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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 28, 2011

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

Oregon	000-23939	93-0498284
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 28, 2011, Columbia Sportswear Company (the "Company") issued a press release reporting its second quarter 2011 financial results and confirmed outlook for 2011. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Thomas B. Cusick, Senior Vice President of Finance and Chief Financial Officer and Treasurer of Columbia Sportswear Company, for the quarter ended June 30, 2011 and forward-looking statements relating to 2011 and the third quarter of 2011 as posted on the company's investor website, http://investor.columbia.com, on July 28, 2011. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

ITEM 7.01 REGULATION FD DISCLOSURE

In its July 28, 2011 press release, the Company also announced that its board of directors approved a dividend of $0.22 per share of common stock to be paid on September 1, 2011 to its shareholders of record on August 18, 2011.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press release dated July 28, 2011 (furnished pursuant to Items 2.02 and 7.01 hereof).

99.2 Commentary by Thomas B. Cusick, Senior Vice President of Finance and Chief Financial Officer and Treasurer of Columbia Sportswear Company dated July 28, 2011 (furnished pursuant to Items 2.02 and 7.01 hereof).

SIGNATURES

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

COLUMBIA SPORTSWEAR COMPANY

Dated: July 28, 2011

By: /s/ Thomas B. Cusick

Thomas B. Cusick
Senior Vice President of Finance, Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit	Description
99.1	Press release dated July 28, 2011 (furnished pursuant to Items 2.02 and 7.01 hereof).
99.2	Commentary by Thomas B. Cusick, Senior Vice President of Finance and Chief Financial Officer and Treasurer of Columbia Sportswear Company dated July 28, 2011 (furnished pursuant to Items 2.02 and 7.01 hereof).

Exhibit 99.1

Contact:
Ron Parham
Sr. Director of Investor Relations & Corp. Communications
Columbia Sportswear Company
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COLUMBIA SPORTSWEAR COMPANY
REPORTS SECOND QUARTER 2011 RESULTS;
REAFFIRMS FULL YEAR NET SALES AND OPERATING INCOME OUTLOOK

Highlights:

- Second quarter 2011 consolidated net sales increased 21 percent to $268.0 million, compared to second quarter 2010 net sales of $221.8 million, including a 3 percentage point benefit from changes in foreign currency exchange rates.
- Second quarter 2011 net loss was $13.6 million, or $(0.40) per diluted share, compared to net loss of $10.6 million, or $(0.31) per diluted share, for the second quarter of 2010.
- The company reaffirmed its outlook for full year 2011 net sales to increase 14 to 16 percent and maintained its outlook for operating margin of approximately 7.5 to 7.7 percent.
- The board of directors declared a quarterly dividend of $0.22 per share.
- The company's cash and short-term investments at June 30, 2011 totaled approximately $298.3 million with no long-term debt.

PORTLAND, Ore. — July 28, 2011 — Columbia Sportswear Company (NASDAQ: COLM), a leading innovator in active outdoor apparel, footwear, accessories and equipment, today announced net sales of $268.0 million for the quarter ended June 30, 2011, an increase of 21 percent compared to net sales of $221.8 million for the same period of 2010, with 3 percentage points of that increase resulting from changes in foreign currency exchange rates.

Second quarter net loss totaled $13.6 million, or $(0.40) per diluted share, compared with a net loss of $10.6 million, or $(0.31) per diluted share, for the same period of 2010.

Tim Boyle, Columbia's president and chief executive officer, commented, "Each of our major brands generated growth in the second quarter, keeping us on pace toward our full year objectives of record sales and improved profitability. As we head into the second half of 2011, we are confident that our product innovations and compelling marketing messages will continue to elevate our brands and drive growth."

Second Quarter 2011 Results

The second quarter is the company's smallest revenue quarter, historically accounting for approximately only 15 percent of annual net sales. As a result, regional, category and brand net sales results often produce large percentage variances in relation to the prior year's comparable period due to the small base of comparison and shifts in the timing of shipments.

Second quarter net sales increased 21 percent, driven by 20 percent growth in Columbia brand net sales to $239.1 million, a 24 percent increase in Mountain Hardwear brand net sales to $22.7 million, and a 106 percent increase in Sorel brand net sales to $3.7 million. (See “Brand Net Sales” table below.)

