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):

April 25, 2013

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 April 25, 2013, Columbia Sportswear Company (the "Company") issued a press release reporting its first quarter 2013 financial results and the outlook for the second quarter 2013 and fiscal year 2013. 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 of Columbia Sportswear Company, for the first quarter 2013 and forward-looking statements relating to the second quarter and fiscal year 2013 as posted on the company's investor website, http://investor.columbia.com, on April 25, 2013. 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 April 25, 2013 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 May 30, 2013 to its shareholders of record on May 16, 2013.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press release dated April 25, 2013 (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 of Columbia Sportswear Company dated April 25, 2013 (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: April 25, 2013

By: /s/ Thomas B. Cusick
Thomas B. Cusick
Senior Vice President of Finance and Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Press release dated April 25, 2013 (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 of Columbia Sportswear Company dated April 25, 2013 (furnished pursuant to Items 2.02 and 7.01 hereof).

Exhibit 99.1

Contact:
Ron Parham
Sr. Director of Investor Relations
& Corporate Communications
Columbia Sportswear Company
(503) 985-4584
rparham@columbia.com

COLUMBIA SPORTSWEAR COMPANY REPORTS FIRST QUARTER 2013 FINANCIAL RESULTS; REVISES FY2013 FINANCIAL OUTLOOK

First Quarter Highlights:

- First quarter 2013 consolidated net sales increased 5 percent to a first-quarter record $348.3 million, compared with first quarter 2012 net sales of $333.1 million.
- First quarter 2013 net income totaled $10.1 million, or $0.29 per diluted share, including restructuring charges of approximately $2.0 million, or $0.06 per diluted share, net of tax. First quarter 2012 net income was $3.9 million, or $0.11 per diluted share, which included restructuring charges of approximately $2.8 million, or $0.08 per diluted share, net of tax.
- The board of directors approved a quarterly dividend of $0.22 per share, payable on May 30, 2013 to shareholders of record on May 16, 2013.

Revised Full Year 2013 Outlook:

- Net sales expected to decline slightly.
- Operating margin is expected to be approximately 6.6 percent, including restructuring charges and the effects of certain costs and deferral of income related to the previously announced plan to transition to a joint venture in China commencing January 1, 2014. Operating margin is expected to be approximately 7.5 percent excluding the effects of those items.

PORTLAND, Ore. — April 25, 2013 — Columbia Sportswear Company (NASDAQ: COLM), a leading innovator in the active outdoor apparel and footwear industries, today announced a 5 percent increase in net sales for the quarter ended March 31, 2013, to a first-quarter record $348.3 million, compared with net sales of $333.1 million for the same period of 2012. Changes in foreign currency exchange rates negatively affected first quarter consolidated net sales comparisons by less than one percent.

First quarter net income increased 159 percent to $10.1 million, or $0.29 per diluted share, including restructuring charges of approximately $2.0 million, or $0.06 per diluted share, net of tax, compared with net income of $3.9 million, or $0.11 per diluted share, for the same period of 2012, which also included restructuring charges of approximately $2.8 million, or $0.08 per diluted share, net of tax. The effective tax rate in the first quarter of 2013 was 17.4 percent, compared to 30.4 percent in the comparable quarter of 2012.

Tim Boyle, Columbia's president and chief executive officer, commented, "During the first quarter, cold weather in North America helped us liquidate additional Fall season inventory, primarily through our direct-to-consumer channels, putting our inventory levels in better shape than last year at this time."

"Cold weather also helped our wholesale customers liquidate more of their Fall 2012 inventory; however, it did not alter their cautious posture in placing advance orders for our Fall 2013 product offering. Accordingly, based on current advance wholesale order levels, our direct-to-consumer expansion plans, the anticipated effects of transitioning to a joint venture in China, and a number of other variables and assumptions, our full year 2013 outlook anticipates slightly lower net sales compared to 2012."

