UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

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)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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	☐

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

The number of shares of Common Stock outstanding on July 22, 2011 was 34,002,251.

COLUMBIA SPORTSWEAR COMPANY
JUNE 30, 2011

INDEX TO FORM 10-Q

	PAGE NO.
PART I. FINANCIAL INFORMATION	
Item 1 – Financial Statements – Columbia Sportswear Company (Unaudited)	
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Operations	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5
Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3 – Quantitative and Qualitative Disclosures About Market Risk	23
Item 4 – Controls and Procedures	23
PART II. OTHER INFORMATION	
Item 1 – Legal Proceedings	24
Item 1A – Risk Factors	24
Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 6 – Exhibits	33
Signature	34

PART I. FINANCIAL INFORMATION

Item 1 – *FINANCIAL STATEMENTS*

COLUMBIA SPORTSWEAR COMPANY
C ONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 2011	December 31, 2010	June 30, 2010
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 207,429	$ 234,257	$ 346,643
Short-term investments	90,842	68,812	51,686
Accounts receivable, net of allowance of $6,718, $7,098 and $6,549, respectively	174,822	300,181	145,463
Inventories, net (Note 3)	422,004	314,298	310,520
Deferred income taxes	45,069	45,091	30,801
Prepaid expenses and other current assets	60,242	28,241	47,628
Total current assets	1,000,408	990,880	932,741
Property, plant and equipment, at cost, net of accumulated depreciation of $264,615, $250,999 and $233,151, respectively	230,363	221,813	224,865
Intangible assets, net (Note 4)	39,721	40,423	27,072
Goodwill	14,438	14,470	12,659
Other non-current assets	27,921	27,168	14,670
Total assets	$1,312,851	$1,294,754	$1,212,007
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	$ 159,292	$ 130,626	$ 120,134
Accrued liabilities (Note 5)	81,624	102,810	63,916
Income taxes payable	9,541	16,037	6,181
Deferred income taxes	2,161	2,153	2,414
Total current liabilities	252,618	251,626	192,645
Income taxes payable	19,187	19,698	21,344
Other long-term liabilities	25,088	21,456	17,182
Total liabilities	296,893	292,780	231,171
Commitments and contingencies (Note 11)			
Shareholders' Equity:			
Preferred stock; 10,000 shares authorized; none issued and outstanding	0	0	0
Common stock (no par value); 125,000 shares authorized; 34,001, 33,683 and 33,823 issued and outstanding, respectively (Note 8)	17,801	5,052	6,712
Retained earnings	935,182	950,207	937,461
Accumulated other comprehensive income (Note 7)	62,975	46,715	36,663
Total shareholders' equity	1,015,958	1,001,974	980,836
Total liabilities and shareholders' equity	$1,312,851	$1,294,754	$1,212,007

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales	$268,030	$221,831	$601,116	$522,237
Cost of sales	155,617	124,909	339,167	298,011
Gross profit	112,413	96,922	261,949	224,226
Selling, general and administrative expenses	134,512	113,458	268,659	228,997
Net licensing income	3,459	1,819	5,990	2,544
Loss from operations	(18,640)	(14,717)	(720)	(2,227)
Interest income, net	461	392	784	926
Income (loss) before income tax	(18,179)	(14,325)	64	(1,301)
Income tax benefit (expense)	4,621	3,721	(852)	(75)
Net loss	$ (13,558)	$ (10,604)	$ (788)	$ (1,376)
Loss per share (Note 8):				
Basic	$ (0.40)	$ (0.31)	$ (0.02)	$ (0.04)
Diluted	(0.40)	(0.31)	(0.02)	(0.04)
Cash dividends per share	$ 0.22	$ 0.18	$ 0.42	$ 0.36
Weighted average shares outstanding (Note 8):				
Basic	33,956	33,800	33,878	33,767
Diluted	33,956	33,800	33,878	33,767

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2011	**2010**
Cash flows from operating activities:		
Net loss	$ (788)	$ (1,376)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	21,063	18,490
Loss on disposal or impairment of property, plant, and equipment	149	258
Deferred income taxes	3,961	553
Stock-based compensation	3,804	3,272
Excess tax benefit from employee stock plans	(1,780)	(419)
Changes in operating assets and liabilities:		
Accounts receivable	129,918	77,931
Inventories	(102,427)	(93,208)
Prepaid expenses and other current assets	(31,290)	(16,712)
Other assets	(926)	(198)
Accounts payable	24,702	18,708
Accrued liabilities	(28,895)	6,750
Income taxes payable	(7,395)	293
Other liabilities	1,873	2,122
Net cash provided by operating activities	11,969	16,464
Cash flows from investing activities:		
Purchases of short-term investments	(45,816)	(30,116)
Sales of short-term investments	23,997	1,083
Capital expenditures	(22,639)	(14,362)
Proceeds from sale of property, plant, and equipment	159	0
Net cash used in investing activities	(44,299)	(43,395)
Cash flows from financing activities:		
Proceeds from credit facilities	17,142	11,304
Repayments on credit facilities	(17,142)	(11,304)
Proceeds from issuance of common stock under employee stock plans	9,764	4,942
Tax payments related to restricted stock unit issuances	(2,851)	(781)
Excess tax benefit from employee stock plans	1,780	419
Repurchase of common stock	0	(3,838)
Cash dividends paid	(14,237)	(12,151)
Net cash used in financing activities	(5,544)	(11,409)
Net effect of exchange rate changes on cash	11,046	(1,681)
Net decrease in cash and cash equivalents	(26,828)	(40,021)
Cash and cash equivalents, beginning of period	234,257	386,664
Cash and cash equivalents, end of period	$ 207,429	$346,643
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ 70	$ 20
Cash paid during the period for income taxes	25,274	7,516
Supplemental disclosures of non-cash investing and financing activities:		
Capital expenditures incurred but not yet paid	$ 1,802	$ 2,119

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the management of Columbia Sportswear Company (the "Company") and in the opinion of management include all material adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 2011 and 2010, the results of operations for the three and six months ended June 30, 2011 and 2010 and cash flows for the six months ended June 30, 2011 and 2010. The December 31, 2010 financial information was derived from the Company's audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010. A significant part of the Company's business is of a seasonal nature; therefore, results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company, however, believes that the disclosures contained in this report comply with the requirements of Section 13(a) of the Securities Exchange Act of 1934 for a Quarterly Report on Form 10-Q and are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Estimates and assumptions:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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, allowance for doubtful accounts, inventory obsolescence, product warranty, long-lived and intangible assets, income taxes and stock-based compensation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Recent Accounting Pronouncements:

In April 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. This ASU was issued concurrently with International Financial Reporting Standards ("IFRS") 13 *Fair Value Measurements*, to provide largely identical guidance about fair value measurement and disclosure requirements. The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. This standard is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income.* This ASU increases the prominence of other comprehensive income in financial statements while eliminating the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. Under this ASU, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company does not expect the adoption of this standard to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

NOTE 3 – INVENTORIES, NET

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

Inventories, net, consisted of the following (in thousands):

	June 30, 2011	December 31, 2010	June 30, 2010
Raw materials	$ 2,038	$ 1,096	$ 1,073
Work in process	704	659	744
Finished goods	419,262	312,543	308,703
	$422,004	$ 314,298	$310,520

NOTE 4 – INTANGIBLE ASSETS, NET

Intangible assets that are determined to have finite lives include patents and purchased technology and are amortized over their estimated useful lives. Intangible assets with indefinite useful lives include trademarks and tradenames and are not amortized but are periodically evaluated for impairment.

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

	June 30, 2011	December 31, 2010	June 30, 2010
Intangible assets subject to amortization			
Gross carrying amount	$14,198	$ 14,198	$ 898
Accumulated amortization	(1,898)	(1,196)	(698)
Net carrying amount	12,300	13,002	200
Intangible assets not subject to amortization	27,421	27,421	26,872
Intangible assets, net	$39,721	$ 40,423	$27,072

Annual amortization expense for intangible assets subject to amortization is estimated to be $1,402,000 per year in both 2011 and 2012, and $1,330,000 per year in 2013 through 2015.

NOTE 5 – PRODUCT WARRANTY

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Balance at beginning of period	$ 9,982	$11,977	$10,256	$12,112
Charged to costs and expenses	814	411	2,685	1,572
Claims settled	(1,080)	(916)	(3,370)	(2,085)
Other	61	(414)	206	(541)
Balance at end of period	$ 9,777	$11,058	$ 9,777	$11,058

NOTE 6 – STOCK-BASED COMPENSATION

1997 Stock Incentive Plan

The Company's 1997 Stock Incentive Plan (the "Plan") allows for grants of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units and other stock-based awards. The majority of all stock option and restricted stock unit grants outstanding under the 1997 Stock Incentive Plan were granted in the first quarter of each fiscal year.

The following table summarizes the Company's total stock-based compensation expense (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Stock options	$ 885	$ 859	$1,727	$1,652
Restricted stock units	1,106	868	2,077	1,620
Total	$1,991	$ 1,727	$3,804	$3,272

Stock Options

The Company estimates the fair value of stock options using the Black-Scholes model. Key inputs and assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected 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 estimated annual dividend yield.

The following table shows the weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011[(1)]	2010
Expected term	7.27 years	6.40 years	5.13 years	4.53 years
Expected stock price volatility	29.08%	29.26%	30.75%	28.79%
Risk-free interest rate	2.24%	2.27%	1.85%	1.91%
Expected dividend yield	1.34%	1.46%	1.31%	1.64%
Weighted average grant date fair value	$19.44	$13.79	$16.12	$10.08

(1) During the six months ended June 30, 2011, the Company granted two stock option awards totaling 53,720 shares that vest 100% on the fifth anniversary of the grant date. Given that the Company did not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term for these grants, the Company utilized the simplified method in developing an estimate of the expected term of these options.