Second quarter U.S. net sales grew 4 percent to $129.0 million, driven primarily by a 39 percent increase in direct-to-consumer sales, partially offset by an 8 percent decline in wholesale sales, reflecting a combination of a planned shift in the timing of shipments of Fall 2011 advance orders compared with Fall 2010, and unseasonable weather, which resulted in fewer reorders and greater cancellations of advance orders compared with the second quarter of 2010. Net sales in the Latin America/Asia Pacific (LAAP) region grew 48 percent to $76.6 million, including a 9 percentage point benefit from changes in foreign currency exchange rates, while net sales in the Europe/Middle East/Africa (EMEA) region increased 39 percent to $53.6 million, including a 5 percentage point benefit from changes in exchange rates. The increased net sales in both the LAAP and EMEA regions primarily reflected increased shipments to independent distributors, made possible by more timely production of Fall 2011 advance orders compared to last year. The LAAP region also benefited from a 42 percent net sales increase in Korea and a 36 percent net sales increase in Japan as it began to recover from the March 11, 2011 earthquake and tsunami. Canada net sales increased 14 percent to $8.8 million, including a 6 percentage point benefit from changes in exchange rates. (See “Geographical Net Sales” table below.)

Second quarter 2011 sportswear net sales increased 12 percent to $136.2 million, outerwear net sales increased 43 percent to $62.1 million, footwear net sales increased 29 percent to $50.0 million, and accessories and equipment net sales increased 11 percent to $19.7 million. (See “Categorical Net Sales” table below.)

The company ended the second quarter of 2011 with approximately $298.3 million in cash and short-term investments, compared with approximately $398.3 million at June 30, 2010.

Inventories totaled $422.0 million at June 30, 2011, an increase of 36 percent from June 30, 2010. The increase resulted from:

- earlier receipts of Fall 2011 production to fulfill advance orders for delivery in the second half of 2011;
- excess Fall 2010 inventory intentionally held for sale primarily through company-owned retail outlet stores in the second half of 2011;
- higher Spring 2011 inventory compared to Spring 2010, partially due to unseasonable weather which resulted in fewer reorders and greater cancellations of advance orders; and
- the effect of a weaker U.S. dollar on translation of non-U.S. inventory balances.

2011 Financial Outlook

The company reaffirmed its previous expectations for full year 2011 operating margin to increase approximately 50 to 70 basis points compared with 2010 operating margin of 7.0 percent, driven by:

- an expected net sales increase of 14 to 16 percent compared with 2010,
- an approximate 100 basis point increase in gross margins compared to 2010 gross margins of 42.4 percent, and
- increased licensing income, partially offset by
- an estimated 50 basis point increase in selling, general and administrative expenses (SG&A) as a percentage of sales.

The company is currently planning for a full-year income tax rate of approximately 27 percent.

The company expects a low double-digit percentage increase in third quarter 2011 net sales compared with third quarter 2010 and operating income of approximately $70 million to $74 million, with a 25 basis point increase in gross margins, and 100 basis points of SG&A expense expansion as a percentage of net sales, partially offset by an increase in licensing income.

All projections related to anticipated future results are forward-looking in nature and are based on a variety of factors and assumptions, which may change, perhaps significantly.

Dividend

The board of directors approved a dividend of $0.22 per share, payable on September 1, 2011 to shareholders of record on August 18, 2011.

CFO's Second Quarter Financial Commentary Available Online

At approximately 4:15 p.m. EDT today, a commentary by Tom Cusick, senior vice president, chief financial officer and treasurer, reviewing the company's second quarter 2011 results and fiscal 2011 outlook will be furnished to the SEC on Form 8-K and published on the company's website at http://investor.columbia.com/results.cfm. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

Conference Call

The company will host a conference call on Thursday, July 28, 2011 at 5:00 p.m. ET to review its second quarter results and 2011 financial outlook. To participate, please dial (877)407-9205 in the United States, (201)689-8054 outside the U.S.; Conference ID 9177149#. The call will also be webcast live on the investor information section of the company's website at www.columbia.com, where it will remain available until July 25, 2012.

