UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from_______to_______

Commission file number 0-23939

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

Oregon	**93-0498284**
(State or other jurisdiction of incorporation or organization)	(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

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

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter, was $1,713,522,574 based on the last reported sale price of the Company's common stock as reported by the NASDAQ Global Select Market System on that day.

The number of shares of common stock outstanding on February 9, 2018 was 70,016,897.

Part III is incorporated by reference from the registrant's proxy statement for its 2018 annual meeting of shareholders to be filed with the Commission within 120 days of December 31, 2017.

COLUMBIA SPORTSWEAR COMPANY

DECEMBER 31, 2017

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PART I

Item 1. *BUSINESS*

General

Founded in 1938 in Portland, Oregon, as a small, family-owned, regional hat distributor and incorporated in 1961, Columbia Sportswear Company has grown to become a global leader in designing, sourcing, marketing, and distributing outdoor and active lifestyle apparel, footwear, accessories, and equipment. Unless the context indicates otherwise, the terms "we", "us", "our", "the Company," and "Columbia" refer to Columbia Sportswear Company, together with its wholly owned subsidiaries and entities in which it maintains a controlling financial interest.

As one of the largest outdoor and active lifestyle apparel and footwear companies in the world, our products have earned an international reputation for innovation, quality and performance. We design, source, market, and distribute outdoor and active lifestyle apparel, footwear, accessories, and equipment under four primary brands, which complement each other to address the diverse needs of consumers:

Columbia®

The Columbia brand is our largest brand, offering performance and casual products, including apparel, footwear, accessories, and equipment. The durability and functionality of our Columbia brand products make them ideal for a wide range of outdoor and active lifestyle activities, serving a broad population of consumers, including skiers, snowboarders, mountain climbers, outdoor enthusiasts, hikers, hunting and fishing enthusiasts, endurance trail runners, golfers and outdoor-inspired consumers.

SOREL®

Acquired in 2000, our SOREL brand primarily offers premium, durable and design-driven footwear products to a market of fashion forward and brand savvy female consumers. The SOREL brand also offers a collection of premium men’s and youth utility footwear.

Mountain Hardwear®

Acquired in 2003, the Mountain Hardwear brand, headquartered in Richmond, California, offers premium apparel, accessories and equipment primarily for the high performance needs of mountaineering enthusiasts and other outdoor athletes, as well as for consumers who are inspired by the outdoor lifestyle.

prAna®

Acquired in 2014, the prAna brand, headquartered in Carlsbad, California, offers stylish and versatile active lifestyle apparel and accessories designed and manufactured with an emphasis on sustainable materials and processes. Our prAna brand apparel products focus on consumers whose active lifestyles include activities such as rock climbing, yoga, outdoor watersports, hiking, and adventure travel.

Other Brands

The OutDry® brand, acquired in 2010, holds various patents pertaining to processes for manufacturing waterproof and breathable apparel, footwear, accessories, and equipment. We have incorporated the OutDry technology in select Columbia, Mountain Hardwear and SOREL products, and also license the technology to third parties.

The Pacific Trail® brand, acquired in 2006, is licensed to third parties across a range of apparel, footwear, accessories, and equipment.

We distribute our products through a mix of wholesale distribution channels, our own direct-to-consumer channels (retail stores and e-commerce), independent international distributors, and licensees. In 2017, our products were sold in approximately 90 countries. Substantially all of our products are manufactured by contract manufacturers located outside the United States.

Consumer desire for our products is affected by many variables, including the popularity of outdoor activities and active lifestyles, changing design trends, consumer adoption of innovative performance technologies, variations in seasonal weather, and the availability and desirability of competitor alternatives. Therefore, we seek to drive, anticipate and respond to trends and shifts in consumer preferences by developing new products with innovative performance features and designs, creating persuasive and memorable marketing communications to generate consumer awareness, demand and retention, and adjusting the mix and price points of available product offerings. Failure to anticipate or respond to consumer needs and preferences in a timely and adequate manner could have a material adverse effect on our sales and profitability.

Our business is subject to many risks and uncertainties that may have a material adverse effect on our financial condition, results of operations or cash flows. Some of these risks and uncertainties are described below under Item 1A, Risk Factors.

Seasonality and Variability of Business

Our business is affected by the general seasonal trends common to the industry, including seasonal weather and discretionary consumer shopping and spending patterns. Our products are marketed on a seasonal basis and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. In 2017, approximately 60% of our net sales and approximately 90% of our operating income were realized in the second half of the year, illustrating our dependence upon sales results in the second half of the year, as well as the less seasonal nature of our operating costs. The expansion of our direct-to-consumer operations has increased the proportion of sales, profits and cash flows that we generate in the second half of the year.

Results of operations in any period should not be considered indicative of the results to be expected for any future period, particularly in light of disruptions in wholesale channels of distribution, changes in consumer purchasing behavior, persistent volatility in global economic and geopolitical conditions, volatility of foreign currency exchange rates, and inflationary or volatile input costs, each of which reduces the predictability of our business.

For further discussion regarding the effects of the macro-economic environment on our business, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Products

We develop and manage our merchandise in two principal categories: (1) apparel, accessories and equipment and (2) footwear. The following table presents the net sales and approximate percentages of net sales attributable to each of our principal product categories for each of the last three years ended December 31 (dollars in millions).

	2017		2016		2015	
	Net Sales	% of Sales	Net Sales	% of Sales	Net Sales	% of Sales
Apparel, accessories and equipment	$ 1,928.0	78.2%	$ 1,865.4	78.5%	$ 1,821.2	78.3%
Footwear	538.1	21.8	511.6	21.5	505.0	21.7
Total	$ 2,466.1	100.0%	$ 2,377.0	100.0%	$ 2,326.2	100.0%

Apparel, accessories and equipment

We design, develop, market, and distribute apparel, accessories and equipment for men and women under our Columbia, Mountain Hardwear, SOREL, and prAna brands, and for youth under our Columbia brand. Our products incorporate the cumulative design, fabrication, fit, and construction technologies that we have pioneered over several decades and that we continue to innovate. Our apparel, accessories and equipment are designed to be used during a wide variety of outdoor activities, such as skiing, snowboarding, hiking, climbing, mountaineering, camping, hunting, fishing, trail running, water sports, yoga, golf, and adventure travel.

Footwear

We design, develop, market, and distribute footwear products for men, women and youth under our Columbia and SOREL brands. Our footwear products include durable, lightweight hiking boots, trail running shoes, rugged cold weather boots for activities on snow and ice, sandals and shoes for use in water activities, and casual shoes for everyday use. Our

Columbia brand footwear products seek to address the needs of both the casual consumer and outdoor consumers who participate in activities that typically involve challenging or unusual terrain in a variety of weather and trail conditions. Our SOREL brand products offer premium casual and cold weather footwear for all ages and genders, with a focus on young, fashion-conscious female consumers.

Product Design and Innovation

We are committed to designing innovative and functional products for consumers who participate in a wide range of outdoor activities, enabling them to enjoy those activities longer and in greater comfort by keeping them warm or cool, dry and protected. We also place significant value on product design and fit (the overall appearance and image of our products) that, along with technical performance features, distinguish our products in the marketplace.

Our research and development efforts are led by an internal team of specialists who work closely with independent suppliers to conceive, develop and commercialize innovative technologies and products that provide the unique performance benefits desired by consumers during outdoor activities. We have also established working relationships with specialists in the fields of chemistry, biochemistry, engineering, industrial design, materials research, and graphic design, and in other related fields. We utilize these relationships, along with consumer feedback, to develop and test innovative performance products, processes, packaging, and displays. We believe that these efforts, coupled with our technical innovation efforts, represent key factors in the past and future success of our products.

Intellectual Property

We own many trademarks, including Columbia Sportswear Company®, Columbia®, SOREL®, Mountain Hard Wear®, prAna®, OutDry®, Pacific Trail®, the Columbia diamond shaped logo, the Mountain Hardwear nut logo, the SOREL polar bear logo, and the prAna sitting pose logo, as well as many other trademarks relating to our brands, products, styles, and technologies. We believe that our trademarks are an important factor in creating a market for our products, in identifying our Company, and in differentiating our products from competitors' products. We have design, process and utility patents, which expire at various times, as well as pending patent applications in the United States and other countries. We file applications for United States and foreign patents for inventions, designs and improvements that we believe have commercial value; however, these patents may or may not ultimately be issued, enforceable or used in our business. The technologies, processes and designs described in our patents are incorporated into many of our most important products. We believe our success primarily depends on our ability to continue offering innovative solutions to match consumer needs through design, research, development, and production advancements, rather than our ability to secure patents. We vigorously protect these proprietary rights against counterfeit reproductions and other infringing activities. Additionally, we license some of our trademarks across a range of apparel, footwear, accessories, equipment, and home products.

Sales and Distribution

We sell our products through a mix of wholesale distribution channels, our own direct-to-consumer channels, independent international distributors, and licensees. The majority of our sales are generated through wholesale channels, which include small, independently operated specialty outdoor and sporting goods stores, regional, national and international sporting goods chains, large regional, national and international department store chains and, internet retailers. We sell our products to distributors in various countries where we generally do not have direct sales and marketing operations. We also sell a wide range of apparel, footwear, accessories, equipment, and home products through licensing arrangements with third party manufacturers. In addition, we market Columbia brand apparel and accessories under licensing arrangements with various collegiate and professional sports organizations and entertainment companies.

We also sell our products directly to consumers in each of our geographic segments through our own network of branded and outlet retail stores and online. In addition, we have concession-based arrangements with third-parties at branded, outlet and shop-in-shop retail locations in our Asia Pacific and Europe regions, where the Company retains ownership of inventory and control over certain aspects of operations. Our direct-to-consumer businesses are designed to elevate consumer perception of our brands, increase consumer and retailer awareness of and demand for our products, model compelling retail environments for our products and strengthen emotional connections between consumers and our brands over time. Our branded retail stores and e-commerce sites allow us to showcase a broad selection of products and to support the brand's positioning with fixtures and imagery that may then be replicated and offered for use by our wholesale and distributor customers. These stores and sites provide high visibility for our brands and products and help us to monitor the needs and preferences of consumers. In addition, we operate outlet stores, which serve a role in our overall inventory management by enabling us to profitably liquidate excess, discontinued and out-of-season products while maintaining the integrity of our brands in wholesale and distributor channels.

We operate in four geographic segments: (1) the United States, (2) Latin America and Asia Pacific ("LAAP"), (3) Europe, Middle East and Africa ("EMEA"), and (4) Canada, which are reflective of our internal organization, management and oversight structure. Each geographic segment operates predominantly in one industry: the design, development, marketing, and distribution of outdoor and active lifestyle apparel, footwear, accessories, and equipment. The following table presents net sales to unrelated entities and approximate percentages of net sales by geographic segment for each of the last three years ended December 31 (dollars in millions):

	2017		2016		2015	
	Net Sales	**% of Sales**	**Net Sales**	**% of Sales**	**Net Sales**	**% of Sales**
United States	$ 1,520.0	61.6%	$ 1,505.2	63.3%	$ 1,455.2	62.6%
LAAP	475.1	19.3	453.7	19.1	469.2	20.2
EMEA	293.7	11.9	253.5	10.7	233.2	10.0
Canada	177.3	7.2	164.6	6.9	168.6	7.2
Total	$ 2,466.1	100.0%	$ 2,377.0	100.0%	$ 2,326.2	100.0%

United States

The United States accounted for 61.6% of our net sales for 2017. We sell our products in the United States to approximately 3,100 wholesale customers and through our own direct-to-consumer channels. As of December 31, 2017, our United States direct-to-consumer businesses consisted of 105 outlet retail stores and 24 branded retail stores. We also sell our products through brand-specific e-commerce websites in the United States. In addition, we earn licensing income in the United States based on our licensees' sale of licensed products.

We distribute the majority of our products sold in the United States from distribution centers that we own and operate in Portland, Oregon and Robards, Kentucky. In some instances, we arrange to have products shipped from contract manufacturers through third-party logistics companies or directly to wholesale customer-designated facilities in the United States.

LAAP

The LAAP region accounted for 19.3% of our net sales for 2017. We sell our products in the LAAP region through a combination of wholesale and direct-to-consumer channels in China, Japan and Korea and to independent international distributors across the LAAP region.

In Japan and Korea, we sell to approximately 250 wholesale customers. In addition, as of December 31, 2017, there were 119 and 162 concession-based, branded, outlet and shop-in-shop locations in Japan and Korea, respectively. We also sell our products through brand-specific e-commerce websites in Japan and Korea. We distribute our products in Japan and Korea through third-party logistics companies that operate warehouses near Tokyo and Seoul, respectively.

In 2014, we commenced operations of a majority-owned joint venture with Swire Resources Limited ("Swire") for purposes of continuing the development of our business in China. The joint venture operates 86 retail store locations in China. In addition, the joint venture sells its products through brand-specific e-commerce websites in China across multiple platforms and has distribution relationships with approximately 50 wholesale dealers that operate approximately 750 retail locations. As a 60% majority-owned entity that we control, the joint venture's operations are included in our consolidated financial results. The joint venture distributes our products to wholesale customers, our own retail stores and e-commerce customers in China through third-party logistics companies with warehouses in Shanghai.

We sell to 19 international independent distributors that sell to approximately 600 wholesale customers in locations throughout the LAAP region. The majority of sales to our LAAP distributors are shipped directly from the contract manufacturers from which we source our products.

EMEA

Sales in our EMEA region accounted for 11.9% of our net sales for 2017. We sell our products in the EMEA region to approximately 3,500 wholesale customers and to 26 independent international distributors that sell to approximately 750 wholesale customers in locations throughout the EMEA region. In addition, as of December 31, 2017, we operated 24 outlet, shop-in-shop and concession-based locations and 1 branded retail store in various locations in Western Europe. We also sell products through brand-specific e-commerce websites in Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Spain, and the United Kingdom.

We distribute the majority of our products sold in the EMEA region through a distribution center that we own and operate in Cambrai, France. The majority of sales to our EMEA distributors are shipped directly from the contract manufacturers from which we source our products.

Canada

Sales in Canada accounted for 7.2% of our net sales for 2017. We sell our products in Canada to approximately 1,000 wholesale customers. In addition, as of December 31, 2017, we operated 6 outlet retail stores in Canada. We also sell products through brand-specific e-commerce websites in Canada.

We distribute the majority of our products sold in Canada from a distribution center that we own in London, Ontario.

Marketing

Our portfolio of brands enables us to target a wide range of consumers across the globe with differentiated products. Marketing supports and enhances our competitive position in the marketplace, drives global alignment through seasonal initiatives, builds brand equity, raises global brand relevance and awareness, infuses our brands with excitement, and, most important, stimulates consumer demand for our products worldwide. During 2017, we invested approximately 5% of our net sales in marketing programs.

Our integrated marketing efforts deliver consistent messages about the performance benefits, features and styling of our products within each of our brands. Our target audiences vary by brand and we utilize a variety of means to deliver our marketing messages, including online advertising and social media, television and print publications, experiential events, branded retail stores in select high-profile locations, enhanced product displays in partnership with various wholesale customers and independent international distributors, and consumer focused public relations efforts.

We work closely with our key wholesale customers to reinforce our brand messages through cooperative online, television, radio, and print advertising campaigns, as well as in stores using branded visual merchandising display tools. We also utilize our own employees or contractors to visit our customers' retail locations in major cities around the world to facilitate favorable in-store presentation of our products.

We operate branded e-commerce websites or marketing websites in North America, Europe, Japan, Korea, and China, and maintain a presence on a variety of global social media platforms to connect with consumers. In addition, we authorize many of our wholesale customers and distributors to operate e-commerce or marketing websites or both and to maintain a presence on social media platforms, which help to reinforce our brand messages. Through digital media, consumers are able to interact with content created to inform and connect them with our brands and products, to be directed to nearby retailers, and to purchase our products directly. Use of digital marketing and social media has become increasingly important within each of our brands' global efforts to build strong emotional connections with consumers through consistent, brand-enhancing content.

Working Capital Utilization

We design, develop, market, and distribute our products, but do not own or operate manufacturing facilities. As a result, most of our capital is invested in short-term working capital assets, including cash and cash equivalents, short-term investments, accounts receivable from customers, and finished goods inventory. At December 31, 2017, working capital assets accounted for approximately 75% of total assets. Accordingly, the degree to which we efficiently utilize our working capital assets can have a significant effect on our profitability, cash flows and return on invested capital. The overall goals of our working capital management efforts are to maintain the minimum level of inventory necessary to deliver goods on time to our customers to satisfy end consumer demand and to minimize the cycle time from the purchase of inventory from our suppliers to the collection of accounts receivable balances from our customers.

Demand Planning and Inventory Management

As a branded consumer products company, inventory represents one of the largest and riskiest capital commitments in our business model. We begin designing and developing our seasonal product lines approximately 12 months prior to soliciting advance orders from our wholesale customers and approximately 18 months prior to the products' availability to consumers in retail stores. As a result, our ability to forecast and produce an assortment of product styles that matches ultimate seasonal wholesale customer and end-consumer demand and to deliver products to our customers in a timely and cost-effective manner can significantly affect our sales, gross margins and profitability. For this reason, we maintain and continue to make substantial investments in information systems, processes and personnel that support our ongoing demand planning efforts. The goals of our demand planning efforts are to develop a collaborative forecast that drives the timely purchase of an adequate amount of inventory to satisfy demand, to minimize transportation and expediting costs necessary to deliver products to customers by their requested delivery dates and to minimize excess inventory to avoid liquidating excess, end-of-season goods at discounted prices. Failure to achieve our demand planning goals could reduce our revenues or increase our costs or both, which would negatively affect our gross margins and profitability and could affect our brand strength.

In order to manage inventory risk, we use incentive discounts to encourage our wholesale customers to place orders at least six months in advance of scheduled delivery. We generally solicit orders from wholesale customers and independent international distributors for the fall and spring seasons based on seasonal ordering deadlines that we establish to aid our efforts to plan manufacturing volumes to meet demand.

We use those advance orders, together with forecasted demand from our direct-to-consumer businesses, market trends, historical data, customer and sales feedback, and other important factors to estimate the volumes of each product to purchase from our suppliers around the world. From the time of initial order through production, receipt and delivery, we attempt to manage our inventory to reduce risk. We generally ship the majority of our advance spring season orders to customers beginning in January and continuing through June. Similarly, we typically ship the majority of our advance fall season orders to customers beginning in July and continuing through December. Generally, orders are subject to cancellation prior to the date of shipment.

Our inventory management efforts cannot entirely eliminate inventory risk due to the inherently unpredictable nature of unseasonable weather, consumer demand, the ability of customers to cancel their advance orders prior to shipment, and other variables that affect our customers' ability to take delivery of their advance orders when originally scheduled. To minimize our purchasing costs, the time necessary to fill customer orders and the risk of non-delivery, we place a significant amount of orders for our products with contract manufacturers prior to receiving our customers' advance orders and we maintain an inventory of select products that we anticipate will be in greatest demand. In addition, we build calculated amounts of inventory to support estimated at-once orders from customers and auto-replenishment orders on certain long-lived styles.

Credit and Collection

We extend credit to our wholesale customers and distributors based on an assessment of each customer's financial condition, generally without requiring collateral. To assist us in scheduling production with our suppliers and delivering seasonal products to our customers on time, we may offer customers discounts for placing early advance orders and extended payment terms for taking delivery before peak seasonal shipping periods. These extended payment terms increase our exposure to the risk of uncollectable receivables. In order to manage the inherent risks of customer receivables, we maintain and continue to invest in information systems, processes and personnel skilled in credit, risk analysis and collections. In some markets and with some customers we use credit insurance, customer deposits or standby letters of credit to minimize our risk of credit loss.

Sourcing and Manufacturing

We do not own or operate manufacturing facilities. Virtually all of our products are manufactured to our specifications by contract manufacturers located outside the United States. We seek to establish and maintain long-term relationships with key manufacturing partners, but generally do not maintain formal long-term manufacturing volume commitments. We believe that the use of contract manufacturers enables us to substantially limit our invested capital and to avoid the costs and risks associated with owning and operating large production facilities and managing large labor forces. We also believe that the use of contract manufacturers greatly increases our production capacity, maximizes our flexibility and improves our product pricing. We manage our supply chain from a global and regional perspective and adjust as needed to changes in the global production environment, including political risks, factory capacity, import limitations and costs, raw material costs, availability and cost of labor, and transportation costs. Without long-term commitments, there is no assurance that we will be able to secure adequate or timely production capacity or favorable pricing terms.

Our apparel, accessories and equipment are manufactured in 19 countries, with Vietnam and China accounting for approximately 64% of our 2017 apparel, accessories and equipment production. Our footwear is manufactured in five countries, with China and Vietnam accounting for substantially all of our 2017 footwear production.

Our five largest apparel, accessories and equipment factory groups accounted for approximately 29% of 2017 global apparel, accessories and equipment production, with the largest factory group accounting for approximately 10% of 2017 global apparel, accessories and equipment production. Our five largest footwear factory groups accounted for approximately 75% of 2017 global footwear production, with the largest factory group accounting for approximately 34% of 2017 global footwear production. Most of our largest suppliers have multiple factory locations, thus reducing the risk that unfavorable conditions at a single factory or location will have a material adverse effect on our business.

We maintain 10 manufacturing liaison offices in a total of seven Asian countries. Personnel in these manufacturing liaison offices are direct employees of Columbia and are responsible for overseeing production at our contract manufacturers. We believe that having employees physically located in these regions enhances our ability to monitor factories for compliance with our policies, procedures and standards related to quality, delivery, pricing, and labor practices. Our quality assurance process is designed to ensure that our products meet our quality standards. We believe that our quality assurance process is an important and effective means of maintaining the quality and reputation of our products. In addition, independent contractors that manufacture products for us are subject to standards of manufacturing practices ("SMP"). Columbia sources products around the world and values legal, ethical and fair treatment of people involved in manufacturing our products. Each factory producing products for us is monitored regularly against these standards. Additional information about our SMP and corporate responsibility programs may be found at www.columbia.com and www.prana.com. The content on our websites is not incorporated by reference in this Form 10-K unless expressly noted.

Competition

The markets for outdoor and active lifestyle apparel, footwear, accessories, and equipment are highly competitive. We believe that the primary competitive factors in the end-use markets are brand strength, product innovation, design, functionality, durability, price, effectiveness of marketing efforts, and speed of product delivery to meet consumer expectations.

In each of our geographic markets, our brands face significant competition from numerous competitors, some of which are larger than we are and have greater financial, marketing and operational resources with which to compete, and others that are smaller with fewer resources but that may be deeply entrenched in local markets. The markets in Japan, China and Korea have attracted a large number of competitive local and global brands. In other markets, such as Europe, we face competition from brands that hold significant market share in one or several European markets but are not significant competitors in other key markets. Some of our large wholesale customers also market competitive apparel, footwear, accessories, and equipment under their own private label brand names. In addition, our direct-to-consumer businesses expose us to branded competitors and wholesale customers who operate retail stores in key markets and who sell competitive products online. Our independent international distributors and licensees also operate in very competitive markets and compete against a variety of local and global brands.

In addition to competing for end-consumer and wholesale market share, we also compete for manufacturing capacity of independent factory groups, primarily in Asia, for retail store locations in key markets and for experienced management, staff and suppliers to lead, operate and support our global business processes. Each of these areas of competition requires distinct operational and relational capabilities and expertise in order to create and maintain long-term competitive advantages.

Government Regulation

Many of our international shipments are subject to existing or potential governmental tariff and non-tariff barriers to trade, such as import duties and potential safeguard measures that may limit the quantity of various types of goods that may be imported into the United States and other countries. These trade barriers often represent a material portion of the cost to manufacture and import our products. Our products are also subject to domestic and foreign product safety and environmental standards, laws and other regulations, which are increasingly restrictive and complex. As we strive to achieve technical innovations, we face a greater risk of compliance issues with regulations applicable to products with complex technical features. Although we diligently monitor these standards and restrictions, a state, federal or foreign government may impose new or adjusted quotas, duties, safety requirements, material restrictions, or other restrictions or regulations, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

Employees

At December 31, 2017, we had 6,188 full-time equivalent employees.

Available Information

We file with the Securities and Exchange Commission ("SEC") our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, proxy statements, and registration statements. You may read and copy any material we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically. We make available free of charge on or through our website at www.columbia.com our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we file these materials with the SEC.

Item 1A. ***RISK FACTORS***

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, results of operations, or cash flows may be materially adversely affected by these and other risks. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

We Face Many Challenges Executing Growth Strategies

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

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

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

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

We regularly implement business process improvement and information technology initiatives to optimize our operational and financial performance. Our current initiatives include an initiative to invest in a global retail platform, which encompasses our information technology systems infrastructure to support the growth and expansion of our direct-to-consumer businesses, as well as continued implementation of and upgrades to our integrated global enterprise resource planning ("ERP") software solutions and other complementary information technology systems, which support our supply chain, go-to-market strategies, and direct-to-consumer strategies and operations. Implementation of and upgrades to these solutions and systems are highly dependent on coordination of numerous employees, contractors and software and system providers. The interdependence of these solutions and systems is a significant risk to the successful completion of these initiatives, and the failure of any one contractor or system could have a material adverse effect on the implementation of our overall information technology infrastructure. We may experience difficulties as we transition to these new or upgraded systems and processes, including loss or corruption of data, delayed shipments, interruptions of direct-to-consumer operations, decreases in productivity as our personnel implement and become familiar with new systems, increased costs, and lost revenues. In addition, transitioning to these new or upgraded systems requires significant capital investments and personnel resources. Difficulties in implementing new or upgraded information systems or significant system failures, including system outages and loss of system availability, could disrupt our operations and have a material adverse effect on our financial condition, results of operations or cash flows.

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

We Rely on Our Highly Customized Information Management Systems

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

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

A Breach in the Security of Our Systems, Exposure of Personal or Confidential Information or Increased Government Regulation Relating to Handling of Personal Data, Could, Among Other Things, Disrupt Our Operations or Cause Us to Incur Substantial Costs

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

In addition, any future breaches of our security measures, or the accidental loss, inadvertent disclosure or unapproved or non-compliant dissemination of proprietary information or sensitive and confidential data about us, our customers, our suppliers, or our employees, could expose us, our customers, our suppliers, our employees, or other individuals that may be affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation, or otherwise harm our business and could have a material adverse effect on our financial condition, results of operations or cash flows. In addition, as the regulatory environment related to information security, data collection and use and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs. For example, the European Union adopted a new regulation that becomes effective May 25, 2018, called the General Data Protection Regulation ("GDPR"), which requires companies to meet additional requirements regarding the handling of personal data, including its use, protection and the ability of persons whose data is stored to exercise certain individual rights with respect to their personal data. The GDPR calls for privacy and process enhancements, accompanied by a commitment of resources and other expenditures in support of compliance. Violations of the GDPR could result in significant penalties.