During the six months ended June 30, 2011 and 2010, the Company granted a total of 337,237 and 385,924 stock options, respectively. At June 30, 2011, unrecognized costs related to outstanding stock options totaled approximately $7,636,000, before any related tax benefit. The unrecognized costs related to stock options are amortized over the related vesting period using the straight-line attribution method. Unrecognized costs related to stock options at June 30, 2011 are expected to be recognized over a weighted average period of 2.70 years.

Restricted Stock Units

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

The following table presents the weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Vesting period	3.33 years	3.10 years	3.96 years	3.74 years
Expected dividend yield	1.31%	1.49%	1.30%	1.57%
Estimated average grant date fair value per restricted stock unit	$64.06	$46.17	$59.06	$43.56

During the six months ended June 30, 2011 and 2010, the Company granted 138,720 and 124,344 restricted stock units, respectively. At June 30, 2011, unrecognized costs related to outstanding restricted stock units totaled approximately $10,587,000, before any related tax benefit. The unrecognized costs related to restricted stock units are amortized over the related vesting period using the straight-line attribution method. Unrecognized costs at June 30, 2011 are expected to be recognized over a weighted average period of 2.64 years.

NOTE 7 – COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income, net of applicable taxes, reported on the Company's Condensed Consolidated Balance Sheets consists of unrealized holding gains and losses on available-for-sale securities, unrealized holding gains and losses on certain derivative transactions and foreign currency translation adjustments. A summary of comprehensive income (loss), net of related tax effects, is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net loss	$(13,558)	$(10,604)	$ (788)	$ (1,376)
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities	60	17	118	(5)
Unrealized derivative holding gains (losses) arising during period	(2,651)	4,285	(5,594)	5,154
Reclassification to net income or loss of previously deferred losses on derivative transactions	328	260	528	1,429
Foreign currency translation adjustments	8,114	(12,854)	21,208	(13,359)
Other comprehensive income (loss)	5,851	(8,292)	16,260	(6,781)
Comprehensive income (loss)	$ (7,707)	$(18,896)	$15,472	$ (8,157)

Accumulated other comprehensive income, net of related tax effects, consisted of the following (in thousands):

	June 30, 2011	December 31, 2010	June 30, 2010
Unrealized holding gains on available-for-sale securities	$ 154	$ 36	$ 59
Unrealized holding gains (losses) on derivative transactions	(6,737)	(1,671)	5,425
Foreign currency translation adjustments	69,558	48,350	31,179
Accumulated other comprehensive income	$62,975	$ 46,715	$36,663

NOTE 8 – EARNINGS PER SHARE

Earnings per share ("EPS") is presented on both a basic and diluted basis. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur if outstanding securities or other contracts to issue common stock were exercised or converted into common stock. 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 common shares used in the denominator for computing basic and diluted EPS is as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Weighted average shares of common stock outstanding, used in computing basic loss per share	33,956	33,800	33,878	33,767
Effect of dilutive stock options and restricted stock units	—	—	—	—
Weighted-average shares of common stock outstanding, used in computing diluted loss per share	33,956	33,800	33,878	33,767
Loss per share of common stock:				
Basic	$ (0.40)	$ (0.31)	$ (0.02)	$ (0.04)
Diluted	(0.40)	(0.31)	(0.02)	(0.04)

Stock options and service-based restricted stock units representing 2,248,443 and 2,237,832 shares of common stock outstanding for the three months ended June 30, 2011 and 2010, respectively, and 2,250,631 and 2,208,577 shares of common stock for the six months ended June 30, 2011 and 2010, respectively, were excluded from the computation of diluted EPS because their effect would be anti-dilutive due to a net loss in the period. In addition, performance-based restricted stock units representing 35,735 and 48,477 shares for the three months ended June 30, 2011 and 2010, respectively, and 30,222 and 42,895 shares of common stock for the six months ended June 30, 2011 and 2010, respectively, were excluded from the computation of diluted EPS because these shares were subject to performance conditions that had not been met.

Since the inception of the Company's stock repurchase plan in 2004 through June 30, 2011, the Company's Board of Directors has authorized the repurchase of $500,000,000 of the Company's common stock. As of June 30, 2011, the Company had repurchased 9,190,890 shares under this program at an aggregate purchase price of approximately $421,237,000. During the six months ended June 30, 2011, the Company did not repurchase any shares of the Company's common stock. During the six months ended June 30, 2010, the Company repurchased an aggregate of $3,838,000 of the Company's common stock. Shares of the Company's common stock may be purchased in the open market or through privately negotiated transactions, subject to market conditions. The repurchase program does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

NOTE 9 – SEGMENT INFORMATION

The Company operates in four geographic segments: (1) United States, (2) Latin America and Asia Pacific ("LAAP"), (3) Europe, Middle East and Africa ("EMEA") and (4) Canada, which are reflective of the Company's internal organization, management, and oversight structure. Each geographic segment operates predominantly in one industry: the design, development, marketing and distribution of active outdoor apparel, including outerwear and sportswear, footwear and accessories and equipment.

The geographic distribution of the Company's net sales and income (loss) before income tax are summarized in the following tables (in thousands). Inter-segment net sales, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales to unrelated entities:				
United States	$129,080	$123,644	$321,537	$296,892
LAAP	76,566	51,898	143,901	107,951
EMEA	53,611	38,662	97,967	85,521
Canada	8,773	7,627	37,711	31,873
	$268,030	$221,831	$601,116	$522,237
Income (loss) before income tax:				
United States	$ (16,279)	$ (16,235)	$ (7,650)	$ (11,408)
LAAP	6,544	6,489	15,041	13,275
EMEA	(5,397)	(2,058)	(8,572)	(2,697)
Canada	(3,508)	(2,913)	461	(1,397)
Interest income, net	461	392	784	926
	$ (18,179)	$ (14,325)	$ 64	$ (1,301)

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, the Company's financial position and results of operations are routinely subject to a variety of risks. These risks include risks associated with global financial and capital markets, primarily 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 result in an appropriate level of protection against an adverse effect of these risks. The Company does not engage in speculative trading in any capital market.

The Company's primary exchange rate risk management objective is to mitigate the uncertainty of anticipated functional currency equivalent cash flows attributable to changes in exchange rates. The Company primarily focuses 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 Korean won as their functional currency. The Company manages this risk primarily by using currency forward and option contracts. If the anticipated transactions are deemed probable, the resulting relationships are formally designated as cash flow hedges. The Company also uses foreign currency forward and option contracts to hedge net balance sheet exposures related primarily to intercompany loan agreements and payables.

The effective change in fair value of financial instruments formally designated in cash flow hedging relationships is initially offset to accumulated other comprehensive income and any ineffective portion is offset to current income. Amounts accumulated in other comprehensive income are subsequently reclassified to cost of sales when the underlying transaction is included in income. Hedge effectiveness is 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 are excluded from the determination of hedge effectiveness and included in current cost of sales. For option contracts, the hedging relationship is assumed to have no ineffectiveness if the critical terms of the option contract match the hedged transaction's terms, the strike price, or prices, match the specified levels beyond or within that of the exposure being hedged, the option's cash flows completely offset the hedged item's cash flow at maturity and the option can only be exercised on a specified date. Hedge ineffectiveness was not material during the three and six months ended June 30, 2011 and 2010.

The classification in the Condensed Consolidated Statements of Operations 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 transaction affects income. Unrealized derivative gains and losses, which are recorded in current assets and liabilities, respectively, are non-cash items and therefore are taken into account in the preparation of the Condensed Consolidated Statements of Cash Flows based on their respective balance sheet classifications.

The Company uses derivative instruments not formally designated as hedges to manage the exchange rate risk associated with both the remeasurement of monetary assets and liabilities and anticipated transactions that do not qualify as the hedged items in cash flow hedging relationships. The change in fair value of these instruments is recognized immediately in selling, general and administrative expense ("SG&A"), depending on the underlying exposure.

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

	June 30, 2011	December 31, 2010	June 30, 2010
Derivative instruments designated as cash flow hedges:			
Currency forward contracts	$157,725	$ 86,260	$85,725
Currency option contracts	—	4,500	9,000
Derivative instruments not designated as cash flow hedges:			
Currency forward contracts	73,625	179,382	53,322
Currency option contracts	—	—	25,384

At June 30, 2011, approximately $6,100,000 of deferred net losses on both outstanding and matured derivatives accumulated in other comprehensive income are expected to be reclassified to net income during the next twelve months as a result of underlying hedged transactions also being recorded in net income. Actual amounts ultimately reclassified to net income are dependent on U.S. dollar exchange rates in effect against the European euro, Canadian dollar, Japanese yen and Korean won when outstanding derivative contracts mature.