Columbia Sportswear plans to report financial results for the third quarter of 2011 on Tuesday, October 25, 2011 at approximately 8:00 a.m. EDT. Following the earnings report, at approximately 8:15 a.m. EDT, the company plans to publish a commentary by Tom Cusick, senior vice president, chief financial officer and treasurer, to the company's website at http://investor.columbia.com/results.cfm. A public webcast of Columbia's earnings conference call will follow at 9:00 a.m. EDT at www.columbia.com.

About Columbia Sportswear

Columbia Sportswear Company is a global leader in the design, sourcing, marketing and distribution of active outdoor apparel, footwear, accessories and equipment. Founded in 1938 in Portland, Oregon, Columbia products are sold in more than 100 countries and have earned an international reputation for innovation, quality and performance. Columbia products feature innovative technologies and designs that protect outdoor enthusiasts from the elements, increase comfort, and make outdoor activities more enjoyable. In addition to the Columbia® brand, Columbia Sportswear Company also owns outdoor brands Mountain Hardwear®, Sorel®, Montrail®, and Pacific Trail®. To learn more, please visit the company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, and www.montrail.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales, gross margins, operating costs, operating margins, SG&A expenses, licensing income, tax rates, product innovations and planned investments in future periods. Actual results could differ materially from those projected in these and other forward-looking statements. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this press release, those described in the company's Annual Report on Form 10-K for the year ended December 31, 2010 under the heading "Risk Factors," and other risks and uncertainties that have been or may be described from time to time in other reports filed by the company, including reports on Form 8-K, Form 10-Q and Form 10-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from those expressed or implied by forward-looking statements in this release include: unfavorable economic conditions generally and weakness in consumer confidence and spending rates; changes in international, federal and/or state tax policies and rates, which we expect to increase; international risks, including changes in import limitations and tariffs or other duties, political instability in foreign markets, exchange rate fluctuations, and trade disruptions; our ability to attract and retain key employees; the financial health of our customers and their continued ability to access credit markets to fund their ongoing operations; higher than expected rates of order cancellations; increased consolidation of our retail customers; our ability to effectively source and deliver our products to customers in a timely manner, the failure of which could lead to increased costs and/or order cancellations; unforeseen increases and volatility in input costs, such as cotton and/or oil; our reliance on product acceptance by consumers; the effects of unseasonable weather (including, for example, warm weather in the winter and cold weather in the spring), which affects consumer demand for the company's products; our dependence on independent manufacturers and suppliers; our ability to source finished products and components at competitive prices from independent manufacturers in foreign countries that may experience unexpected periods of inflation, labor and materials shortages or other manufacturing disruptions; the effectiveness of our sales and marketing efforts; intense competition in the industry (which we expect to increase); business disruptions and acts of terrorism or military activities around the globe; our ability to effectively implement our IT infrastructure and business process initiatives; the operations of our computer systems and third party computer systems; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this release to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict all such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

- Financial tables follow-

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

	June 30, 2011	June 30, 2010
Current Assets:		
Cash and cash equivalents	$ 207,429	$ 346,643
Short-term investments	90,842	51,686
Accounts receivable, net	174,822	145,463
Inventories, net	422,004	310,520
Deferred income taxes	45,069	30,801
Prepaid expenses and other current assets	60,242	47,628
Total current assets	1,000,408	932,741
Property, plant and equipment, net	230,363	224,865
Intangibles and other non-current assets	82,080	54,401
Total assets	$1,312,851	$1,212,007
Current Liabilities:		
Accounts payable	$ 159,292	$ 120,134
Accrued liabilities	81,624	63,916
Income taxes payable	9,541	6,181
Deferred income taxes	2,161	2,414
Total current liabilities	252,618	192,645
Long-term liabilities	44,275	38,526
Shareholders' equity	1,015,958	980,836
Total liabilities and shareholders' equity	$1,312,851	$1,212,007