We Depend on Contract Manufacturers

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

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

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

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

Our product costs are subject to substantial fluctuation based on:

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

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

In addition, many of our products are manufactured outside of our principal sales markets, which requires these products to be transported by third parties, sometimes over large geographical distances. Shortages in ocean or air freight capacity and volatile fuel costs can result in rapidly changing transportation costs. Similarly, disruption to shipping and transportation channels due to labor disputes could cause us to rely more heavily on alternative modes of transportation to achieve timely delivery to our customers, resulting in significantly higher freight costs. Because we price our products in advance and changes in transportation and other costs may be difficult to predict, we may not be able to pass all or any portion of these higher costs on to our customers or adjust our pricing structure in a timely manner in order to remain competitive, either of which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Be Adversely Affected by Volatile Economic Conditions

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

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

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

We May Be Adversely Affected by Retailer Consolidation

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

We May Be Adversely Affected by Global Credit Market Conditions

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

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

We May Be Adversely Affected by Currency Exchange Rate Fluctuations

We derive a significant portion of our net sales from markets outside the United States, comprised of sales to wholesale customers and directly to consumers by our consolidated subsidiaries in Europe, Korea, Japan, and Canada, our China joint venture, and sales to independent international distributors who operate within the EMEA and LAAP regions. Sales and related operational expenses of our foreign subsidiaries and China joint venture, as well as their respective assets and liabilities, are denominated in currencies other than the U.S. dollar and translated into U.S. dollars for periodic reporting purposes using the exchange rates in effect during each period. If the U.S. dollar strengthens against the foreign subsidiary's functional currency, translated revenues and expenses will decline on a relative basis.

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

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

We enter into foreign currency forward exchange contracts to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity’s functional currency. As a result, any foreign currency remeasurement gains and losses recorded in other income (expense) are generally offset with gains and losses on the foreign currency forward exchange contracts in the same reporting period.

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

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

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

Our Orders from Customers Are Subject to Cancellation

We do not have long-term contracts with any of our wholesale customers. We do have contracts with our independent international distributors; however, although these contracts may have annual purchase minimums which must be met in order to retain distribution rights, the distributors are not otherwise obligated to purchase product. Sales to our wholesale customers and distributors are generally on an order-by-order basis and are subject to rights of cancellation and rescheduling. We consider the timing of delivery dates in our wholesale customer orders when we forecast our sales and earnings for future periods. If any of our major customers, including distributors, experience a significant downturn in business or fail to remain committed to our products or brands, these customers could postpone, reduce, cancel, or discontinue purchases from us. As a result, we could experience a decline in sales or gross profit, write-downs of excess inventory, increased discounts, extended credit terms to our customers, or uncollectable accounts receivable, which could have a material adverse effect on our financial condition, results of operations or cash flows.

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

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

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

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

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

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

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

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

In some cases, we may produce quantities of product that exceed actual demand, which could result in higher inventory levels that we need to liquidate at discounted prices. During periods of unseasonable weather conditions, weak economic conditions, unfavorable currency fluctuations, or unfavorable geopolitical conditions in key markets, we may experience a significant increase in the volume of order cancellations by our customers, including cancellations resulting from the bankruptcy, liquidation or contraction of some customers' operations. We may not be able to sell all of the products we have ordered from contract manufacturers or that we have in our inventory. Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices through our owned outlet stores or third-party liquidation channels, which could have a material adverse effect on our brand image, financial condition, results of operations, or cash flows.

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

We Face Risks Associated with Consumer Preferences and Fashion Trends

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

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

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

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

Acquisitions Are Subject to Many Risks

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

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

We do not provide any assurance that we will be able to successfully integrate the operations of any acquired businesses into our operations or achieve the expected benefits of any acquisitions. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future could have an adverse effect on our financial condition, results of operations or cash flows. We may not complete a potential acquisition for a variety of reasons, but we may nonetheless incur material costs in the preliminary stages of evaluating and pursuing such an acquisition that we cannot recover.

We May Not Realize All of the Anticipated Benefits of Our Joint Venture in China

Effective January 2014, our joint venture in China with Swire began operations. The joint venture, in which we hold a 60% interest, is subject to a number of risks and uncertainties. For example, because our joint venture partner has protective voting rights with respect to specified major business decisions of the joint venture, we may experience difficulty reaching agreement as to implementation of various changes to the joint venture's business. For this reason, or as a result of other factors, we may not realize all of the anticipated benefits of the joint venture, and our results of operations could be adversely affected.

Global Regulation and Economic and Political Conditions, as well as Potential Changes in Regulations, Legislation and Government Policy, May Negatively Affect Our Business

We are subject to risks generally associated with doing business internationally. These risks include the effects of foreign and domestic laws and regulations, foreign or domestic government fiscal and political crises, political and economic disputes and sanctions, changes in diverse consumer preferences, foreign currency exchange rate fluctuations, managing a diverse and widespread workforce, political unrest, terrorist acts, military operations, disruptions or delays in shipments, disease outbreaks, natural disasters, and changes in economic conditions in countries in which we manufacture or sell products. These factors, among others, may affect our ability to sell products in certain markets, our ability to collect accounts receivable, our ability to manufacture products or procure materials, and our cost of doing business.

For example, in the past, political and economic turmoil in certain South American distributor markets have resulted in currency and import restrictions, limiting our ability to sell products in some countries in this region. Also, Russia constitutes a significant portion of our non-U.S. sales and operating income and a significant change in conditions in that market has had an adverse effect on our results of operations in the past. The United Kingdom's June 23, 2016 referendum, in which voters approved its exit from the European Union (commonly referred to as "Brexit"), has created economic uncertainty and volatility in currency exchange rates, and the potential adverse effects of changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, and the associated effects on our European operations, are unknown. If any of these or other factors make the conduct of business in a particular country, or region, undesirable or impractical, our business may be materially and adversely affected.

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

In addition, many of our imported products are subject to duties, tariffs or other import limitations that affect the cost and quantity of various types of goods imported into the United States and other markets. Any country in which our products are produced or sold may eliminate, adjust or impose new import limitations, duties, anti-dumping penalties, or other charges or restrictions, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

We May Have Additional Tax Liabilities or Experience Increased Volatility in Our Effective Tax Rate

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

On December 22, 2017, the U.S. Government enacted comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). The TCJA makes broad and complex changes to the U.S. tax code. Implementation of the TCJA legislation required us to record incremental provisional tax expense in 2017, which significantly increased our

2017 effective tax rate. In addition, the TCJA may also materially affect our 2018 effective tax rate and our financial condition, results of operations or cash flows. The actual amounts may differ from these provisional estimates due to, among other factors, a change in interpretation of the applicable revisions to the U.S. tax code and related tax accounting guidance, changes in assumptions made in developing these estimates, and regulatory guidance that may be issued with respect to the applicable revisions to the U.S. tax code, and state tax implications.

Other changes in the tax laws of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the Base Erosion and Profit Shifting (BEPS) project undertaken by the Organization for Economic Co-operation and Development (OECD). The OECD, which represents a coalition of member countries, has recommended changes to numerous long-standing tax principles. As these changes are adopted by countries, tax uncertainty could increase and may adversely affect our provision for income taxes.

We Operate in Highly Competitive Markets

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

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

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

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

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

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

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

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

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

In addition, as we continue to operate globally, expand the geographic scope of our business, and adopt new technologies and product categories, intellectual property disputes may increase, making it more expensive and challenging to establish and protect our intellectual property rights and to defend against claims of infringement by others, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Our Success Depends on Our Distribution Facilities

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

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

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

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

Our Investment Securities May Be Adversely Affected by Market Conditions

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

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

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

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

We Depend on Key Suppliers

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

We Depend on Key Personnel

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

Our Business Is Affected by Seasonality

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

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

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

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

Our Common Stock Price May Be Volatile

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

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

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

Item 1B. ***UNRESOLVED STAFF COMMENTS***

None.

Item 2. *PROPERTIES*

Following is a summary of principal properties owned or leased by us:

Corporate Headquarters:
Portland, Oregon (1 location)—owned

U.S. Distribution Facilities:
Portland, Oregon (1 location)—owned
Robards, Kentucky (1 location)—owned

Canadian Operation and Distribution Facility:
London, Ontario (1 location)—owned

Europe Headquarters:
Geneva, Switzerland (1 location)—leased [1]

Europe Administrative Operation:
Strasbourg, France (1 location)—owned

Europe Distribution Facility:
Cambrai, France (1 location)—owned

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[1] Lease expires in June 2020

In addition, as of December 31, 2017, we leased approximately 290 locations globally for the operation of our branded and outlet retail stores. We also have several leases globally for office space, warehouse facilities, storage space, vehicles, and equipment, among other things. Refer to Note 13 of Notes to Consolidated Financial Statements for further lease-related disclosures.

Item 3. *LEGAL PROCEEDINGS*

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

Item 4. *MINE SAFETY DISCLOSURES*

Not applicable.

Item 4A. *EXECUTIVE OFFICERS OF THE REGISTRANT*

The following table sets forth information about our executive officers. All information is as of the date of the filing of this report.

Name	Age	Position
Gertrude Boyle	93	Chairman of the Board
Timothy P. Boyle	68	President and Chief Executive Officer, Director
Joseph P. Boyle	37	Executive Vice President, Columbia Brand President
Peter J. Bragdon	55	Executive Vice President, Chief Administrative Officer, and General Counsel
Thomas B. Cusick	50	Executive Vice President, Chief Operating Officer
Franco Fogliato	48	Executive Vice President, Americas General Manager
Douglas H. Morse	51	Senior Vice President, Emerging Brands and APAC
Jim A. Swanson	43	Senior Vice President, Chief Financial Officer

Gertrude Boyle has served as Chairman of the Board of Directors since 1970. Columbia was founded by her parents in 1938 and managed by her husband, Neal Boyle, from 1964 until his death in 1970. Mrs. Boyle also served as Columbia's President from 1970 to 1988. Mrs. Boyle is Timothy P. Boyle's and Columbia director Sarah A. Bany's mother and Joseph P. Boyle's grandmother.

Timothy P. Boyle joined Columbia in 1971 as General Manager, served as Columbia's President from 1988 to 2015 and reassumed the role in 2017. Mr. Boyle has served as Chief Executive Officer since 1988. He has been a member of the Board of Directors since 1978. Mr. Boyle is also a member of the Board of Directors of Northwest Natural Gas Company and Craft Brew Alliance, Inc. Mr. Boyle is Gertrude Boyle's son, Columbia director Sarah A. Bany's brother and Joseph P. Boyle's father.

Joseph P. Boyle joined Columbia in 2005 and has served in a variety of capacities of increasing leadership and responsibility, including brand management, sales, planning, General Merchandising Manager of Outerwear, Accessories, Equipment, Collegiate and Licensing, Vice President of Apparel Merchandising, and Senior Vice President of Columbia Brand Merchandising & Design. He was promoted to Executive Vice President, Columbia Brand President in 2017. From 2003 to 2005, Mr. Boyle served in a business development role for Robert Trent Jones II Golf Course Architects. Mr. Boyle is a fourth-generation member of Columbia's founding Boyle family, the son of Columbia President and CEO Timothy P. Boyle, the grandson of Gertrude Boyle and nephew of Columbia director Sarah A. Bany.

Peter J. Bragdon joined Columbia in 1999 and served as Senior Counsel and Director of Intellectual Property until January 2003. Mr. Bragdon became Vice President, General Counsel and Secretary of Columbia in 2004, was named Senior Vice President of Legal and Corporate Affairs, General Counsel and Secretary in 2010 and Executive Vice President, Chief Administrative Officer, General Counsel and Secretary in 2015. In 2017, he assumed oversight of the Company's international distributor business and currently serves as Executive Vice President, Chief Administrative Officer and General Counsel. Mr. Bragdon served as Chief of Staff in the Oregon Governor's office from 2003 through 2004. From 1993 to 1999, Mr. Bragdon was an attorney in the corporate securities and finance group at Stoel Rives LLP. Mr. Bragdon served as Special Assistant Attorney General for the Oregon Department of Justice for seven months in 1996.

Thomas B. Cusick joined Columbia in 2002 as Corporate Controller, was named Vice President and Corporate Controller in 2006 and was named Vice President and Chief Accounting Officer in 2008. He was promoted to Vice President, Chief Financial Officer and Treasurer in 2009, was named Senior Vice President of Finance, Chief Financial Officer and Treasurer in 2010, and Executive Vice President of Finance and Chief Financial Officer in 2015. He was promoted to Executive Vice President and Chief Operating Officer in 2017. From 1995 to 2002, Mr. Cusick worked for Cadence Design Systems (and OrCAD, a company acquired by Cadence in 1999), which operates in the electronic design automation industry, in various financial management positions. From 1990 to 1995, Mr. Cusick was an accountant with KPMG LLP. Mr. Cusick is a member of the board of directors of Barrett Business Services, Inc.

Franco Fogliato joined Columbia in 2013 as Senior Vice President and General Manager EMEA Direct Sales. He was promoted to Senior Vice President and General Manager of EMEA in 2016 and to Executive Vice President, Americas General Manager in 2017. Prior to joining Columbia, Mr. Fogliato served as general manager of the Billabong Group in Europe from 2004 to 2013 and as a member of that company's executive board. From 1997 through 2003, Mr. Fogliato held various European leadership positions with The North Face brand culminating as general manager of Western Europe.

Douglas H. Morse joined Columbia Sportswear in 1995 and has served in numerous roles of increasing responsibility during his tenure, including Director of U.S. Customer Operations, Director of Footwear Operations, General Manager of our Canadian subsidiary, Interim General Manager of our Europe-direct business, Chief Business Development Officer and Vice President and General Manager of LAAP Distributors. He was promoted to Senior Vice President, Emerging Brands and APAC in 2017.

Jim A. Swanson joined Columbia Sportswear in 2003 as Global Senior Financial Analyst and has served in numerous roles of increasing responsibility during his tenure, being named Vice President of Finance in 2015 and most recently promoted to Senior Vice President, Chief Financial Officer in 2017. Prior to joining Columbia, Mr. Swanson served in a variety of financial planning and analysis, tax, and accounting roles, including senior financial analyst at Freightliner Corporation and at Tality Corporation – a wholly-owned subsidiary of Cadence Design Systems, and as a senior tax and business advisory associate at Arthur Andersen.

PART II

Item 5. ***MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

Our common stock is listed on the NASDAQ Global Select Market and trades under the symbol "COLM." At February 9, 2018, we had approximately 280 shareholders of record, although there is a much larger number of beneficial owners.

Following are the quarterly high and low sale prices for our common stock for the years ended December 31, 2017 and 2016:

	HIGH	LOW	DIVIDENDS DECLARED
2017			
First Quarter	$60.91	$51.76	$0.18
Second Quarter	$60.00	$51.56	$0.18
Third Quarter	$62.09	$54.89	$0.18
Fourth Quarter	$72.54	$59.06	$0.19
2016			
First Quarter	$62.32	$43.94	$0.17
Second Quarter	$62.95	$51.70	$0.17
Third Quarter	$61.98	$52.97	$0.17
Fourth Quarter	$63.55	$53.00	$0.18

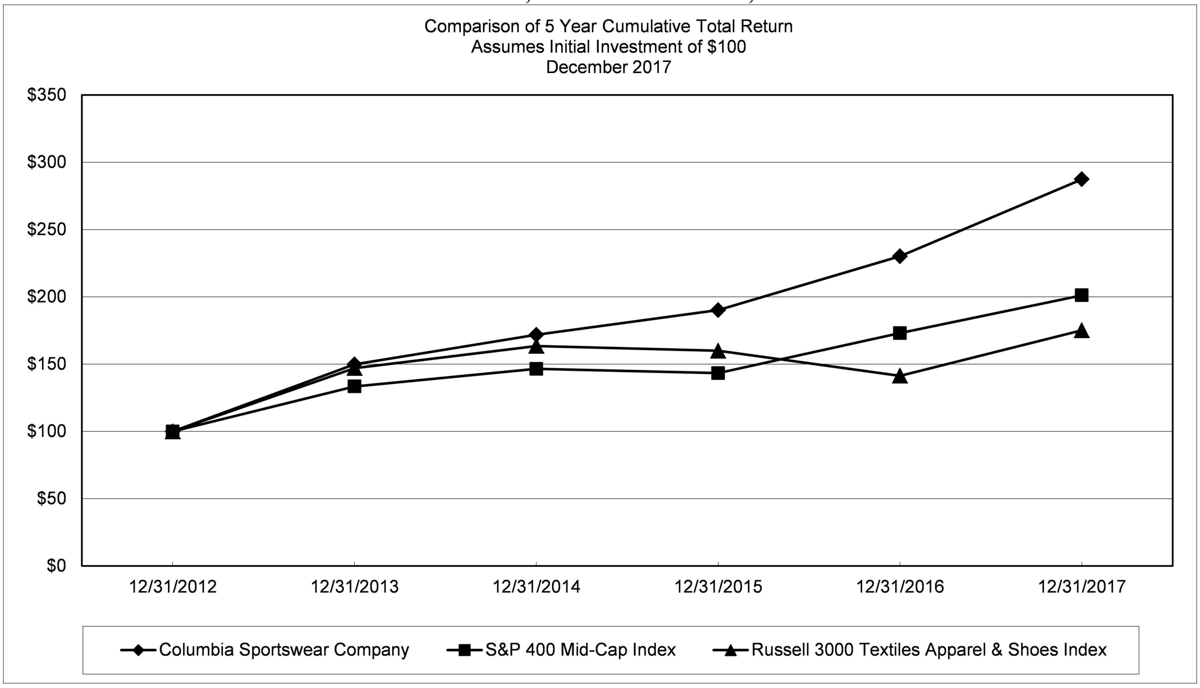
Our current dividend policy is dependent on our earnings, capital requirements, financial condition, restrictions imposed by our credit agreements, and other factors considered relevant by our Board of Directors. For various restrictions on our ability to pay dividends, refer to Note 8 of Notes to Consolidated Financial Statements.

Performance Graph

The line graph below compares the cumulative total shareholder return of our common stock with the cumulative total return of the Standard & Poor's ("S&P") 400 Mid-Cap Index and the Russell 3000 Textiles Apparel Manufacturers for the period beginning December 31, 2012 and ending December 31, 2017. The graph assumes that $100 was invested on December 31, 2012, and that any dividends were reinvested.

Historical stock price performance should not be relied on as indicative of future stock price performance.

Columbia Sportswear Company
Stock Price Performance
December 31, 2012—December 31, 2017



Total Return Analysis

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Columbia Sportswear Co.	$100.00	$149.82	$171.82	$190.20	$230.18	$287.41
S&P 400 Mid-Cap Index	$100.00	$133.50	$146.54	$143.35	$173.08	$201.20
Russell 3000 Textiles Apparel Mfrs.	$100.00	$147.05	$163.51	$159.99	$141.39	$175.19

Issuer Purchases of Equity Securities

Since the inception of our stock repurchase plan in 2004 through December 31, 2017, our Board of Directors has authorized the repurchase of up to $700,000,000 of our common stock. As of December 31, 2017, we had repurchased 21,658,035 shares under this program for an aggregate purchase price of approximately $562,064,000. Shares of our common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions. The repurchase program does not obligate us to acquire any specific number of shares or to acquire shares over any specified period of time.

We did not repurchase any equity securities during the three months ended December 31, 2017.

Item 6. *SELECTED FINANCIAL DATA*

Selected Consolidated Financial Data

The selected consolidated financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 2017 have been derived from our audited consolidated financial statements. The consolidated financial data should be read in conjunction with the Consolidated Financial Statements and accompanying Notes that appear in Item 8 and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7. All references below to share or per share amounts have been retroactively adjusted to reflect our September 26, 2014 two-for-one stock split.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except per share amounts)				
Statement of Operations Data:					
Net sales	$ 2,466,105	$ 2,377,045	$ 2,326,180	$ 2,100,590	$ 1,684,996
Net income attributable to Columbia Sportswear Company	105,123	191,898	174,337	137,173	94,341
Per Share of Common Stock Data:					
Earnings per share attributable to Columbia Sportswear Company:					
Basic	$ 1.51	$ 2.75	$ 2.48	$ 1.97	$ 1.37
Diluted	1.49	2.72	2.45	1.94	1.36
Cash dividends per share	0.73	0.69	0.62	0.57	0.46
Weighted average shares outstanding:					
Basic	69,759	69,683	70,162	69,807	68,756
Diluted	70,453	70,632	71,064	70,681	69,434

	December 31,				
	2017	2016	2015	2014	2013
Balance Sheet Data:					
Total assets	$ 2,212,902	$ 2,013,894	$ 1,846,153	$ 1,792,209	$ 1,605,588
Note payable to related party	—	14,053	15,030	15,728	—

Item 7. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

This annual report, including Item 1 of Part I and Item 7 of Part II, contains forward-looking statements. Forward-looking statements include any statements related to our expectations regarding future performance or market position, including any statements regarding anticipated sales, gross margins and operating margins across markets, profitability and the effect of specified factors on profitability for 2018, expenses, sourcing costs, effects of unseasonable weather on our results of operations, inventory levels, investments in our business, investments in and implementation of our information technology systems, our operating model assessment referred to as Project CONNECT, intellectual property disputes, our direct-to-consumer channels and other capital expenditures, including planned store additions, access to raw materials and factory capacity, financing and working capital requirements and resources, effects of the TCJA, income tax rates and pre-tax income, and our exposure to market risk associated with interest rates and foreign currency exchange rates.

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

Our Business

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

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

Seasonality and Variability of Business

Our business is affected by the general seasonal trends common to the industry, including seasonal weather and discretionary consumer shopping and spending patterns. Our products are marketed on a seasonal basis and our sales are weighted substantially toward the third and fourth quarters, while our operating costs are more equally distributed throughout the year. In 2017, approximately 60% of our net sales and approximately 90% of our operating income was realized in the second half of the year, illustrating our dependence upon sales results in the second half of the year as well as the less seasonal nature of our operating costs. The expansion of our direct-to-consumer channels has increased the proportion of sales, profits and cash flows that we generate in the second half of the year.

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

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

Business Outlook

The global business climate continues to present us with a great deal of uncertainty, making it difficult to predict future results. Consistent with the historical seasonality of the business, we anticipate 2018 profitability to be heavily concentrated in the second half of the year. Factors that could significantly affect our full year 2018 financial results include:

- Performance and profitability of our global direct-to-consumer operations;

- Unseasonable weather conditions or other unforeseen factors affecting consumer demand and the resulting effect on cancellations of advance wholesale orders, sales returns, wholesale customer accommodations, replenishment orders and reorders, direct-to-consumer sales, changes in mix and volume of full price sales in relation to promotional and closeout product sales, and suppressed wholesale and end-consumer demand in subsequent seasons;
- Industry trends affecting consumer traffic and spending in brick and mortar retail channels, which are creating uncertainty regarding the long-term financial health of several of our U.S. wholesale customers;
- The effects of changes in foreign currency exchange rates on sales, gross margin, operating income, and net income;
- Difficult economic and competitive environments in certain key markets within our Latin America and Asia Pacific ("LAAP") region, in particular, Korea;
- Continued sales growth and profitability contributed by our Europe, Middle East and Africa ("EMEA") region;
- Performance of our Mountain Hardwear business as we work to re-invigorate that brand in the marketplace;
- The financial impact of activities associated with and resulting from Project CONNECT;
- Further refinement of our 2017 TCJA provisional income tax estimates; and
- The financial impact of executing our Consumer-First platform.

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

Strategic Priorities

As part of our commitment to driving sustainable and profitable growth and relentless improvement, we remain focused on investment in our strategic priorities, including:

- Driving brand awareness and sales growth through increased, focused demand creation investments;
- Enhancing consumer experience and digital capabilities in all of our channels and geographies;
- Expanding and improving global direct-to-consumer operations with supporting processes and systems; and
- Investing in our people and optimizing our organization across our portfolio of brands.

Ultimately, we expect our investments to accelerate market share capture across all brands, expand gross margin, improve selling, general and administrative ("SG&A") expense efficiency, and drive improved operating margin.

Consumer-First Platform

During the second quarter of 2017, we commenced an initiative to invest in our Consumer-First platform, which encompasses our retail ERP systems infrastructure, to support the growth and continued development of our global direct-to-consumer operations. The objective of this initiative is consistent with our strategic priorities to deliver an enhanced consumer experience, omnichannel capabilities, and to modernize and standardize our processes and systems to enable us to better anticipate and deliver against the needs of our consumers. This multi-year global initiative is currently in the design phase, targeting regional implementations beginning in the first half of 2019.

Ongoing Global ERP Implementation

We are continuing to invest in our multi-year global ERP implementation, which has been executed in the majority of our operations to date. We implemented the ERP system in our China joint venture in the second quarter of 2017. We plan to transition our Europe-direct business onto the system in mid-2018, at which point we will have completed the major components of our global rollout.

Project CONNECT

Project CONNECT is a comprehensive assessment of our operating model aimed at aligning our resources to accelerate execution on our strategic priorities. In 2017, we completed the operational assessment phase of Project CONNECT, which included a shift in our operating model, executive organization structure and decision rights to enable a brand-led and consumer-focused organization. We have also identified and scoped key business processes requiring modification, operational improvements, and investment in new capabilities in order to support the realigned organization and drive meaningful financial value.

During the second half of 2017, we began implementation of operational improvements throughout the business. Project CONNECT includes initiatives intended to drive revenue, capture cost of sales efficiencies, generate SG&A expense savings, and improve our marketing effectiveness.

A few of these initiatives will be among the first to be implemented. Examples include initiatives in the area of e-commerce optimization, indirect procurement, marketing effectiveness, and refining the promotional cadence in our direct-to-consumer channels. Other initiatives generally will be implemented following further development, particularly those pertaining to product creation such as assortment optimization and intensifying our emphasis on designing products with the features and functions that consumers value most.

As these improvements begin to be realized, we intend to reallocate resources to our strategic priorities, including incremental demand creation spend and other investments to drive growth across our distribution channels. Our 2018 financial outlook contemplates modest financial benefits attributable to the execution of these initiatives while we anticipate more meaningful financial value beginning in 2019.

Results of Operations

The following discussion of our results of operations and liquidity and capital resources should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in Item 8 of this annual report. To supplement financial information reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we disclose constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP measures useful by reviewing our net sales results without the significant volatility of foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results. Constant-currency financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures presented in accordance with GAAP. The following discussion includes references to constant-currency net sales, and we provide a reconciliation of this non-GAAP measure to the most directly comparable financial measure presented in accordance with GAAP. All references to years relate to the calendar year ended December 31.

Additionally, we reference other non-GAAP financial measures in our fourth quarter and year-to-date 2017 financial results and 2018 financial outlook earnings release, located in the investor relations section of our website at http://investor.columbia.com/results.cfm. A reconciliation of these non-GAAP financial measures to comparable measures reported under GAAP can be found in the supplemental financial tables that accompany our earnings release, along with an explanation of management's rationale for referencing these non-GAAP financial measures.

Highlights of the Year Ended December 31, 2017

- Net sales increased $89.1 million, or 4%, to $2,466.1 million from $2,377.0 million in 2016.
- Gross profit as a percentage of net sales increased to 47.0% from 46.7% in 2016.
- Income from operations increased $6.5 million, or 3%, to $263.0 million from $256.5 million in 2016.
- Income tax expense increased to $154.4 million, including provisional amounts of $95.6 million in incremental tax expense related to the TCJA, compared to $58.5 million in 2016.
- Net income attributable to Columbia Sportswear Company decreased $86.8 million, or 45%, to $105.1 million, or $1.49 per diluted share, largely affected by additional provisional tax expense related to the TCJA, compared to net income of $191.9 million, or $2.72 per diluted share, in 2016.
- Operating cash flow increased $65.9 million, or 24.0%, to $341.1 million, compared to $275.2 million in 2016.
- We paid cash dividends totaling $50.9 million, or $0.73 per share.