"We continue to focus on broadening the year-round relevance of our brands by delivering innovations that help keep consumers comfortable whenever and wherever they choose to go outside. In early April, we launched the latest additions to our portfolio of differentiated performance technologies – Omni-Freeze® ZERO under the Columbia brand and Cool.Q® ZERO in our Mountain Hardwear brand – that produce sweat-activated cooling. These products, along with our growing Columbia PFG (Performance Fishing Gear) line and a complementary assortment of sportswear, are perfect for consumers who are increasingly seeking lightweight, sleek versatility that lets them adapt quickly and comfortably to a variety of weather conditions."

First Quarter 2013 Results

(All comparisons are between first quarter 2013 and first quarter 2012, unless otherwise noted.)

First quarter 2013 U.S. net sales increased 4 percent to $200.5 million. Latin America and Asia Pacific (LAAP) region net sales grew 8 percent to $83.1 million, including a 5 percentage point negative effect from changes in currency exchange rates. Europe, Middle East, and Africa (EMEA) region net sales increased 7 percent to $40.9 million, including a 1 percentage point benefit from changes in currency exchange rates. Canada net sales decreased 6 percent to $23.8 million, including a 1 percentage point benefit from changes in currency exchange rates. (See "Geographical Net Sales" table below.)

First quarter apparel, accessories & equipment net sales increased $10.0 million, or 4 percent, to $294.3 million. Footwear net sales increased $5.2 million, or 11 percent, to $54.0 million. (See "Categorical Net Sales" table below.)

First quarter Columbia brand net sales increased $8.0 million, or 3 percent, to $301.1 million. Sorel brand net sales increased $6.0 million, or 94 percent, to $12.4 million. Mountain Hardwear net sales increased $1.4 million, or 5 percent, to $32.1 million. (See "Brand Net Sales" table below.)

Balance Sheet

The company ended the quarter with $374.6 million in cash and short-term investments, compared with $335.4 million at December 31, 2012 and $252.8 million at March 31, 2012.

Consolidated inventories declined 11 percent to $325.2 million at March 31, 2013, compared with $366.6 million at March 31, 2012, reflecting approximately 5 percent fewer units and a reduced mix of Fall season product.

2013 Financial Outlook

The company currently expects a slight net sales decline in 2013 compared to 2012, with a low single-digit net sales increase in constant dollars more than offset by the negative effect of anticipated changes in foreign currency exchange rates.

Full year 2013 gross margin is expected to be comparable to 2012, including the effect of deferring approximately $3.0 million of gross profit into 2014 as a result of the previously announced plan to transition to a joint venture in China, effective January 1, 2014, from the current independent distributor arrangement.

Full year 2013 selling, general and administrative expenses are expected to increase approximately 3 percent, including approximately $3.7 million in pre-operating expenses related to the China joint venture and pre-tax restructuring charges of approximately $4.1 million, primarily related to employee termination and lease exit costs in our European operation, resulting in approximately 135 basis points of SG&A expense deleverage.

Full year 2013 licensing income is expected to be comparable to 2012, including the effect of deferring approximately $4.0 million of licensing income into 2014 in conjunction with the transition to the China joint venture.

As a result, full year 2013 operating margin is expected to be approximately 6.6 percent. Full year 2013 operating margin is expected to be approximately 7.5 percent if the following items are excluded: the anticipated $4.1 million in restructuring charges, and the deferral of approximately $3.0 million of gross profit and $4.0 million of licensing income into 2014 and pre-operating costs of approximately $3.7 million related to the China joint venture.

The company is modeling a full year effective tax rate of 26 percent; however, the actual rate could differ, perhaps significantly, based on the status of tax uncertainties, the geographic mix of pre-tax income, as well as other discrete events that may occur during the year.

The company's 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.

Second Quarter 2013 Outlook

The second quarter is the company's lowest volume quarter, which amplifies the effect on operating results of changes in the timing of shipments and the fixed costs of the company's operations.

The company expects second quarter 2013 net sales to decline approximately 4 to 6 percent compared with second quarter 2012, primarily reflecting lower wholesale net sales, partially offset by increased direct-to-consumer sales.