At June 30, 2011, the Company's derivative contracts had a remaining maturity of approximately two years or less. All the counterparties to these transactions had both long-term and short-term investment grade credit ratings and, as a result, neither the Company nor its counterparties are required to post collateral to facilitate transactions. The maximum net exposure to any single counterparty, which is generally limited to the aggregate unrealized gain of all contracts with that counterparty, was not material at June 30, 2011. The Company does not hold derivatives featuring credit-related contingent terms, is not a party to any derivative master agreement featuring credit-related contingent terms and 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	June 30, 2011	December 31, 2010	June 30, 2010
Derivative instruments designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	$ 108	$ 362	$4,773
Currency option contracts	Prepaid expenses and other current assets	—	15	344
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	5,750	2,732	445
Currency option contracts	Accrued liabilities	—	102	90

	Balance Sheet Classification	June 30, 2011	December 31, 2010	June 30, 2010
Derivative instruments not designated as cash flow hedges:				
Derivative instruments in asset positions:				
Currency forward contracts	Prepaid expenses and other current assets	$ 110	$ 789	$1,812
Currency option contracts	Prepaid expenses and other current assets	—	—	34
Derivative instruments in liability positions:				
Currency forward contracts	Accrued liabilities	1,931	4,169	204
Currency option contracts	Accrued liabilities	—	—	364

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

	Statement Of Operations Classification	Three Months Ended June 30,		Six Months Ended June 30,	
		2011	2010	2011	2010
Currency Forward Contracts:					
Derivative instruments designated as cash flow hedges:					
Gain (Loss) recognized in other comprehensive income or loss, net of tax	—	$(2,651)	$ 4,285	$(5,594)	$ 5,154
Loss reclassified from accumulated other comprehensive income or loss to income or loss for the effective portion	Cost of sales	(500)	(283)	(868)	(1,440)
Loss recognized in income or loss for amount excluded from effectiveness testing and for the ineffective portion	Cost of sales	(457)	(75)	(646)	(96)
Derivative instruments not designated as cash flow hedges:					
Gain recognized in income or loss	Cost of Sales	—	944	—	1,071
Gain recognized in income or loss	SG&A	97	1,757	4,759	4,314

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Inventory Purchase Obligations

Product purchase obligations for open production purchase orders for sourced apparel, footwear, accessories and equipment, and raw materials used to manufacture apparel were $394,255,000 at June 30, 2011.

NOTE 12 – FAIR VALUE MEASURES

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

Level 1 – observable inputs such as quoted prices in active liquid markets;

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

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

Assets and liabilities measured at fair value on a recurring basis at June 30, 2011 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Money market funds	$136,840	$ —	$ —	$136,840
Time deposits	21,659	—	—	21,659
Available-for-sale short-term investments[1]				
Short-term municipal bond fund	25,864	—	—	25,864
Time deposits	2,856	—	—	2,856
U.S. Government-backed municipal bonds	—	62,122	—	62,122
Other current assets				
Derivative financial instruments (Note 10)	—	218	—	218
Non-current assets				
Mutual fund shares	2,480	—	—	2,480
Total assets measured at fair value	$189,699	$62,340	$ —	$252,039
Liabilities:				
Accrued liabilities				
Derivative financial instruments (Note 10)	$ —	$ 7,681	$ —	$ 7,681
Total liabilities measured at fair value	$ —	$ 7,681	$ —	$ 7,681

Assets and liabilities measured at fair value on a recurring basis at December 31, 2010 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Money market funds	$177,104	$ —	$ —	$177,104
Time deposits	7,510	—	—	7,510
U.S. Government-backed municipal bonds	—	5,560	—	5,560
Available-for-sale short-term investments [(1)]				
Short-term municipal bond fund	15,624	—	—	15,624
U.S. Government-backed municipal bonds	—	53,188	—	53,188
Other current assets				
Derivative financial instruments (Note 10)	—	1,166	—	1,166
Non-current assets				
Mutual fund shares	1,670	—	—	1,670
Total assets measured at fair value	$201,908	$59,914	$ —	$261,822
Liabilities:				
Accrued liabilities				
Derivative financial instruments (Note 10)	$ —	$ 7,003	$ —	$ 7,003
Total liabilities measured at fair value	$ —	$ 7,003	$ —	$ 7,003

Assets and liabilities measured at fair value on a recurring basis at June 30, 2010 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Money market funds	$276,216	$ —	$ —	$276,216
Time deposits	9,822	—	—	9,822
U.S. Government-backed municipal bonds	—	10,750	—	10,750
Available-for-sale short-term investments [(1)]				
Short-term municipal bond fund	25,421	—	—	25,421
Time deposits	2,320	—	—	2,320
U.S. Government-backed municipal bonds	—	23,945	—	23,945
Other current assets				
Derivative financial instruments (Note 10)	—	6,963	—	6,963
Non-current assets				
Mutual fund shares	1,221	—	—	1,221
Total assets measured at fair value	$315,000	$41,658	$ —	$356,658
Liabilities:				
Accrued liabilities				
Derivative financial instruments (Note 10)	$ —	$ 1,103	$ —	$ 1,103
Total liabilities measured at fair value	$ —	$ 1,103	$ —	$ 1,103

(1) Investments have original maturities greater than three months but less than two years and are available for use in current operations.

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 assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2011, December 31, 2010, or June 30, 2010.

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

This quarterly report contains forward-looking statements. Forward-looking statements include any statements related to our expectations regarding future performance or market position, including any statements regarding anticipated sales across markets, distribution channels and product categories, access to raw materials and factory capacity, financing and working capital requirements and resources and our exposure to market risk associated with interest rates and foreign currency exchange rates.

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

Our Business

As one of the largest outdoor apparel and footwear companies in the world, we design, source, market and distribute active outdoor apparel, footwear, accessories and equipment under the Columbia, Mountain Hardwear, Sorel and Montrail brands. Our products are sold through a mix of wholesale distribution channels, independent distributors, our own direct-to-consumer channels and licensees.

The popularity of outdoor activities, changing design trends and consumer adoption of innovative performance technologies affect consumer desire for our products. Therefore, we seek to drive, anticipate and respond to trends and shifts in consumer preferences by adjusting the mix of available product offerings, developing new products with innovative performance features and designs, and creating persuasive and memorable marketing communications to generate consumer awareness and demand. 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 outdoor industry and is heavily dependent upon discretionary consumer spending patterns. Our products are marketed on a seasonal basis and our product mix is weighted substantially toward the fall season, while our operating costs are more equally distributed throughout the year. The expansion of our direct-to-consumer operations since 2008 has increased the proportion of sales and profits that we generate in the fourth calendar quarter. As a result, our sales and profits tend to be highest in the third and fourth calendar quarters. In 2010, approximately 65 percent of our net sales and all of our profitability 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.

Our quarterly net sales comparisons often vary significantly due to shifts in the timing of fall season shipments to international distributors that occur late in the second quarter or early in the third quarter and shifts in the timing of spring season shipments to international distributors that occur late in the fourth quarter or early in the first quarter. In addition, as our Sorel and Columbia winter footwear and direct-to-consumer businesses grow, a greater proportion of net sales and operating income will occur in the fourth quarter.

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 economic conditions. Sales of our products are subject to substantial cyclical fluctuation, the effects of unseasonable weather conditions, and the continued popularity of outdoor activities as part of an active lifestyle in key markets. The current economic environment in key markets, coupled with inflationary cost pressures, has reduced the predictability of our business.

Business Outlook

The business climate continues to present us with a great deal of uncertainty, with a number of variables that we rely on for planning purposes moving in opposing directions making it more difficult to predict future results. Factors that could significantly affect our 2011 outlook include:

- Unseasonable weather conditions or other unforeseen factors affecting consumer demand and the resulting effect on order cancellations and reorders;
- Changes in mix and volume of full price sales in contrast with closeout product sales;

- Manufacturing and/or transportation capacity constraints;
- Volatile input costs across our supply chain, including transportation costs;
- Increased fixed costs to support growth and our multi-year business process, supply chain and information technology infrastructure investments and projects;
- Costs of expedited transportation;
- Lower relative volume of department store sales in the United States;
- Incremental sales through our expanding direct-to-consumer operations, which are not included in backlog;
- Changes in consumer spending activity and sales fluctuations in our own retail stores; and
- Fluctuating currency exchange rates.

Like other branded consumer product companies, our business is heavily dependent upon discretionary consumer spending patterns. Continuing high levels of unemployment and concerns about increasing consumer inflation rates in our key markets continue to pose significant challenges and risks.

Over the past two years we have made significant investments in our go-to-market process to position us for growth. Among other things we have:

- Sharpened our focus on product innovation;
- Built a multi-channel direct-to-consumer platform, including expanded retail store and e-commerce operations;
- Refocused our marketing efforts behind new brand campaigns and media strategies for each of our major brands; and
- Restructured our sales organizations to build relationships with new partners and strengthen those with existing accounts.

As a result of these continuing efforts, we expect our selling, general and administrative ("SG&A") expenses in 2011 to increase compared to 2010. In addition, we have begun to make improvements to our operational processes, involving significant investments in initiatives to improve our information technology infrastructure and our enterprise data and information management across our organization, which is designed to improve operational flexibility and performance across our supply chain. These investments are the foundation for a multi-year implementation of a new global enterprise resource planning, or ERP, system that began in late 2010 and will accelerate in 2011 and beyond.

As our business model and strategies have evolved, management expects certain trends to continue to affect our business and operating results, including:

- A higher amount of fixed operating expenses to support, among other things, direct-to-consumer and direct sales activities;
- A lower relative volume of U.S. department store sales;
- An increasing percentage of growth from markets outside the U.S.; and
- Increasing product input cost pressure.

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.

Results of Operations

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

The second quarter is our smallest revenue quarter, historically accounting for approximately 15 percent of annual net sales. As a result, geographic, product category and brand net sales results often produce large percentage variances when compared with the prior year's comparable period due to the small base of comparison and because of shifts in the timing of shipments. Seasonal shipments to our international distributors may occur late in the second quarter or early in the third quarter.