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

	Year Ended December 31,		
	2017	2016	2015
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	53.0	53.3	53.9
Gross profit	47.0	46.7	46.1
Selling, general and administrative expenses	36.9	36.4	35.8
Net licensing income	0.6	0.5	0.4
Income from operations	10.7	10.8	10.7
Interest income, net	0.2	—	—
Other non-operating expense	—	—	(0.1)
Income before income tax	10.9	10.8	10.6
Income tax expense	(6.3)	(2.5)	(2.9)
Net income	4.6	8.3	7.7
Net income attributable to non-controlling interest	0.3	0.2	0.2
Net income attributable to Columbia Sportswear Company	4.3 %	8.1 %	7.5 %

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Net Sales: Consolidated net sales increased $89.1 million, or 4%, to $2,466.1 million in 2017 from $2,377.0 million in 2016.

Sales by Geographic Region

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

	Year Ended December 31,					
	Reported Net Sales 2017	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2017[(1)]	Reported Net Sales 2016	Reported Net Sales % Change	Constant-currency Net Sales % Change[(1)]
	(In millions, except for percentage changes)					
United States	$ 1,520.0	$ —	$ 1,520.0	$ 1,505.2	1%	1%
LAAP	475.1	6.3	481.4	453.7	5%	6%
EMEA	293.7	(4.9)	288.8	253.5	16%	14%
Canada	177.3	(5.6)	171.7	164.6	8%	4%
	$ 2,466.1	$ (4.2)	$ 2,461.9	$ 2,377.0	4%	4%

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

Net sales in the United States increased $14.8 million, or 1%, to $1,520.0 million in 2017 from $1,505.2 million in 2016. The increase in net sales in the United States was attributed to an increase in net sales in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business. The net sales increase in our direct-to-consumer business primarily consisted of a net sales increase from our retail stores, followed by increased e-commerce net sales. At December 31, 2017, we operated 129 retail stores, compared with 118 stores at December 31, 2016. The net sales decrease in our wholesale business resulted primarily from the comparative effects of sales to U.S. wholesale customers who have gone through bankruptcies, liquidations and store closures.

Net sales in the LAAP region increased $21.4 million, or 5% (6% constant-currency), to $475.1 million in 2017 from $453.7 million in 2016. The net sales increase in the LAAP region was concentrated in the Columbia brand and attributed to net sales increases in our LAAP distributor business, China and Japan. The net sales increase in our LAAP distributor business reflected a shift in timing of shipments of increased spring 2017 advance orders, from the fourth quarter of 2016 to the first quarter of 2017 and a shift in timing of increased spring 2018 advance orders, from the first quarter of 2018 into the fourth quarter of 2017. The net sales increase in China consisted of a net sales increase in our direct-to-consumer business, partially offset by decreased net sales from our wholesale business. The net sales increase in Japan consisted of a net sales increase in our direct-to-consumer business, partially offset by decreased net sales from our wholesale business.

Net sales in the EMEA region increased $40.2 million, or 16% (14% constant-currency), to $293.7 million in 2017 from $253.5 million in 2016. The EMEA region net sales increase consisted of an increase in our Europe-direct business, followed by a net sales increase in our EMEA distributor business. The net sales increase in our Europe-direct business was led by the Columbia brand, followed by the SOREL brand, reflecting shipments of increased spring and fall 2017 advance wholesale orders and increased net sales in our direct-to-consumer businesses. The net sales increase in our EMEA distributor business was driven by increased shipments to our Russian distributor.

Net sales in Canada increased $12.7 million, or 8% (4% constant-currency), to $177.3 million in 2017 from $164.6 million in 2016. The net sales increase in Canada was led by a net sales increase in our wholesale business, followed by a net sales increase in our direct-to-consumer business.

Sales by Brand

Net sales by brand are summarized in the following table:

	Year Ended December 31,					
	Reported Net Sales 2017	**Adjust for Foreign Currency Translation**	**Constant-currency Net Sales 2017**	**Reported Net Sales 2016**	**Reported Net Sales % Change**	**Constant-currency Net Sales % Change**
	(In millions, except for percentage changes)					
Columbia	$ 1,990.3	$ (1.4)	$ 1,988.9	$ 1,910.1	4%	4%
SOREL	228.8	(2.6)	226.2	213.0	7%	6%
prAna	140.9	—	140.9	139.9	1%	1%
Mountain Hardwear	101.6	(0.3)	101.3	104.0	(2)%	(3)%
Other	4.5	0.1	4.6	10.0	(55)%	(54)%
	$ 2,466.1	$ (4.2)	$ 2,461.9	$ 2,377.0	4%	4%

Columbia brand net sales increased $80.2 million, or 4%, to $1,990.3 million, driven by increased net sales in the United States direct-to-consumer business, the EMEA region, the LAAP region and Canada, partially offset by a net sales decrease in the United States wholesale business.

SOREL brand net sales increased $15.8 million, or 7% (6% constant-currency) to $228.8 million, driven by increased net sales in the EMEA region, the United States and Canada.

prAna brand net sales increased $1.0 million, or 1%, to $140.9 million, primarily reflecting a net sales increase in the United States direct-to-consumer business, partially offset by a net sales decrease in the United States wholesale business.

Mountain Hardwear brand net sales decreased $2.4 million, or 2% (3% constant-currency), to $101.6 million, driven by net sales decreases in the United States wholesale business and the LAAP region, partially offset by increased net sales in the United States direct-to-consumer business and Canada.

Sales by Product Category

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

	Year Ended December 31,					
	Reported Net Sales 2017	**Adjust for Foreign Currency Translation**	**Constant-currency Net Sales 2017**	**Reported Net Sales 2016**	**Reported Net Sales % Change**	**Constant-currency Net Sales % Change**
	(In millions, except for percentage changes)					
Apparel, Accessories and Equipment	$ 1,928.0	$ (2.5)	$ 1,925.5	$ 1,865.4	3%	3%
Footwear	538.1	(1.7)	536.4	511.6	5%	5%
	$ 2,466.1	$ (4.2)	$ 2,461.9	$ 2,377.0	4%	4%

Net sales of apparel, accessories and equipment increased $62.6 million, or 3%, to $1,928.0 million in 2017 from $1,865.4 million in 2016. The increase in apparel, accessories and equipment net sales was concentrated in the Columbia brand, partially offset by lower Mountain Hardwear brand net sales. Apparel, accessories and equipment net sales increased across all regions, led by the EMEA region, followed by the LAAP region, the United States and Canada.

Net sales of footwear increased $26.5 million, or 5%, to $538.1 million in 2017 from $511.6 million in 2016. The increase in footwear net sales was led by the SOREL brand, followed by the Columbia brand. Footwear net sales increased across all regions, led by the EMEA region, followed by Canada, the United States and the LAAP region.

Gross Profit: Gross profit as a percentage of net sales increased to 47.0% in 2017 from 46.7% in 2016. Gross margin expansion was primarily due to:

- A favorable sourcing environment resulting in lower product input costs;
- Lower provisions for aged and excess inventory;
- A higher proportion of direct-to-consumer net sales, which generally carry higher gross margins; and
- Slightly favorable foreign currency hedge rates;

partially offset by;

- A higher volume of closeout product sales, which generally carry lower gross margins.

Our gross profit may not be comparable to other companies in our industry because some of these companies include all of the costs related to their distribution network in cost of sales while we, like many others, include these expenses as a component of SG&A expense.

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

SG&A expense increased $46.8 million, or 5%, to $910.9 million, or 36.9% of net sales, in 2017 including program expenses and discrete costs of approximately $14.9 million related to Project CONNECT, from $864.1 million, or 36.4% of net sales, in 2016. The SG&A expense increase was primarily due to:

- Increased costs to support our expanding global direct-to-consumer operations;
- Program expenses and discrete costs related to Project CONNECT;
- Increased personnel costs and incentive compensation to support strategic initiatives and business growth; and
- Increased demand creation spending.

Depreciation and amortization included in SG&A expense totaled $59.1 million in 2017, compared to $59.2 million in 2016.

Net Licensing Income: Net licensing income increased $3.7 million to $13.9 million in 2017, compared to $10.2 million in 2016. The increase in net licensing income was driven by growth in newer licensing partners.

Interest Income, Net: Interest income increased $2.5 million to $4.5 million in 2017, compared to $2.0 million in 2016. The increase in interest income was primarily driven by higher average cash and investment balances, followed by higher average interest rates during 2017 compared to 2016.

Income Tax Expense: Income tax expense increased to $154.4 million in 2017, including provisional amounts of $95.6 million in additional tax expense related to the TCJA, from $58.5 million in 2016. Our effective income tax rate increased to 57.9% from 22.8% in 2016. Refer to Note 10 of the Consolidated Financial Statements for further information.

Net Income Attributable to Columbia Sportswear Company: Net income decreased $86.8 million, or 45%, to $105.1 million in 2017, including $9.4 million, net of tax, or $0.13 per diluted share, in expense related to Project CONNECT, and $95.6 million of income tax expense, or $1.36 per diluted share, related to the TCJA, from $191.9 million in 2016. Diluted earnings per share was $1.49 in 2017 compared to $2.72 in 2016.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net Sales: Consolidated net sales increased $50.8 million, or 2% (2% constant-currency), to $2,377.0 million in 2016 from $2,326.2 million in 2015.

Sales by Geographic Region

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

	Year Ended December 31,					
	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2016	Reported Net Sales 2015	Reported Net Sales % Change	Constant-currency Net Sales % Change
	(In millions, except for percentage changes)					
United States	$ 1,505.2	$ —	$ 1,505.2	$ 1,455.2	3%	3%
LAAP	453.7	(3.6)	450.1	469.2	(3)%	(4)%
EMEA	253.5	2.4	255.9	233.2	9%	10%
Canada	164.6	5.7	170.3	168.6	(2)%	1%
	$ 2,377.0	$ 4.5	$ 2,381.5	$ 2,326.2	2%	2%

Net sales in the United States increased $50.0 million, or 3%, to $1,505.2 million in 2016 from $1,455.2 million in 2015. The increase in net sales in the United States was led by an increase in net sales in our direct-to-consumer business, partially offset by a decrease in our wholesale business. The increase in our direct-to-consumer business was led by increased net sales from our retail stores, followed by increased e-commerce net sales. At December 31, 2016, we operated 118 retail stores, compared with 111 stores at December 31, 2015. The net sales decrease in our wholesale business was primarily driven by the impact of U.S. wholesale customer bankruptcies during 2016.

Net sales in the LAAP region decreased $15.5 million, or 3% (4% constant-currency), to $453.7 million in 2016 from $469.2 million in 2015. The net sales decrease in the LAAP region was led by net sales decreases in Korea and our LAAP distributor business, partially offset by net sales increases in Japan and China. The net sales decrease in Korea reflected a change in consumer preferences in that country away from the outdoor category that has created an industry-wide excess of inventory in that market. The net sales decrease in our LAAP distributor business primarily reflected a shift in timing of shipments of spring advance orders. The net sales increase in Japan was driven by the positive effects of foreign exchange rates, as nets sales in local currency were essentially unchanged.

Net sales in the EMEA region increased $20.3 million, or 9% (10% constant-currency), to $253.5 million in 2016 from $233.2 million in 2015. The EMEA net sales increase consisted of an increase in our Europe-direct business, partially offset by a net sales decrease in our EMEA distributor business, reflecting a decline in net sales to our Russian distributor, due to the macroeconomic challenges in that region.

Net sales in Canada decreased $4.0 million, or 2% (increased 1% constant-currency), to $164.6 million in 2016 from $168.6 million in 2015. The net sales decrease in Canada reflected a net sales decrease in our wholesale business, partially offset by a net sales increase in our direct-to-consumer business.

Sales by Brand

Net sales by brand are summarized in the following table:

	Year Ended December 31,					
	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2016	Reported Net Sales 2015	Reported Net Sales % Change	Constant-currency Net Sales % Change
	(In millions, except for percentage changes)					
Columbia	$ 1,910.1	$ 5.3	$ 1,915.4	$ 1,864.7	2%	3%
SOREL	213.0	(0.8)	212.2	209.2	2%	1%
prAna	139.9	—	139.9	125.3	12%	12%
Mountain Hardwear	104.0	0.1	104.1	116.3	(11)%	(10)%
Other	10.0	(0.1)	9.9	10.7	(7)%	(7)%
	$ 2,377.0	$ 4.5	$ 2,381.5	$ 2,326.2	2%	2%

The net sales increase in 2016 compared to 2015 was led by the Columbia brand, followed by the prAna brand and the SOREL brand, partially offset by lower Mountain Hardwear net sales. The Columbia brand net sales increase was led by the United States, followed by the EMEA region and Canada, partially offset by a net sales decrease in the LAAP region.

Sales by Product Category

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

	Year Ended December 31,					
	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant-currency Net Sales 2016	Reported Net Sales 2015	Reported Net Sales % Change	Constant-currency Net Sales % Change
	(In millions, except for percentage changes)					
Apparel, Accessories and Equipment	$ 1,865.4	$ 4.1	$ 1,869.5	$ 1,821.2	2%	3%
Footwear	511.6	0.4	512.0	505.0	1%	1%
	$ 2,377.0	$ 4.5	$ 2,381.5	$ 2,326.2	2%	2%

Net sales of apparel, accessories and equipment increased $44.2 million, or 2% (3% constant-currency), to $1,865.4 million in 2016 from $1,821.2 million in 2015. The increase in apparel, accessories and equipment net sales was led by a net sales increase in the Columbia brand, followed the prAna brand and the SOREL brand, partially offset by lower Mountain Hardwear brand net sales. The apparel, accessories and equipment net sales increase was led by the United States, followed by the EMEA region and Canada, partially offset by lower net sales in the LAAP region.

Net sales of footwear increased $6.6 million, or 1%, to $511.6 million in 2016 from $505.0 million in 2015. The increase in footwear net sales was led by the Columbia brand, followed by the SOREL brand. The footwear net sales increase was led by the United States, followed by the EMEA region, partially offset by lower net sales in Canada and the LAAP region.

Gross Profit: Gross profit as a percentage of net sales increased to 46.7% in 2016 from 46.1% in 2015. Gross margin expansion was primarily due to:

- Favorable changes in channel mix with a higher proportion of direct-to-consumer net sales and a lower proportion of net sales to independent international distributors, which generally carry lower gross margins than wholesale and direct-to-consumer channels;
- A favorable mix of full-price versus close-out product net sales;
- Selective price increases; and
- A favorable sourcing environment;

partially offset by:

- An unfavorable impact from foreign currency rates in Canada, China, Europe, and Japan.

Selling, General and Administrative Expense: SG&A expense increased $32.1 million, or 4%, to $864.1 million, or 36.4% of net sales, in 2016, from $832.0 million, or 35.8% of net sales, in 2015. The SG&A expense increase was primarily due to:

- Increased costs to support our expanding global direct-to-consumer operations;
- Increased personnel costs to support strategic initiatives and business growth; and
- Increased information technology investments;

partially offset by:

- Lower incentive compensation expenses;
- Cost containment measures that have been implemented throughout the year; and
- Lower demand creation expenses.

Depreciation and amortization included in SG&A expense totaled $59.2 million in 2016, compared to $55.5 million in 2015.

Net Licensing Income: Net licensing income increased $2.0 million to $10.2 million in 2016, compared to $8.2 million in 2015. The increase in net licensing income was primarily due to increased licensing income from accessories and equipment in the United States.

Other Non-Operating Expense: Other non-operating expense totaled $0.6 million in 2016, compared to $2.8 million in 2015. The $2.2 million decrease in other non-operating expense was attributed to lower net losses incurred on the revaluation of foreign currency denominated assets and liabilities, the change in fair value of foreign currency contracts not designated as cash flow hedges and the settlement of foreign-currency denominated transactions.

Income Tax Expense: Income tax expense decreased to $58.5 million in 2016 from $67.5 million in 2015. Our effective income tax rate decreased to 22.8% from 27.3% in 2015. The decrease in our effective income tax rate was due to a higher proportion of taxable income in foreign jurisdictions where tax rates are generally lower than the United States, an increased income tax benefit from the utilization of foreign tax credits and an income tax benefit recognized as a result of the Company's early adoption of ASU No. 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. Refer to Note 1 of Notes to Consolidated Financial Statements under Changes affecting comparability for further discussion regarding the adoption of ASU No. 2016-09. These comparative income tax benefits were partially offset by a tax benefit that was recognized in 2015 from the utilization of net operating loss carry-forwards and the release of associated valuation allowances in certain international tax jurisdictions.

Net Income Attributable to Columbia Sportswear Company: Net income increased $17.6 million, or 10%, to $191.9 million in 2016 from $174.3 million in 2015. Diluted earnings per share was $2.72 in 2016 compared to $2.45 in 2015.

Liquidity and Capital Resources

Our primary ongoing funding requirements are for working capital, investing activities associated with our global direct-to-consumer expansion, strategic business initiatives and complementary systems implementations, general corporate needs, and the expansion of our global operations. At December 31, 2017, we had total cash and cash equivalents of $673.2 million, compared to $551.4 million at December 31, 2016. In addition, we had short-term investments of $95.0 million at December 31, 2017, compared to $0.5 million at December 31, 2016. At December 31, 2017, approximately 49% of our cash, cash equivalents and short-term investments were held by our foreign subsidiaries. As a result of the enactment of TCJA and the resulting change to a territorial system of taxation, we no longer intend to permanently reinvest offshore earnings of our foreign subsidiaries accumulated through December 31, 2017.

2017 compared to 2016

Net cash provided by operating activities was $341.1 million in 2017, compared to $275.2 million in 2016. The increase in cash provided by operating activities was primarily driven by a reduction of inventory levels and an increase in accounts payable, partially offset by an increase in accounts receivable during 2017 compared to a decrease in 2016. A significant decline in net income in 2017 relating to incremental non-cash provisional tax expense resulting from the TCJA was offset by corresponding changes in deferred income taxes and taxes payable.

Net cash used in investing activities was $147.8 million in 2017, compared to $49.9 million in 2016. For 2017, net cash used in investing activities primarily consisted of $94.7 million in net purchases of short-term investments and $53.4 million for capital expenditures. For 2016, net cash used in investing activities primarily consisted of $50.0 million for capital expenditures.

Net cash used in financing activities was $84.4 million in 2017, compared to $42.0 million in 2016. For 2017, net cash used in financing activities primarily consisted of dividend payments of $50.9 million, the repurchase of common stock at an aggregate purchase price of $35.5 million and payment of a related-party note payable of $14.2 million, partially offset by net proceeds of $16.3 million from the issuance of common stock related to our stock compensation programs. For 2016, net cash used in financing activities primarily consisted of dividend payments of $48.1 million, partially offset by net proceeds of $8.1 million from the issuance of common stock related to our stock compensation programs.

2016 compared to 2015

Net cash provided by operating activities was $275.2 million in 2016, compared to $95.1 million in 2015. The increase in cash provided by operating activities was primarily driven by a lower increase in inventory levels, a reduction in accounts receivable and an increase in net income during 2016 compared to 2015.

Net cash used in investing activities was $49.9 million in 2016, compared to $43.0 million in 2015. For 2016, net cash used in investing activities primarily consisted of $50.0 million for capital expenditures. For 2015, net cash used in investing activities primarily consisted of $69.9 million for capital expenditures, partially offset by $26.8 million in net sales of short-term investments.

Net cash used in financing activities was $42.0 million in 2016, compared to $91.2 million in 2015. For 2016, net cash used in financing activities primarily consisted of dividend payments of $48.1 million, partially offset by net proceeds of $8.1 million from the issuance of common stock related to our stock compensation programs. For 2015, net cash used in financing activities primarily consisted of the repurchase of common stock at an aggregate price of $70.1 million and dividend payments of $43.5 million, partially offset by net proceeds of $12.5 million from the issuance of common stock related to our stock compensation programs.

Short-term borrowings and credit lines

We have an unsecured, committed revolving line of credit available to fund our domestic working capital requirements. Monthly variable commitments available for funding average $100.0 million over the course of a calendar year. At December 31, 2017, no balance was outstanding under this line of credit and we were in compliance with all associated covenants. Internationally, our subsidiaries have operating lines of credit in place guaranteed by the parent company with a combined limit of approximately $90.3 million at December 31, 2017. At December 31, 2017, no balance was outstanding under these lines of credit.

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

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

Contractual obligations

The following table presents our estimated significant contractual commitments (in thousands):

	Year ended December 31,						
	2018	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
Inventory purchase obligations (1)	$ 266,507	$ —	$ —	$ —	$ —	$ —	$ 266,507
Operating lease obligations (2)	68,686	58,286	49,148	42,041	38,416	113,961	370,538
TCJA transition tax obligations (3)	3,996	3,996	3,996	3,996	3,996	29,967	49,947

(1) Refer to *Inventory Purchase Obligations* in Note 13 of Notes to Consolidated Financial Statements.
(2) Refer to *Operating Leases* in Note 13 of Notes to Consolidated Financial Statements.
(3) Refer to *Income Taxes* in Note 10 of Notes to Consolidated Financial Statements.

We have recorded long-term liabilities for net unrecognized tax benefits related to income tax uncertainties in our Consolidated Balance Sheet at December 31, 2017 of approximately $12.2 million; however, these long-term liabilities have not been included in the table above because we are uncertain about whether or when these amounts may be settled. Refer to Note 10 of Notes to Consolidated Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, our financial position and results of operations are subject to a variety of risks, including risks associated with global financial and capital markets, primarily currency exchange rate risk and, to a lesser extent, interest rate risk and equity market risk. We regularly assess these risks and have established policies and business practices designed to mitigate their effects. We do not engage in speculative trading in any financial or capital market.

Our primary currency exchange rate risk management objective is to mitigate the uncertainty of anticipated cash flows attributable to changes in exchange rates. We focus on mitigating changes in functional currency equivalent cash flows resulting from anticipated U.S. dollar denominated inventory purchases by subsidiaries that use European euros, Canadian dollars, Japanese yen, or Chinese renminbi as their functional currency. We manage this risk primarily by using currency forward contracts. Additionally, we hedge net balance sheet exposures related primarily to non-functional currency denominated monetary assets and liabilities using foreign currency forward contracts in euros, yen, Canadian dollars, and Swiss francs. Non-functional currency denominated monetary assets and liabilities consist primarily of cash and cash equivalents, short-term investments, payables, and intercompany loans.

The net fair value of our derivative contracts was unfavorable by approximately $11.7 million at December 31, 2017. A 10% unfavorable exchange rate change in the euro, franc, Canadian dollar, yen, and renminbi against the U.S. dollar would have resulted in the net fair value declining by approximately $53.2 million at December 31, 2017. Changes in fair value of derivative contracts resulting from foreign exchange rate fluctuations would be substantially offset by the change in value of the underlying hedged transactions.

Our negotiated credit facilities generally charge interest based on a benchmark rate such as the London Interbank Offered Rate ("LIBOR"). Fluctuations in short-term interest rates cause interest payments on drawn amounts to increase or decrease. At December 31, 2017, no balance was outstanding under our credit facilities.

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 of America. The preparation of these financial statements requires us to make various estimates and assumptions that affect reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. We believe that the estimates and assumptions 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 may differ from the estimates we use in applying these critical accounting policies. We base our ongoing estimates on historical experience and various other assumptions that we believe to be important in the circumstances. Many of these critical accounting policies affect working capital account balances, including the policy for revenue recognition, the allowance for doubtful accounts, the provision for potential excess, closeout and slow moving inventory, product warranty, income taxes, and stock-based compensation.

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

Revenue Recognition

We record wholesale, distributor, e-commerce and licensed product revenues when title passes and the risks and rewards of ownership have passed to the customer. Title generally passes upon shipment to or upon receipt by the customer depending on the applicable terms of sale with the customer. Retail store revenues are recorded at the time of sale. Revenue is recorded net of sales taxes, value added taxes or similar taxes, which are collected on behalf of local taxing authorities.

Where title passes upon receipt by the customer, predominantly in our European wholesale business, Japan and in certain of our direct ship and e-commerce transactions, 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 seven days. To date, we have found these estimates to be materially accurate.

At the time of revenue recognition, 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, as well as events and circumstances that indicate changes to historical rates of returns and claims. However, actual returns and claims in any future period are inherently uncertain and thus may differ from the estimates. If actual or expected future returns and claims are significantly greater or lower than the reserves that we have established, we will record a reduction or increase to net revenues in the period in which we make such a determination.

Allowance for Uncollectable Accounts Receivable

We make ongoing estimates of the collectability 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 creditworthiness of customers based on ongoing credit evaluations. We analyze specific customer accounts, customer concentrations, credit insurance coverage, standby letters of credit, and other forms of collateral, current economic trends, and changes in customer payment terms. Continued uncertainty in credit and market conditions may slow our collection efforts if customers experience difficulty accessing credit and paying their obligations, leading to higher than normal accounts receivable and increased bad debt expense. Because we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectable accounts may differ from our estimates and may have a material effect on our consolidated financial position, results of operations or cash flows. If the financial condition of our customers deteriorates and results in their inability to make payments, a larger allowance may be required. If we determine that a smaller or larger allowance is appropriate, we will record a credit or a charge to SG&A expense in the period in which we make such a determination.

Excess, Close-Out and Slow Moving Inventory

We make ongoing estimates of potential excess, close-out or slow moving inventory. We evaluate our inventory on hand considering our purchase commitments, sales forecasts and historical liquidation experience to identify excess, close-out or slow moving inventory and make provisions as necessary to properly reflect inventory value at the lower of cost or estimated market value. If we determine that a smaller or larger reserve is appropriate, we will record a credit or a charge to cost of sales in the period in which we make such a determination.

Product Warranty

We make ongoing estimates of potential future product warranty costs. When we evaluate our reserve for warranty costs, we consider our product warranty policies, historical claim rates by season, product category and mix, current warranty claim trends, and the historical cost to repair, replace or refund the original sale. If we determine that a smaller or larger reserve is appropriate, we will record a credit or a charge to cost of sales in the period in which we make such a determination.

Impairment of Long-Lived Assets, Intangible Assets and Goodwill

Long-lived assets, which include property, plant and equipment and intangible assets with finite lives, are amortized over their estimated useful lives and are measured for impairment only when events or circumstances indicate the carrying value may be impaired. In these cases, we estimate the future undiscounted cash flows to be derived from the asset or asset group to determine whether a potential impairment exists. If the sum of the estimated undiscounted cash flows is less than the carrying value of the asset, we recognize an impairment loss, measured as the amount by which the carrying value exceeds the estimated fair value of the asset. For the years ended December 31, 2017, 2016 and 2015, we recorded impairment charges for certain underperforming retail stores of $1.4 million, $4.3 million and $4.2 million, respectively.

We review and test our intangible assets with indefinite useful lives and goodwill 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. Our intangible assets with indefinite lives consist of trademarks and trade names. Substantially all of our goodwill is recorded in the United States segment and impairment testing for goodwill is performed at the reporting unit level. In the impairment test for goodwill, the two-step process first compares the estimated fair value of the reporting unit with the carrying amount of that reporting unit. We estimate the fair value of our reporting units using a combination of discounted cash flow analysis and market-based valuation methods, as appropriate. If step one indicates impairment, step two compares the estimated fair value of the reporting unit to the estimated fair value of all reporting unit assets and liabilities, except goodwill, to determine the implied fair value of goodwill. We calculate impairment as the excess of carrying amount of goodwill over the implied fair value of goodwill. In the impairment tests for trademarks and trade names, we compare the estimated fair value of each asset to its carrying amount. The fair values of trademarks and trade names are generally estimated using a relief from royalty method under the income approach. If the carrying amount of a trademark or trade name exceeds its estimated fair value, we calculate impairment as the excess of carrying amount over the estimate of fair value.