The company expects second quarter 2013 operating margin to decline approximately 370 to 540 basis points compared to second quarter 2012, consisting of approximately 430 to 560 basis points of SG&A expense deleverage, including restructuring charges of approximately $1.7 million, approximately $1.2 million in pre-operating costs of the China joint venture, and decreased licensing income, partially offset by approximately 90 to 140 basis points of gross margin expansion.

The company is modeling an effective income tax rate for the second quarter of 29 percent.

All projections related to anticipated future results are forward-looking in nature and are subject to risks and uncertainties which may cause actual results to differ, perhaps significantly.

A more detailed version of the company's financial outlook can be found in the "**CFO Commentary on First Quarter Financial Results and 2013 Outlook"**, available on the company's investor relations website at http://investor.columbia.com/results.cfm.

Dividend

The board of directors authorized a quarterly dividend of $0.22 per share, payable on May 30, 2013 to shareholders of record on May 16, 2013.

CFO's First Quarter Financial Commentary Available Online

At approximately 4:15 p.m. EDT today, a commentary by Tom Cusick, senior vice president of finance and chief financial officer, reviewing the company's first quarter 2013 results and full year 2013 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, April 25, 2013 at 5:00 p.m. EDT to review its first quarter results and 2013 financial outlook. Dial 877-407-9205 to participate. The call will also be webcast live on the Investor Relations section of the Company's website at http://investor.columbia.com where it will remain available until April 25, 2014.

Second Quarter 2013 Reporting Schedule

Columbia Sportswear plans to report financial results for second quarter 2013 on Thursday, July 25, 2013 at approximately 4:00 p.m. EDT. Following issuance of the earnings release, a commentary reviewing the company's second quarter financial results and fiscal 2013 financial outlook will be furnished to the SEC on Form 8-K and published on the investor relations section of the company's website at http://investor.columbia.com/results.cfm. A public webcast of Columbia's earnings conference call will follow at 5:00 p.m. EDT at www.columbia.com.

About Columbia Sportswear

Columbia Sportswear Company is a leading innovator in the global outdoor apparel, footwear, accessories and equipment industry. Founded in 1938 in Portland, Oregon, Columbia products are sold in approximately 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 OutDry®. To learn more, please visit the company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, www.montrail.com and www.outdry.com.

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 and other expenses, licensing income, tax rates, currency hedge rates, product innovations, employee termination and lease exit costs, restructuring costs, anticipated joint venture income, operations and expenses, and promotional or close-out sales levels 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 release, those described in the company's Annual Report on Form 10-K for the year ended December 31, 2012 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; our reliance on product innovations, which may involve greater regulatory and manufacturing complexity and could pose greater risks of quality issues or supply disruptions; 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; business disruptions and acts of terrorism or military activities around the globe; our ability to effectively implement our IT infrastructure, data management and business process initiatives, failure of which could result in significant disruptions to our business; 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)

	March 31, 2013	March 31, 2012
Current Assets:		
Cash and cash equivalents	$ 303,654	$ 240,725
Short-term investments	70,988	12,028
Accounts receivable, net	238,325	253,297
Inventories, net	325,241	366,564
Deferred income taxes	48,444	51,519
Prepaid expenses and other current assets	41,814	37,421
Total current assets	1,028,466	961,554
Property, plant and equipment, net	266,946	256,420
Intangibles and other non-current assets	77,069	82,098
Total assets	$1,372,481	$1,300,072
Current Liabilities:		
Accounts payable	$ 75,980	$ 90,665
Accrued liabilities	88,338	80,460
Income taxes payable	2,217	9,470
Deferred income taxes	23	986
Total current liabilities	166,558	181,581
Other long-term liabilities	41,800	39,980
Shareholders’ equity	1,164,123	1,078,511
Total liabilities and shareholders’ equity	$1,372,481	$1,300,072