Highlights of the Second Quarter of 2011

- Net sales for the second quarter of 2011 increased $46.2 million, or 21%, to $268.0 million from $221.8 million for the second quarter of 2010, including approximately a three percentage point benefit from changes in foreign currency exchange rates.
- Net loss for the second quarter of 2011 increased 28% to $13.6 million, or $0.40 per diluted share, compared to $10.6 million, or $0.31 per diluted share, for the second quarter of 2010.
- We paid quarterly cash dividends of $0.22 per share, or $7.5 million, in the second quarter of 2011, a 10% increase over the quarterly dividends of $0.20 per share paid in the first quarter of 2011.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	58.1	56.3	56.4	57.1
Gross profit	41.9	43.7	43.6	42.9
Selling, general and administrative expense	50.2	51.1	44.7	43.8
Net licensing income	1.3	0.8	1.0	0.5
Loss from operations	(7.0)	(6.6)	(0.1)	(0.4)
Interest income, net	0.2	0.1	0.1	0.2
Income (loss) before income tax	(6.8)	(6.5)	0.0	(0.2)
Income tax benefit (expense)	1.7	1.7	(0.1)	(0.1)
Net loss	(5.1)%	(4.8)%	(0.1)%	(0.3)%

Quarter Ended June 30, 2011 Compared to Quarter Ended June 30, 2010

Net Sales: Consolidated net sales increased $46.2 million, or 21%, to $268.0 million for the second quarter of 2011 from $221.8 million for the comparable period in 2010. Net sales increased across all four of our major brands, all geographic regions and all product categories. Changes in foreign currency exchange rates compared with the second quarter of 2010 contributed approximately a three percentage point benefit to the consolidated net sales comparison.

Sales by Brand

Net sales by brand are summarized in the following table:

	Three Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
Columbia	$ 239.1	$ 199.4	20%
Mountain Hardwear	22.7	18.3	24%
Sorel	3.7	1.8	106%
Other	2.5	2.3	9%
	$ 268.0	$ 221.8	21%

The net sales increase for the second quarter of 2011 compared to the second quarter of 2010 was primarily concentrated in the Columbia brand. The Columbia brand net sales increase was led by the LAAP region, followed by the EMEA region, the United States and Canada.

Sales by Geographic Region

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

	Three Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
United States	$ 129.0	$ 123.7	4%
LAAP	76.6	51.8	48%
EMEA	53.6	38.6	39%
Canada	8.8	7.7	14%
	$ 268.0	$ 221.8	21%

Net sales in the United States increased $5.3 million, or 4%, to $129.0 million for the second quarter of 2011 from $123.7 million for the comparable period in 2010. The increase in net sales in the United States by product category was led by outerwear, followed by footwear and sportswear, partially offset by a net sales decrease in accessories and equipment. The net sales increase by channel consisted of a net sales increase in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business. The net sales increase in our direct-to-consumer business was driven by increased sales within our retail stores, increased sales through our Columbia and Sorel brand e-commerce sites and incremental sales from our Mountain Hardwear brand e-commerce site which was launched in the third quarter of 2010. The net sales decrease in our wholesale business was the result of a planned shift in the timing of shipments of fall 2011 advance orders compared with fall 2010, combined with fewer reorders and greater cancellations due primarily to unseasonable spring weather.

Net sales in the LAAP region increased $24.8 million, or 48%, to $76.6 million for the second quarter of 2011 from $51.8 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with the second quarter of 2010 contributed approximately a nine percentage point benefit to the LAAP net sales comparison. The net sales increase in the LAAP region by product category was led by sportswear, followed by outerwear, footwear and accessories and equipment. The LAAP net sales increase was primarily concentrated in the Columbia brand and was led by our LAAP distributor business, followed by Korea and Japan. The net sales increase to our LAAP distributors primarily reflected earlier shipments of fall 2011 advance orders made possible by more timely production. The increase in Korea net sales was primarily due to increased retail sales of the Columbia and Mountain Hardwear brands. The increase in Japan net sales was primarily the result of the market’s steady recovery from the earthquake and tsunami events of March 11, 2011 and the favorable effect of foreign currency exchange rates.

Net sales in the EMEA region increased $15.0 million, or 39%, to $53.6 million for the second quarter of 2011 from $38.6 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with the second quarter of 2010 contributed approximately a five percentage point benefit to the EMEA net sales comparison. The net sales increase in the EMEA region by product category was led by outerwear, followed by sportswear and footwear, partially offset by a net sales decrease in accessories and equipment. The EMEA net sales increase was primarily concentrated in the Columbia brand in our EMEA distributor business. The net sales increase to our EMEA distributors primarily reflected earlier shipments of fall 2011 advance orders made possible by more timely production.

Net sales in Canada increased $1.1 million, or 14%, to $8.8 million for the second quarter of 2011 from $7.7 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with 2010 contributed approximately a six percentage point benefit to the Canada net sales comparison. The increase in net sales was led by the Columbia brand, followed by Mountain Hardwear and Sorel. By product category, the increase in net sales was led by footwear, followed by outerwear, sportswear and accessories and equipment.

Sales by Product Category

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

	Three Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
Outerwear	$ 62.1	$ 43.4	43%
Sportswear	136.2	121.9	12%
Footwear	50.0	38.7	29%
Accessories and Equipment	19.7	17.8	11%
	$ 268.0	$ 221.8	21%

Net sales of outerwear increased $18.7 million, or 43%, to $62.1 million for the second quarter of 2011 from $43.4 million for the comparable period in 2010. The increase in outerwear net sales was primarily concentrated in the Columbia brand and was led by the EMEA region, followed by the LAAP region, the United States and Canada. The net sales increase in outerwear in the EMEA region consisted of a net sales increase in our distributor business, partially offset by a net sales decrease in our direct business. The outerwear net sales increase in the LAAP region was led by our LAAP distributor business, followed by Japan and Korea.

Net sales of sportswear increased $14.3 million, or 12%, to $136.2 million for the second quarter of 2011 from $121.9 million for the comparable period in 2010. The increase in sportswear net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by the EMEA region, the United States and Canada. The sportswear net sales increase in the LAAP region was led by Korea, followed by our LAAP distributor business and Japan.

Net sales of footwear increased $11.3 million, or 29%, to $50.0 million for the second quarter of 2011 from $38.7 million for the comparable period in 2010. The increase in footwear net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by the EMEA region, the United States and Canada. The net sales increase in footwear in the LAAP region was led by Korea, followed by Japan and our LAAP distributor business. The footwear net sales increase in the EMEA region was led by our distributor business, followed by our direct business.

Net sales of accessories and equipment increased $1.9 million, or 11%, to $19.7 million for the second quarter of 2011 from $17.8 million for the comparable period in 2010. The increase in accessories and equipment net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by Canada, partially offset by a net sales decrease in the United States and the EMEA region.

Gross Profit: Gross profit, as a percentage of net sales, decreased to 41.9% for the second quarter of 2011 from 43.7% for the comparable period in 2010. Gross profit contraction was primarily due to:

- A higher proportion of shipments to EMEA and LAAP distributors which carry lower gross margins than direct wholesale and direct-to-consumer sales; and
- A higher proportion of close-out product sales at lower gross margins;

partially offset by:

- Increased direct-to-consumer sales at higher gross margins;
- Lower airfreight costs; and
- Favorable foreign currency hedge rates.

Our gross profits may not be comparable to those of other companies in our industry because some 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.

Selling, General and Administrative Expense: 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 $21.0 million, or 19%, to $134.5 million for the second quarter of 2011 from $113.5 million for the comparable period in 2010. The SG&A expense increase was primarily due to:

- The unfavorable effect of foreign currency translation;
- Expansion of direct-to-consumer operations globally;
- Information technology initiatives, including our ERP implementation; and
- Additions to staff to support business initiatives and growth.

SG&A expense decreased to 50.2% of net sales for the second quarter of 2011 from 51.1% of net sales for the comparable period in 2010. Depreciation and amortization included in SG&A expense totaled $10.4 million for the second quarter of 2011, compared to $9.2 million for the same period in 2010.

Net Licensing Income: Net licensing income increased $1.7 million to $3.5 million for the second quarter of 2011 from $1.8 million for the same period in 2010, primarily due to increased apparel and footwear licensing income in the LAAP region.

Interest Income, Net: Net interest income was $0.5 million for the second quarter of 2011 compared to $0.4 million for the same period in 2010. Interest income increased due to higher average interest rates on cash equivalents and short-term investments compared to the same period in 2010. Interest expense was nominal for the second quarter of 2011 and for the comparable period in 2010.

Income Tax Benefit: The income tax benefit increased to $4.6 million for the second quarter of 2011 from $3.7 million for the comparable period in 2010. This increase primarily resulted from a larger loss before income taxes for the quarter. Our effective income tax rate was 25.4% for the second quarter of 2011, compared to 26.0% for the same period in 2010. Many factors could cause our annual effective tax rate to differ materially from our quarterly effective tax rates, including changes in the geographic mix of taxable income and discrete events in future periods.

Net Loss: Net loss increased $3.0 million, or 28%, to $13.6 million for the second quarter of 2011 from $10.6 million for the comparable period in 2010. Diluted loss per share was $0.40 for the second quarter of 2011, compared to $0.31 for the second quarter of 2010.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Net Sales: Consolidated net sales increased $78.9 million, or 15%, to $601.1 million for the six months ended June 30, 2011 from $522.2 million for the comparable period in 2010. Net sales increased across all four of our major brands, all geographic regions and all product categories. Changes in foreign currency exchange rates, compared with the six months ended June 30, 2010, contributed approximately a two percentage point benefit to the consolidated net sales comparison.

Sales by Brand

Net sales by brand are summarized in the following table:

	Six Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
Columbia	$ 527.2	$ 467.1	13%
Mountain Hardwear	54.4	43.9	24%
Sorel	14.0	5.8	141%
Other	5.5	5.4	2%
	$ 601.1	$ 522.2	15%

The net sales increase for the six months ended June 30, 2011 compared to the six months ended June 30, 2010 was primarily concentrated in the Columbia brand. The Columbia brand net sales increase was led by the LAAP region, followed by the United States, the EMEA region and Canada.