Our impairment tests and related fair value estimates are based on a number of factors, including assumptions and estimates for projected sales, income, cash flows, discount rates, market-based multiples, remaining useful lives, and other operating performance measures. Changes in estimates or the application of alternative assumptions could produce significantly different results. These assumptions and estimates may change in the future due to changes in economic conditions, changes in our ability to meet sales and profitability objectives or changes in our business operations or strategic direction.

Our 2017 impairment tests of goodwill and intangible assets with indefinite lives indicated that the estimated fair value of all reporting units and intangible assets with indefinite lives exceeded their respective carrying values by more than 20%.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, we recognize income tax expense for the amount of taxes payable or refundable for the current year and for the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. We make assumptions, judgments and estimates to determine our current provision for income taxes, our deferred tax assets and liabilities and our uncertain tax positions. Our judgments, assumptions and estimates relative to the current provision for income tax take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or our interpretation of tax laws and the resolution of current and future tax audits could significantly affect the amounts provided for income taxes in our Consolidated Financial Statements. Our assumptions, judgments and estimates relative to the value of a deferred tax asset take into account predictions of the amount and category of future taxable income. Actual operating results and the underlying amount and category of income in future years could cause our current assumptions, judgments and estimates of recoverable net deferred taxes to be inaccurate. Changes in any of the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ from our estimates, which could materially affect our financial position, results of operations or cash flows.

Our tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. As the calendar year progresses, we periodically refine our estimate based on actual events and earnings by jurisdiction. 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 our year-to-date provision equals our expected annual effective tax rate.

Stock-Based Compensation

Stock-based compensation cost is estimated at the grant date based on the award's fair value and is recognized as expense over the requisite service period using the straight-line attribution method. We estimate stock-based compensation for stock awards granted using the Black-Scholes option pricing model, which requires various subjective assumptions, including volatility and expected option life. Further, we estimate forfeitures for stock-based awards granted, but which are not expected to vest. If any of these inputs or assumptions changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 2 of Notes to Consolidated Financial Statements.

Item 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

The information required by this item is included in Management's Discussion and Analysis of Financial Condition and Results of Operations and is incorporated herein by this reference.

Item 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Our management is responsible for the information and representations contained in this report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which we consider appropriate in the circumstances and include some amounts based on our best estimates and judgments. Other financial information in this report is consistent with these financial statements.

Our accounting systems include controls designed to reasonably ensure that assets are safeguarded from unauthorized use or disposition and which provide for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. These systems are supplemented by the selection and training of qualified financial personnel and an organizational structure providing for appropriate segregation of duties.

The Audit Committee is responsible for appointing the independent registered public accounting firm and reviews with the independent registered public accounting firm and management the scope and the results of the annual examination, the effectiveness of the accounting control system and other matters relating to our financial affairs as they deem appropriate.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Columbia Sportswear Company
Portland, Oregon

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Columbia Sportswear Company and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
Portland, Oregon
February 22, 2018

We have served as the Company’s auditor since at least 1994; however, the specific year has not been determined.

COLUMBIA SPORTSWEAR COMPANY

CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 20)	$ 673,166	$ 551,389
Short-term investments (Note 20)	94,983	472
Accounts receivable, net (Note 5)	364,862	333,678
Inventories	457,927	487,997
Prepaid expenses and other current assets	58,559	38,487
Total current assets	1,649,497	1,412,023
Property, plant, and equipment, net (Note 6)	281,394	279,650
Intangible assets, net (Note 7)	129,555	133,438
Goodwill (Note 7)	68,594	68,594
Deferred income taxes (Note 10)	56,804	92,494
Other non-current assets	27,058	27,695
Total assets	$ 2,212,902	$ 2,013,894
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 252,301	$ 215,048
Accrued liabilities (Note 9)	182,228	142,158
Income taxes payable (Note 10)	19,107	5,645
Total current liabilities	453,636	362,851
Note payable to related party (Note 21)	—	14,053
Other long-term liabilities (Notes 11, 12)	48,735	42,622
Income taxes payable (Note 10)	58,104	12,710
Deferred income taxes (Note 10)	168	147
Total liabilities	560,643	432,383
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—
Common stock (no par value); 125,000 shares authorized; 69,995 and 69,873 issued and outstanding (Note 14)	45,829	53,801
Retained earnings	1,585,009	1,529,636
Accumulated other comprehensive loss (Note 17)	(8,887)	(22,617)
Total Columbia Sportswear Company shareholders' equity	1,621,951	1,560,820
Non-controlling interest (Note 4)	30,308	20,691
Total equity	1,652,259	1,581,511
Total liabilities and equity	$ 2,212,902	$ 2,013,894

See accompanying notes to consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

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

	Year Ended December 31,		
	2017	2016	2015
Net sales	$ 2,466,105	$ 2,377,045	$ 2,326,180
Cost of sales	1,306,143	1,266,697	1,252,680
Gross profit	1,159,962	1,110,348	1,073,500
Selling, general and administrative expenses	910,894	864,084	831,971
Net licensing income	13,901	10,244	8,192
Income from operations	262,969	256,508	249,721
Interest income, net	4,515	2,003	1,531
Interest expense on note payable to related party (Note 21)	(429)	(1,041)	(1,099)
Other non-operating expense	(321)	(572)	(2,834)
Income before income tax	266,734	256,898	247,319
Income tax expense (Note 10)	(154,419)	(58,459)	(67,468)
Net income	112,315	198,439	179,851
Net income attributable to non-controlling interest	7,192	6,541	5,514
Net income attributable to Columbia Sportswear Company	$ 105,123	$ 191,898	$ 174,337
Earnings per share attributable to Columbia Sportswear Company (Note 16):			
Basic	$ 1.51	$ 2.75	$ 2.48
Diluted	1.49	2.72	2.45
Weighted average shares outstanding (Note 16):			
Basic	69,759	69,683	70,162
Diluted	70,453	70,632	71,064

See accompanying notes to consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income	$ 112,315	$ 198,439	$ 179,851
Other comprehensive income (loss):			
Unrealized holding losses on available-for-sale securities (net of tax effects of $0, $0, and ($3), respectively)	—	(2)	(6)
Unrealized gains (losses) on derivative transactions (net of tax effects of $8,176, ($1,922) and ($849), respectively)	(18,005)	843	(2,908)
Foreign currency translation adjustments (net of tax effects of $4, ($347) and ($760), respectively)	34,160	(4,485)	(34,887)
Other comprehensive income (loss)	16,155	(3,644)	(37,801)
Comprehensive income	128,470	194,795	142,050
Comprehensive income attributable to non-controlling interest	9,617	4,678	4,382
Comprehensive income attributable to Columbia Sportswear Company	$ 118,853	$ 190,117	$ 137,668

See accompanying notes to consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	$ 112,315	$ 198,439	$ 179,851
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	59,945	60,016	56,521
Loss on disposal or impairment of property, plant, and equipment	1,927	4,805	5,098
Deferred income taxes	44,851	(19,178)	(11,709)
Stock-based compensation	11,286	10,986	11,672
Excess tax benefit from employee stock plans	—	—	(7,873)
Changes in operating assets and liabilities:			
Accounts receivable	(24,197)	36,710	(40,419)
Inventories	46,662	(18,777)	(103,296)
Prepaid expenses and other current assets	(19,241)	(5,452)	4,411
Other assets	931	(5,948)	(2,524)
Accounts payable	30,568	1,483	11,418
Accrued liabilities	11,581	4,847	(2,017)
Income taxes payable	58,702	4,768	(10,994)
Other liabilities	5,798	2,468	4,966
Net cash provided by operating activities	341,128	275,167	95,105
Cash flows from investing activities:			
Purchases of short-term investments	(130,993)	(21,263)	(38,208)
Sales of short-term investments	36,282	21,263	64,980
Capital expenditures	(53,352)	(49,987)	(69,917)
Proceeds from sale of property, plant, and equipment	279	97	144
Net cash used in investing activities	(147,784)	(49,890)	(43,001)
Cash flows from financing activities:			
Proceeds from credit facilities	3,374	62,885	53,429
Repayments on credit facilities	(3,374)	(64,825)	(51,479)
Proceeds from issuance of common stock under employee stock plans	19,946	13,167	17,442
Tax payments related to restricted stock unit issuances	(3,662)	(5,117)	(4,895)
Excess tax benefit from employee stock plans	—	—	7,873
Repurchase of common stock	(35,542)	(11)	(70,068)
Cash dividends paid	(50,909)	(48,122)	(43,547)
Payment of related party note payable	(14,236)	—	—
Net cash used in financing activities	(84,403)	(42,023)	(91,245)
Net effect of exchange rate changes on cash	12,836	(1,635)	(4,647)
Net increase (decrease) in cash and cash equivalents	121,777	181,619	(43,788)
Cash and cash equivalents, beginning of year	551,389	369,770	413,558
Cash and cash equivalents, end of year	$ 673,166	$ 551,389	$ 369,770
Supplemental disclosures of cash flow information:			
Cash paid during the year for income taxes	$ 81,045	$ 70,424	$ 87,350
Cash paid during the year for interest on note payable to related party	685	1,049	1,115
Supplemental disclosures of non-cash investing activities:			
Capital expenditures incurred but not yet paid	3,188	2,710	4,698

See accompanying notes to consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	Columbia Sportswear Company Shareholders' Equity					
	Common Stock					
	Shares Outstanding	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total
BALANCE, JANUARY 1, 2015	69,828	$ 72,700	$ 1,255,070	$ 15,833	$ 11,631	$ 1,355,234
Net income	—	—	174,337	—	5,514	179,851
Other comprehensive loss:						
Unrealized holding losses on available-for-sale securities, net	—	—	—	(6)	—	(6)
Unrealized holding losses on derivative transactions, net	—	—	—	(2,908)	—	(2,908)
Foreign currency translation adjustment, net	—	—	—	(33,755)	(1,132)	(34,887)
Cash dividends ($0.62 per share)	—	—	(43,547)	—	—	(43,547)
Issuance of common stock under employee stock plans, net	835	12,547	—	—	—	12,547
Tax adjustment from stock plans	—	7,925	—	—	—	7,925
Stock-based compensation expense	—	11,672	—	—	—	11,672
Repurchase of common stock	(1,386)	(70,068)	—	—	—	(70,068)
BALANCE, DECEMBER 31, 2015	69,277	34,776	1,385,860	(20,836)	16,013	1,415,813
Net income	—	—	191,898	—	6,541	198,439
Other comprehensive income (loss):						
Unrealized holding losses on available-for-sale securities, net	—	—	—	(2)	—	(2)
Unrealized holding gains on derivative transactions, net	—	—	—	686	157	843
Foreign currency translation adjustment, net	—	—	—	(2,465)	(2,020)	(4,485)
Cash dividends ($0.69 per share)	—	—	(48,122)	—	—	(48,122)
Issuance of common stock under employee stock plans, net	596	8,050	—	—	—	8,050
Stock-based compensation expense	—	10,986	—	—	—	10,986
Repurchase of common stock	—	(11)	—	—	—	(11)
BALANCE, DECEMBER 31, 2016	69,873	53,801	1,529,636	(22,617)	20,691	1,581,511
Net income	—	—	105,123	—	7,192	112,315
Other comprehensive income (loss):						
Unrealized holding losses on derivative transactions, net	—	—	1,159	(17,489)	(516)	(16,846)
Foreign currency translation adjustment, net	—	—	—	31,219	2,941	34,160
Cash dividends ($0.73 per share)	—	—	(50,909)	—	—	(50,909)
Issuance of common stock under employee stock plans, net	787	16,284	—	—	—	16,284
Stock-based compensation expense	—	11,286	—	—	—	11,286
Repurchase of common stock	(665)	(35,542)	—	—	—	(35,542)
BALANCE, DECEMBER 31, 2017	69,995	$ 45,829	$ 1,585,009	$ (8,887)	$ 30,308	$ 1,652,259

See accompanying notes to consolidated financial statements

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BASIS OF PRESENTATION AND ORGANIZATION

Nature of the business:

Columbia Sportswear Company is a global leader in the design, sourcing, marketing, and distribution of outdoor and active lifestyle apparel, footwear, accessories, and equipment.

Principles of consolidation:

The Consolidated Financial Statements include the accounts of Columbia Sportswear Company, its wholly owned subsidiaries and entities in which it maintains a controlling financial interest (the "Company"). All intercompany balances and transactions have been eliminated in consolidation.

Estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions. Some of these more significant estimates relate to revenue recognition, including sales returns and claims from customers, allowance for doubtful accounts, excess, slow-moving and close-out inventories, product warranty, long-lived and intangible assets, goodwill, income taxes, and stock-based compensation.

Changes affecting comparability:

Effective January 1, 2016, the Company early-adopted Accounting Standards Update ("ASU") No. 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplified how several aspects of share-based payments are accounted for and presented in the financial statements. Under previous guidance, excess tax benefits and deficiencies from stock-based compensation arrangements were recorded in equity when the awards vested or were settled. ASU 2016-09 requires prospective recognition of excess tax benefits and deficiencies in the Consolidated Statements of Operations, resulting in the recognition of excess tax benefits of $6,082,000 and $5,499,000 in income tax expense, rather than in paid-in capital, for the years ended December 31, 2017 and 2016, respectively. If we had retrospectively adopted this guidance, we would have recognized excess tax benefits of $7,925,000 in income tax expense, rather than in paid-in capital, for the year ended December 31, 2015.

In addition, under ASU 2016-09, excess income tax benefits from stock-based compensation arrangements are classified as cash flow from operations, rather than as cash flow from financing activities. The Company elected to apply the cash flow classification guidance of ASU 2016-09 prospectively, resulting in an increase to operating cash flow of $6,227,000 and $5,538,000 for the years ended December 31, 2017 and 2016, respectively, and the year ended December 31, 2015 has not been adjusted.

The Company elected to continue to estimate the number of stock-based awards expected to vest, as permitted by ASU 2016-09, rather than electing to account for forfeitures as they occur.

ASU 2016-09 requires excess tax benefits and deficiencies to be prospectively excluded from assumed future proceeds in the calculation of diluted shares, resulting in an increase in diluted weighted average shares outstanding of 159,387 and 240,016 shares for the years ended December 31, 2017 and 2016, respectively.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents:

Cash and cash equivalents are stated at fair value or at cost, which approximates fair value, and include investments with original maturities of 90 days or less at the date of acquisition. At December 31, 2017, cash and cash equivalents consisted of cash, money market funds, time deposits, U.S. government treasury bills, and U.S. government -backed municipal bonds. At December 31, 2016, cash and cash equivalents consisted of cash, money market funds and time deposits.

Investments:

At December 31, 2017, short-term investments consisted of U.S. government treasury bills and U.S. government-backed municipal bonds, as well as mutual fund share investments held as part of the Company's deferred compensation plan expected to be distributed in the next twelve months. The U.S. government treasury bills and U.S. government-backed municipal bonds are classified as available-for-sale securities and are recorded at fair value with any unrealized gains and losses reported, net of tax, in other comprehensive income. Investments held as part of the Company's deferred compensation plan are classified as trading securities and are recorded at fair value with any unrealized gains and losses reported in operating income. Realized gains or losses are determined based on the specific identification method. At December 31, 2016, short-term investments consisted of mutual fund share investments held as part of the Company's deferred compensation plan expected to be distributed in the next twelve months.

At December 31, 2017 and 2016, long-term investments included in other non-current assets consisted of mutual fund shares held to offset liabilities to participants in the Company's deferred compensation plan. The investments are classified as long-term because the related deferred compensation liabilities are not expected to be paid within the next year. These investments are classified as trading securities and are recorded at fair value with unrealized gains and losses reported as a component of operating income.

Accounts receivable:

Accounts receivable have been reduced by an allowance for doubtful accounts. The Company makes ongoing estimates of the collectability of accounts receivable and maintains an allowance for estimated losses resulting from the inability of the Company's customers to make required payments.

Inventories:

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

Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The principal estimated useful lives are: land improvements, 15 years; buildings and building improvements, 15-30 years; furniture and fixtures, 3-10 years; and machinery, software and equipment, 3-10 years. Leasehold improvements are depreciated over the lesser of the estimated useful life of the improvement, which is most commonly 7 years, or the remaining term of the underlying lease.

Improvements to property, plant and equipment that substantially extend the useful life of the asset are capitalized. Repair and maintenance costs are expensed as incurred. Internal and external costs directly related to the development of internal-use software during the application development stage, including costs incurred for third party contractors and employee compensation, are capitalized and depreciated over a 3-10 year estimated useful life.

Impairment of long-lived assets:

Long-lived assets are amortized over their estimated useful lives and are measured for impairment only when events or circumstances indicate the carrying value may be impaired. In these cases, the Company estimates the future undiscounted cash flows to be derived from the asset or asset group to determine whether a potential impairment exists. If the sum of the estimated undiscounted cash flows is less than the carrying value of the asset, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the estimated fair value of the asset. Impairment charges for long-lived assets are included in SG&A expense and were $1,401,000, $4,310,000 and $4,171,000 for the years ended December 31, 2017, 2016 and 2015, respectively. Charges during the years ended December 31, 2017, 2016 and 2015 were recorded in the United States and LAAP regions for certain underperforming retail stores.

Intangible assets and goodwill:

Intangible assets with indefinite useful lives and goodwill are not amortized but are periodically evaluated for impairment. Intangible assets that are determined to have finite lives are amortized using the straight-line method over their estimated useful lives and are measured for impairment only when events or circumstances indicate the carrying value may be impaired.

Impairment of intangible assets and goodwill:

The Company reviews and tests its intangible assets with indefinite useful lives and goodwill 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 Company's intangible assets with indefinite lives consist of trademarks and trade names. Substantially all of the Company's goodwill is recorded in the United States segment and impairment testing for goodwill is performed at the reporting unit level. In the impairment test for goodwill, the two-step process first compares the estimated fair value of the reporting unit with the carrying amount of that reporting unit. The Company estimates the fair value of its reporting units using a combination of discounted cash flow analysis, comparisons with the market values of similar publicly traded companies and other operating performance based valuation methods, as necessary. If step one indicates impairment, step two compares the estimated fair value of the reporting unit to the estimated fair value of all reporting unit assets and liabilities, except goodwill, to determine the implied fair value of goodwill. The Company calculates impairment as the excess of carrying amount of goodwill over the implied fair value of goodwill. In the impairment tests for trademarks and trade names, the Company compares the estimated fair value of each asset to its carrying amount. The fair values of trademarks and trade names are generally estimated using a relief from royalty method under the income approach. If the carrying amount of a trademark or trade name exceeds its estimated fair value, the Company calculates impairment as the excess of carrying amount over the estimate of fair value.

If events or circumstances indicate the carrying value of intangible assets with finite lives may be impaired, the Company estimates the future undiscounted cash flows to be derived from the asset or asset group to determine whether a potential impairment exists. If the sum of the estimated undiscounted cash flows is less than the carrying value of the asset the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the estimated fair value of the asset.

Impairment charges, if any, are classified as a component of SG&A expense. The impairment tests and related fair value estimates are based on a number of factors, including assumptions and estimates for projected sales, income, cash flows, discount rates, remaining useful lives, and other operating performance measures. Changes in estimates or the application of alternative assumptions could produce significantly different results. These assumptions and estimates may change in the future due to changes in economic conditions, changes in the Company's ability to meet sales and profitability objectives or changes in the Company's business operations or strategic direction.

Our 2017 impairment tests of goodwill and intangible assets with indefinite lives indicated that the estimated fair value of all reporting units and intangible assets with indefinite lives exceeded their respective carrying values by more than 20%.

Income taxes:

Income taxes are provided on financial statement earnings for financial reporting purposes. Income taxes are based on amounts of taxes payable or refundable in the current year and on expected future tax consequences of events that are recognized in the financial statements in different periods than they are recognized in tax returns. As a result of timing of recognition and measurement differences between financial accounting standards and income tax laws, temporary differences arise between amounts of pre-tax financial statement income and taxable income and between reported amounts of assets and liabilities in the Consolidated Balance Sheets and their respective tax bases. Deferred income tax assets and liabilities reported in the Consolidated Balance Sheets reflect estimated future tax effects attributable to these temporary differences and to net operating loss and net capital loss carryforwards, based on tax rates expected to be in effect for years in which the differences are expected to be settled or realized. Realization of deferred tax assets is dependent on future taxable income in specific jurisdictions. Valuation allowances are used to reduce deferred tax assets to amounts considered likely to be realized.

Accrued income taxes in the Consolidated Balance Sheets include unrecognized income tax benefits relating to uncertain tax positions, including related interest and penalties, appropriately classified as current or noncurrent. The Company recognizes the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. In making this determination, the Company assumes that the taxing authority will examine the position and that it will have full knowledge of all relevant information. The provision for income taxes also includes estimates of interest and penalties related to uncertain tax positions.

Derivatives:

The effective portion of changes in fair values of outstanding cash flow hedges is recorded in other comprehensive income until earnings are affected by the hedged transaction, and any ineffective portion is included in current income. In most cases amounts recorded in other comprehensive income will be released to earnings after maturity of the related derivative. The Consolidated Statements of Operations classification of effective hedge results is the same as that of the underlying exposure. Results of hedges of product costs are recorded in cost of sales when the underlying hedged transactions affect earnings. Results of hedges of revenue are recorded in net sales when the underlying hedged transactions affect earnings. Unrealized derivative gains and losses, which are recorded in assets and liabilities, respectively, are non-cash items and therefore are taken into account in the preparation of the Consolidated Statements of Cash Flows based on their respective balance sheet classifications. Refer to Note 19 for more information on derivatives and risk management.

Foreign currency translation:

The assets and liabilities of the Company's foreign subsidiaries have been translated into U.S. dollars using the exchange rates in effect at period end, and the net sales and expenses have been translated into U.S. dollars using average exchange rates in effect during the period. The foreign currency translation adjustments are included as a separate component of accumulated other comprehensive income in shareholders' equity.

Revenue recognition:

The Company records wholesale, distributor, e-commerce and licensed product revenues when title passes and the risks and rewards of ownership have passed to the customer. Title generally passes upon shipment to, or upon receipt by, the customer depending on the terms of sale with the customer. Retail store revenues are recorded at the time of sale. Revenue is recorded net of sales taxes, value added taxes or similar taxes which are collected on behalf of local taxing authorities.

Where title passes upon receipt by the customer, predominantly in the Company's European wholesale business, Japan and in certain of our direct ship and e-commerce transactions, precise information regarding the date of receipt by the customer is not readily available. In these cases, the Company estimates the date of receipt by the customer based on historical and expected delivery times by geographic location. The Company periodically tests the accuracy of these estimates based on actual transactions. Delivery times vary by geographic location, generally from one to seven days. To date, the Company has found these estimates to be materially accurate.

At the time of revenue recognition, the Company also provides 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 as well as events and circumstances that indicate changes to historical rates of returns and claims. However, actual returns and claims in any future period are inherently uncertain and thus may differ from the estimates. If actual or expected future returns and claims are significantly greater or lower than the reserves that have been established, the Company would record a reduction or increase to net revenues in the period in which it made such determination.

Cost of sales:

The expenses that are included in cost of sales include all direct product costs related to shipping, duties and importation. Specific provisions for excess, close-out or slow moving inventory are also included in cost of sales. In addition, some of the Company's products carry limited warranty provisions for defects in quality and workmanship. A warranty reserve is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements and is recorded in cost of sales.

Selling, general and administrative expense:

SG&A expense consists of personnel-related costs, advertising, depreciation, occupancy, and other selling and general operating expenses related to the Company's business functions, including planning, receiving finished goods, warehousing, distribution, retail operations and information technology.

Shipping and handling costs:

Shipping and handling fees billed to customers and consumers are recorded as revenue. The direct costs associated with shipping goods to customers and consumers are recorded as cost of sales. Inventory planning, receiving, storing and handling costs are recorded as a component of SG&A expenses and were $73,880,000, $65,757,000 and $61,338,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Stock-based compensation:

Stock-based compensation cost is estimated at the grant date based on the award's fair value and is recognized as expense over the requisite service period using the straight-line attribution method. The Company estimates stock-based compensation for stock options granted using the Black-Scholes option pricing model, which requires various subjective assumptions, including volatility and expected option life. Further, the Company estimates forfeitures for stock-based awards granted which are not expected to vest. For restricted stock unit awards subject to performance conditions, the amount of compensation expense recorded in a given period reflects the Company's assessment of the probability of achieving its performance targets. If any of these inputs or assumptions changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. Assumptions are evaluated and revised as necessary to reflect changes in market conditions and the Company's experience. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by people who receive equity awards. The fair value of service-based and performance-based restricted stock units is discounted by the present value of the estimated future stream of dividends over the vesting period using the Black-Scholes model.

Advertising costs:

Advertising costs are expensed in the period incurred and are included in SG&A expenses. Total advertising expense, including cooperative advertising costs, was $121,839,000, $118,663,000 and $120,764,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Through cooperative advertising programs, the Company reimburses its wholesale customers for some of their costs of advertising the Company's products based on various criteria, including the value of purchases from the Company and various advertising specifications. Cooperative advertising costs are included in expenses because the Company receives an identifiable benefit in exchange for the cost, the advertising may be obtained from a party other than the customer, and the fair value of the advertising benefit can be reasonably estimated. Cooperative advertising costs were $6,555,000, $8,699,000 and $10,008,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Recent accounting pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers Topic 606*, outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. The updated guidance, and subsequent clarifications, require an entity to recognize revenue when it transfers control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company is adopting this standard effective January 1, 2018, utilizing the modified retrospective approach, with the immaterial cumulative effect of initially applying the new standard recognized in retained earnings.

The new standard primarily impacts the following areas: fees paid to or retained by third parties in conjunction with certain concession-based retail arrangements, historically comprising approximately 2% of net sales, will be classified as a component of SG&A expenses; wholesale sales returns reserves, estimated chargebacks and markdowns, and other provisions for customer refunds will be presented as accrued liabilities rather than netted within accounts receivable; and the estimated cost of inventory associated with sales returns reserves will be presented within other current assets rather than inventories. The Company expects the timing of revenue recognition for its significant revenue streams to remain substantially unchanged, with no material effect on net sales.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, an update to its accounting guidance related to the recognition and measurement of certain financial instruments. This standard requires equity investments that are not accounted for under the equity method of accounting to be measured at fair value with changes recognized in net income and also updates certain presentation and disclosure requirements. The Company is adopting this standard effective January 1, 2018, and does not anticipate a material effect on the Company's financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842),* in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for most leases previously classified as operating leases. This standard is effective beginning in the first quarter of 2019, with early adoption permitted. The Company is evaluating the impact of this guidance and expects the adoption will result in a material increase in the assets and liabilities on the Company's consolidated balance sheets and is not expected to have a material impact on the Company's consolidated statements of operations or cash flows.

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

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax effects of an intra-entity transfer of an asset, other than inventory, when the transfer occurs, eliminating an exception under current GAAP in which the tax effects of intra-entity asset transfers are deferred until the transferred asset is sold to a third party or otherwise recovered through use. Income tax effects of intra-entity transfers of inventory will continue to be deferred until the inventory has been sold to a third party. The Company is adopting this standard effective January 1, 2018 by applying the required modified retrospective approach with an initial estimated cumulative-effect adjustment to retained earnings of certain previously deferred tax benefits of $11,181,000, which is subject to change as the Company finalizes its accounting for the effects of the enactment of the TCJA described in Note 10. The Company anticipates the adoption of this standard will result in increased volatility in its future effective income tax rate.