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net sales	$ 348,307	$ 333,141
Cost of sales	195,003	185,205
Gross profit	153,304	147,936
	44.0%	44.4%
Selling, general, and administrative expenses	142,903	144,556
Net licensing income	2,327	1,975
Income from operations	12,728	5,355
Interest income, net	132	247
Other nonoperating expense	(630)	—
Income before income tax	12,230	5,602
Income tax expense	(2,128)	(1,704)
Net income	$ 10,102	$ 3,898
Earnings per share:		
Basic	$ 0.30	$ 0.12
Diluted	0.29	0.11
Weighted average shares outstanding:		
Basic	34,167	33,705
Diluted	34,449	33,953

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 10,102	$ 3,898
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,858	11,018
Loss on disposal or impairment of property, plant and equipment	43	84
Deferred income taxes	2,624	571
Stock-based compensation	1,950	2,112
Excess tax benefit from employee stock plans	(574)	(225)
Changes in operating assets and liabilities:		
Accounts receivable	95,995	98,893
Inventories	38,075	(1,640)
Prepaid expenses and other current assets	(3,186)	(730)
Other assets	(1,752)	(820)
Accounts payable and accrued liabilities	(86,309)	(86,911)
Income taxes payable	(1,769)	(5,105)
Other liabilities	778	1,068
Net cash provided by operating activities	65,835	22,213
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of short-term investments	(26,317)	(9,150)
Capital expenditures	(14,770)	(12,004)
Proceeds from sale of property, plant, and equipment	41	—
Net cash used in investing activities	(41,046)	(21,154)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from credit facilities	800	519
Repayments on credit facilities	(956)	(519)
Proceeds from issuance of common stock under employee stock plans	6,005	3,475
Tax payments related to restricted stock unit issuances	(1,891)	(1,116)
Excess tax benefit from employee stock plans	574	225
Cash dividends paid	(7,521)	(7,419)
Net cash used in financing activities	(2,989)	(4,835)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH	(8,927)	3,467
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,873	(309)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	290,781	241,034
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 303,654	$ 240,725
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES:		
Capital expenditures incurred but not yet paid	$ 3,803	$ 2,236

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

	Three Months Ended March 31,		
	2013	2012	% Change
Geographical Net Sales:			
United States	$200.5	$193.0	4%
Latin America & Asia Pacific	83.1	76.8	8%
Europe, Middle East, & Africa	40.9	38.1	7%
Canada	23.8	25.2	(6)%
Total	$348.3	$333.1	5%
Categorical Net Sales:			
Apparel, Accessories and Equipment	$294.3	$284.3	4%
Footwear	54.0	48.8	11%
Total	$348.3	$333.1	5%
Brand Net Sales:			
Columbia	$301.1	$293.1	3%
Mountain Hardwear	32.1	30.7	5%
Sorel	12.4	6.4	94%
Other	2.7	2.9	(7)%
Total	$348.3	$333.1	5%

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Exhibit 99.2

14375 NW Science Park Drive
Portland, OR 97229

April 25, 2013

CFO Commentary on First Quarter 2013 Financial Results and 2013 Outlook

Financial Information

Please reference accompanying financial information in the corresponding earnings release at http://investor.columbia.com/results.cfm

Conference Call

The company will host a conference call on Thursday, April 25, 2013 at 5:00 p.m. EDT to review its first quarter results and 2013 financial outlook. To participate, please dial (877) 407-9205 in the U.S. The call will be webcast live on the Investor Relations section of the company's website http://investor.columbia.com where it will remain available until April 25, 2014.

Summary

Net sales increased 5 percent to a first-quarter record $348.3 million compared with net sales of $333.1 million for the first quarter of 2012, with moderate growth in three of our four regions. Gross margin contracted approximately 40 basis points, while selling, general & administrative (SG&A) expenses declined $1.7 million, or 1 percent (including first quarter 2013 restructuring charges of approximately $2.4 million and first quarter 2012 restructuring charges of approximately $4.0 million). First quarter 2013 operating income totaled $12.7 million, compared to first quarter 2012 operating income of $5.4 million. First quarter net income totaled $10.1 million, or $0.29 per diluted share, including restructuring charges of approximately $2.0 million, or $0.06 per diluted share, net of tax, compared with first quarter 2012 net income of $3.9 million, or $0.11 per diluted share, which included restructuring charges of $2.8 million, or $0.08 per diluted share, net of tax.