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

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net sales	$ 268,030	$ 221,831	$ 601,116	$ 522,237
Cost of sales	155,617	124,909	339,167	298,011
Gross profit	112,413	96,922	261,949	224,226
	41.9%	43.7%	43.6%	42.9%
Selling, general, and administrative expense	134,512	113,458	268,659	228,997
Net licensing income	3,459	1,819	5,990	2,544
Loss from operations	(18,640)	(14,717)	(720)	(2,227)
Interest income, net	461	392	784	926
Income (Loss) before income tax	(18,179)	(14,325)	64	(1,301)
Income tax benefit (expense)	4,621	3,721	(852)	(75)
Net loss	$ (13,558)	$ (10,604)	$ (788)	$ (1,376)
Loss per share:				
Basic	$ (0.40)	$ (0.31)	$ (0.02)	$ (0.04)
Diluted	(0.40)	(0.31)	(0.02)	(0.04)
Weighted average shares outstanding:				
Basic	33,956	33,800	33,878	33,767
Diluted	33,956	33,800	33,878	33,767

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

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (788)	$ (1,376)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	21,063	18,490
Loss on disposal or impairment of property, plant and equipment	149	258
Deferred income taxes	3,961	553
Stock-based compensation	3,804	3,272
Excess tax benefit from exercise of employee stock plans	(1,780)	(419)
Changes in operating assets and liabilities:		
Accounts receivable	129,918	77,931
Inventories	(102,427)	(93,208)
Prepaid expenses and other current assets	(31,290)	(16,712)
Intangibles and other assets	(926)	(198)
Accounts payable and accrued liabilities	(4,193)	25,458
Income taxes payable	(7,395)	293
Other liabilities	1,873	2,122
Net cash provided by operating activities	11,969	16,464
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of short-term investments	(21,819)	(29,033)
Capital expenditures	(22,639)	(14,362)
Proceeds from sale of property, plant, and equipment	159	—
Net cash used in investing activities	(44,299)	(43,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from issuance of common stock	9,764	4,942
Tax payments related to restricted stock unit issuances	(2,851)	(781)
Excess tax benefit from exercise of employee stock plans	1,780	419
Repurchases of common stock	—	(3,838)
Cash dividends paid	(14,237)	(12,151)
Net cash used in investing activities	(5,544)	(11,409)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH	11,046	(1,681)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,828)	(40,021)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	234,257	386,664
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 207,429	$ 346,643
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES		
Capital expenditures incurred but not yet paid	$ 1,802	$ 2,119

COLUMBIA SPORTSWEAR COMPANY
(In millions, except percentage changes)
(Unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	% Change	2011	2010	% Change
Brand Net Sales:						
Columbia	$239.1	$199.4	20%	$527.2	$467.1	13%
Mountain Hardwear	22.7	18.3	24%	54.4	43.9	24%
Sorel	3.7	1.8	106%	14.0	5.8	141%
Other	2.5	2.3	9%	5.5	5.4	2%
Total	$268.0	$221.8	21%	$601.1	$522.2	15%
Geographical Net Sales:						
United States	$129.0	$123.7	4%	$321.5	$296.9	8%
Latin America & Asia Pacific	76.6	51.8	48%	143.9	107.9	33%
Europe, Middle East, & Africa	53.6	38.6	39%	98.0	85.5	15%
Canada	8.8	7.7	14%	37.7	31.9	18%
Total	$268.0	$221.8	21%	$601.1	$522.2	15%
Categorical Net Sales:						
Outerwear	$ 62.1	$ 43.4	43%	$160.9	$131.0	23%
Sportswear	136.2	121.9	12%	290.4	268.3	8%
Footwear	50.0	38.7	29%	104.4	84.8	23%
Accessories & Equipment	19.7	17.8	11%	45.4	38.1	19%
Total	$268.0	$221.8	21%	$601.1	$522.2	15%

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14375 NW Science Park Drive
Portland, OR 97229
July 28, 2011

CFO Commentary on Second Quarter 2011 Financial Results and Updated 2011 Outlook

Financial Information

Please reference accompanying financial information in the corresponding 2011 second quarter earnings press release dated July 28, 2011 at http://investor.columbia.com/results.cfm

Summary

We achieved record second quarter net sales of $268.0 million, an increase of 21 percent, compared to second quarter 2010, with changes in foreign currency exchange rates contributing 3 percentage points of that growth. Second quarter 2011 net loss totaled $13.6 million, or $(0.40) per diluted share, compared to net loss of $10.6 million, or $(0.31) per diluted share, for the second quarter of 2010.