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

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which simplifies the application of hedge accounting guidance to better portray the economic results of risk management activities in the financial statements. The guidance aligns the recognition and presentation of the effects of hedging instruments and hedged items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The Company is early-adopting the standard utilizing the required modified retrospective transition method effective January 1, 2018. The adoption of this standard will not have a material effect on the Company's financial position, results of operations or cash flows.

In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Subtopic 220)*, that permits a reclassification from accumulated other comprehensive income (loss) to retained earnings of the stranded tax effects resulting from application of the new federal corporate income tax rate. The Company early adopted this new standard during the fourth quarter of 2017 utilizing the portfolio approach, which resulted in an increase to retained earnings and corresponding decrease to accumulated other comprehensive income (loss) of $1,159,000 due to a change in the U.S. federal income tax rate from 35% to 21% as a result of the TCJA.

NOTE 3—CONCENTRATIONS

Trade receivables

The Company had one customer that accounted for approximately 12.3% and 15.9% of consolidated accounts receivable at December 31, 2017 and 2016, respectively. No single customer accounted for 10% or more of consolidated revenues for any of the years ended December 31, 2017, 2016 or 2015.

Derivatives

The Company uses derivative instruments to hedge the currency exchange rate risk of anticipated transactions denominated in non-functional currencies that are designated and qualify as cash flow hedges. The Company also uses derivative instruments to economically hedge the currency exchange rate risk of certain investment positions, to hedge balance sheet re-measurement risk and to hedge other anticipated transactions that do not qualify as cash flow hedges. At December 31, 2017, the Company's derivative contracts had remaining maturities of less than three years. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was less than $2,000,000 at December 31, 2017. All of the Company's derivative counterparties have investment grade credit ratings. Refer to Note 19 for further disclosures concerning derivatives.

Country and supplier concentrations

The Company's products are produced by contract manufacturers located outside the United States, principally in Southeast Asia. Apparel is manufactured in approximately 19 countries, with Vietnam and China together accounting for approximately 64% of 2017 global apparel production. Footwear is manufactured in five countries, with China and Vietnam accounting for substantially all of 2017 global footwear production. The five largest apparel factory groups accounted for approximately 29% of 2017 global apparel production, with the largest factory group accounting for 10% of 2017 global apparel production. The five largest footwear factory groups accounted for approximately 75% of 2017 global footwear production, with the largest factory group accounting for 34% of 2017 global footwear production. These companies have multiple factory locations, many of which are in different countries, thus reducing the risk that unfavorable conditions at a single factory or location will have a material adverse effect on the Company.

NOTE 4—NON-CONTROLLING INTEREST

The Company owns a 60% controlling interest in a joint venture formed with Swire Resources, Limited ("Swire"), which began operations on January 1, 2014, to support the development and operation of the Company's business in China. The accounts and operations of the joint venture are included in the Consolidated Financial Statements for the years ended December 31, 2017, 2016 and 2015. Swire's share of the net income of the joint venture is included in net income attributable to non-controlling interest in the Consolidated Statements of Operations. The non-controlling equity interest in the joint venture is presented separately in the Consolidated Balance Sheets and Consolidated Statements of Equity.

NOTE 5—ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, is as follows (in thousands):

	December 31, 2017	December 31, 2016
Trade accounts receivable	$ 373,905	$ 342,234
Allowance for doubtful accounts	(9,043)	(8,556)
Accounts receivable, net	$ 364,862	$ 333,678

NOTE 6—PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Land and improvements	$ 21,065	$ 20,862
Buildings and improvements	173,919	165,746
Machinery, software and equipment	322,032	301,566
Furniture and fixtures	83,613	79,103
Leasehold improvements	121,949	107,574
Construction in progress	14,627	13,475
	737,205	688,326
Less accumulated depreciation	(455,811)	(408,676)
	$ 281,394	$ 279,650

NOTE 7—INTANGIBLE ASSETS, NET AND GOODWILL

Intangible assets that are determined to have finite lives include patents, purchased technology and customer relationships and are amortized over their estimated useful lives, which range from approximately 3 to 10 years, and are measured for impairment only when events or circumstances indicate the carrying value may be impaired. Goodwill and intangible assets with indefinite useful lives, including trademarks and trade names, are not amortized but are periodically evaluated for impairment. At December 31, 2017 and 2016, the Company determined that its goodwill and intangible assets were not impaired.

Intangible assets

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

	December 31, 2017	December 31, 2016
Intangible assets subject to amortization:		
Patents and purchased technology	$ 14,198	$ 14,198
Customer relationships	23,000	23,000
Gross carrying amount	37,198	37,198
Accumulated amortization:		
Patents and purchased technology	(10,651)	(9,321)
Customer relationships	(12,413)	(9,860)
Accumulated amortization	(23,064)	(19,181)
Net carrying amount	14,134	18,017
Intangible assets not subject to amortization	115,421	115,421
Intangible assets, net	$ 129,555	$ 133,438

Amortization expense was $3,883,000 for the year ended December 31, 2017, and was $5,146,000 for both of the years ended December 31, 2016 and 2015.

Annual amortization expense is estimated to be as follows for the years 2018 through 2022 (in thousands):

2018	$	2,980
2019		2,980
2020		2,537
2021		1,650
2022		1,650

NOTE 8—SHORT-TERM BORROWINGS AND CREDIT LINES

The Company has an unsecured, committed revolving line of credit with monthly variable commitments available for funding that average $100,000,000. The maturity date of this agreement is July 1, 2021. Interest, payable monthly, is based on the Company's applicable funded debt ratio, which could range from USD LIBOR plus 87.5 basis points to USD LIBOR plus 162.5 basis points. This line of credit requires the Company to comply with certain financial covenants covering net income, funded debt ratio, fixed charge coverage ratio, and borrowing basis. If the Company is in default, it is prohibited from paying dividends or repurchasing common stock. At December 31, 2017, the Company was in compliance with all associated covenants. At December 31, 2017 and 2016, no balance was outstanding under this line of credit.

The Company's Canadian subsidiary has available an unsecured and uncommitted line of credit guaranteed by the parent company providing for borrowing up to a maximum of CAD$30,000,000 (US$23,866,000) at December 31, 2017. The revolving line accrues interest at the bank's Canadian prime rate. At December 31, 2017 and 2016 no balance was outstanding under this line of credit.

The Company's European subsidiary has available two separate unsecured and uncommitted lines of credit guaranteed by the parent company providing for borrowing up to a maximum of €25,800,000 and €5,000,000, respectively (combined US$36,784,000), at December 31, 2017. These lines accrue interest based on the European Central Bank refinancing rate plus 100 basis points and the Euro Overnight Index Average plus 75 basis points, respectively. There was no balance outstanding under either line at December 31, 2017 or 2016.

The Company's Japanese subsidiary has two separate unsecured and uncommitted lines of credit guaranteed by the parent company providing for borrowing up to a maximum of US$7,000,000 and ¥300,000,000, respectively (combined US$9,658,000), at December 31, 2017. These lines accrue interest at JPY LIBOR plus 100 basis points and the Bank of Tokyo Prime Rate, respectively. There was no balance outstanding under either line at December 31, 2017 or 2016.

The Company's Korean subsidiary has available an unsecured and uncommitted line of credit guaranteed by the parent company providing for borrowing up to a maximum of US$20,000,000. The revolving line accrues interest at the Korean three-month CD rate plus 220 basis points. There was no balance outstanding under this line at December 31, 2017 or 2016.

NOTE 9—ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	December 31,			
		2017		**2016**
Accrued salaries, bonus, paid time off and other benefits	$	79,457	$	66,227
Accrued import duties		12,420		14,366
Product warranties		12,339		11,455
Other		78,012		50,110
	$	182,228	$	142,158

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

	Year Ended December 31,		
	2017	**2016**	**2015**
Balance at beginning of year	$ 11,455	$ 11,487	$ 11,148
Provision for warranty claims	4,538	3,802	4,560
Warranty claims	(4,210)	(3,726)	(3,708)
Other	556	(108)	(513)
Balance at end of year	$ 12,339	$ 11,455	$ 11,487

NOTE 10—INCOME TAXES

On December 22, 2017, the U.S. Government enacted comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). The TCJA makes broad and complex changes to the U.S. tax code, including, but not limited to:

- reducing the U.S. federal corporate tax rate from 35% to 21%;
- requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries;
- generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries;
- requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations;
- eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized;
- creating the base erosion anti-abuse tax;
- a new provision designed to tax global intangible low-taxed income ("GILTI");
- creating a new limitation on deductible interest expense; and
- changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

In conjunction with the enactment of the TCJA, the SEC staff issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting for the effects of the TCJA. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply its accounting on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

In connection with the Company's initial analysis of the impact of the TCJA, the Company recorded an incremental provisional net tax expense of $95,610,000 during the year ended December 31, 2017. For various reasons that are discussed more fully below, the Company has not completed all of the accounting for the income tax effects of certain elements of the TCJA. In cases where the Company was able to make reasonable estimates of the effects of elements for which the analysis is not yet complete, it recorded provisional amounts for those specific tax affects. The Company has not recorded any adjustments related to those elements for which a reasonable estimate of the tax affects cannot be made, and has continued accounting for those elements on the basis of the tax laws in effect before the TCJA.

The Company's accounting for the following elements of the TCJA is incomplete. However, the Company was able to determine reasonable estimates of certain effects and, therefore, recorded provisional amounts as follows:

Reduction of U.S. federal corporate tax rate:

The TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, effective January 1, 2018. For certain of the Company's deferred tax assets and liabilities, the Company has recorded a provisional decrease to net deferred tax assets of $15,017,000, with a corresponding charge to deferred income tax expense of $15,017,000 for the year ended December 31, 2017. While the Company is able to make a reasonable estimate of the impact of the reduction in the U.S. corporate rate, it may be affected by other analyses related to the TCJA, including, but not limited to, the Company's calculation of deemed repatriation of foreign income and the state tax effect of adjustments made to federal temporary differences.

Transition tax on foreign earnings:

The Deemed Repatriation Transition Tax ("Transition Tax") is a U.S. tax on previously untaxed accumulated and current earnings and profits ("E&P") of certain of the Company's foreign subsidiaries. To determine the amount of the Transition Tax, the Company must determine, in addition to other factors, the amount of post-1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. The Company is able to make a reasonable estimate of the Transition Tax and recorded a provisional Transition Tax obligation of $49,947,000. However, the Company is continuing to gather additional information to more precisely compute the amount of the Transition Tax, including a detailed analysis of E&P data of relevant subsidiaries. The Transition Tax will be paid over an eight year period.

Deferred tax liability associated with future repatriations:

The Company has recorded a provisional estimate of $23,690,000 related to potential withholding tax on future repatriations of foreign earnings. The amount is provisional until additional analysis of the effect of the TCJA has been completed and the Company has further analyzed its applicable foreign earnings.

Disallowance of foreign tax credits:

The Company recorded dividends in 2017 from its foreign subsidiaries for which certain foreign tax credits are no longer allowable under the TCJA. As a result, the Company recorded an additional provisional $6,956,000 of income tax expense, which could be affected by further analysis of the TCJA.

The Company's accounting for the following elements of the TCJA is incomplete and the Company was not able to determine reasonable estimates of certain effects and, therefore, did not record any provisional adjustments:

Global intangible low-taxed income tax:

An estimate has not been recorded related to the new GILTI tax under the TCJA because of the complexity of the new tax rules and the lack of clarity surrounding the application of the relevant accounting guidance. The Company's selection of an accounting policy with respect to the GILTI tax rules will depend, in part, on analyzing the Company's global income to determine whether the Company expects to have future U.S. inclusions in taxable income related to GILTI and, if so, what the impact is expected to be. As a result, the Company is not yet able to reasonably estimate the effect of this provision of the TCJA and has not made an accounting policy election or recorded any amounts related to potential GILTI tax in the Company's financial statements.

Consolidated income from continuing operations before income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
U.S. operations	$ 167,380	$ 173,798	$ 173,966
Foreign operations	99,354	83,100	73,353
Income before income tax	$ 266,734	$ 256,898	$ 247,319

The components of the provision (benefit) for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Current:			
Federal	$ 87,386	$ 53,840	$ 61,211
State and local	443	6,370	6,520
Non-U.S.	28,708	18,708	21,014
	116,537	78,918	88,745
Deferred:			
Federal	47,087	(12,921)	(8,883)
State and local	4,990	(2,166)	(906)
Non-U.S.	(14,195)	(5,372)	(11,488)
	37,882	(20,459)	(21,277)
Income tax expense	$ 154,419	$ 58,459	$ 67,468

The following is a reconciliation of the statutory federal income tax rate to the effective rate reported in the financial statements:

	Year Ended December 31,		
	2017	2016	2015
	(percent of income)		
Provision for federal income taxes at the statutory rate	35.0 %	35.0 %	35.0 %
State and local income taxes, net of federal benefit	0.4	1.5	2.2
Non-U.S. income taxed at different rates	(7.8)	(5.8)	(3.9)
Foreign tax credits	(0.1)	(3.0)	(1.7)
Foreign deferred tax asset	(3.0)	(2.5)	—
Reduction of unrecognized tax benefits	—	—	(0.8)
Research credits	(0.7)	(0.8)	(0.9)
Reduction of valuation allowance	—	—	(2.7)
Excess tax benefits from stock plans	(2.3)	(2.1)	—
Other	0.5	0.5	0.1
Actual provision for income taxes, pre-TCJA	22.0	22.8	27.3
Effects of the TCJA:			
Reduction of U.S. federal corporate tax rate	5.6	—	—
Transition tax on foreign earnings	18.7	—	—
Deferred tax liability associated with future repatriations	8.9	—	—
Foreign tax credits	2.7	—	—
Provision for income taxes related to the TCJA	35.9	—	—
Actual provision for income taxes	57.9 %	22.8 %	27.3 %

Significant components of the Company's deferred taxes consisted of the following (in thousands):

	December 31,	
	2017	2016
Deferred tax assets:		
Accruals and allowances	$ 37,971	$ 51,724
Capitalized inventory costs	21,625	39,661
Stock compensation	3,867	6,476
Net operating loss carryforwards	20,085	3,637
Depreciation and amortization	25,020	19,313
Tax credits	31	443
Foreign currency gain	5,657	—
Other	276	263
Gross deferred tax assets	114,532	121,517
Valuation allowance	(16,428)	(1,323)
Net deferred tax assets	98,104	120,194
Deferred tax liabilities:		
Depreciation and amortization	(15,395)	(25,703)
Prepaid expenses	(2,383)	—
Deferred tax liability associated with future repatriations	(23,690)	—
Foreign currency loss	—	(667)
Other	—	(1,477)
Gross deferred tax liabilities	(41,468)	(27,847)
Total net deferred taxes	$ 56,636	$ 92,347

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company has foreign net operating loss carryforwards of $72,297,000 as of December 31, 2017, of which $59,943,000 have an unlimited carryforward period and $15,354,000 expire between 2025 and 2027. The net operating losses result in deferred tax assets of $20,085,000 and $3,637,000 at December 31, 2017 and 2016, respectively. These deferred tax assets were subject to a valuation allowance of $16,152,000 and $1,060,000 at December 31, 2017 and 2016, respectively.

At December 31, 2016, the unremitted earnings of foreign subsidiaries outside of the United States for which deferred taxes had not been provided were approximately $422,940,000. Under the transition tax described above, a provisional estimate of $49,947,000 has been recorded for the amount of the tax due on untaxed foreign earnings and profits as of December 31, 2017. While the provisional transition tax may eliminate, in part or in whole, the need for U.S. federal deferred taxes on previously untaxed net foreign earnings and profits, it has not eliminated the potential need for deferred taxes related to the associated future foreign withholding and state taxes. As of December 31, 2017, the Company has recorded provisional deferred tax liabilities of $23,690,000 related to estimated foreign withholding taxes on future repatriations of previously untaxed net foreign earnings and profits.

The Company conducts business globally, and, as a result, the Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as Canada, China, France, Japan, South Korea, Switzerland, and the United States. The Company has effectively settled Canadian tax examinations of all years through 2012, U.S. tax examinations of all years through 2013, Japanese tax examinations of all years through 2012, France tax examinations of all years through 2014, and Swiss tax examinations of all years through 2013. The Company's transfer pricing policies are currently under review by the Chinese tax authorities for all tax years after 2013. The Korean National Tax Service concluded an audit of the Company's 2009 through 2013 corporate income tax returns in 2014, and an audit of the Company's 2014 corporate income tax return in 2016. Due to the nature of the findings in both of these audits, the Company has invoked the Mutual Agreement Procedures outlined in the U.S.-Korean income tax treaty. The Company does not anticipate that adjustments relative to this dispute, or any other ongoing tax audits, will result in material changes to its financial condition, results of operations or cash flows. Other than the dispute previously noted, the Company is not currently under examination in any major jurisdiction.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

	December 31,		
	2017	2016	2015
Balance at beginning of year	$ 9,998	$ 11,187	$ 6,630
Increases related to prior year tax positions	858	2,514	365
Decreases related to prior year tax positions	(2,895)	(5,119)	(2,019)
Increases related to current year tax positions	2,714	1,599	6,564
Expiration of statute of limitations	(163)	(183)	(353)
Balance at end of year	$ 10,512	$ 9,998	$ 11,187

Due to the potential for resolution of income tax audits currently in progress, and the expiration of various statutes of limitation, it is reasonably possible that the unrecognized tax benefits balance may change within the twelve months following December 31, 2017 by a range of zero to $2,066,000. Open tax years, including those previously mentioned, contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, timing, or inclusion of revenue and expenses or the sustainability of income tax credits for a given examination cycle.

Unrecognized tax benefits of $6,892,000 and $7,723,000 would affect the effective tax rate if recognized at December 31, 2017 and 2016, respectively.

The Company recognizes interest expense and penalties related to income tax matters in income tax expense. The Company recognized a net reversal of accrued interest and penalties of $1,402,000 in 2017, and a net increase of accrued interest and penalties of $637,000 in 2016 and a net reversal of accrued interest and penalties of $356,000 in 2015, all of which related to uncertain tax positions. The Company had $1,640,000 and $3,042,000 of accrued interest and penalties related to uncertain tax positions at December 31, 2017 and 2016, respectively.

NOTE 11—OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following (in thousands):

	December 31,	
	2017	2016
Straight-line and deferred rent liabilities (Note 13)	$ 31,016	$ 30,869
Asset retirement obligations	4,580	3,342
Deferred compensation plan liability (Note 12)	9,319	8,411
Derivative financial instruments (Note 19)	3,820	—
	$ 48,735	$ 42,622

NOTE 12—RETIREMENT SAVINGS PLANS

401(k) Profit-Sharing Plan

The Company has a 401(k) profit-sharing plan, which covers substantially all U.S. employees. Participation begins the first day of the quarter following completion of 30 days of service. The Company may elect to make discretionary matching or non-matching contributions. All Company contributions to the plan as determined by the Board of Directors totaled $7,666,000, $7,754,000 and $6,981,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Deferred Compensation Plan

The Company sponsors a nonqualified retirement savings plan for certain senior management employees whose contributions to the tax qualified 401(k) plan would be limited by provisions of the Internal Revenue Code. This plan allows participants to defer receipt of a portion of their salary and incentive compensation and to receive matching contributions for a portion of the deferred amounts. Company matching contributions to the plan totaled $210,000, $200,000 and $180,000 for the years ended December 31, 2017, 2016 and 2015, respectively. Participants earn a return on their deferred compensation based on investment earnings of participant-selected mutual funds. Deferred compensation, including accumulated earnings on the participant-directed investment selections, is distributable in cash at participant-specified dates or upon retirement, death, disability, or termination of employment.

The Company has purchased specific mutual funds in the same amounts as the participant-directed investment selections underlying the deferred compensation liabilities. These investment securities and earnings thereon, held in an irrevocable trust, are intended to provide a source of funds to meet the deferred compensation obligations, subject to claims of creditors in the event of the Company's insolvency. Changes in the market value of the participants' investment selections are recorded as an adjustment to the investments and as unrealized gains and losses in SG&A expense. A corresponding adjustment of an equal amount is made to the deferred compensation liabilities and compensation expense, which is included in SG&A expense.

At December 31, 2017 and 2016, the long-term portion of the liability to participants under this plan was $9,319,000 and $8,411,000, respectively, and was recorded in other long-term liabilities. At December 31, 2017 and 2016, the current portion of the participant liability was $1,437,000 and $472,000, respectively, and was recorded in accrued liabilities. At December 31, 2017 and 2016, the fair value of the long-term portion of the mutual fund investments related to this plan was $9,319,000 and $8,411,000, respectively, and was recorded in other non-current assets. At December 31, 2017 and 2016, the current portion of the mutual fund investments related to this plan was $1,437,000 and $472,000, respectively, and was recorded in short-term investments.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases, among other things, retail space, office space, warehouse facilities, storage space, vehicles, and equipment. Generally, the base lease terms are between 5 and 10 years. Certain lease agreements contain scheduled rent escalation clauses in their future minimum lease payments. Future minimum lease payments are recognized on a straight-line basis over the minimum lease term and the pro rata portion of scheduled rent escalations is included in other long-term liabilities. Certain retail space lease agreements provide for additional rents based on a percentage of annual sales in excess of stipulated minimums ("percentage rent"). Certain lease agreements require the Company to pay real estate taxes, insurance, common area maintenance ("CAM"), and other costs, collectively referred to as operating costs, in addition to base rent. Percentage rent and operating costs are recognized as incurred in SG&A expense in the Consolidated Statements of Operations. Certain lease agreements also contain lease incentives, such as tenant improvement allowances and rent holidays. The Company recognizes the benefits related to the lease incentives on a straight-line basis over the applicable lease term.

Rent expense, including percentage rent but excluding operating costs for which the Company is obligated, consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Rent expense included in SG&A expense	$ 84,564	$ 75,457	$ 67,881
Rent expense included in Cost of sales	1,557	1,626	1,689
	$ 86,121	$ 77,083	$ 69,570

Operating lease obligations listed below do not include percentage rent, real estate taxes, insurance, CAM, and other costs for which the Company is obligated. These operating lease commitments are not reflected on the Consolidated Balance Sheets. Approximate future minimum payments, including rent escalation clauses and committed leases for stores that are not yet open, on all lease obligations at December 31, 2017, are as follows (in thousands):

2018	$ 68,686
2019	58,286
2020	49,148
2021	42,041
2022	38,416
Thereafter	113,961
	$ 370,538

Inventory Purchase Obligations

Inventory purchase obligations consist of open production purchase orders for sourced apparel, footwear, accessories, and equipment, and raw material commitments not included in open production purchase orders. At December 31, 2017, inventory purchase obligations were $266,507,000.

Litigation

The Company is involved in litigation and various legal matters arising in the normal course of business, including matters related to employment, retail, intellectual property, contractual agreements, and various regulatory compliance activities. Management has considered facts related to legal and regulatory matters and opinions of counsel handling these matters, and does not believe the ultimate resolution of these proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Indemnities and Guarantees

During its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These include (i) intellectual property indemnities to the Company's customers and licensees in connection with the use, sale or license of Company products, (ii) indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease, (iii) indemnities to customers, vendors and service providers pertaining to claims based on the negligence or willful misconduct of the Company, (iv) executive severance arrangements, and (v) indemnities involving the accuracy of representations and warranties in certain contracts. The duration of these indemnities, commitments and guarantees varies, and in certain cases, may be indefinite. The majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential for future payments the Company could be obligated to make. The Company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying Consolidated Balance Sheets.

NOTE 14—SHAREHOLDERS' EQUITY

Since the inception of the Company's stock repurchase plan in 2004 through December 31, 2017, the Company's Board of Directors has authorized the repurchase of $700,000,000 of the Company's common stock. As of December 31, 2017, the Company had repurchased 21,658,035 shares under this program at an aggregate purchase price of approximately $562,064,000. During the year ended December 31, 2017, the Company purchased an aggregate of $35,542,000 of common stock under the stock repurchase plan. 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.

NOTE 15—STOCK-BASED COMPENSATION

The Company's stock incentive plan (the "Plan") provides for issuance of up to 20,800,000 shares of the Company's common stock, of which 2,701,396 shares were available for future grants under the Plan at December 31, 2017. The Plan allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, and other stock-based or cash-based awards. The Company uses original issuance shares to satisfy share-based payments.

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

	Year Ended December 31,		
	2017	2016	2015
Cost of sales	$ 243	$ 233	$ 326
SG&A expense	11,043	10,753	11,346
Pre-tax stock-based compensation expense	11,286	10,986	11,672
Income tax benefits	(1,778)	(3,969)	(4,044)
Total stock-based compensation expense, net of tax	$ 9,508	$ 7,017	$ 7,628

The Company realized a tax benefit for the deduction from stock-based award transactions of $10,463,000, $9,576,000 and $11,872,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

Stock Options

Options to purchase the Company's common stock are granted at exercise prices equal to or greater than the fair market value of the Company's common stock on the date of grant. Options generally vest and become exercisable ratably on an annual basis over a period of four years and expire ten years from the date of the grant.

The Company estimates the fair value of stock options using the Black-Scholes model. Key inputs and assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the Company's expected annual dividend yield. The option's expected term is derived from historical option exercise behavior and the option's terms and conditions, which the Company believes provide a reasonable basis for estimating an expected term. The expected volatility is estimated based on observations of the Company's historical volatility over the most recent term commensurate with the expected term. The risk-free interest rate is based on the U.S. Treasury yield approximating the expected term. The dividend yield is based on the expected cash dividend payouts. Assumptions are evaluated and revised as necessary to reflect changes in market conditions and the Company's experience. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by people who receive equity awards.

The following table presents the weighted average assumptions for the years ended December 31:

	2017	2016	2015
Expected term	4.54 years	4.63 years	4.60 years
Expected stock price volatility	28.91%	29.79%	26.57%
Risk-free interest rate	1.73%	1.17%	1.20%
Expected dividend yield	1.29%	1.20%	1.26%
Weighted average grant date fair value	$13.11	$13.38	$10.36

The following table summarizes stock option activity under the Plan:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Options outstanding at January 1, 2015	2,640,785	$ 28.00	6.50	$ 43,682
Granted	500,761	48.46		
Cancelled	(172,018)	34.59		
Exercised	(680,658)	25.63		
Options outstanding at December 31, 2015	2,288,870	32.69	6.50	38,209
Granted	430,544	56.63		
Cancelled	(117,699)	47.33		
Exercised	(450,173)	29.25		
Options outstanding at December 31, 2016	2,151,542	37.40	6.39	45,253
Granted	540,537	55.90		
Cancelled	(246,450)	50.62		
Exercised	(675,742)	29.52		
Options outstanding at December 31, 2017	1,769,887	$ 44.22	6.69	$ 48,962
Options vested and expected to vest at December 31, 2017	1,704,394	$ 43.77	6.61	$ 47,904
Options exercisable at December 31, 2017	875,433	$ 34.17	4.95	$ 33,016

The aggregate intrinsic value in the table above represents pre-tax intrinsic value that would have been realized if all options had been exercised on the last business day of the period indicated, based on the Company's closing stock price on that day.