First Quarter Financial Results

All comparisons are between first quarter 2013 and first quarter 2012, unless otherwise noted.

Net Sales:

Late winter weather helped drive demand for outerwear and cold-weather footwear, aiding the liquidation of additional Fall 2012 inventory, primarily through the company's direct-to-consumer channels. In addition, a timing shift in shipments of independent distributors' Spring 2013 advance orders had a favorable impact on first quarter 2013 net sales. Changes in foreign currency exchange rates negatively affected consolidated first quarter sales comparisons by less than one percent.

Regions: Growth in three of four regions

- U.S. net sales grew $7.5 million, or 4 percent, to $200.5 million, driven by increased direct-to-consumer net sales, partially offset by lower U.S. wholesale net sales. The company operated 63 U.S. retail stores during the first quarter of 2013 compared with 51 during the same period in 2012.

- Net sales in the Latin America and Asia Pacific (LAAP) region increased $6.3 million, or 8 percent, to $83.1 million, including a 5 percentage point negative effect from changes in currency exchange rates. Net sales to LAAP distributors increased, due to the combined effects of increased Spring 2013 advance orders and a timing shift into the first quarter of 2013. Net sales in Korea increased, primarily due to favorable changes in currency exchange rates, while net sales in Japan decreased due to unfavorable changes in currency exchange rates which more than offset an increase in net sales in local currency.
- Net sales in the Europe, Middle East, and Africa (EMEA) region increased $2.8 million, or 7 percent, to $40.9 million, including a 1 percentage point benefit from changes in currency exchange rates. Net sales to EMEA distributors increased, due to the combined effects of increased Spring 2013 advance orders and a timing shift into the first quarter of 2013. This increase was partially offset by a net sales decrease in EMEA direct markets, primarily concentrated in the Columbia brand.
- Net sales in Canada declined $1.4 million, or 6 percent, to $23.8 million, including a 1 percentage point benefit from changes in currency exchange rates. The decline was concentrated primarily in the Columbia brand.

Product Categories: Growth in both categories

- Global Apparel, Accessories & Equipment net sales increased $10.0 million, or 4 percent, with growth in both the Columbia and Mountain Hardwear brands.
- Global Footwear net sales increased $5.2 million, or 11 percent, consisting primarily of an increase in Sorel brand net sales in the U.S., resulting from lingering cold weather during the first quarter of 2013 versus warm weather during the first quarter of 2012. This increase was partially offset by small declines in the Columbia and Montrail brands.

Brands: Growth from three of four brands

- Columbia brand net sales increased $8.0 million, or 3 percent, to $301.1 million, primarily attributable to a timing shift in shipments of LAAP and EMEA distributors' Spring 2013 advance orders, partially offset by modest declines in the company's Canada and EMEA-direct markets. An increase in net sales of Columbia apparel, accessories & equipment was partially offset by a decrease in net sales of Columbia footwear.
- In what is historically a low volume quarter for the Sorel brand, net sales increased $6.0 million, or 94 percent, to $12.4 million, resulting primarily from increased sales in the U.S., aided by colder winter weather in the first quarter of 2013 compared to an unseasonably warm 2011/12 winter.
- Mountain Hardwear brand net sales increased $1.4 million, or 5 percent, to $32.1 million, with increases in the U.S., EMEA region and Canada, partially offset by lower net sales in the LAAP region.

Gross Margin: 40 basis point contraction due to higher closeout sales volume

First quarter 2013 gross margins were 44.0 percent, a decrease of approximately 40 basis points, predominantly driven by:

- a higher volume of promotional and close-out product sales,
- a higher mix of lower gross margin international distributor sales, and
- deferral of gross profit related to sales of Spring 2013 product to our current independent distributor in China, (See "Transition to China Joint Venture" section below)

partially offset by:

- favorable foreign currency hedge rates.