The second quarter is the company's smallest revenue quarter, historically accounting for approximately only 15 percent of annual net sales, as the Company winds down spring shipments and begins fall deliveries, which amplifies the effect on income of changes in timing of shipments and the incremental fixed cost structure of the company's operations. As a result, year-over-year brand, regional, and category net sales comparisons often produce large percentage variances due to the small base of comparison and shifts in the timing of shipments.

We maintained our FY2011 outlook for net sales growth of 14 to 16 percent and an approximate 50 to 70 basis point increase in FY2011 operating margin compared to FY2010. The **Full Year 2011 Outlook** section below explains the factors contributing to this outlook.

Second Quarter Financial Results

(All comparisons below are between second quarter 2011 and second quarter 2010, unless otherwise noted.)

Net Sales

Columbia Brand

Columbia brand net sales increased $39.7 million, or 20 percent, to $239.1 million, with double-digit net sales growth in every product category. Most of the growth was concentrated in the LAAP and EMEA regions, reflecting earlier shipments of Fall 2011 advance orders to independent distributors in those regions.

Mountain Hardwear Brand

Mountain Hardwear brand net sales increased $4.4 million, or 24 percent, to $22.7 million, with growth in all product categories, concentrated in the LAAP and U.S. regions.

Regions

- U.S. net sales increased $5.3 million, or 4 percent, to $129.0 million, driven primarily by 39 percent growth in direct-to-consumer sales, on strong comparable store sales growth (48 stores in both periods) and increased ecommerce sales. U.S. wholesale net sales declined 8 percent, reflecting a planned shift in the timing of shipments of Fall 2011 advance orders compared with Fall 2010, combined with fewer reorders and greater cancellations due primarily to unseasonable spring weather. Excluding the effects of timing, our full-season Spring 2011 U.S. wholesale net sales are expected to increase mid-single-digits over Spring 2010.
- Net sales in the Latin America & Asia Pacific (LAAP) region increased $24.8 million, or 48 percent, to $76.6 million, including a 9 percentage point benefit from changes in currency exchange rates. Net sales in Korea increased 42 percent, including a 6 percentage point benefit from changes in currency exchange rates, and were driven by increased retail sales of Columbia and Mountain Hardwear brands. Japan net sales increased 36 percent, including a 16 percentage point benefit from changes in currency exchange rates, and reflected the market's steady recovery from the earthquake and tsunami events of March 11, 2011. Net sales to LAAP distributors grew 77 percent, primarily reflecting earlier shipments of Fall 2011 advance orders made possible by more timely production.
- Net sales in the Europe, Middle-East & Africa (EMEA) region increased $15.0 million, or 39 percent, to $53.6 million, including a 5 percentage point benefit from changes in currency exchange rates. Earlier shipments of Fall 2011 advance orders resulted in a 77 percent increase in net sales to EMEA distributors in the quarter. Net sales in EMEA direct markets increased 3 percent, including a 9 percentage point benefit from changes in currency exchange rates.
- Net sales in Canada increased $1.1 million, or 14 percent, to $8.8 million, including a 6 percentage point benefit from changes in currency exchange rates, with Columbia, Mountain Hardwear and Sorel brands contributing to that growth.

Product Categories

- Outerwear net sales increased $18.7 million, or 43 percent, on increased sales of the Columbia brand in all regions, including earlier shipments of Fall 2011 advance orders to distributors in the EMEA and LAAP regions.
- Sportswear net sales increased $14.3 million, or 12 percent, on growth in the Columbia brand to EMEA and LAAP distributors, benefiting from earlier shipments of Fall 2011 advance orders, as well as growth in Korea and Japan.
- Footwear net sales increased $11.3 million, or 29 percent, on increased Columbia brand sales in all regions.
- Accessories & Equipment net sales increased $1.9 million, or 11 percent, primarily on increased net sales of the Columbia brand in the LAAP region.