Total stock option compensation expense for the years ended December 31, 2017, 2016 and 2015 was $3,843,000, $3,896,000 and $3,637,000, respectively. At December 31, 2017, unrecognized costs related to stock options totaled approximately $7,166,000, before any related tax benefit. The unrecognized costs related to stock options are being amortized over the related vesting period using the straight-line attribution method. Unrecognized costs related to stock options at December 31, 2017 are expected to be recognized over a weighted average period of 2.35 years. The aggregate intrinsic value of stock options exercised was $19,836,000, $12,976,000 and $20,400,000 for the years ended December 31, 2017, 2016 and 2015, respectively. The total cash received as a result of stock option exercises for the years ended December 31, 2017, 2016 and 2015 was $19,946,000, $13,167,000 and $17,442,000, respectively.

Restricted Stock Units

Service-based restricted stock units are granted at no cost to key employees and generally vest over a period of four years. Performance-based restricted stock units are granted at no cost to certain members of the Company's senior executive team, excluding the Chairman of the Board of Directors and the Chief Executive Officer. Performance-based restricted stock units granted after 2009 generally vest over a performance period of between two and three years. Restricted stock units vest in accordance with the terms and conditions established by the Compensation Committee of the Board of Directors, and are based on continued service and, in some instances, on individual performance or Company performance or both. For the majority of restricted stock units granted, the number of shares issued on the date the restricted stock units vest is net of the minimum statutory withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. For the years ended December 31, 2017, 2016 and 2015, the Company withheld 65,437, 88,335 and 90,355 shares, respectively, to satisfy $3,662,000, $5,127,000 and $4,895,000 of employees' tax obligations, respectively.

The fair value of service-based and performance-based restricted stock units is discounted by the present value of the estimated future stream of dividends over the vesting period using the Black-Scholes model. The relevant inputs and assumptions used in the Black-Scholes model to compute the discount are the vesting period, expected annual dividend yield and closing price of the Company's common stock on the date of grant.

The following table presents the weighted average assumptions for the years ended December 31:

	2017	2016	2015
Vesting period	3.87 years	3.57 years	3.82 years
Expected dividend yield	1.30%	1.08%	1.14%
Estimated average fair value per restricted stock unit granted	$52.45	$55.93	$51.07

The following table summarizes the restricted stock unit activity under the Plan:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock units outstanding at January 1, 2015	658,760	$ 31.03
Granted	207,040	51.07
Vested	(243,765)	28.09
Forfeited	(68,746)	34.57
Restricted stock units outstanding at December 31, 2015	553,289	38.85
Granted	205,734	55.93
Vested	(235,059)	33.98
Forfeited	(57,489)	46.35
Restricted stock units outstanding at December 31, 2016	466,475	47.23
Granted	270,169	52.45
Vested	(176,654)	42.32
Forfeited	(110,515)	48.13
Restricted stock units outstanding at December 31, 2017	449,475	$ 52.07

Restricted stock unit compensation expense for the years ended December 31, 2017, 2016 and 2015 was $7,443,000, $7,090,000 and $8,035,000, respectively. At December 31, 2017, unrecognized costs related to restricted stock units totaled approximately $14,174,000, before any related tax benefit. The unrecognized costs related to restricted stock units are being amortized over the related vesting period using the straight-line attribution method. These unrecognized costs at December 31, 2017 are expected to be recognized over a weighted average period of 2.24 years. The total grant date fair value of restricted stock units vested during the years ended December 31, 2017, 2016 and 2015 was $7,477,000, $7,988,000 and $6,848,000, respectively.

NOTE 16—EARNINGS PER SHARE

Earnings per share ("EPS") is presented on both a basic and diluted basis. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if outstanding securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options and restricted stock units determined using the treasury stock method.

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):

	Year Ended December 31,		
	2017	2016	2015
Weighted average common shares outstanding, used in computing basic earnings per share	69,759	69,683	70,162
Effect of dilutive stock options and restricted stock units	694	949	902
Weighted-average common shares outstanding, used in computing diluted earnings per share	70,453	70,632	71,064
Earnings per share of common stock attributable to Columbia Sportswear Company:			
Basic	$ 1.51	$ 2.75	$ 2.48
Diluted	1.49	2.72	2.45

Stock options and service-based restricted stock units representing 887,595, 517,654 and 154,170 shares of common stock for the years ended December 31, 2017, 2016 and 2015, respectively, were outstanding but were excluded in the computation of diluted EPS because their effect would be anti-dilutive as a result of applying the treasury stock method. In addition, performance-based restricted stock units representing 40,848, 63,430 and 122,858 shares for the years ended December 31, 2017, 2016 and 2015, respectively, were outstanding but were excluded from the computation of diluted EPS because these shares were subject to performance conditions that had not been met.

NOTE 17—ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss, net of applicable taxes, reported on the Company's Consolidated Balance Sheets consists of unrealized gains and losses on available-for-sale securities, unrealized gains and losses on derivative transactions and foreign currency translation adjustments. The following table sets forth the changes in accumulated other comprehensive income (loss) attributable to Columbia Sportswear Company, net of related tax effects, for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	Unrealized losses on available for sale securities	Unrealized holding gains (losses) on derivative transactions	Foreign currency translation adjustments	Total
Balance at January 1, 2015	$ 4	$ 8,995	$ 6,834	$ 15,833
Other comprehensive income (loss) before reclassifications	(6)	9,791	(33,755)	(23,970)
Amounts reclassified from other comprehensive income	—	(12,699)	—	(12,699)
Net other comprehensive income (loss) during the year	(6)	(2,908)	(33,755)	(36,669)
Balance at December 31, 2015	(2)	6,087	(26,921)	(20,836)
Other comprehensive income (loss) before reclassifications	(2)	420	(2,465)	(2,047)
Amounts reclassified from other comprehensive income	—	266	—	266
Net other comprehensive income (loss) during the year	(2)	686	(2,465)	(1,781)
Balance at December 31, 2016	(4)	6,773	(29,386)	(22,617)
Other comprehensive income (loss) before reclassifications	—	(15,559)	31,219	15,660
Amounts reclassified from other comprehensive income	—	(1,930)	—	(1,930)
Net other comprehensive income (loss) during the year	—	(17,489)	31,219	13,730
Balance at December 31, 2017	$ (4)	$ (10,716)	$ 1,833	$ (8,887)

All reclassification adjustments related to derivative transactions are recorded in Cost of sales on the Consolidated Statements of Operations. Refer to Note 19 for further information regarding derivative instrument reclassification adjustments.

NOTE 18—SEGMENT INFORMATION

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

The geographic distribution of the Company's net sales, income from operations, interest income (expense), income tax (expense) benefit, and depreciation and amortization expense are summarized in the following tables (in thousands) for the years ended December 31, 2017, 2016 and 2015 and for accounts receivable, net, inventories and property, plant and equipment, net, at December 31, 2017 and 2016.

	2017	2016	2015
Net sales to unrelated entities:			
United States	$ 1,520,026	$ 1,505,302	$ 1,455,283
LAAP	475,128	453,686	469,140
EMEA	293,700	253,487	233,226
Canada	177,251	164,570	168,531
	$ 2,466,105	$ 2,377,045	$ 2,326,180
Segment income from operations:			
United States	$ 334,207	$ 331,706	$ 309,162
LAAP	73,748	61,994	65,846
EMEA	11,897	8,403	8,664
Canada	26,427	19,010	23,772
Total segment income from operations	446,279	421,113	407,444
Unallocated corporate expenses	(183,310)	(164,605)	(157,723)
Interest income, net	4,515	2,003	1,531
Interest expense on note payable to related party	(429)	(1,041)	(1,099)
Other non-operating expense	(321)	(572)	(2,834)
Income before income tax	$ 266,734	$ 256,898	$ 247,319
Interest income (expense), net:			
United States	$ 2,573	$ 2,334	$ 4,765
LAAP	289	(216)	(555)
EMEA	7,072	2,663	152
Canada	(5,419)	(2,778)	(2,831)
	$ 4,515	$ 2,003	$ 1,531
Income tax (expense) benefit:			
United States	$ (129,194)	$ (45,584)	$ (58,487)
LAAP	(14,935)	(12,345)	(10,058)

EMEA	(4,716)	1,507	5,305
Canada	(5,574)	(2,037)	(4,228)
	$ (154,419)	$ (58,459)	$ (67,468)
Depreciation and amortization expense:			
United States	$ 24,662	$ 24,920	$ 25,490
LAAP	6,495	6,392	5,437
EMEA	4,043	3,189	2,419
Canada	2,831	2,912	3,020
Unallocated corporate expense	21,914	22,603	20,155
	$ 59,945	$ 60,016	$ 56,521
Accounts receivable, net:			
United States	$ 180,742	$ 162,017	
LAAP	95,765	84,947	
EMEA	42,659	42,195	
Canada	45,696	44,519	
	$ 364,862	$ 333,678	
Inventories:			
United States	$ 285,481	$ 308,721	
LAAP	84,149	95,033	
EMEA	57,055	51,226	
Canada	31,242	33,017	
	$ 457,927	$ 487,997	
Property, plant and equipment, net:			
United States	$ 206,172	$ 211,572	
Canada	30,318	28,159	
All other countries	44,904	39,919	
	$ 281,394	$ 279,650	
Net sales by product category:			
Apparel, accessories and equipment	$ 1,927,957	$ 1,865,449	$ 1,821,182
Footwear	538,148	511,596	504,998
	$ 2,466,105	$ 2,377,045	$ 2,326,180

NOTE 19—FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The Company actively manages the risk of changes in functional currency equivalent cash flows resulting from anticipated non-functional currency denominated purchases and sales. Our subsidiaries and joint venture that use European euros, Canadian dollars, Japanese yen, or Chinese renminbi as their functional currency are primarily exposed to changes in functional currency equivalent cash flows from anticipated U.S. dollar inventory purchases. The Company's prAna subsidiary uses U.S. dollars as its functional currency and is exposed to anticipated Canadian dollar denominated sales. The Company manages these risks by using currency forward contracts formally designated and effective as cash flow hedges. Hedge effectiveness is generally determined by evaluating the ability of a hedging instrument's cumulative change in fair value to offset the cumulative change in the present value of expected cash flows on the underlying exposures. For forward contracts, the change in fair value attributable to changes in forward points is excluded from the determination of hedge effectiveness and included in current cost of sales for hedges of anticipated U.S. dollar inventory purchases and in net sales for hedges of anticipated Canadian dollar sales. Hedge ineffectiveness was not material during the years ended December 31, 2017, 2016 and 2015.

The Company also uses foreign currency forward contracts not formally designated as hedges using euros, yen, Canadian dollars, British pounds and Swiss francs to manage the consolidated currency exchange risk associated with the remeasurement of non-functional currency denominated monetary assets and liabilities. Non-functional currency denominated monetary assets and liabilities consist primarily of cash and cash equivalents, short-term investments, payables, and intercompany loans. The gains and losses generated on these currency forward contracts not formally designated as hedges are expected to be largely offset in other non-operating income (expense), net by the gains and losses generated from the remeasurement of the non-functional currency denominated monetary assets and liabilities.

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

	December 31,	
	2017	**2016**
Derivative instruments designated as cash flow hedges:		
Currency forward contracts	$ 448,448	$ 206,000
Derivative instruments not designated as hedges:		
Currency forward contracts	231,161	184,940

At December 31, 2017, approximately $10,261,000 of deferred net losses on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to income before tax during the next twelve months as a result of underlying hedged transactions also being recorded in net income. Actual amounts ultimately reclassified to net income are dependent on U.S. dollar exchange rates in effect against the euro, Canadian dollar, yen, and renminbi when outstanding derivative contracts mature.

At December 31, 2017, the Company's derivative contracts had remaining maturities of less than three years. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was less than $2,000,000 at December 31, 2017. All of the Company's derivative counterparties have investment grade credit ratings. The Company is a party to master netting arrangements that contain features that allow counterparties to net settle amounts arising from multiple separate derivative transactions or net settle in the case of certain triggering events such as a bankruptcy or major default of one of the counterparties to the transaction. Finally, the Company has not pledged assets or posted collateral as a requirement for entering into or maintaining derivative positions.

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

	Balance Sheet Classification	December 31, 2017	December 31, 2016
Derivative instruments designated as cash flow hedges:			
Derivative instruments in asset positions:			
Currency forward contracts	Prepaid expenses and other current assets	$ 1,648	$ 9,805
Currency forward contracts	Other non-current assets	335	1,969
Derivative instruments in liability positions:			
Currency forward contracts	Accrued liabilities	9,336	106
Currency forward contracts	Other long-term liabilities	3,820	—
Derivative instruments not designated as hedges:			
Derivative instruments in asset positions:			
Currency forward contracts	Prepaid expenses and other current assets	683	1,361
Derivative instruments in liability positions:			
Currency forward contracts	Accrued liabilities	1,229	180

The following table presents the effect and classification of derivative instruments for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	Statement Of Operations Classification	For the Year Ended December 31, 2017	2016	2015
Currency Forward Contracts:				
Derivative instruments designated as cash flow hedges:				
Gain (loss) recognized in other comprehensive income, net of tax	—	$ (15,862)	$ 583	$ 9,791
Gain (loss) reclassified from accumulated other comprehensive income to income for the effective portion	Cost of sales	1,195	(724)	15,446
Loss reclassified from accumulated other comprehensive income to income as a result of cash flow hedge discontinuance	Cost of sales	—	(24)	—
Gain reclassified from accumulated other comprehensive income to income for the effective portion	Net sales	144	115	385
Gain (loss) recognized in income for amount excluded from effectiveness testing and for the ineffective portion	Cost of sales	2,843	1,240	(209)
Loss reclassified from accumulated other comprehensive income to income as a result of cash flow hedge discontinuance	Other non-operating expense	(178)	—	—
Gain recognized in income for amount excluded from effectiveness testing and for the ineffective portion	Net sales	6	1	(30)
Derivative instruments not designated as hedges:				
Gain (loss) recognized in income	Other non-operating expense	(3,943)	2,739	2,838

NOTE 20—FAIR VALUE MEASURES

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

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

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

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

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 282,860	$ —	$ —	$ 282,860
Time deposits	52,808	—	—	52,808
U.S. Government treasury bills	—	4,995	—	4,995
U.S. Government-backed municipal bonds	—	25,338	—	25,338
Available-for-sale short-term investments				
U.S. Government treasury bills	—	19,963	—	19,963
U.S. Government-backed municipal bonds	—	73,582	—	73,582
Other short-term investments:				
Mutual fund shares	1,438	—	—	1,438
Other current assets:				
Derivative financial instruments (Note 19)	—	2,331	—	2,331
Non-current assets:				
Derivative financial instruments (Note 19)	—	335	—	335
Mutual fund shares	9,319	—	—	9,319
Total assets measured at fair value	$ 346,425	$ 126,544	$ —	$ 472,969
Liabilities:				
Accrued liabilities:				
Derivative financial instruments (Note 19)	$ —	$ 10,565	$ —	$ 10,565
Other long-term liabilities				
Derivative financial instruments (Note 19)	—	3,820	—	3,820
Total liabilities measured at fair value	$ —	$ 14,385	$ —	$ 14,385

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

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 299,769	$ —	$ —	$ 299,769
Time deposits	73,127	—	—	73,127
Other short-term investments:				
Mutual fund shares	472	—	—	472
Other current assets:				
Derivative financial instruments (Note 19)	—	11,166	—	11,166
Non-current assets:				
Derivative financial instruments (Note 19)	—	1,969	—	1,969
Mutual fund shares	8,411	—	—	8,411
Total assets measured at fair value	$ 381,779	$ 13,135	$ —	$ 394,914
Liabilities:				
Accrued liabilities:				
Derivative financial instruments (Note 19)	$ —	$ 286	$ —	$ 286
Total liabilities measured at fair value	$ —	$ 286	$ —	$ 286

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

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

NOTE 21—RELATED PARTY TRANSACTIONS

The Company owns a 60% controlling interest in a joint venture formed with Swire. The joint venture arrangement involves Transition Services Agreements ("TSAs") with Swire, under which Swire provides administrative and information technology services to the joint venture. The Company continues to reduce its costs under the TSAs as it internalizes the back-office functions and related personnel, including the transition of the joint venture's systems to the Company's platform in the second quarter of 2017. The joint venture incurred service fees, valued under these TSAs at Swire's cost of $1,006,000, $3,294,000 and $5,974,000 for the years ended December 31, 2017, 2016 and 2015, respectively. These fees are included in SG&A expenses on the Consolidated Statements of Operations. In addition, the joint venture pays Swire sourcing fees related to the purchase of certain inventory. These sourcing fees are capitalized into inventories and charged to cost of sales as the inventories are sold. For the years ended December 31, 2017, 2016 and 2015, the joint venture incurred sourcing fees of $21,000, $71,000 and $396,000, respectively.

In 2014, both the Company and Swire funded long-term loans to the joint venture. The Company's loan has been eliminated in consolidation, while the Swire loan is reflected as a note payable to related party in the Consolidated Balance Sheets as of December 31, 2016. In June 2017, the Company repaid these loans, including the note with Swire in the principal amount of RMB 97,600,000 (USD 14,236,000), and as such, the balance on the Consolidated Balance Sheets is zero at December 31, 2017. Interest expense related to this note was $429,000, $1,041,000 and $1,099,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017 and 2016, payables to Swire for service fees and interest expense totaled $89,000 and $707,000, respectively, and were included in accounts payable on the Consolidated Balance Sheets.

Swire is also a third-party distributor of the Company's brands in certain regions outside of mainland China and purchases products from the Company under the Company's normal third-party distributor terms and pricing.

SUPPLEMENTARY DATA—QUARTERLY FINANCIAL DATA (Unaudited)

The following table summarizes the Company's quarterly financial data for the past two years ended December 31, 2017 (in thousands, except per share amounts):

2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 543,793	$ 398,904	$ 747,367	$ 776,041
Gross profit	258,467	180,862	349,190	371,443
Net income (loss) attributable to Columbia Sportswear Company [(1)]	36,006	(11,535)	87,724	(7,072)
Earnings (loss) per share attributable to Columbia Sportswear Company				
Basic	$ 0.52	$ (0.17)	$ 1.26	$ (0.10)
Diluted	0.51	(0.17)	1.25	(0.10)

[(1)] Fourth quarter net loss included incremental provisional income tax expenses of $95.6 million related to the effects of the TCJA. Refer to Note 10 of the Consolidated Financial Statements for further information.

2016	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 525,136	$ 388,745	$ 745,714	$ 717,450
Gross profit	247,377	179,584	345,712	337,675
Net income (loss) attributable to Columbia Sportswear Company	31,770	(8,172)	83,585	84,715
Earnings (loss) per share attributable to Columbia Sportswear Company				
Basic	$ 0.46	$ (0.12)	$ 1.20	$ 1.21
Diluted	0.45	(0.12)	1.18	1.20

Item 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

Item 9A. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure 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 were effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized, and reported in a timely manner and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Design and Evaluation of Internal Control Over Financial Reporting

Report of Management

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, the Company assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, the Company used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on our assessment the Company believe that, as of December 31, 2017, the Company's internal control over financial reporting is effective based on those criteria.

We are implementing an ERP system and complementary systems that support our operations and financial reporting. This implementation is occurring in phases globally over several years, and has been executed in the majority of our operations to date. Each implementation phase involves changes to the processes that constitute our internal control over financial reporting. We are taking steps to monitor and maintain appropriate internal control over financial reporting and will continue to evaluate these controls for effectiveness.

There were no other changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our independent auditors have issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2017, which is included herein.

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders
Columbia Sportswear Company
Portland, Oregon

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Columbia Sportswear Company and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 22, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
Portland, Oregon
February 22, 2018

Item 9B. ***OTHER INFORMATION***

None.

PART III

Item 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

The sections of our 2018 Proxy Statement entitled "Election of Directors," "Corporate Governance - Code of Business Conduct and Ethics," "Corporate Governance - Board Committees," "Corporate Governance - Director Nomination Policy," and "Section 16(a) Beneficial Ownership Reporting Compliance" are incorporated herein by reference.

See Item 4A of this Annual Report on Form 10-K for information regarding our executive officers.

Item 11. ***EXECUTIVE COMPENSATION***

The sections of our 2018 Proxy Statement entitled "Executive Compensation," "Director Compensation," "Corporate Governance - Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" are incorporated herein by reference.

Item 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

The sections of our 2018 Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" are incorporated herein by reference.

Item 13. ***CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE***

The sections of our 2018 Proxy Statement entitled "Corporate Governance - Certain Relationships and Related Person Transactions," "Corporate Governance - Related Person Transactions Approval Process," and "Corporate Governance - Independence" are incorporated herein by reference.

Item 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

The sections of our 2018 Proxy Statement entitled "Ratification of Selection of Independent Registered Public Accounting Firm - Principal Accountant Fees and Services" and "Pre-Approval Policy" are incorporated herein by reference.

PART IV

Item 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

(a)(1) and (a)(2) Financial Statements. The Financial Statements of Columbia and Supplementary Data filed as part of this Annual Report on Form 10-K are on pages 42 to 74 of this Annual Report. The financial statement schedule required to be filed by Item 8 and paragraph (b) of this Item 15 is included below.

(a)(3) See Exhibit Index below for a description of the documents that are filed as Exhibits to this Annual Report on Form 10-K or incorporated herein by reference.

Schedule II
Valuation and Qualifying Accounts
(in thousands)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions (a)	Other (b)	Balance at End of Period
Year Ended December 31, 2017:					
Allowance for doubtful accounts	$ 8,556	$ 3,296	$ (3,174)	$ 365	$ 9,043
Allowance for sales returns and miscellaneous claims	39,768	80,116	(75,066)	1,488	46,306
Year Ended December 31, 2016:					
Allowance for doubtful accounts	$ 9,928	$ 2,037	$ (3,406)	$ (3)	$ 8,556
Allowance for sales returns and miscellaneous claims	40,510	49,822	(50,548)	(16)	39,768
Year Ended December 31, 2015:					
Allowance for doubtful accounts	$ 8,943	$ 2,788	$ (1,239)	$ (564)	$ 9,928
Allowance for sales returns and miscellaneous claims	27,379	54,017	(40,022)	(864)	40,510

(a) Charges to the accounts included in this column are for the purposes for which the reserves were created.
(b) Amounts included in this column primarily relate to foreign currency translation.

EXHIBIT INDEX

In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about Columbia or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other party or parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a means of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party or parties in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a manner that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or other date or dates that may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about Columbia may be found elsewhere in this Annual Report on Form 10-K and Columbia's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

Exhibit No.	Exhibit Name
3.1	Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000) (File No. 000-23939)
3.2	Amendment to Third Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002) (File No. 0-23939)
3.3	2000 Restated Bylaws, as amended (incorporated by reference to exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011) (File No. 000-23939)
3.4	Amendment to 2000 Restated Bylaws of Columbia Sportswear Company, as amended, effective October 24, 2014 (incorporated by reference to exhibit 3.2 to the Company's Form 8-K filed on October 30, 2014) (File No. 0-23939)
3.5	Amendment to 2000 Restated Bylaws of Columbia Sportswear Company, as amended, effective March 19, 2015 (incorporated by reference to exhibit 3.2 to the Company's Form 8-K filed on March 23, 2015) File No. 000-23939)
3.6	Amendment to 2000 Restated Bylaws of Columbia Sportswear Company, as amended, effective July 24, 2015 (incorporated by reference to exhibit 3.2 to the Company's Form 8-K filed on July 29, 2015) File No. 000-23939)
4.1	See Article II of Exhibit 3.1, as amended by Exhibit 3.2, and Article I of Exhibit 3.3
+ 10.1	Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (incorporated by reference to exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017) (File No. 000-23939)
† 10.1(a)	Subscription and Shareholders' Agreement, dated August 6, 2012, by and among CSMM Hong Kong Limited, SCCH Limited, Columbia Sportswear Company and Swire Resources Limited (incorporated by reference to exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012) (File No. 000-23939)
10.1(b)	Share purchase agreement, dated April 28, 2014, by and among Columbia Sportswear Company, prAna Living, LLC, the Shareholders of prAna Living, LLC and Steelpoint Capital Advisors, LLC as the shareholder representative (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014) (File No. 000-23939)
+ 10.1(c)	Employment Offer Letter from Columbia Sportswear Company to Franco Fogliato (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017) (File No. 000-23939)

Exhibit No.	Exhibit Name
+ 10.2	Form of Nonstatutory Stock Option Agreement for stock options granted prior to July 20, 2006 (incorporated by reference to exhibit 10.3 to the Company's Registration Statement Filed on Form S-1 filed on December 24, 1997) (File No. 333-43199)
+ 10.2(a)	Form of Nonstatutory Stock Option Agreement for stock options granted on or after July 20, 2006 and before January 23, 2009 (incorporated by reference to exhibit 99.1 to the Company's Form 8-K filed on July 26, 2006)
+ 10.2(b)	Form of Nonstatutory Stock Option Agreement for stock options granted on or after January 23, 2009 (incorporated by reference to exhibit 10.2 (e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) (File No. 000-23939)
+ 10.2(c)	Form of Executive Stock Option Agreement (incorporated by reference to exhibit 10.3 (a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000) (File No. 000-23939)
+ 10.2(d)	Form of Restricted Stock Unit Award Agreement for awards granted on or after January 23, 2009 (incorporated by reference to exhibit 10.2(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) (File No. 000-23939)
+ 10.2(e)	Form of Performance-based Restricted Stock Unit Award Agreement for performance-based restricted stock units granted on or after March 29, 2010 (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011) (File No. 000-23939)
+ 10.2(f)	Columbia Sportswear Company 401(k) Excess Plan (incorporated by reference to exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009) (File No. 000-23939)
+ 10.2(g)	Form of Restricted Stock Unit Award Agreement for restricted stock units granted on or after June 7, 2012 (incorporated by reference to exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012) (File No. 000-23939)
+ 10.2(h)	Form of Nonstatutory Stock Option Agreement for stock options granted on or after June 7, 2012 (incorporated by reference to exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012) (File No. 000-23939)
+ 10.2(i)	Form of Performance-based Restricted Stock Unit Award Agreement for performance-based restricted stock units granted on or after December 17, 2013 (incorporated by reference to exhibit 10.2(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013) (File No. 000-23939)
+ 10.2(j)	Form of Long-Term Incentive Cash Award Agreement for cash awards granted on or after December 17, 2013 (incorporated by reference to exhibit 10.2(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 2013) (File No. 000-23939)
+ 10.2(k)	Long-Term Cash Incentive Plan of Columbia Sportswear Company, effective as of March 1, 2015 (incorporated by reference to exhibit 10.2(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016) (File No. 000-23939)
+ 10.2(l)	Form of Restricted Stock Unit Award Agreement for restricted stock units granted on or after July 20, 2017
+ 10.2(m)	Form of Nonstatutory Stock Option Agreement for stock options granted on or after July 20, 2017
+ 10.4	Columbia Sportswear Company Change in Control Severance Plan (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013) (File No. 000-23939)
10.5	Credit Agreement between the Company and Wells Fargo Bank National Association dated June 15, 2010 (incorporated by reference to the Company's Form 8-K filed on June 18, 2010) (File No. 0-23939)
10.5(a)	First Amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated December 16, 2010 (incorporated by reference to the Company's Form 8-K filed on December 17, 2010) (File No. 0-23939)
10.5(b)	Second Amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated September 20, 2011 (incorporated by reference to the Company's Form 8-K filed on September 21, 2011) (File No. 0-23939)
10.5(c)	Third amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated June 18, 2013 (incorporated by reference to the Company's Form 8-K filed on June 19, 2013) (File No. 0-23939)

Exhibit No.	Exhibit Name
10.5(d)	Fourth amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated September 27, 2013 (incorporated by reference to the Company's Form 8-K filed on September 30, 2013) (File No. 0-23939)
10.5(e)	Fifth amendment to Credit Agreement dated September 26, 2014 among Columbia Sportswear Company, Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on September 30, 2014) (File No. 0-23939)
10.5(f)	Sixth amendment to Credit Agreement dated August 31, 2015 among Columbia Sportswear Company, Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on September 2, 2015) (File No. 0-23939)
10.5(g)	Seventh amendment to Credit Agreement dated September 29, 2015 among Columbia Sportswear Company, Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on October 2, 2015) (File No. 0-23939)
10.5(h)	Eighth amendment to Credit Agreement effective as of June 30, 2016 among Columbia Sportswear Company, Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on August 2, 2016) (File No. 0-23939)
10.5(i)	Ninth amendment to Credit Agreement dated May 26, 2017 among Columbia Sportswear Company,Wells Fargo Bank, National Association, as the administrator for the lenders and as a lender, and Bank of America, N.A., as a lender (incorporated by reference to the Company's Form 8-K filed on May 30, 2017) (File No. 0-23939)
* 10.9	Form of Indemnity Agreement for Directors (incorporated by reference to exhibit 10.17 to the Company's Registration Statement Filed on Form S-1 filed on December 24, 1997) (File No. 333-43199)
+ 10.10	1999 Employee Stock Purchase Plan, as amended (incorporated by reference to exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001) (File No. 000-23939)
+ 10.11	Executive Incentive Compensation Plan, as amended (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013) (File No. 000-23939)
+ 10.12	Form of Indemnity Agreement for Directors and Executive Officers (incorporated by reference to exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)
21.1	Subsidiaries of the Company
23.1	Consent of Deloitte & Touche LLP
31.1	Rule 13a-14(a) Certification of Timothy P. Boyle, President and Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Jim A. Swanson, Senior Vice President and Chief Financial Officer
32.1	Section 1350 Certification of Timothy P. Boyle, President and Chief Executive Officer
32.2	Section 1350 Certification of Jim A. Swanson, Senior Vice President and Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\+ Management Contract or Compensatory Plan

† Confidential treatment has been granted for certain portions omitted from this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. Confidential portions of this exhibit have been separately filed with the Securities and Exchange Commission.