Selling, General and Administrative (SG&A) Expense: Cost containment measures limit SG&A growth

First quarter 2013 SG&A expense decreased $1.7 million, or 1 percent, to $142.9 million, including restructuring charges of $2.4 million in this year's first quarter and $4.0 million in the first quarter of 2012. Excluding restructuring charges from both periods, SG&A was essentially flat.

SG&A represented 41.0 percent of net sales, compared to 43.4 percent in last year's first quarter. Key variances within the SG&A comparison were:

- lower restructuring charges,
- favorable foreign currency translation effect,
- lower depreciation expense resulting from assets which are now fully depreciated, and
- lower sales commissions expense,

partially offset by:

- higher provisions for bad debts,
- expanded direct-to-consumer operations globally, and
- pre-operating costs related to the formation of a new China joint venture with our current independent distributor. (See "Transition to China Joint Venture" section below.)

Operating Income:

First quarter operating income increased 138 percent to $12.7 million, or 3.7 percent of net sales, including approximately $0.3 million of pre-operating costs and deferral of approximately $0.9 million of operating profit related to the planned transition to a joint venture in China effective January 1, 2014, as well as restructuring charges of approximately $2.4 million primarily related to employee termination costs in our European operation.

Income Tax Expense

The first quarter effective tax rate equated to 17.4 percent, compared to a 30.4 percent rate in the first quarter of 2012. The lower income tax rate was primarily due to the benefit from the U.S. legislative reinstatement of the research and development tax credit in 2013. Refer to the 2013 Outlook section below for our anticipated full year tax rate.

Net Income:

Net income totaled $10.1 million, or $0.29 per diluted share, including restructuring charges of $2.0 million, or $0.06 per diluted share, net of tax, compared with net income of $3.9 million, or $0.11 per diluted share, which included restructuring charges of approximately $2.8 million, or $0.08 per diluted share, net of tax.

Balance Sheet: Strong cash position, inventory down 11 percent on 5 percent fewer units, receivables down 6 percent

The balance sheet remains strong with cash and short-term investments totaling $374.6 million compared to $252.8 million at the same time last year. At March 31, 2013, approximately 34 percent of cash and short-term investments were held in foreign jurisdictions where a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Consolidated inventories at March 31, 2013 totaled $325.2 million, a decrease of $41.3 million, or 11 percent, on approximately 5 percent fewer units compared to the same time last year. This decrease reflects lower volumes of higher-value Fall season inventory and a reduction in in-transit inventory at

March 31, 2013. We expect inventory levels to remain below last year's comparable levels over the remaining quarters of 2013. Our December 31, 2013 consolidated inventory is expected to include approximately $25 million of inventory purchased by and transferred to our China joint venture ahead of its planned January 1, 2014 commencement. Actual year-end inventory levels will ultimately depend on winter weather and corresponding sell-through, timing of inventory receipts, and the overall stability of macro-economic conditions.

Year-to-Date 2013 Cash Flow

Net cash provided by operations in the first quarter of 2013 was $65.8 million, compared to $22.2 million in the first quarter of 2012. The increase reflected lower inventory levels and increased net income during the period.

Capital expenditures totaled $18.6 million, compared to $14.2 million in the first quarter of 2012.

The company paid quarterly cash dividends of $7.5 million during the first quarter of 2013 and made no repurchases of common stock. Approximately $58.6 million remains available under the current repurchase authorization.

