignment to your new position does not affect any existing stock options or grants you currently have outstanding, which are listed in the document attached to this letter as Exhibit 1, all of which shall be subject to the terms and the applicable plans. You acknowledge that Exhibit 1 contains a complete list of all stock options or grants to which you are entitled and you agree that you have no other interests in stock options or grants from the Company other than as set forth therein. Additional stock incentives may be awarded at the time of your salary reviews, in accordance with the normal Company practices. You understand that there are no guarantees that any such awards will actually be made.

Except as specifically stated herein, during the term of this new assignment you remain subject to the same policies, practices, terms and conditions of employment as other Company employees in a comparable position.

No change to the at-will relationship, or any other term of this letter, shall be valid unless in writing and signed by the President of the Company. The provisions of this agreement are severable, and if any part is found to be unlawful or unenforceable, the other provisions of this agreement shall remain fully valid and enforceable to the maximum extent consistent with applicable law. Any court or arbitrator having jurisdiction over such matters shall have the power to reform such unlawful or unenforceable provision to the extent necessary for such provision to be enforceable to the fullest extent under applicable law.

You acknowledge that you voluntarily agreed to and accepted the position of Vice President of Corporate Affairs under the terms and conditions stated herein. You and the Company agree that this assignment does not constitute a termination in your employment with the Company for any purpose and that this change in your duties and responsibilities does not give rise to any claim for compensation under any severance plan, agreement or practice, including the Employment Agreement dated December 5, 1997 between you and the Company (the "Original Employment Agreement"). In consideration for the benefits and compensation offered under this agreement, you release the Company, its subsidiaries and affiliates and all of their respective officers, directors, employees, agents and insurers from, and waive, all claims, if any, which may exist regarding this change of assignment.

Consistent with the Company's current practices, you agree to execute and deliver and abide by the Confidentiality Agreement in the form attached hereto as Exhibit 2 (the "Confidentiality Agreement").

This agreement shall be governed by the laws of the State of Oregon, without reference to its choice of law provisions. The parties hereby irrevocably and unconditionally agree to submit any legal action or proceeding relating to the subject matter of this agreement to the non-exclusive general jurisdiction of the courts of the State of Oregon, Washington County and in any such action or proceeding, consent to jurisdiction in such courts and waive any objection to the venue in such court.

This agreement (which includes the attached Exhibits 1 and 2) represents the entire agreement regarding the transition from your former role and your assignment to the new role of Vice President of Corporate Affairs. This agreement supersedes and replaces any and all prior written or oral agreements, including but not limited to your Original Employment Agreement. Any modification of the terms set forth in this agreement will only be effective if done in writing and signed by you and the Company. If for any reason any provision of this agreement shall be held invalid, that invalidity will not affect the remainder of this agreement.

To acknowledge your acceptance of this agreement, please sign below and return one copy together with your signed Confidentiality Agreement. Your signature will acknowledge that you have read, understood, and agree to the terms and conditions of this agreement.

We look forward to continuing to work with you in your new role. Based upon your past accomplishments, we believe you can make a substantial contribution as Vice President of Government Affairs.

COLUMBIA SPORTSWEAR COMPANY

By: /s/ Susan Popp

Susan Popp
Human Resources Director

Attachments: Exhibit 1 – Stock Options and Grants
Exhibit 2 – Confidentiality Agreement

Agreed:	/s/ Carl K. Davis	7/20/04
	Carl K. Davis	Date

EXHIBIT 31.1

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)) 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) 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

   (c) 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: November 4, 2004

/s/ TIMOTHY P. BOYLE

Timothy P. Boyle
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Bryan L. Timm, 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)) 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) 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

(c) 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: November 4, 2004

/s/ BRYAN L. TIMM

Bryan L. Timm
Vice President and Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company”) on Form 10-Q for the period ended September 30, 2004 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 the operation of the Company.

Dated: November 4, 2004

/s/ TIMOTHY P. BOYLE

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

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the “Company”) on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Bryan L. Timm, 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 the operation of the Company.

Dated: November 4, 2004

/s/ BRYAN L. TIMM

Bryan L. Timm
Vice President and Chief Financial Officer
Columbia Sportswear Company