* Incorporated by reference to the Company's Registration Statement on Form S-1 (Reg. No. 333-43199).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President, Chief Financial Officer

Date: February 22, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signatures	Title
/s/ TIMOTHY P. BOYLE **Timothy P. Boyle**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ JIM A. SWANSON **Jim A. Swanson**	Senior Vice President, Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)
/s/ GERTRUDE BOYLE **Gertrude Boyle**	Chairman of the Board of Directors
/s/ SARAH A. BANY **Sarah A. Bany**	Director
/s/ EDWARD S. GEORGE **Edward S. George**	Director
/s/ MURREY R. ALBERS **Murrey R. Albers**	Director
/s/ WALTER T. KLENZ **Walter T. Klenz**	Director
/s/ STEPHEN E. BABSON **Stephen E. Babson**	Director
/s/ ANDY D. BRYANT **Andy D. Bryant**	Director
/s/ RONALD E. NELSON **Ronald E. Nelson**	Director
/s/ MALIA H. WASSON **Malia H. Wasson**	Director

Date: February 22, 2018

Exhibit 10.2(l)

COLUMBIA SPORTSWEAR COMPANY

AWARD AGREEMENT
FOR GRANT OF RESTRICTED STOCK UNITS PURSUANT TO THE
COLUMBIA SPORTSWEAR COMPANY 1997 STOCK INCENTIVE PLAN, AS AMENDED

This Award Agreement (the "Agreement") is entered into as of ______ (the "Award Date") by and between Columbia Sportswear Company, an Oregon corporation (the "Company"), and _____(the "Recipient"), for the award (the "Award") of ___ restricted stock units (individually, an "RSU" or collectively, "RSUs") with respect to shares of the Company's common stock, no par value ("Common Stock") pursuant to Section 7 of the Columbia Sportswear Company 1997 Stock Incentive Plan, as Amended (the "Plan"). Capitalized terms used herein but not defined shall have the same meaning as provided in the Plan. In the event of a conflict between this Agreement and the terms of the Plan, the provisions of the Plan shall govern. For purposes of this Agreement and to the extent the Recipient is not directly employed by the Company, "Employer" shall mean the subsidiary or branch of the Company that employs the Recipient on the applicable date.

IN CONSIDERATION of the mutual covenants and agreements set forth in this Agreement, the parties agree to the following.

1 . **Award and Terms of RSUs**. The RSUs awarded pursuant to this Agreement are subject to the following terms, conditions and restrictions:

(a) *Rights under RSUs.* Each RSU represents an unfunded, unsecured right to receive one (1) share of Common Stock on the applicable vesting date (as set forth in Section 1(b)). The number of shares of Common Stock issuable with respect to each RSU is subject to adjustment as provided in Section 10 of the Plan and as determined by the Board of Directors of the Company (the "Board") as to the number and kind of shares of stock issuable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally. The other terms and conditions of the RSUs awarded pursuant to this Agreement also may be amended by the Board as it determines in its sole discretion as may be necessary or appropriate to reflect the foregoing events.

(b) *Vesting Dates.* The RSUs awarded under this Agreement initially shall be 100% unvested and subject to forfeiture. Subject to the terms of this Agreement and provided that the Recipient remains continuously employed with the Company or the Employer from the Award Date until the applicable vesting date, the RSUs shall vest and the Company shall issue the Recipient one share of Common Stock for each vested RSU pursuant to the following vesting schedule:

Vesting Date	Percentage of RSUs Vesting

For purposes of the foregoing, if a vesting date falls on a weekend or any other day on which The NASDAQ Stock Market LLC ("NASDAQ") or any national securities exchange on which the Common Stock then is principally traded (the "Exchange") is closed for trading, the applicable RSUs shall vest on the first following day that NASDAQ or the Exchange is open for trading.

(c) *Accelerated Vesting Upon Death or Total Disability*. If the Recipient ceases to be continuously employed by the Company or the Employer by reason of the Recipient's death or total disability, all outstanding and unvested RSUs immediately shall become vested and shall be settled pursuant to Section 1(g). For purposes of the foregoing, "total disability" shall have the same meaning as provided in any long term disability policy maintained by the Company or the Employer for the benefit of the Recipient or, in the absence of such policy, as determined by the Board in its discretion in accordance with applicable law.

(d) *Forfeiture of RSUs*.

(1) Forfeiture Upon Termination of Service. If the Recipient ceases to be continuously employed by the Company or the Employer for any reason other than death or total disability, the Recipient immediately shall forfeit all outstanding and unvested RSUs and shall have no right to receive the underlying shares of Common Stock as of the Recipient's Termination Date. If the Recipient is a resident of or employed in the United States, "Termination Date" shall mean the effective date of the Recipient's termination of employment with the Company or the Employer. If the Recipient is a resident or employed outside of the United States, "Termination Date" shall mean the earliest of (i) the date on which notice of termination is provided to the Recipient, (ii) the last day of the Recipient's active and continuous service with the Company or the Employer, or (iii) the last day on which the Recipient is classified as an "employee" of the Company or the Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

For purposes of the foregoing, any leave of absence approved by the Company or the Employer (or, if the Recipient is an executive officer of the Company, by the Board), shall not be deemed a termination of the Recipient's continuous employment and, unless otherwise determined by the Company or the Board in its sole discretion, (i) the Recipient shall continue to vest in the RSUs during a medical, family, military or other leave of absence protected under applicable law, whether paid or unpaid, and (ii) the Recipient's continued vesting in the RSUs shall be suspended during any other approved leave of absence greater than 30 days (except as otherwise prohibited under local law).

(2) Forfeiture Upon Violation of Code of Business Conduct and Ethics The Recipient acknowledges that compliance with the Company's Code of Business Conduct and Ethics is a condition to the receipt and vesting of the RSUs and the issuance of shares of Common Stock pursuant to the RSUs. If, during the term of this Agreement, the Board (or a committee of directors designated by the Board) determines in good faith in its sole discretion that the Recipient's conduct is or has been in violation of the Company's Code of Business Conduct and Ethics, then the Board or committee may cause the Recipient to immediately forfeit all or a portion of the unvested RSUs granted pursuant to this Agreement and the Recipient shall have no right to receive the related shares of Common Stock. Any determinations of violations of the Company's Code of Business Conduct and Ethics will be considered conclusive and binding on the Recipient.

(e) *Nontransferability*. The Recipient may not sell, transfer, assign, pledge or otherwise encumber or dispose of the RSUs subject to this Agreement. If the Recipient purports to make any transfer of the RSUs, except as provided herein, the RSUs and all rights thereunder immediately shall terminate and be forfeited by the Recipient.

(f) *Voting Rights and Dividend Equivalents*. The Recipient shall have no rights as a shareholder with respect to the RSUs or the shares of Common Stock underlying the RSUs until the vesting date for the relevant RSUs. The Recipient will not be entitled to receive a cash payment equal to any cash dividends paid with respect to the shares of Common Stock underlying the RSUs awarded under this Agreement that are declared prior to the particular vesting date for the relevant RSUs.

(g) *Settlement of Vested RSUs*. As soon as reasonably practicable following each vesting date (including any accelerated vesting date pursuant to Section 1(c)), provided that the Recipient has satisfied its tax withholding obligations as specified under Section 1(j) and the Recipient has completed, signed and returned any documents and taken any additional action the Company deems appropriate, the Company shall deposit the shares of Common Stock represented by vested RSUs into the Recipient's brokerage account established with a third party broker/administrator engaged by the Company for purposes of administering awards granted under the Plan (the "TPA" and the date of deposit of such shares is referred to as an "issuance date"), rounded to the nearest whole share (or otherwise deliver the shares to the Recipient). No fractional shares of Common Stock shall be issued. The shares of Common Stock will be issued in the Recipient's name.

Notwithstanding the foregoing, (i) the Company shall not be obligated to vest, deposit or otherwise deliver any shares of Common Stock during any period when the Company determines that the conversion of an RSU or the issuance of shares of Common Stock in settlement of an RSU hereunder would violate any federal, state, foreign or other applicable laws and may issue shares of Common Stock with any restrictive legend that, as determined by the Company, is necessary to comply with securities laws or other regulatory requirements, and (ii) an issuance date may be delayed in order to provide the Company such time as it determines appropriate to determine tax withholding and other administrative matters; provided, however, that in any event the shares of Common Stock shall be issued no later than the later to occur of the date that is 2 1/2 months from the end of (i) the Recipient's tax year that includes the applicable vesting date, or (ii) the Company's tax year that includes the applicable vesting date.

Furthermore, notwithstanding the foregoing, the Company may, in its sole discretion, settle the RSUs in the form of: (i) a cash payment to the extent settlement in shares of Common Stock (1) is prohibited under local laws, rules and regulations, (2) would require the Recipient, the Company or the Employer to obtain the approval of any governmental and/or regulatory body in the Recipient's country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) shares of Common Stock, but require the Recipient to immediately sell such shares (in which case, as a condition of the award of the RSUs, the Recipient hereby explicitly authorizes the Company to issue sales instructions in relation to such shares on the Recipient's behalf).

(h) *Repatriation and Compliance with Local Laws*. If the Recipient is a resident or employed outside of the United States, the Recipient agrees, as a condition of the award of the RSUs, to repatriate all payments attributable to the shares of Common Stock and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the shares of Common Stock acquired pursuant to the RSUs) if required by and in accordance with local foreign exchange rules and regulations in the Recipient's country of residence (and country of employment, if different). In addition, the Recipient also agrees to take any and all actions, and consents to any and all actions taken by the Company or the Employer as may be required to allow the Company or the Employer to comply with local laws, rules and regulations in the Recipient's country of residence (and country of employment, if different). Finally, the Recipient agrees to take any and all actions as may be required to comply with the Recipient's personal legal and tax obligations under local laws, rules and regulations in the Recipient's country of residence (and country of employment, if different).

(i) *Age Discrimination*. If the Recipient is a resident and/or employed in a country that is a member of the European Union, the grant of the RSUs and the Agreement are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of the Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

(j) *Tax Matters.*

(1) Tax and Social Insurance Contributions in General. Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Recipient acknowledges that the ultimate liability for all Tax-Related Items legally due by the Recipient is and remains the Recipient's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the subsequent sale of any shares of Common Stock acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents, and (ii) do not commit to structure the terms of the award or any aspect of the RSUs to reduce or eliminate the Recipient's liability for Tax-Related Items. Further, the Recipient acknowledges that if the Recipient becomes subject to taxation in more than one country between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(2) Withholding in Shares or Cash. Prior to the issuance of shares of Common Stock upon the vesting of the RSUs, if the Recipient's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole shares of Common Stock otherwise issuable to the Recipient in settlement of any vested RSUs to satisfy all or any portion of any withholding obligations for Tax-Related Items. The number of whole shares of Common Stock withheld shall have an aggregate market value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that withholding in shares of Common Stock is prohibited or problematic under applicable laws or otherwise may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld in cash from the Recipient's regular salary and/or wages or any other amounts payable to the Recipient. In the event the withholding requirements for Tax-Related Items are not satisfied through the withholding of shares of Common Stock or through the Recipient's regular salary and/or wages or other amounts payable to the Recipient, no shares of Common Stock will be issued to the Recipient (or the Recipient's estate) upon vesting of the RSUs unless and until satisfactory arrangements (as determined by the Company) have been made by the Recipient with respect to the payment of any Tax-Related Items that the Company or the Employer determines, in its sole discretion, must be withheld or collected with respect to such RSUs. By accepting this grant of RSUs, the Recipient expressly consents to the withholding of shares of Common Stock and/or withholding from the Recipient's regular salary and/or wages or other amounts payable to the Recipient as provided for hereunder. All other Tax-Related Items related to the RSUs and any shares of Common Stock issued in settlement thereof shall be the Recipient's sole responsibility. Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates. If the withholding obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, the Recipient shall be deemed to have been issued

the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

(3) Code Section 409A. If the Recipient is subject to taxation in the United States, the Award is not intended to constitute a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and instead is intended to be exempt from the application of Code Section 409A. To the extent that the Award is nevertheless deemed to be subject to Code Section 409A, the Award shall be interpreted in accordance with Code Section 409A and Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the grant of the Award. Notwithstanding any provision of the Award to the contrary, in the event that the Administrator determines that the Award is or may be subject to Code Section 409A, the Administrator may adopt such amendments to the Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate at the Administrator's sole discretion and without the Recipient’s consent to (i) exempt the Award from the application of Code Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Code Section 409A.

(k) *No Solicitation.* The Recipient agrees that for 18 months (or such lesser period as permitted under applicable local law) after the Recipient’s employment with the Company or the Employer terminates for any reason, with or without cause, whether by the Company or the Employer or the Recipient, the Recipient shall not recruit, attempt to hire, solicit, or assist others in recruiting or hiring, any person who is an employee of the Company, the Employer or any subsidiaries of the Company. In addition to other remedies that may be available, the Recipient shall pay to the Company in cash, upon demand, the net value of any shares of Common Stock, valued as of the vesting date, issued under this Agreement if the Recipient violates this Section 1(k).

(l) *Not a Contract of Employment.* This Agreement shall not be construed as a contract of employment between the Company and the Recipient and nothing contained in this Agreement or in the Plan shall confer upon the Recipient any right to be in the continued employment of the Company or any subsidiary or to interfere in any way with the right of the Company or any subsidiary by whom the Recipient is employed to terminate the Recipient’s employment at any time for any reason, with or without cause, or to decrease the Recipient’s compensation or benefits.

2. Miscellaneous.

(a) *Entire Agreement.* This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof.

(b) *Interpretation of the Plan and the Agreement.* The Board, or a committee of the Board responsible for administering the Plan (the “Administrator”), shall have the sole authority to interpret the provisions of this Agreement and the Plan, and all determinations by it shall be final and conclusive.

(c) [Reserved].

(d) *Market Value.* “Market Value” as of a particular date shall mean (i) the closing sales price per share of Common Stock as reported by the NASDAQ on that date, or (ii) if the shares of Common Stock are not listed or admitted to trading on the NASDAQ, the closing price on the national securities exchange on which such stock is principally traded on that date, or (iii) if the shares of Common Stock are not then listed on the NASDAQ or on another national securities exchange, the average of the highest reported bid and lowest reported asked prices for the shares of Common Stock on that date or (iv) if the shares of Common Stock are not then listed on any securities exchange and prices therefor are not then reported, such value as determined in good faith by the Board (or any duly authorized committee thereof) as of that date.

(e) *Electronic Delivery*. The Company may, in its sole discretion, deliver any documents related to the Award or other awards granted to the Recipient under the Plan by electronic means. The Recipient hereby consents to receive such documents by electronic issuance and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(f) *Rights and Benefits*. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Recipient's heirs, executors, administrators, successors and assigns.

(g) *Further Action.* The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(h) *Governing Law, Venue and Jurisdiction; Attorneys' Fees*. This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules. Venue and jurisdiction will be in the state or federal courts in Washington County, Oregon, and nowhere else. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

(i) *Consent to Transfer Personal Data.*

Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Recipient of the following in relation to the Recipient's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Recipient's participation in the Plan. The collection, processing and transfer of the Recipient's personal data is necessary for the Company's administration of the Plan and the Recipient's participation in the Plan, and the Recipient's denial and/or objection to the collection, processing and transfer of personal data may affect the Recipient's participation in the Plan. As such, the Recipient voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described in this Section.

The Company and the Employer hold certain personal information about the Recipient, including (but not limited to) the Recipient's name, home address and telephone number, date of birth, social security number or other employee identification number (e.g., resident registration number), email address, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in the Recipient's favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Recipient or collected, where lawful, from third parties, and the Company and the Employer will process the Data for the exclusive purpose of implementing, administering and managing the Recipient's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Recipient's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Recipient's participation in the Plan.

The Company and the Employer will transfer Data as necessary for the purpose of implementation, administration and management of the Recipient's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, the United States, or elsewhere throughout the world. The Recipient hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Recipient's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Common Stock on the Recipient's behalf by the TPA.

The Recipient may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Recipient's participation in the Plan. The Recipient may seek to exercise these rights by contacting the HR manager of the Company or the Employer or the Company's Human Resources Department.

(j) *Acknowledgement of Discretionary Nature of the Plan; No Vested Rights*. The Recipient acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The Award of RSUs under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or benefits in lieu of RSUs in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any award, the number of RSUs and vesting provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Recipient's employment with the Company or the Employer.

(k) *Character of Award*. Participation in the Plan is voluntary. The value of the Award and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Recipient's employment (and the Recipient's employment contract, if any). Any grant under the Plan, including the Award, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments

(l) *No Public Offering*. The grant of the RSUs is not intended to be a public offering of securities in the Recipient's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise the Recipient on whether the Recipient should acquire shares of Common Stock under the Plan or provide the Recipient with any legal, tax or financial advice with respect to the grant of the RSUs. The acquisition of shares of Common Stock involves certain risks, and the Recipient should carefully consider all risk factors and tax considerations relevant to the acquisition of shares of Common Stock under the Plan and the disposition of them. Further, the Recipient should carefully review all materials**

related to the RSUs and the Plan, and should consult with the Recipient's personal legal, tax and financial advisors for professional advice in relation to the Recipient’s personal circumstances.

(m) *Insider Trading/Market Abuse Laws.* The Recipient acknowledges that, depending on the Recipient's country of residence (and country of employment, if different), the Recipient may be subject to insider trading restrictions and/or market abuse laws which may affect the Recipient's ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., RSUs) under the Plan during such times as the Recipient is considered to have “inside information” regarding the Company (as determined under the laws in the Recipient's country of residence and/or employment). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Recipient expressly acknowledges that it is the Recipient's personal responsibility to comply with any applicable restrictions.

(n) *Validity and Enforceability; Severability*. The invalidity or unenforceability of any provision of the Plan or the Agreement shall not affect the validity or enforceability of any other provision of the Plan or the Agreement. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. Alternatively, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to render it valid and enforceable to the full extent permitted under applicable law.

(o) *English Version to Control.* If the Recipient is a resident outside of the United States, the Recipient acknowledges and agrees that it is the Recipient’s express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award be drawn up in English. If the Recipient has received the Agreement, the Plan or any other documents related to the Award translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

(p) *Addendum*. Notwithstanding any provisions of the Agreement to the contrary, the Award shall be subject to any special terms and conditions for the Recipient’s country of residence (and country of employment, if different) set forth in an addendum to the Agreement (an “Addendum”). Further, if the Recipient transfers residence and/or employment to another country reflected in an Addendum to the Agreement at the time of transfer, the special terms and conditions for such country will apply to the Recipient to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Recipient’s transfer). In all circumstances, any applicable Addendum shall constitute part of the Agreement.

(q) *Other Requirements.* The Company reserves the right to impose other requirements on the Award, any shares of Common Stock acquired pursuant to the RSUs and the Recipient’s participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Recipient to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

(r) *Recovery Policy.* Notwithstanding any other provision of this Agreement to the contrary and to the extent applicable to the Recipient, the Recipient acknowledges and agrees that the

Recipient's RSUs, any shares of Common Stock acquired pursuant thereto and/or any amount received with respect to any sale of such shares may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Columbia Sportswear Company Incentive Compensation Recovery Policy (the "Recovery Policy") as in effect on the Award Date (and to the extent applicable to the Recipient, a copy of which has been made available to the Recipient) and as may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such Award and shares of Common Stock. As a condition to the grant of the RSUs, to the extent applicable, the Recipient expressly agrees and consents to the Company's application, implementation and enforcement of (a) the Recovery Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation. Further, the Recipient expressly agrees that the Company may take such actions as are necessary or appropriate to effectuate the Recovery Policy (as applicable to the Recipient) or applicable law without further consent or action being required by the Recipient. For purposes of the foregoing and as a condition to the grant of the RSUs, the Recipient expressly and explicitly authorizes the Company to issue instructions, on the Recipient's behalf, to any TPA to re-convey, transfer or otherwise return such shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recovery Policy conflict, the terms of the Recovery Policy shall prevail.

(s) *Acceptance*. By accepting the grant of the Award, the Recipient acknowledges that the Recipient has read the Agreement, the Addendum to the Agreement (as applicable) and the Plan, and specifically accepts and agrees to the provisions therein.

This Award of RSUs is subject to the Recipient's on-line acceptance of the terms and conditions of this Agreement through the E*TRADE web portal. By accepting the terms and conditions of this Agreement, the Recipient acknowledges receipt of a copy of the Plan, the U.S. Prospectus for the Plan, and the local country tax supplement to the U.S. Prospectus for the Plan (the "Award Information"). The Recipient represents that the Recipient is familiar with the terms and provisions of the Award Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that the Recipient had the opportunity to obtain independent legal, investment and tax advice at the Recipient's personal expense prior to accepting this Award.

COLUMBIA SPORTSWEAR COMPANY

COLUMBIA SPORTSWEAR COMPANY

ADDENDUM TO
AWARD AGREEMENT
FOR GRANT OF RESTRICTED STOCK UNITS PURSUANT TO THE
COLUMBIA SPORTSWEAR COMPANY 1997 STOCK INCENTIVE PLAN, AS AMENDED

In addition to the terms of the Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (the ‘Plan”) and the Award Agreement for the Grant of Restricted Stock Units Pursuant to the Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (the "Agreement"), the RSUs are subject to the following additional terms and conditions as set forth in this addendum to the extent the Recipient resides and/or is employed in one of the countries reflected herein (the “Addendum”). Capitalized terms used herein without definition shall have the same meaning as assigned to such terms in the Plan and the Agreement. To the extent the Recipient transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Recipient to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the RSUs and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Recipient’s transfer).

Canada

1 . Settlement in Shares Only. Notwithstanding any provision of the Agreement to the contrary, the RSUs shall be settled in shares of Common Stock only (and shall not be settled in cash).

2 . Securities Law Information. The Recipient is permitted to sell shares of Common Stock acquired under the Plan through the TPA, if any, provided the resale of shares of Common Stock acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the shares of Common Stock are listed.

Hong Kong

1. Lapse of Restrictions. If, for any reason, shares of Common Stock are issued to the Recipient within six (6) months of the Award Date, the Recipient agrees that the Recipient will not sell or otherwise dispose of any such shares of Common Stock prior to the six (6) month anniversary of the Award Date.

2 . IMPORTANT NOTICE. WARNING: The contents of the Agreement, the Addendum, the Plan, and all other materials pertaining to the RSUs and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Recipient is hereby advised to exercise caution in relation to the offer thereunder. If the Recipient has any doubts about any of the contents of the aforesaid materials, the Recipient should obtain independent professional advice.

3. Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“ORSO”). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSUs shall be null and void.

4. Award Benefits Are Not Wages. The RSUs and the shares of Common Stock underlying the RSUs do not form part of the Recipient's wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

Japan

None.

South Korea

1 . Consent to Collection, Processing and Transfer of Personal Data. By electronically accepting the Agreement, the Recipient agrees to the collection, use, processing and transfer of Data as described in Section 2(i) of the Agreement; and the Recipient agrees to the processing of the Recipient’s unique identifying information (resident registration number) as described in Section 2(i) of the Agreement.

Switzerland

1 . Securities Law Information. The grant of RSUs is considered a private offering and therefore is not subject to registration in Switzerland. Neither this document nor any other materials relating to the RSUs (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made publicly available in Switzerland, and (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

Taiwan

1. Securities Law Information. The grant of RSUs and the shares of Common Stock to be issued pursuant to the Plan are available only for employees of the Company or any parent or subsidiary of the Company. The grant of RSUs is not a public offer of securities by a Taiwanese company.

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Exhibit 10.2(m)

COLUMBIA SPORTSWEAR COMPANY

AWARD AGREEMENT
FOR GRANT OF NON-QUALIFIED STOCK OPTIONS PURSUANT TO THE
COLUMBIA SPORTSWEAR COMPANY 1997 STOCK INCENTIVE PLAN, AS AMENDED

This Award Agreement (the "Agreement") is entered into as of______ (the "Award Date") by and between Columbia Sportswear Company, an Oregon corporation (the "Company"), and ______(the "Optionee"), for the award (the "Award") of a stock option (the "Option") to purchase all and any part of____ shares of the Company's common stock, no par value ("Common Stock") at a purchase price of___ per share (the "Exercise Price") pursuant to Section 6 of the Columbia Sportswear Company 1997 Stock Incentive Plan, as Amended (the "Plan"). The Option is not intended to be an Incentive Stock Option, as defined in Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"). Capitalized terms used herein but not defined shall have the same meaning as provided in the Plan. In the event of a conflict between this Agreement and the terms of the Plan, the provisions of the Plan shall govern. For purposes of this Agreement and to the extent the Optionee is not directly employed by the Company, "Employer" shall mean the subsidiary or branch of the Company that employs the Optionee on the applicable date.

IN CONSIDERATION of the mutual covenants and agreements set forth in this Agreement, the parties agree to the following.