Transition to China Joint Venture

As we have discussed, our previously announced joint venture in mainland China with Swire Resources, Inc. is expected to commence operations effective January 1, 2014, subject to regulatory approval in the People's Republic of China and other conditions customary in transactions of this size and type. During 2013, our financial results will be affected as we transition from our current third-party distributor relationship with Swire as follows:

- We expect to incur organizational and other pre-operating SG&A expenses totaling approximately $3.7 million during 2013, including approximately $0.3 million that was incurred during the first quarter of 2013 and included in SG&A. Additional pre-operating costs will be accounted for similarly as they are incurred during the remainder of 2013. These costs include personnel, professional fees and selling-related expenses.
- On or about December 31, 2013, Swire's remaining inventory of Fall 2013 and prior seasons will be transferred to the joint venture. We will defer the profits related to this inventory and recognize those profits as the inventory is sold by the joint venture in future periods to wholesale customers and consumers. In the first quarter of 2013, we deferred approximately $0.9 million of gross margin and licensing income related to Spring 2013 and prior inventory that we estimate will be transferred to the joint venture at December 31, 2013. In the second and third quarters of 2013, we will defer profit from shipments of Fall 2013 inventory that occur during those periods and that we estimate will be transferred to the joint venture at December 31, 2013.
- Similarly, our shipments of Spring 2014 inventory for the China market, anticipated to begin in the fourth quarter of 2013, will be sold directly to the joint venture entity. The related sales, gross margin, and licensing income, which we would have recognized in the fourth quarter of 2013 under the distributor model, will be deferred as part of our financial consolidation and recognized in future periods as the joint venture sells that inventory to wholesale customers and consumers.

- The combination of these profit deferrals is currently estimated to total approximately $7.0 million in 2013 (including approximately $4.0 million in licensing income), the majority of which is expected to be recognized by the joint venture and incorporated in our consolidated financial results in 2014 as the inventory is sold to customers and consumers. Please note that the actual amount of these profit deferrals into future periods will depend on the volume of Spring 2014 inventory purchased by the joint venture in the fourth quarter of 2013 and the actual remaining balance of prior season inventory transferred to the joint venture at December 31, 2013.
- Initial capital totaling $20 million will be contributed by the joint venture shareholders in the second quarter of 2013 in proportion to their respective ownership interests. Additional capital will be provided in the second half of 2013 in the form of proportionate shareholder loans totaling up to $40 million. Columbia's capital contributions will be funded with cash that is domiciled outside the U.S. These capital contributions represent the initial working capital necessary to fund the joint venture's operations and will be included in our consolidated financial statements in the periods during which they occur.

2013 Outlook

All projections related to anticipated future results are forward-looking in nature and may change, perhaps significantly. 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 sales and profitability pattern weighted toward the second half of the fiscal year.

Fall season advance wholesale orders typically drive a significant portion of our annual sales and, as such, are one of several significant factors we use to formulate our full year outlook. Following two consecutive mild North American winters, U.S. wholesale customers were cautious in placing advance orders for Fall 2013 cold-weather products. As evidenced by each of the last two years, our projected full year sales may be materially impacted by unfavorable weather patterns and other factors which affect consumer demand and lead to higher-than anticipated order cancellations and lower reorders by our wholesale customers and/or lower-than-projected sales through our direct-to-consumer channels, particularly during the fourth quarter.

The company intends to continue managing discretionary costs diligently with the goal of limiting the growth of SG&A expense as a percentage of net sales, while we remain focused on driving growth by providing innovative products at accessible prices, transforming our supply chain, managing inventory and expense, and nurturing stronger emotional connections with consumers through compelling marketing communications.

Our preliminary fiscal year 2013 outlook assumes:

- a slight decline in 2013 net sales compared to 2012 net sales, including a decline in North America wholesale net sales resulting from cautious Fall 2013 advance orders from customers following mild winter weather in 2012 and declines in Europe primarily due to continued product assortment and macro-economic challenges that have hampered our ongoing efforts to revitalize our brands in key European markets. We also expect net sales to decline in the LAAP region following two years of rapid growth, driven by a decline in Japan resulting primarily from a significantly weaker yen, the effects of transitioning to a joint venture in China, and the transition to a new distributor in Australia. These declines are expected to be largely offset by expansion of the company's direct-to-consumer business;