Sales by Geographic Region

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

	Six Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
United States	$ 321.5	$ 296.9	8%
LAAP	143.9	107.9	33%
EMEA	98.0	85.5	15%
Canada	37.7	31.9	18%
	$ 601.1	$ 522.2	15%

Net sales in the United States increased $24.6 million, or 8%, to $321.5 million for the six months ended June 30, 2011 from $296.9 million for the comparable period in 2010. The increase in net sales in the United States by product category was led by footwear, followed by outerwear, sportswear and accessories and equipment. The net sales increase by channel consisted of a net sales increase in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business. The net sales increase in our direct-to-consumer business was driven by increased sales within our retail stores, increased sales through our Columbia and Sorel brand e-commerce sites, and incremental sales from our Mountain Hardwear brand e-commerce site which was launched in the third quarter of 2010.

Net sales in the LAAP region increased $36.0 million, or 33%, to $143.9 million for the six months ended June 30, 2011 from $107.9 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with the six months ended June 30, 2010, contributed approximately a seven percentage point benefit to the LAAP net sales comparison. The net sales increase in the LAAP region by product category was led by outerwear, followed by sportswear, footwear and accessories and equipment. The LAAP net sales increase was primarily concentrated in the Columbia brand and was led by Korea, followed by our LAAP distributor business and Japan. The increase in Korea net sales was primarily due to increased sales from existing stores, followed by a greater number of retail stores operating at June 30, 2011 than at June 30, 2010. The increase in Japan net sales was primarily the result of the favorable effect of foreign currency exchange rates and increased wholesale net sales in the sports chain channel. The net sales increase to our LAAP distributors primarily reflected earlier shipments of fall 2011 advance orders made possible by more timely production.

Net sales in the EMEA region increased $12.5 million, or 15%, to $98.0 million for the six months ended June 30, 2011 from $85.5 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with the six months ended June 30, 2010 contributed approximately a two percentage point benefit to the EMEA net sales comparison. By product category, the increase in net sales was led by outerwear, followed by footwear and sportswear, partially offset by a net sales decrease in accessories and equipment. The EMEA net sales increase was primarily concentrated in the Columbia brand and was concentrated in our EMEA distributor business. The net sales increase to our EMEA distributors primarily reflected earlier shipments of fall 2011 advance orders made possible by more timely production.

Net sales in Canada increased $5.8 million, or 18%, to $37.7 million for the six months ended June 30, 2011 from $31.9 million for the comparable period in 2010. Changes in foreign currency exchange rates compared with 2010 contributed approximately a seven percentage point benefit to the Canada net sales comparison. The increase in net sales was led by the Columbia brand, followed by Mountain Hardwear and Sorel. By product category, the increase in net sales was led by sportswear, followed by outerwear, footwear and accessories and equipment.

Sales by Product Category

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

	Six Months Ended June 30,		
	2011	2010	% Change
	(In millions, except for percentage changes)		
Outerwear	$ 160.9	$ 131.0	23%
Sportswear	290.4	268.3	8%
Footwear	104.4	84.8	23%
Accessories and Equipment	45.4	38.1	19%
	$ 601.1	$ 522.2	15%

Net sales of outerwear increased $29.9 million, or 23%, to $160.9 million for the six months ended June 30, 2011 from $131.0 million for the comparable period in 2010. The increase in outerwear net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by the United States, the EMEA region and Canada. The outerwear net sales increase in the LAAP region was led by our LAAP distributor business, followed by Japan and Korea. The net sales increase in outerwear in the United States consisted of a net sales increase in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business.

Net sales of sportswear increased $22.1 million, or 8%, to $290.4 million for the six months ended June 30, 2011 from $268.3 million for the comparable period in 2010. The increase in sportswear net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by the United States, the EMEA region and Canada. The sportswear net sales increase in the LAAP region was led by Korea, followed by our LAAP distributor business and Japan. The net sales increase in sportswear in the United States consisted of a net sales increase in our direct-to-consumer business, partially offset by a net sales decrease in our wholesale business.

Net sales of footwear increased $19.6 million, or 23%, to $104.4 million for the six months ended June 30, 2011 from $84.8 million for the comparable period in 2010. The increase in footwear net sales was primarily concentrated in the Columbia and Sorel brands and was led by the United States, followed by the LAAP region, the EMEA region and Canada. The net sales increase in footwear in the United States was led by our wholesale business, followed by our direct-to-consumer business. The footwear net sales increase in the LAAP region was led by Korea, followed by Japan and our LAAP distributor business.

Net sales of accessories and equipment increased $7.3 million, or 19%, to $45.4 million for the six months ended June 30, 2011 from $38.1 million for the comparable period in 2010. The increase in accessories and equipment net sales was primarily concentrated in the Columbia brand and was led by the LAAP region, followed by the United States and Canada, partially offset by a net sales decrease in the EMEA region.

Gross Profit: Gross profit, as a percentage of net sales, increased to 43.6% for the six months ended June 30, 2011 from 42.9% for the comparable period in 2010. Gross profit expansion was primarily due to:

- Lower airfreight costs;
- A lower proportion of close-out product sales;
- Favorable foreign currency hedge rates; and
- Increased direct-to-consumer sales at higher gross margins, due primarily to a higher proportion of e-commerce sales and more targeted promotions within our retail stores;

partially offset by:

- A higher proportion of shipments to EMEA and LAAP distributors which carry lower gross margins than direct wholesale and direct-to-consumer sales.

Selling, General and Administrative Expense: SG&A expense increased $39.7 million, or 17%, to $268.7 million for the six months ended June 30, 2011 from $229.0 million for the comparable period in 2010. The SG&A expense increase was primarily due to:

- Expansion of direct-to-consumer operations globally;
- Information technology initiatives, including our ERP implementation;
- The unfavorable effect of foreign currency translation; and
- Additions to staff to support business initiatives and growth.

SG&A expense increased to 44.7% of net sales for the six months ended June 30, 2011 from 43.8% of net sales for the comparable period in 2010. Depreciation and amortization included in SG&A expense totaled $20.8 million for the six months ended June 30, 2011, compared to $18.2 million for the same period in 2010.

Net Licensing Income: Net licensing income increased $3.5 million to $6.0 million for the six months ended June 30, 2011 from $2.5 million for the same period in 2010, primarily due to increased apparel and footwear licensing income in the LAAP region.

Interest Income, Net: Net interest income was $0.8 million for the six months ended June 30, 2011 compared to $0.9 million for the same period in 2010. Interest income decreased due to lower average balances compared to the same period in 2010. Interest expense was nominal for the six months ended June 30, 2011 and for the comparable period in 2010.

Income Tax Expense: The provision for income taxes increased to $0.9 million for the six months ended June 30, 2011 from $0.1 million for the comparable period in 2010. Income tax expense increased primarily due to the impact of discrete tax expense items as well as the fact that we recognized net income for the six months ended June 30, 2011 while we recognized a net loss for the comparable period in 2010.

Net Loss: Net loss decreased $0.6 million, or 43%, to $0.8 million for the six months ended June 30, 2011 from $1.4 million for the comparable period in 2010. Diluted loss per share was $0.02 for the six months ended June 30, 2011, compared to $0.04 for comparable period in 2010.

Liquidity and Capital Resources

Our primary ongoing funding requirements are for working capital, investing activities associated with the expansion of our global operations and general corporate needs. At June 30, 2011, we had total cash and cash equivalents of $207.4 million compared to $234.3 million at December 31, 2010 and $346.6 million at June 30, 2010. In addition, we had short-term investments of $90.8 million at June 30, 2011, compared to $68.8 million at December 31, 2010 and $51.7 million at June 30, 2010.

Net cash provided by operating activities was $12.0 million for the six months ended June 30, 2011, compared to $16.5 million for the same period in 2010. The decrease in cash provided by operating activities for the six months ended June 30, 2011, compared to the same period in 2010 was primarily due to decreases in working capital liabilities and increased inventory, partially offset by increased collection of accounts receivable compared with the same period in 2010.

Net cash used in investing activities was $44.3 million for the six months ended June 30, 2011, compared to $43.4 million for the comparable period in 2010. For the 2011 period, net cash used in investing activities primarily consisted of $22.6 million for capital expenditures and $21.8 million for net purchases of short-term investments. For the 2010 period, net cash used in investing activities primarily consisted of $29.0 million for purchases of short-term investments and $14.4 million for capital expenditures.

Net cash used in financing activities was $5.5 million for the six months ended June 30, 2011, compared to $11.4 million for the comparable period in 2010. For the 2011 period, net cash used in financing activities primarily consisted of dividend payments of $14.2 million, partially offset by net proceeds from stock plan activity of $6.9 million. For the 2010 period, net cash used in financing activities primarily consisted of dividend payments of $12.2 million and the repurchase of common stock at an aggregate price of $3.8 million, partially offset by net proceeds from issuance of common stock of $4.2 million.

To fund our domestic working capital requirements, we have an unsecured, committed $125.0 million revolving line of credit available. At June 30, 2011 no balance was outstanding under this line of credit and we were in compliance with all associated covenants. Internationally, our subsidiaries have local currency operating lines in place guaranteed by us with a combined limit of approximately $86.9 million at June 30, 2011, of which $3.6 million is designated as a European customs guarantee. At June 30, 2011, no balance was outstanding under these lines of credit.