1 . **Award and Terms of the Option**. The Option awarded pursuant to this Agreement is subject to the following terms, conditions and restrictions:

(a) *Rights under Option.* The Option represents an unfunded, unsecured right to purchase all or a portion of the specified number of shares of Common Stock at the Exercise Price on the applicable vesting date (as set forth in Section 1(b)). The number of shares of Common Stock subject to the Option is subject to adjustment as provided in Section 10 of the Plan and as determined by the Board of Directors of the Company (the "Board") as to the number and kind of shares of stock issuable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally. The other terms and conditions of the Option awarded pursuant to this Agreement also may be amended by the Board as it determines in its sole discretion as may be necessary or appropriate to reflect the foregoing events.

(b) *Vesting Dates.* The Option awarded under this Agreement initially shall be 100% unvested and subject to forfeiture. Subject to the terms of this Agreement and provided that the Optionee remains continuously employed with the Company or the Employer from the Award Date until the applicable vesting date, the Option shall vest commencing on the Award Date and shall become exercisable pursuant to the following vesting schedule commencing on:

Vesting Date	Percentage of Option Vesting

(c) *Expiration of Option*. Subject to earlier termination and forfeiture as described in Section 1(d), the Option will expire and will cease to be exercisable on the 10th anniversary of the Award Date (the "Expiration Date").

(d) *Forfeiture of Option*.

(1) Forfeiture Upon Death or Total Disability. If the Optionee ceases to be continuously employed by the Company or the Employer by reason of the Optionee's death or total disability, the Optionee shall cease to vest in the Option as of the Termination Date (as defined in Section 1(d)(2)) and the vested portion of the Option may be exercised at any time prior to the earlier of the Expiration Date or the first anniversary of the Termination Date. If the Optionee's employment or service is terminated by death, the Option shall be exercisable only by the person or persons to whom the Optionee's rights under the Option pass by the Optionee's will or by the laws of descent and distribution of the Optionee's country of residence at the time of death. For purposes of the foregoing, "total disability" shall have the same meaning as provided in any long term disability policy maintained by the Company or the Employer for the benefit of the Optionee or, in the absence of such policy, as determined by the Board in its discretion in accordance with applicable law.

(2) Forfeiture Upon Termination of Service Other Than Death or Total Disability. If the Optionee ceases to be continuously employed by the Company or the Employer for any reason other than death or total disability, the Optionee shall cease to vest in the Option as of the Termination Date and the vested portion the Option may be exercised at any time prior to the earlier of the Expiration Date or the expiration of 90 days after the Termination Date. If the Optionee is a resident of or employed in the United States, "Termination Date" shall mean the effective date of the Optionee's termination of employment with the Company or the Employer. If the Optionee is a resident or employed outside of the United States, "Termination Date" shall mean the earliest of (i) the date on which notice of termination is provided to the Optionee, (ii) the last day of the Optionee's active and continuous service with the Company or the Employer, or (iii) the last day on which the Optionee is classified as an "employee" of the Company or the Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

For purposes of the foregoing, any leave of absence approved by the Company or the Employer (or, if the Optionee is an executive officer of the Company, by the Board), shall not be deemed a termination of the Optionee's continuous employment and, unless otherwise determined by the Company or the Board in its sole discretion, (i) the Optionee shall continue to vest in the Option during a medical, family, military or other leave of absence protected under applicable law, whether paid or unpaid, and (ii) the Optionee's continued vesting in the Option shall be suspended during any other approved leave of absence greater than 30 days (except as otherwise prohibited under local law).

(3) Forfeiture Upon Violation of Code of Business Conduct and Ethics The Optionee acknowledges that compliance with the Company's Code of Business Conduct and Ethics is a

condition to the receipt, vesting and exercise of the Option and the issuance of shares of Common Stock upon purchase pursuant to the Option. If, during the term of this Agreement, the Board (or a committee of directors designated by the Board) determines in good faith in its sole discretion that the Optionee's conduct is or has been in violation of the Company's Code of Business Conduct and Ethics, then the Board or committee may cause the Optionee to immediately forfeit all or a portion of the unvested or vested and unexercised Option granted pursuant to this Agreement and the Optionee shall have no right to purchase the related shares of Common Stock. Any determinations of violations of the Company's Code of Business Conduct and Ethics will be considered conclusive and binding on the Optionee. If the President of the Company reasonably believes that the Optionee has violated the Code of Business Conduct and Ethics and that the Board or its committee should consider the termination of the Option, the President may temporarily suspend the Optionee's right to exercise the Option, for a period of up to 45 days, in order for the Board or its committee to make a determination about Optionee's conduct and the potential termination of the Option.

(e) *Method of Exercise of Option.*

(1) Unless the Board determines otherwise, to exercise the vested portion of the Option, the Optionee shall provide notice of exercise in such form and such manner as may be designated by the Company (which may be electronic) to the Company stating the Optionee's intention to exercise the Option, specifying the number of shares of Common Stock as to which the Optionee desires to exercise the Option and the date on which the Optionee desires to complete the purchase. Delivering a notice of intent to exercise by itself does not constitute exercise of the Option; the Optionee must also deliver payment of the Exercise Price for the shares of Common Stock set forth in the notice of intent to exercise together with such additional documents as the Company may then require. The Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full of the Exercise Price are provided. For purposes of the foregoing, if the exercise date falls on a weekend or any other day on which The NASDAQ Stock Market LLC ("NASDAQ") or any national securities exchange on which the Common Stock then is principally traded (the "Exchange") is closed for trading, the applicable portion of the Option shall be exercised on the first following day that NASDAQ or the Exchange is open for trading.

(2) Unless the Board determines otherwise in its sole discretion, on or before the date specified for completion of the purchase of shares of Common Stock pursuant to the Option, the Optionee shall pay the Company the Exercise Price of such shares of Common Stock pursuant to one of the following methods of exercise:

(i) cash payment;

(ii) by delivery of a sufficient number of whole shares of Common Stock the Optionee already owned for a period of at least six (6) months having a market value equal to the Exercise Price;

(iii) by authorizing the sale of a sufficient number of whole shares of Common Stock that otherwise would be deliverable upon the exercise of the Option having a market value equal to the Exercise Price; or

(iv) via a broker-assisted cashless exercise procedure through a broker-dealer approved for such purposes of the Company.

In cases where the Optionee utilizes the "sell to cover" arrangement set forth in 2(iii) above and the market value of the number of whole shares of Common Stock sold is greater than the aggregate Exercise Price, the Company or the third party broker/administrator engaged by the Company for purposes of administering awards granted under the Plan (the "TPA") shall make a cash payment to the Optionee equal to the difference as soon as administratively practicable.

(f) *Settlement of Exercised Option*. As soon as reasonably practicable following each exercise date, provided that the Optionee has satisfied its tax withholding obligations as specified under Section 1(j) and the Optionee has completed, signed and returned any documents and taken any additional action the Company deems appropriate, the Company shall deposit the shares of Common Stock acquired pursuant to the Option into the Optionee's brokerage account established with a TPA (the date of deposit of such shares is referenced as an "issuance date"), rounded to the nearest whole share (or otherwise deliver the shares to the Optionee). No fractional shares of Common Stock shall be issued. The shares of Common Stock will be issued in the Optionee's name.

Notwithstanding the foregoing, (i) the Company shall not be obligated to deposit or otherwise deliver any shares of Common Stock during any period when the Company determines that the exercise of the Option or the issuance of shares of Common Stock in settlement of the Option hereunder would violate any federal, state, foreign or other applicable laws and may issue shares of Common Stock with any restrictive legend that, as determined by the Company, is necessary to comply with securities laws or other regulatory requirements, and (ii) an issuance date may be delayed in order to provide the Company such time as it determines appropriate to determine tax withholding and other administrative matters; provided, however, that in any event the shares of Common Stock shall be issued no later than the later to occur of the date that is 2 1/2 months from the end of (i) the Optionee's tax year that includes the applicable exercise date, or (ii) the Company's tax year that includes the applicable exercise date.

Furthermore, notwithstanding the foregoing, the Company may, in its sole discretion, settle the Option in the form of: (i) a cash payment to the extent settlement in shares of Common Stock (1) is prohibited under local laws, rules and regulations, (2) would require the Optionee, the Company or the Employer to obtain the approval of any governmental and/or regulatory body in the Optionee's country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) shares of Common Stock, but require the Optionee to immediately sell such shares (in which case, as a condition of the award of the Option, the Optionee hereby explicitly authorizes the Company to issue sales instructions in relation to such shares on the Optionee's behalf).

(g) *Nontransferability*. The Optionee may not sell, transfer, assign, pledge or otherwise encumber or dispose of the Option subject to this Agreement. If the Optionee purports to make any transfer of the Option, except as provided herein, the Option and all rights thereunder immediately shall terminate and be forfeited by the Optionee.

(h) *Repatriation and Compliance with Local Laws*. If the Optionee is a resident or employed outside of the United States, the Optionee agrees, as a condition of the award of the Option, to repatriate all payments attributable to the shares of Common Stock and/or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of the shares of Common Stock acquired pursuant to the Option) if required by and in accordance with local foreign exchange rules and regulations in the Optionee's country of residence (and country of employment, if different). In addition, the Optionee also agrees to take any and all actions, and consents to any and all actions taken by the Company or the Employer as may be required to allow the Company or the Employer to comply with local laws, rules and regulations in the Optionee's country of residence (and country of employment, if different). Finally, the Optionee agrees to take any and all actions as may be required to comply with the Optionee's personal legal and tax obligations under local laws, rules and regulations in the Optionee’s country of residence (and country of employment, if different).

(i) *Age Discrimination*. If the Optionee is a resident and/or employed in a country that is a member of the European Union, the grant of the Option and the Agreement are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the “Age Discrimination Rules”). To the extent that a court or tribunal of competent jurisdiction determines that any provision of the Agreement is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

(j) *Tax Matters.*

(1) Tax and Social Insurance Contributions in General. Regardless of any action the Company and/or the Employer take with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Optionee acknowledges that the ultimate liability for all Tax-Related Items legally due by the Optionee is and remains the Optionee’s responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, the subsequent sale of any shares of Common Stock acquired pursuant to the Option and the receipt of any dividends, and (ii) do not commit to structure the terms of the award or any aspect of the Option to reduce or eliminate the Optionee’s liability for Tax-Related Items. Further, the Optionee acknowledges that if the Optionee becomes subject to taxation in more than one country between the Award Date and the date of any relevant taxable or tax withholding event, as applicable, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(2) Withholding in Shares or Cash. Prior to the issuance of shares of Common Stock upon the exercise of the Option, if the Optionee’s country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole shares of Common Stock otherwise issuable to the Optionee upon exercise of the Option to satisfy all or any portion of any withholding obligations for Tax-Related Items. The number of whole shares of Common Stock withheld shall have an aggregate market value sufficient to pay the Tax-Related Items required to be withheld with respect to the shares of Common Stock. The cash equivalent of the shares of Common Stock withheld will be used to settle the obligation to withhold the Tax-Related Items. In the event that withholding in shares of Common Stock is prohibited or problematic under applicable laws or otherwise may trigger adverse consequences to the Company or the Employer, the Company or the Employer may withhold the Tax-Related Items required to be withheld in cash from the Optionee’s regular salary and/or wages or any other amounts payable to the Optionee. In the event the withholding requirements for Tax-Related Items are not satisfied through the withholding of shares of Common Stock or through the Optionee’s regular salary and/or wages or other amounts payable to the Optionee, no shares of Common Stock will be issued to the Optionee (or the Optionee’s estate) upon exercise of the Option unless and until satisfactory arrangements (as determined by the Company) have been made by the Optionee with respect to the payment of any Tax-Related Items that the Company or the Employer determines, in its sole discretion, must be withheld or collected with respect to such portion of the Option. By accepting this Option, the Optionee expressly consents to the withholding of shares of Common Stock and/or withholding from the Optionee’s regular

salary and/or wages or other amounts payable to the Optionee as provided for hereunder. All other Tax-Related Items related to the Option and any shares of Common Stock issued in settlement thereof shall be the Optionee's sole responsibility. Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates. If the withholding obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, the Optionee shall be deemed to have been issued the full number of shares of Common Stock subject to the exercised portion of the Option, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

(3) Code Section 409A. If the Optionee is subject to taxation in the United States, the Award is not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Code Section 409A and instead is intended to be exempt from the application of Code Section 409A. To the extent that the Award is nevertheless deemed to be subject to Code Section 409A, the Award shall be interpreted in accordance with Code Section 409A and Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance issued after the grant of the Award. Notwithstanding any provision of the Award to the contrary, in the event that the Administrator determines that the Award is or may be subject to Code Section 409A, the Administrator may adopt such amendments to the Award or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate at the Administrator's sole discretion and without the Optionee's consent to (i) exempt the Award from the application of Code Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Code Section 409A.

(k) *No Solicitation.* The Optionee agrees that for 18 months (or such lesser period as permitted under applicable local law) after the Optionee's employment with the Company or the Employer terminates for any reason, with or without cause, whether by the Company or the Employer or the Optionee, the Optionee shall not recruit, attempt to hire, solicit, or assist others in recruiting or hiring, any person who is an employee of the Company, the Employer or any subsidiaries of the Company. In addition to other remedies that may be available, the Optionee shall pay to the Company in cash, upon demand, the net value of any shares of Common Stock, valued as of the exercise date, issued under this Agreement if the Optionee violates this Section 1(k).

(l) *Not a Contract of Employment.* This Agreement shall not be construed as a contract of employment between the Company and the Optionee and nothing contained in this Agreement or in the Plan shall confer upon the Optionee any right to be in the continued employment of the Company or any subsidiary or to interfere in any way with the right of the Company or any subsidiary by whom the Optionee is employed to terminate the Optionee's employment at any time for any reason, with or without cause, or to decrease the Optionee's compensation or benefits.

2. **Miscellaneous**.

(a) *Entire Agreement.* This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof.

(b) *Interpretation of the Plan and the Agreement.* The Board, or a committee of the Board responsible for administering the Plan (the "Administrator"), shall have the sole authority to interpret the provisions of this Agreement and the Plan, and all determinations by it shall be final and conclusive.

(c) [Reserved].

(d) *Market Value.* "Market Value" as of a particular date shall mean (i) the closing sales price per share of Common Stock as reported by the NASDAQ on that date, or (ii) if the shares of Common Stock are not listed or admitted to trading on the NASDAQ, the closing price on the national securities exchange on which such stock is principally traded on that date, or (iii) if the shares of Common Stock are not then listed on the NASDAQ or on another national securities exchange, the average of the highest reported bid and lowest reported asked prices for the shares of Common Stock on that date or (iv) if the shares of Common Stock are not then listed on any securities exchange and prices therefor are not then reported, such value as determined in good faith by the Board (or any duly authorized committee thereof) as of that date.

(e) *Electronic Delivery*. The Company may, in its sole discretion, deliver any documents related to the Award or other awards granted to the Optionee under the Plan by electronic means. The Optionee hereby consents to receive such documents by electronic issuance and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(f) *Rights and Benefits*. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the restrictions on transfer of this Agreement, be binding upon the Optionee's heirs, executors, administrators, successors and assigns.

(g) *Further Action.* The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

(h) *Governing Law, Venue and Jurisdiction; Attorneys' Fees*. This Agreement and the Plan will be interpreted under the laws of the state of Oregon, exclusive of choice of law rules. Venue and jurisdiction will be in the state or federal courts in Washington County, Oregon, and nowhere else. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

(i) *Consent to Transfer Personal Data.*

Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Optionee of the following in relation to the Optionee's personal data and the collection, processing and transfer of such data in relation to the Company's grant of this Award and the Optionee's participation in the Plan. The collection, processing and transfer of the Optionee's personal data is necessary for the Company's administration of the Plan and the Optionee's participation in the Plan, and the Optionee's denial and/or objection to the collection, processing and transfer of personal data may affect the Optionee's participation in the Plan. As such, the Optionee voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described in this Section.

The Company and the Employer hold certain personal information about the Optionee, including (but not limited to) the Optionee's name, home address and telephone number, date of birth, social security number or other employee identification number (e.g., resident registration number), email address, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in the Optionee's favor, for the purpose of managing and administering the

Plan ("Data"). The Data may be provided by the Optionee or collected, where lawful, from third parties, and the Company and the Employer will process the Data for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Optionee's country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Optionee's participation in the Plan.

The Company and the Employer will transfer Data as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, the United States, or elsewhere throughout the world. The Optionee hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Common Stock on the Optionee's behalf by the TPA.

The Optionee may, at any time, exercise his or her rights provided under applicable personal data protection laws, which may include the right to (i) obtain confirmation as to the existence of the Data, (ii) verify the content, origin and accuracy of the Data, (iii) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (iv) oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the implementation, administration and/or operation of the Plan and the Optionee's participation in the Plan. The Optionee may seek to exercise these rights by contacting the HR manager of the Company or the Employer or the Company's Human Resources Department.

(j) *Acknowledgement of Discretionary Nature of the Plan; No Vested Rights*. The Optionee acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The Award of the Option under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of an Option or benefits in lieu of an Option in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any award, the number of shares of Common Stock that can be purchased pursuant to the Option and vesting as well as exercise provisions. Any amendment, modification or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Optionee's employment with the Company or the Employer.

(k) *Character of Award*. Participation in the Plan is voluntary. The value of the Award and any other awards granted under the Plan is an extraordinary item of compensation outside the scope of the Optionee's employment (and the Optionee's employment contract, if any). Any grant under the Plan, including the Award, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments

(l) *No Public Offering*. The grant of the Option is not intended to be a public offering of securities in the Optionee's country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise the Optionee on whether the Optionee should acquire shares of Common Stock under the Plan or provide the Optionee with any legal, tax or financial advice with respect to the grant of the Option. The acquisition of shares of Common Stock involves certain risks, and the Optionee should carefully consider all risk factors and tax considerations relevant to the acquisition of shares of Common Stock under the Plan and the disposition of them. Further, the Optionee should carefully review all materials related to the Option and the Plan, and should consult with the Optionee's personal legal, tax and financial advisors for professional advice in relation to the Optionee's personal circumstances.**

(m) *Insider Trading/Market Abuse Laws.* The Optionee acknowledges that, depending on the Optionee's country of residence (and country of employment, if different), the Optionee may be subject to insider trading restrictions and/or market abuse laws which may affect the Optionee's ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., Options) under the Plan during such times as the Optionee is considered to have "inside information" regarding the Company (as determined under the laws in the Optionee's country of residence and/or employment). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Optionee expressly acknowledges that it is the Optionee's personal responsibility to comply with any applicable restrictions.

(n) *Validity and Enforceability; Severability*. The invalidity or unenforceability of any provision of the Plan or the Agreement shall not affect the validity or enforceability of any other provision of the Plan or the Agreement. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. Alternatively, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to render it valid and enforceable to the full extent permitted under applicable law.

(o) *English Version to Control.* If the Optionee is a resident outside of the United States, the Optionee acknowledges and agrees that it is the Optionee's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Award be drawn up in English. If the Optionee has received the Agreement, the Plan or any other documents related to the Award translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

(p) *Addendum*. Notwithstanding any provisions of the Agreement to the contrary, the Award shall be subject to any special terms and conditions for the Optionee's country of residence (and country of employment, if different) set forth in an addendum to the Agreement (an "Addendum"). Further, if the Optionee transfers residence and/or employment to another country reflected in an Addendum to the Agreement at the time of transfer, the special terms and conditions for such country will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer). In all circumstances, any applicable Addendum shall constitute part of the Agreement.

(q) *Other Requirements.* The Company reserves the right to impose other requirements on the Award, any shares of Common Stock acquired pursuant to the Option and the Optionee's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

(r) *Recovery Policy*. Notwithstanding any other provision of this Agreement to the contrary and to the extent applicable to the Optionee, the Optionee acknowledges and agrees that the Optionee's Option, any shares of Common Stock acquired pursuant thereto and/or any amount received with respect to any sale of such shares may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Columbia Sportswear Company Incentive Compensation Recovery Policy (the "Recovery Policy") as in effect on the Award Date (and to the extent applicable to the Optionee, a copy of which has been made available to the Optionee) and as may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such Award and shares of Common Stock. As a condition to the grant of the Option, to the extent applicable, the Optionee expressly agrees and consents to the Company's application, implementation and enforcement of (a) the Recovery Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation. Further, the Optionee expressly agrees that the Company may take such actions as are necessary or appropriate to effectuate the Recovery Policy (as applicable to the Optionee) or applicable law without further consent or action being required by the Optionee. For purposes of the foregoing and as a condition to the grant of the Option, the Optionee expressly and explicitly authorizes the Company to issue instructions, on the Optionee's behalf, to any TPA to re-convey, transfer or otherwise return such shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recovery Policy conflict, the terms of the Recovery Policy shall prevail.

(s) *Acceptance*. By accepting the grant of the Award, the Optionee acknowledges that the Optionee has read the Agreement, the Addendum to the Agreement (as applicable) and the Plan, and specifically accepts and agrees to the provisions therein.

This Award of the Option is subject to the Optionee's on-line acceptance of the terms and conditions of this Agreement through the E*TRADE web portal. By accepting the terms and conditions of this Agreement, the Optionee acknowledges receipt of a copy of the Plan, the U.S. Prospectus for the Plan, and the local country tax supplement to the U.S. Prospectus for the Plan (the "Award Information"). The Optionee represents that the Optionee is familiar with the terms and provisions of the Award Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that the Optionee had the opportunity to obtain independent legal, investment and tax advice at the Optionee's personal expense prior to accepting this Award.

COLUMBIA SPORTSWEAR COMPANY

COLUMBIA SPORTSWEAR COMPANY

ADDENDUM TO
AWARD AGREEMENT
FOR GRANT OF NON-QUALIFIED STOCK OPTIONS PURSUANT TO THE
COLUMBIA SPORTSWEAR COMPANY 1997 STOCK INCENTIVE PLAN, AS AMENDED

In addition to the terms of the Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (the "Plan") and the Award Agreement for the Grant of Non-Qualified Stock Options Pursuant to the Columbia Sportswear Company 1997 Stock Incentive Plan, as amended (the "Agreement"), the Option is subject to the following additional terms and conditions as set forth in this addendum to the extent the Optionee resides and/or is employed in one of the countries reflected herein (the "Addendum"). Capitalized terms used herein without definition shall have the same meaning as assigned to such terms in the Plan and the Agreement. To the extent the Optionee transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Optionee to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Optionee's transfer).

Canada

1. No Payment of Exercise Price with Existing Shares. Notwithstanding Section 1(e)(2)(ii) of the Agreement, the Optionee shall not be permitted to pay the Exercise Price by delivering existing shares of Common Stock that the Optionee already owns at the time of exercise.

2. Securities Law Information. The Optionee is permitted to sell shares of Common Stock acquired under the Plan through the TPA, if any, provided the resale of shares of Common Stock acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the shares of Common Stock are listed.

Hong Kong

1. Lapse of Restrictions. If, for any reason, shares of Common Stock are issued to the Optionee within six (6) months of the Award Date, the Optionee agrees that the Optionee will not sell or otherwise dispose of any such shares of Common Stock prior to the six (6) month anniversary of the Award Date.

2. IMPORTANT NOTICE. WARNING: The contents of the Agreement, the Addendum, the Plan, and all other materials pertaining to the Option and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Optionee is hereby advised to exercise caution in relation to the offer thereunder. If the Optionee has any doubts about any of the contents of the aforesaid materials, the Optionee should obtain independent professional advice.

3. Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the Option shall be null and void.

4 . Award Benefits Are Not Wages. The Option and the shares of Common Stock subject to the Option do not form part of the Optionee's wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

Japan

None.

South Korea

1 . Consent to Collection, Processing and Transfer of Personal Data. By electronically accepting the Agreement, the Optionee agrees to the collection, use, processing and transfer of Data as described in Section 2(i) of the Agreement; and the Optionee agrees to the processing of the Optionee's unique identifying information (resident registration number) as described in Section 2(i) of the Agreement.

Switzerland

1 . Securities Law Information. The grant of the Option is considered a private offering and therefore is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Option (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made publicly available in Switzerland, and (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority).

Taiwan

1 . Securities Law Information. The grant of the Option and the shares of Common Stock to be issued pursuant to the Plan are available only for employees of the Company or any parent or subsidiary of the Company. The grant of the Option is not a public offer of securities by a Taiwanese company.

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Exhibit 21.1

List of Subsidiaries

Name	Jurisdiction of Incorporation
Bugaboo Holdings Sàrl	Luxembourg
Columbia Brands Holding Company	Oregon
Columbia Brands International Sàrl	Switzerland
Columbia Brands USA, LLC	Oregon
Columbia Sportswear Asia Pacific Sàrl	Switzerland
Columbia Sportswear Austria GmbH	Austria
Columbia Sportswear Canada GP Limited	Canada
Columbia Sportswear Canada Limited	Canada
Columbia Sportswear Canada LP	Canada
Columbia Sportswear Commercial (Shanghai) Co., Ltd.	China
Columbia Sportswear Company Limited	United Kingdom
Columbia Sportswear Czech s.r.o.	Czech Republic
Columbia Sportswear Denmark ApS	Denmark
Columbia Sportswear Distribution S.A.S.	France
Columbia Sportswear Europe S.A.S.	France
Columbia Sportswear Finland Oy	Finland
Columbia Sportswear GmbH	Germany
Columbia Sportswear International Sàrl	Switzerland
Columbia Sportswear Italy S.r.l.	Italy
Columbia Sportswear Japan, Inc.	Japan
Columbia Sportswear Korea	Korea
Columbia Sportswear Luxembourg Holdings Sàrl	Luxembourg
Columbia Sportswear Netherlands B.V.	The Netherlands
Columbia Sportswear North America, Inc.	Oregon
Columbia Sportswear Norway AS	Norway
Columbia Sportswear Poland Sp.z.o.o	Poland
Columbia Sportswear Spain S.L.U.	Spain
Columbia Sportswear Sweden AB	Sweden
Columbia Sportswear Switzerland Sàrl	Switzerland
CSMM Hong Kong Limited	Hong Kong
CSMP Holdings Sàrl (fka Columbia Sportswear China Holdings - Cayman Islands)	Switzerland
GTS, Inc.	Oregon
Montrail Corporation	Oregon
Mountain Hardwear, Inc.	Utah
OutDry Technologies Corporation	Oregon
OutDry Technologies S.r.l.	Italy
Pacific Trail Corporation	Oregon
prAna Living LLC	Oregon
Sorel Corporation	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-186958, 333-160702, 333-117986, 333-108342, 333-86224 and 333-80387 on Form S-8 of our reports dated February 22, 2018, relating to the financial statements and financial statement schedule of Columbia Sportswear Company, and the effectiveness of Columbia Sportswear Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Columbia Sportswear Company for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Portland, Oregon
February 22, 2018

EXHIBIT 31.1

CERTIFICATION

I, Timothy P. Boyle, certify that:

1. I have reviewed this annual report on Form 10-K of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 22, 2018

/s/TIMOTHY P. BOYLE

Timothy P. Boyle
President, Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Jim A. Swanson, certify that:

1. I have reviewed this annual report on Form 10-K of Columbia Sportswear Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 22, 2018

/s/ JIM A. SWANSON

Jim A. Swanson
Senior Vice President, Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Columbia Sportswear Company (the “Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), 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-K fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 as of, and for, the periods presented in the Form 10-K; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of the operation of the Company.

Dated: February 22, 2018

/s/ TIMOTHY P. BOYLE

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

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Columbia Sportswear Company (the “Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Jim A. Swanson, 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-K fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 as of, and for, the periods presented in the Form 10-K; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of the operation of the Company.

Dated: February 22, 2018

/s/ JIM A. SWANSON

Jim A. Swanson
Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)