Gross Margin

Second quarter 2011 gross margins were 41.9 percent, a decline of 180 basis points compared to last year's second quarter, resulting from:

- a higher proportion of shipments to EMEA and LAAP distributors which carry lower gross margins than direct wholesale and retail sales,
- a higher proportion of close-out product sales at lower gross margins,

partially offset by:

- increased direct to consumer sales at higher gross margins,
- lower airfreight costs, and
- favorable foreign currency hedge rates.

Selling, General and Administrative (SG&A) Expense

SG&A expense increased 19 percent to $134.5 million, representing 50.2 percent of net sales, compared to 51.1 percent in last year's second quarter. The $21.0 million increase was primarily the result of:

- unfavorable effect of currency translations,
- expansion of direct-to-consumer operations globally,
- information technology initiatives, including our ERP implementation, and
- additions to staff to support business initiatives and growth.

Second quarter SG&A expense included a 90 basis point favorable shift in timing of advertising expenses from the second quarter into the second half of 2011.

Operating Loss

Operating loss was $18.6 million versus an operating loss of $14.7 million, in the second quarter of 2010.

Income Tax Benefit and Net Loss

Income tax benefit equated to a 25.4 percent tax rate, compared to a 26.0 percent rate in second quarter 2010.

Net loss totaled $13.6 million, or $(0.40) per diluted share, compared with net loss of $10.6 million, or $(0.31) per diluted share, in second quarter 2010.

Dividends

At its regular board meeting on July 22, 2011, the board of directors authorized a quarterly dividend of $0.22 per share payable on September 1, 2011 to shareholders of record on August 18, 2011.

Balance Sheet

The balance sheet remains very strong with cash and short-term investments totaling $298.3 million compared to $398.3 million at the same time last year.

Consolidated accounts receivable at June 30, 2011 increased 20 percent, to $174.8 million, compared to $145.5 million one year ago, which is in line with the 21 percent increase in second quarter net sales.

Consolidated inventories at June 30, 2011 totaled $422.0 million, an increase of $111.5 million, or 36 percent, from one year ago. The increase is primarily the result of the following factors, which we discussed in last quarter's commentary:

- earlier receipts of Fall 2011 production to fulfill advance orders for delivery in the second half of 2011;
- excess Fall 2010 inventory, intentionally held for sale primarily through company-owned retail outlet stores in the second half of 2011;
- higher Spring 2011 inventory compared to Spring 2010, reflecting fewer reorders and greater cancellations of advance orders; and
- the effect of a weaker U.S. dollar on translation of non-U.S. inventory balances.

Year-to-date 2011 Cash Flow

Net cash provided by operations through the first half of 2011 was $12.0 million, compared to $16.5 million in the first half of 2010. The variance reflected the combined effect of decreases in working capital liabilities and increased inventory, partially offset by increased collection of accounts receivable compared with the same period last year.

Capital expenditures totaled $24.4 million compared to $16.5 million in the first half of 2010.

The company paid quarterly cash dividends of $14.2 million during the first half of 2011 and made no repurchases of common stock. Approximately $78.8 million remains under the current share repurchase program. 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.

Full Year 2011 Outlook

Our annual net sales are weighted more heavily toward the Fall/Winter season, while operating expenses are more equally distributed throughout the year, resulting in a highly seasonal profitability pattern weighted toward the second half of the fiscal year.

We reaffirmed our previous expectations of achieving 50 to 70 basis points of operating margin leverage in fiscal 2011 compared with fiscal 2010 through a combination of:

- 14-16 percent increase in net sales,
- approximately 100 basis point expansion of gross margins, and
- increased licensing income, partially offset by
- approximately 50 basis point expansion in selling, general & administrative (SG&A) expenses as a percentage of net sales.

Our expectation for a 14-16 percent increase in FY2011 net sales is based primarily on:

- the actual 15 percent increase in first half 2011 sales,
- the 19 percent increase in global Fall 2011 wholesale backlog announced on April 28,
- anticipated increased direct-to-consumer sales, and
- the estimated effect of changes in foreign currency exchange rates.

We expect to achieve a 100 basis point expansion of gross margins in FY2011 which will be determined primarily by the net effect of the following factors over the course of the entire year:

- lower anticipated costs to expedite production and delivery of Fall 2011 advance orders to wholesale customers relative to those incurred in 2010,
- a higher proportion of higher-margin direct-to-consumer sales, and
- favorable foreign currency hedge rates, partially offset by
- the impact of higher manufacturing input costs.