We expect to fund our future capital expenditures with existing cash, operating cash flows and credit facilities. If the need arises, we may 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 are affected by seasonal trends typical in the outdoor apparel industry and have historically resulted in higher sales and profits in the third and fourth calendar quarters. This pattern has resulted primarily from the timing of shipments of fall season products to wholesale customers and proportionally higher sales from our direct-to-consumer operations in the fourth quarter. 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.

Off-Balance Sheet Arrangements

We have arrangements in place to facilitate the import and purchase of inventory through import letters of credit. We maintain unsecured and uncommitted import lines of credit with a combined limit of $25.0 million at June 30, 2011, available for issuing documentary letters of credit. At June 30, 2011, no balance was outstanding under these letters of credit.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make various estimates and judgments that affect reported amounts of assets, liabilities, sales, cost of sales and expenses and related disclosure of contingent assets and liabilities. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to in our Annual Report on Form 10-K for the year ended December 31, 2010 have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies and estimates. Because of the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies. We base our ongoing estimates on historical experience and other various assumptions that we believe to be reasonable under 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, close-out 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.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2010.

Recent Accounting Pronouncements

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

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

There has not been any material change in the market risk disclosure contained in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4 – *CONTROLS AND PROCEDURES*

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

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

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 and various regulatory compliance activities. The Company has considered facts related to legal and regulatory matters and opinions of counsel handling these matters, and does not believe the ultimate resolution of such proceedings will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Item 1A. *RISK FACTORS*

In addition to the other information contained in this Form 10-Q, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, results of operations or cash flows may be materially adversely affected by any of these risks. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. The following risk factors include changes to and supersede the description of the risk factors associated with our business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Our Success Depends on Our Business Strategies

Our business strategies are to achieve sustainable, profitable growth by creating innovative products, elevating consumer perception of our brands, increasing consumer and retailer awareness and demand for our products, creating compelling retail environments, and building stronger emotional brand connections with consumers over time. We intend to pursue these strategies across our portfolio of brands, product categories and geographic markets. We face many challenges in implementing our business strategies. For example, our focus on innovation depends on our ongoing ability to identify, develop or secure rights to product improvements or developments through internal research, joint developments, acquisitions or licenses. However, these innovations and developments may not be profitable or have the desired effect of increasing demand for our products. The failure to implement our business strategies successfully could have a material adverse effect on our financial condition, results of operations or cash flows.

To implement our business strategies, we must continue to modify various aspects of our business, to maintain and enhance our information systems and supply chain operations to respond to increased demand and to attract, retain and manage qualified personnel. Changes in our business may place an increasing strain on management, financial, product design, marketing, distribution, supply chain and other resources, and we may have operating difficulties as a result. For example, in support of our strategic initiatives, we are making significant investments in our business processes and information technology infrastructure that require significant management attention and corporate resources. In addition, we may need to adapt our information technology systems and business processes to integrate business acquisitions. These business initiatives involve many risks and uncertainties that, if not managed effectively, may have a material adverse effect on our financial condition, results of operations or cash flows.

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

In addition, an increasing percentage of our anticipated sales growth is being driven by our winter footwear business (both Sorel and Columbia brands) and the majority of these advance orders typically schedule to ship in the fourth quarter. Combined with the anticipated growth of our direct-to-consumer business, this growth is expected to result in our net sales and operating income being more heavily weighted toward the fourth quarter compared with prior years. 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.

We Depend on Independent Factories

Our products are produced by independent factories worldwide. We do not own or operate any production facilities. Although we enter into purchase order commitments with these independent factories each season, we generally do not maintain long-term manufacturing commitments with them. Without long-term or reserve commitments, in a capacity-constrained environment, 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. Independent factories 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 an independent manufacturer fails to ship orders in a timely manner or to meet our standards or if we are unable to obtain necessary capacities, we may miss delivery deadlines or incur additional costs, which may result in cancellation of orders, refusal to accept deliveries, a reduction in purchase prices or increased costs, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.

Reliance on independent factories also creates quality control risks. In a capacity-constrained environment, we may need to use sub-contracted manufacturers to fulfill demand and these manufacturers may have less experience producing our products or lower overall capabilities, which could result in compromised quality of our products. A failure in our quality control program

may result in diminished product quality, which in turn could result in increased order cancellations and returns, decreased consumer demand for our products, or product recalls (or other regulatory actions), any of which could 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 and other environmental, health and safety standards for the benefit of workers and for compliance with product safety and other laws on our contractors. We also require our independent factories and licensees to impose these practices, standards and laws on their contractors. However, if an independent manufacturer or licensee violates labor or other laws, or engages in practices that are not generally accepted as ethical in our key markets, we may be subject to production disruptions or significant negative publicity that could result in long-term damage to our brand images, consumer demand for our products may decrease, and in some circumstances parties may attempt to assert that we are liable for the independent manufacturer's or licensee's practices, 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 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, 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 centralized governments in the countries where our products are manufactured, particularly in China and Vietnam;
- Interest rates and currency exchange rates;
- Availability of skilled labor and production capacity at independent factories; and
- General economic conditions.

Following a long period of generally stable-to-declining input costs, the apparel and footwear industry appears to be entering what may become a prolonged period of inflationary pressure on some or all of these input costs, resulting in increased costs to produce our products.

In addition, since the majority of our products are manufactured outside of our principal sales markets, our products must be transported by third parties over large geographical distances. Shortages in ocean freight capacity, airfreight capacity and volatile fuel costs can result in rapidly changing transportation costs. For example, during 2010, shortages of sourcing and transportation capacity, combined with later-than-optimal production of advance orders, caused us to rely more heavily on airfreight to achieve timely delivery to our customers, resulting in significantly higher freight costs. Because we price our products in advance and the external cost changes 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.

Our Sales and Profitability May be Adversely Affected by Increased Product Costs and Reduced Selling Prices

The apparel industry is subject to significant pressures on pricing and input costs caused by many factors, including intense competition, constrained sourcing capacity and related inflationary pressures, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to experience increased costs, reduce our sales prices to retailers and consumers or experience reduced sales in response to increased prices, any of which could cause our operating margin to decline if we are unable to offset these factors with reductions in operating costs and could have a material adverse effect on our financial condition, results of operations or cash flows.

Attracting superior retail channel partners and improving the sales productivity of our customers each depend on various factors, including the strength of our brand names, our ability to design and source innovative products, competitive conditions, the

availability of desirable locations and the negotiation of terms with customers. Future terms with customers may be less favorable to us than those under which we now operate. Large wholesale customers in particular increasingly seek to transfer various costs of business to their vendors, such as the cost of lost profits from promotional activity and product price markdowns, which could cause our gross margins to decline if we are unable to offset price reductions with comparable reductions in operating costs.

We May be Adversely Affected by Volatile Economic Conditions

We are a consumer products company and are highly dependent on consumer discretionary spending patterns and the purchasing patterns of our wholesale customers as they attempt to match their seasonal purchase volumes to volatile consumer demand. In addition, as we have expanded our direct-to-consumer operations, we have increased our exposure to the risks associated with volatile and unpredictable consumer discretionary spending patterns. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. Consumer demand for our products may not reach our sales targets, or may decline, when there is an economic downturn or economic uncertainty in our key markets, particularly markets in North America and the EMEA region. 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 Rely on Our Highly Customized Information Management Systems

Our business is increasingly reliant on information technology. Information systems are used across our supply chain and retail operations, from design to distribution and sales, and are used as a method of communication among employees, with our subsidiaries and liaison offices overseas and with our customers and retail stores. We also rely on our information systems to allocate resources, manage product data, develop demand and supply plans and forecast operating results. System failures, breaches of confidential information or service interruptions may occur as the result of a number of factors, including computer viruses, programming errors, hacking or other unlawful activities by third parties and disasters, or our failure to properly maintain systems redundancy or to protect, repair, maintain or upgrade our systems. Any breach or interruption of critical business information systems could have a material adverse effect on our financial condition, results of operations or cash flows.

Our existing ERP system is highly customized to our business. As a result, the availability of internal and external resources with the expertise to maintain our current ERP system is limited. As we plan for future growth, our current customized ERP system may inhibit our ability to operate efficiently, which could have an adverse effect on our financial condition, results of operations or cash flows. For example, our current ERP system may not be compatible with other systems that support desired functionality for our operations.

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

We regularly implement business process improvement initiatives to optimize our performance. Our current business process initiatives include, but are not limited to, plans to improve business results through standardization of business processes and technology that support our supply chain and go-to-market strategies through implementation of an integrated ERP software solution over the next few years. We may experience difficulties when we transition to new or upgraded systems and processes, including loss of data and decreases in productivity as our personnel become familiar with new systems. In addition, transitioning to new or upgraded systems requires significant capital investments and personnel resources. Difficulties in implementing new or upgraded information systems or significant system failures could disrupt our operations and have a material adverse effect on our financial condition, results of operations or cash flows.

We expect implementation of this new information technology infrastructure to have a pervasive impact on our business processes and information systems across a significant portion of our operations, including our finance operations. As a result, we will experience significant changes in our internal controls over financial reporting as our implementation progresses. If we are unable to successfully implement this system, including harmonizing our systems, data and processes, our ability to process transactions accurately and efficiently may be affected, and any unsuccessful implementation could have a material adverse effect on our capital resources, 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, consumer 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 independent factories prior to receiving all of our customers' orders, and we maintain an inventory of various products that we anticipate will be in greater demand. In addition, customers are generally allowed to cancel orders prior to shipment with sufficient notice.