- gross margins approximately flat with 2012, reflecting less promotional activity and a higher proportion of direct-to-consumer sales, offset by the effect of deferring approximately $3.0 million of gross profit into 2014 as a result of the transition to a joint venture in China, and unfavorable foreign currency hedge rates;
- SG&A expenses approximately 3 percent higher than 2012, including approximately $3.7 million in pre-operating expenses related to the China joint venture and pre-tax restructuring charges of approximately $4.1 million, primarily related to employee termination and lease exit costs in our European operation, coupled with the effect of 2013 compensation and benefit increases, expansion of our direct-to-consumer platform, and the continued investment in information technology and ERP implementation, resulting in SG&A expense deleverage of approximately 135 basis points;
- licensing income comparable to 2012, including the effect of deferring approximately $4.0 million of licensing income into 2014 in conjunction with the transition to the China joint venture.
- the year-over-year differences in currency exchange rates, particularly the Japanese yen, are anticipated to negatively impact net sales and operating income by approximately 1.5% and 4.0%, respectively;
- a full year tax rate of approximately 26 percent; however, the actual rate could differ, perhaps significantly, based on the status of tax uncertainties, the geographic mix of pre-tax income, as well as other discrete events that may occur during the year;
- 2013 capital expenditures of approximately $65 million, comprising information technology, project-based and maintenance capital, and direct-to-consumer expansion.

The combination of the above assumptions leads us to anticipate 2013 operating margin of approximately 6.6 percent. Full year 2013 operating margins are expected to be approximately 7.5 percent, excluding anticipated restructuring charges of approximately $4.1 million, and the effects of pre-operating costs of approximately $3.7 million and income deferral of approximately $7.0 million related to transitioning to the China joint venture. We continue to evaluate all areas of our business in order to streamline and improve operating results.

Second Quarter 2013 Outlook

We expect a 4 to 6 percent decrease in second quarter 2013 net sales compared with second quarter 2012, driven by later shipments of international distributors' Fall 2013 orders as well as lower wholesale sales in the U.S., Europe and Canada, partially offset by increased direct-to-consumer sales in North America and the LAAP region.

We expect second quarter 2013 operating margin to contract by approximately 370 to 540 basis points compared to second quarter 2012, including approximately $1.7 million in restructuring costs, $1.2 million in China joint venture pre-operating costs, and $0.4 million in deferred gross profit and licensing income related to transitioning to the China joint venture.

The second quarter operating margin outlook anticipates approximately 430 to 560 basis points of SG&A expense deleverage and lower licensing income, partially offset by gross margin expansion of approximately 90 to 140 basis points.

The anticipated SG&A expense deleverage primarily reflects lower sales and an approximate 5 percent increase in SG&A expense, including growth in our global retail platform, restructuring charges, the effect of 2013 compensation and benefit increases, and China joint venture pre-operating costs.

The expected expansion in second quarter gross margin anticipates a higher proportion of direct-to-consumer sales, which carry higher gross margins, and a lower proportion of distributor shipments, which carry lower gross margins. The anticipated decrease in second quarter licensing income reflects an expected timing shift of delivery of Fall 2013 advance orders to our independent distributor in China.

The company is modeling an effective income tax rate for the second quarter of 29 percent.

The second quarter is the company’s lowest volume quarter, which amplifies the effect on operating income of changes in the timing of shipments and the incremental fixed costs of the company’s operations. All projections related to anticipated future results are forward-looking in nature and may change, perhaps significantly.

Dividends

At its regular board meeting on April 19, 2013, the board of directors authorized a quarterly dividend of $0.22 per share, payable on May 30, 2013 to shareholders of record on May 16, 2013.

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 and other expenses, licensing income, tax rates, currency hedge rates, product innovations, employee termination and lease exit costs, restructuring costs, anticipated joint venture income, operations and expenses, and promotional or close-out sales levels 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, 2012 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; our reliance on product innovations, which may involve greater regulatory and manufacturing complexity and could pose greater risks of quality issues or supply disruptions; 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; business disruptions and acts of terrorism or military activities around the globe; our ability to effectively implement our IT infrastructure, data management and business process initiatives, failure of which could result in significant disruptions to our business; 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.