We expect an approximate 50 basis point increase in SG&A as a percentage of net sales in FY2011 to be driven by the net anticipated effect of the following factors over the course of the year:

- increased expenses associated with various information technology initiatives across the organization, including the costs of our multi-year ERP implementation;
- timing and magnitude of actual 2010 investments and anticipated 2011 investments in additional personnel to support business initiatives and growth;
- unfavorable effect of foreign currency fluctuation, partially offset by
- SG&A leverage from our direct-to-consumer operations; and
- reduced selling expenses as a percentage of net sales due to the internalization of our North American and European sales organizations during 2009 and 2010.

We are currently projecting 2011 capital expenditures toward the higher end of the previously discussed range of $52 to $57 million.

Third Quarter 2011 Outlook

We expect a low double-digit percentage increase in third quarter 2011 net sales compared with third quarter 2010, primarily reflecting the increase in Fall 2011 backlog and increased direct-to-consumer sales, partially offset by the shift into the second quarter of a greater proportion of shipments of Fall 2011 advance orders to EMEA and LAAP distributors. In addition, over 50 percent of our anticipated second-half 2011 sales growth is being driven by our footwear business, both Sorel and Columbia brand, and the majority of these advance orders are scheduled to ship in the fourth quarter. These shifts, combined with the anticipated growth of our direct-to-consumer business, are expected to result in second-half net sales and operating income being more evenly distributed between the third and fourth quarters compared with 2010.

We expect third quarter 2011 operating income of approximately $70 million to $74 million, compared with third quarter 2010 operating income of $68.5 million, with a 25 basis point increase in gross margins and increased licensing income, partially offset by approximately 100 basis points of SG&A expense expansion. The expected increase in third quarter gross margin assumes lower airfreight costs, a lower proportion of shipments to EMEA and LAAP distributors and favorable foreign currency hedge rates, partially offset by the effect of higher input costs and a slightly higher volume of close-out product sales. Anticipated third quarter SG&A expansion is affected by the same factors described above as contributing to the anticipated increase in full year SG&A.

We are currently planning the third quarter and full year income tax rate at 27 percent.

All projections related to anticipated future results are forward-looking in nature and are based on existing and anticipated backlog and forecasts, which may change, perhaps significantly.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales, gross margins, operating costs, operating margins, SG&A expenses, licensing income, tax rates, product innovations, and planned investments in future periods. Actual results could differ materially from those projected in these and other forward-looking statements. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this commentary, those described in the company's Annual Report on Form 10-K for the year ended December 31, 2010 under the heading "Risk Factors," and other risks and uncertainties that have been or may be described from time to time in other reports filed by the company, including reports on Form 8-K, Form 10-Q and Form 10-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from those expressed or implied by forward-looking statements in this commentary include: unfavorable economic conditions generally and weakness in consumer confidence and spending rates; changes in international, federal and/or state tax policies and rates, which we expect to increase; international risks, including changes in import limitations and tariffs or other duties, political instability in foreign markets, exchange rate fluctuations, and trade disruptions; our ability to attract and retain key employees; the financial health of our customers and their continued ability to access credit markets to fund their ongoing operations; higher than expected rates of order cancellations; increased consolidation of our retail customers; our ability to effectively source and deliver our products to customers in a timely manner, the failure of which could lead to increased costs and/or order cancellations; unforeseen increases and volatility in input costs, such as cotton and/or oil; our reliance on product acceptance by consumers; the effects of unseasonable weather (including, for example, warm weather in the winter and cold weather in the spring), which affects consumer demand for the company's products; our dependence on independent manufacturers and suppliers; our ability to source finished products and components at competitive prices from independent manufacturers in foreign countries that may experience unexpected periods of inflation, labor and materials shortages or other manufacturing disruptions; the effectiveness of our sales and marketing efforts; intense competition in the industry (which we expect to increase); business disruptions and acts of terrorism or military activities around the globe; our ability to effectively implement our IT infrastructure and business process initiatives; the operations of our computer systems and third party computer systems; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this commentary to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict all such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.