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

- An increase or decrease in consumer demand for our products or for products of our competitors;
- Our reliance, for certain demand and supply planning functions, on manual processes and judgment that are subject to human error;
- Our failure to accurately forecast customer acceptance of new products;
- New product introductions by competitors;
- Unanticipated changes in general market conditions or other factors, which may result in cancellations of 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, our production orders may not match actual demand, which could result in our inability to deliver product in a timely manner, higher transportation costs to expedite delivery and higher inventory levels. During periods of weak economic conditions 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 certain customers' operations. We may not be able to sell all of the products we have ordered from independent factories 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 discount direct-to-consumer 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 independent factories 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 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 May be Adversely Affected by Weather Conditions

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 may decline in years in which weather conditions do not favor the use of these products. Periods of unseasonably warm weather in the fall or winter or unseasonably cold or wet weather in the spring and summer may have a material adverse effect on our financial condition, results of operations or cash flows. Inventory accumulation by our wholesale customers resulting from unseasonable weather in one season may negatively affect orders in future seasons, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Our International Operations Involve Many Risks

We are subject to the risks generally associated with doing business internationally. These risks include the effects of foreign laws and regulations, changes in consumer preferences, foreign currency fluctuations, political unrest, terrorist acts, military operations, disruptions or delays in shipments, disease outbreaks, natural disasters and changes in economic conditions in countries

in which we manufacture or sell products. These factors, among others, may affect our ability to sell products in international markets, our ability to manufacture products or procure materials, and our cost of doing business. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business may be materially and adversely affected. As we expand our operations in geographic scope and product categories, we anticipate intellectual property disputes will increase, making it more expensive and challenging to establish and protect our intellectual property rights and to defend against claims of infringement by others.

As a global company, we determine our income tax liability in various competing tax jurisdictions based on a careful 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 accrual may be insufficient to satisfy unfavorable findings, which by their nature cannot be predicted with certainty. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods, which may have a material adverse effect on our financial condition, results of operations or cash flows. Changes in 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.

Moreover, if we encounter a significant need for liquidity domestically or at a particular location that we cannot fulfill through borrowings, equity offerings or other internal or external sources, we may experience unfavorable tax and earnings consequences as a result of cash transfers. These adverse consequences would occur, for example, if the transfer of cash into the United States is taxed and no offsetting foreign tax credit is available to offset the U.S. tax liability, resulting in lower earnings. Furthermore, foreign exchange ceilings imposed by local governments and the sometimes lengthy approval processes that foreign governments require for international cash transfers may delay our internal cash transfers from time to time.

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 or into our other sales markets. Any country in which our products are produced or sold may eliminate, adjust or impose new import limitations, duties, tariffs, 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 Operate in Very Competitive Markets

The markets for outerwear, sportswear, 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.

Retailers who are our customers often pose our most significant competitive threat by marketing apparel, footwear and equipment under their own private labels. For example, in the United States, several of our largest customers have developed significant private label brands during the past decade that compete directly with our products. These retailers have assumed an increasing degree of inventory risk in their private label products and, as a result, may first cancel advance orders with us in order to manage their own inventory levels downward during weak economic cycles.

We also compete with other companies for the production capacity of independent factories that manufacture 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 strength may increase.

Increased competition may result in reduced access to production capacity, 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 May be Adversely Affected by the Financial Health of our Customers

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 filed or may file for protection under bankruptcy laws, which may in turn have a material adverse effect on our results of operations and financial condition. We extend credit to our customers

based on an assessment of the customer's financial condition, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers discounts for placing advance orders and extended payment terms for taking delivery before the peak shipping season. These extended payment terms increase our exposure to the risk of uncollectible receivables. In addition, we face increased risk of order reduction or cancellation or reduced availability of credit insurance coverage when dealing with financially ailing retailers or retailers struggling with economic uncertainty. Some of our significant wholesale customers have liquidated or reorganized, while others have had financial difficulties in the past and have recently experienced tightened credit markets and sales declines and reduced profitability, which in turn has an adverse effect on our business. We may reduce our level of business with customers experiencing financial difficulties and may not be able to replace that business with other customers, which 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 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 retailer consolidations could have a material adverse effect on our financial condition, results of operations or cash flows.

We Rely on Technical Innovation and Functional Design to Compete in the Market for our Products

Technical innovation and functional design is essential to distinguish our products in the marketplace and achieve commercial success. Research and development plays a key role in technical innovation. We rely upon specialists in the fields of chemistry, biochemistry, engineering, industrial design, electronics and related fields, guided by consumer feedback, to develop and test innovative performance products. 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, demand for our products could decline.

As we strive to achieve technical innovations, we face a greater risk of inadvertent infringements of third party rights or compliance issues with regulations applicable to products with technical innovations such as electrical components. In addition, technical innovations often involve more complex manufacturing processes. More complex manufacturing processes 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 remedy the problems. Failure to successfully bring to market technical innovations in our product lines 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 or consumer interest in outdoor activities may have a material adverse effect on our business. In addition, changes in fashion trends may have a greater impact than in the past as we expand our offerings to include more product categories in more geographic areas. We also face risks because our business requires us and our customers to anticipate consumer preferences. Our decisions about product designs often are made far in advance of consumer acceptance.

Although we try to manage our inventory risk through early order commitments by retailers, we must generally place a significant portion of our seasonal production orders with our independent factories before we have received all of a season's orders, and orders may be cancelled by customers before shipment. If we or our customers fail to anticipate and respond to consumer preferences, we may have lower sales, excess inventories and lower profit margins, any of which 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 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. From time to time, we 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 our brand 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. Failure to choose appropriate licensees and licensed product categories may dilute or harm our brand image. 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 the performance characteristics and fabrications from those of our competitors. Actions or decisions in 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 of intellectual property rights of third parties, including third party trademark, copyright and patent rights. An increasing number of our products include technologies and/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. Future litigation also may be necessary to defend against such claims or to enforce and protect our intellectual property rights. Intellectual property litigation may be costly and may divert management's attention from the operation of our business. Adverse determinations in any litigation may result in the loss of our proprietary rights, subject us to significant liabilities or require us to seek licenses from third parties, which may not be available on commercially reasonable terms, if at all. Any of these outcomes may have a material adverse effect on our financial condition, results of operations or cash flows.

Our Success Depends on Our Distribution Facilities

Our ability to meet customer expectations, manage inventory, complete sales and achieve objectives for operating efficiencies depends on the proper operation of our existing distribution facilities, the development or expansion of additional distribution capabilities and 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 facilities in Strathroy, Ontario; in Europe, we rely primarily on our distribution center in Cambrai, France; in Japan, we rely primarily on a third-party logistics distribution provider, in Tokyo; and in Korea, we rely primarily on leased distribution facilities near Seoul, that we manage and operate.

Our distribution facilities in the United States and France 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 new e-commerce sales in the United States. 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 in the United States and France during a period of economic weakness or declining sales could result in lower operating efficiencies and financial deleverage. This fixed cost structure may make it difficult for us to maintain profitability if sales volumes decline for an extended period of time and could have a material adverse effect on our financial condition, results of operations or cash flows.

Our distribution facilities may also be interrupted by disasters, such as earthquakes (which are known to occur in the Northwestern United States and Japan), tornadoes or fires. We maintain business interruption insurance, but it may not adequately protect us from the adverse effect that may be caused by significant disruptions in our distribution facilities.

We May be Adversely Affected by Currency Exchange Rate Fluctuations

Although the majority of our product purchases are denominated in U.S. dollars, the cost of these products may be affected by the relative changes in the value of the local currency of the manufacturer. Price increases caused by currency exchange rate fluctuations may make our products less competitive or have an adverse effect on our margins. Our international revenues and expenses generally are derived from sales and operations in currencies other than the U.S. dollar. Because the functional currency of many of our subsidiaries is not the U.S. dollar, we are exposed to potentially material gains or losses from the remeasurement of U.S. dollar monetary transactions into the respective functional currencies. Currency exchange rate fluctuations may also disrupt the business of the independent factories that produce our products by making their purchases of raw materials more expensive and more difficult to finance. As a result, currency fluctuations may have a material adverse effect on our financial condition, results of operations or cash flows.

Our Investments May be Adversely Affected by Market Conditions

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

We May be Adversely Affected by Labor Disruptions

Our business depends on our ability to source and distribute products in a timely manner. Labor disputes at independent factories 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 and importing seasons, and may have a material adverse effect on our business, potentially resulting in cancelled orders by customers, unanticipated inventory accumulation, and reduced revenues and earnings.

We Depend on 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 substantially all 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 independent factories to produce these materials as necessary, there are no guarantees that additional independent factories will be available. In addition, depending on the timing, any changes 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 people and others. We face intense competition for these individuals worldwide, and there is a significant concentration of well-funded apparel and footwear competitors in and around 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 product mix is weighted substantially toward the fall season. Our annual net sales are weighted more 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 operations 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. 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 or mandated recall or destruction of inventory shipments during key seasons or in other financial penalties. Significant or continuing noncompliance with these standards and laws could 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 in the future, resulting from the alleged failure of our products, could have a material adverse effect on our financial condition, results of operations or cash flows. Some of our products carry warranties for defects in quality and workmanship. We maintain a warranty reserve for future warranty claims, but the actual costs of servicing future warranty claims 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, fluctuations in financial results, variances from financial market expectations, changes in earnings estimates 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

Three related shareholders, Timothy Boyle, Gertrude Boyle and Sarah Bany, 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 three insiders are available for resale, subject to the requirements of, and the rules under, the Securities Act of 1933 and the Securities Exchange Act of 1934. The sale or the prospect of the sale of a substantial number of these shares may have an adverse effect on the market price of our common stock.

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

The Board of Directors has authorized the repurchase of $500,000,000 of the Company's common stock. As of June 30, 2011, the Company had repurchased 9,190,890 shares under this program at an aggregate purchase price of approximately $421,237,000. 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.

The Company did not repurchase any equity securities during the three months ended June 30, 2011.

Item 6 – ***EXHIBITS***

(a) Exhibits

10.1 Form of Performance-based Restricted Stock Unit Award Agreement for performance-based restricted stock units granted on or after March 29, 2010.

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

31.2 Rule 13a-14(a) Certification of Thomas B. Cusick, Senior Vice President, Chief Financial Officer and Treasurer

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

32.2 Section 1350 Certification of Thomas B. Cusick, Senior Vice President, Chief Financial Officer and Treasurer

101. INS XBRL Instance Document *

101. SCH XBRL Taxonomy Extension Schema Document *

101. CAL XBRL Taxonomy Extension Calculation Linkbase Document *

101. LAB XBRL Taxonomy Extension Label Linkbase Document *

101. PRE XBRL Taxonomy Extension Presentation Linkbase Document *

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities and Exchange Act of 1934, as amended and otherwise are not subject to liability under those sections.

SIGNATURE

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

COLUMBIA SPORTSWEAR COMPANY

Date: August 5, 2011

/s/ THOMAS B. CUSICK

Thomas B. Cusick
Senior Vice President, Chief Financial Officer
and Treasurer (Principal Financial and Accounting Officer)

Exhibit 10.1

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

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 of restricted stock units with respect to the Company's Common Stock ("**Common Stock**").

The award of restricted stock units to the Recipient is made pursuant to Section 9 of the 1997 Stock Incentive Plan (the "**Plan**") and the Recipient desires to accept the award subject to the terms and conditions of this Agreement.

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

1. Award and Terms of Restricted Stock Units. The Company awards to the Recipient under the Plan restricted stock units (the "**Award**"), subject to forfeiture or increase as provided in Section 1(c) of this Agreement and to the restrictions, terms and conditions set forth in this Agreement.

(a) *Rights under Restricted Stock Units*. A restricted stock unit (a "**RSU**") represents the unfunded, unsecured right to require the Company to deliver to the Recipient one share of Common Stock for each RSU. The number of shares of Common Stock deliverable with respect to each RSU is subject to adjustment (1) as provided in Section 1(c) of this Agreement and (2) as determined by the Board of Directors of the Company as to the number and kind of shares of stock deliverable upon any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off or other change in the corporate structure affecting the Common Stock generally.

(b) *Vesting Date*. The RSUs not forfeited pursuant to Section 1(c) of this Agreement shall vest on the day (the "**Vesting Date**") that the Compensation Committee of the Board of Directors (the "**Compensation Committee**") confirms the Cumulative Operating Income, Average ROIC and Average Operating Margin, in each case as defined below (collectively, the "**Performance Results**"), for the Performance Period, as defined below; provided, however, that the Recipient has been employed by the Company continuously from the Award Date to the Vesting Date. If the Vesting Date falls on a weekend or any other day on which the Nasdaq Stock Market ("**NSM**") or any national securities exchange on which the Common Stock then is principally traded (the "**Exchange**") is not open, affected RSUs shall vest on the next following NSM or Exchange business day, as the case may be.

(c) *Adjustment of RSUs.*

(1) *Forfeiture of RSUs on Termination of Service.* If the Recipient ceases to be an employee of the Company for any reason prior to the Vesting Date, the Recipient shall immediately forfeit all outstanding RSUs awarded pursuant to this Agreement and the Recipient shall have no right to receive the related Common Stock. Absence on leave approved by the Company (or, if the Recipient is an executive officer of the Company, by the Board of Directors), shall not be deemed a termination or interruption of employment or service. Unless otherwise determined by the Company or the Board of Directors in its sole discretion, (i) vesting of RSUs shall continue during a medical, family or military leave of absence, whether paid or unpaid, and (ii) vesting of RSUs shall be suspended during, and the number of shares deliverable at the Vesting Date shall be proportionately reduced as a result of, any other unpaid leave of absence.

(2) *Forfeiture of RSUs on Violation of Code of Business Conduct and Ethics.* 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. If, during the term of this Agreement, the Board of Directors (or a committee of directors designated by the Board of Directors) determines in good faith that the Recipient's conduct is or has been in violation of the Company's Code of Business Conduct and Ethics, then the Board of Directors 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 Common Stock.

(3) *Forfeiture or Increase of RSUs Based on Performance*. For the period beginning and ending (the "**Performance Period**"), the Award shall be adjusted as follows.

(i) *Adjustment Based on Operating Income and ROIC.* 100% of the Award (the "**Operating Income and ROIC Component**") is subject to increase or forfeiture (and if forfeited the Recipient shall have no right to receive the related Common Stock) based on the Cumulative Operating Income and the Average ROIC of the Company in the Performance Period, in each case as defined below. The Operating Income and ROIC Component will be adjusted by multiplying it by the percentage set forth at the intersection of the Cumulative Operating Income and Average ROIC in the following matrix. If results are between data points, the percentage of the Award payable shall be determined by interpolation between data points.

		Cumulative Operating Income (YYYY – YYYY) ($ millions)				
	At least					
Average ROIC (YYYY – YYYY)	%	25%	40%	50%	55%	60%
	%	40%	65%	75%	80%	90%
	%	65%	90%	100%	110%	120%
	%	80%	105%	115%	125%	145%
	%	90%	120%	130%	140%	170%

"**Cumulative Operating Income**" means the sum of the annual income from operations for each of the fiscal years in the Performance Period as set forth in the audited consolidated financial statements of the Company, excluding the effect, [omitted] (the "**Excluded Effect**").

"**Average ROIC**" means the average annual percentage return on invested capital in the Performance Period, excluding the Excluded Effects. The return on invested capital is calculated as follows.

$$\text{ROIC} = \frac{\text{(net operating profit after taxes)}}{\text{(total assets)} - \text{(excess cash)} - \text{(non-interest-bearing current liabilities)}}$$

Notwithstanding the foregoing, the Compensation Committee may, in its sole discretion, disregard all or any part of any Excluded Effect when determining the Performance Results for the Performance Period.

(ii) *Adjustment Based on Operating Margin.* If adjustment of the Operating Income and ROIC Component pursuant to Section 1(c)(3)(i) results in forfeiture of 100% of the Award, notwithstanding the forfeiture, 100% of the Award shall be subject to increase or forfeiture (and if forfeited the Recipient shall have no right to receive the related Common Stock) based on the Average Operating Margin of the Company relative to the Average Operating Margin of companies in the Company's peer group in the Performance Period. The peer group has been determined by the Company for the Performance Period. The number of shares available under the Award that vest on the Vesting Date will be determined by the rank of the Company's Average Operating Margin within its peer group at the conclusion of the Performance Period, as follows:

Percentile Rank	Percent Vesting	Number Vesting
25-39	-%	
40-54	-%	
55-69	-%	
70-84	-%	
85+	-%	

"**Average Operating Margin**" means the average annual percentage of operating margin in the Performance Period. The operating margin is calculated as follows.

$$\text{OM} = \frac{\text{(income from operations)}}{\text{(net sales)}}$$

where income from operations and net sales are each as set forth in the audited consolidated financial statements of the Company.

(d) *Restrictions on Transfer and Delivery on Death.* The Recipient may not sell, transfer, assign, pledge or otherwise encumber or dispose of the RSUs subject to this Agreement. If the Recipient dies before the delivery date, the shares will be delivered to the Recipient's estate.

(e) *Voting Rights and Dividend Equivalents*. The Recipient shall have no rights as a shareholder with respect to the RSUs or the 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 Common Stock underlying the RSUs awarded under this Agreement that are declared prior to the particular Vesting Date for the relevant RSUs.

(f) *Physical Delivery of Share Certificates.* As soon as practicable following the Vesting Date, provided that the Recipient has satisfied its tax withholding obligations as specified under Section 1(g) and the Recipient has completed, signed and returned any documents and taken any additional action the Company deems appropriate, the Company shall deliver the shares of Common Stock represented by vested RSUs to the Recipient (the date of delivery of such shares is referred to as a "**delivery date**"), rounded to the nearest whole share. No fractional shares of Common Stock shall be issued.

Notwithstanding the foregoing, (i) the Company shall not be obligated to vest or deliver any shares of Common Stock during any period when the Company determines that the conversion of a RSU or the delivery of shares hereunder would violate any federal, state or other applicable laws and may issue shares with any restrictive legend that, as determined by the Company, is necessary to comply with securities laws or other regulatory requirements, and (ii) a delivery 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 shall be delivered not 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 Vesting Date, or (ii) the Company's tax year that includes the Vesting Date.

(g) *Taxes and Tax Withholding.*

(i) The Recipient acknowledges that under United States federal tax laws in effect on the Award Date, the Recipient will have taxable compensation income at the time of vesting based on the Market Value (as defined below) of the Common Stock on the Vesting Date. The Recipient shall be responsible for all taxes imposed in connection with the Award, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Award. The Company makes no representation or undertaking regarding the adequacy of any tax withholding in connection with the grant or vesting of the Award.

(ii) The Company shall have the right, but not the obligation, to deduct from any and all payments made under the Plan, or to withhold from any delivery of Common Stock hereunder all domestic or foreign income, employment or other tax withholding obligations, whether national, federal, state or local (the "**Tax Withholding Obligation**"), arising as a result of any grant, vesting or delivery of Common Stock pursuant to this Award, in amounts determined by the Company. Unless otherwise determined by the Company, the Tax Withholding Obligation will be satisfied by the Company withholding from the vested shares of Common Stock a number of whole shares of Common Stock with an aggregate Market Value (as defined below) equal to the required tax withholding. The Recipient shall pay to the Company in cash, upon demand, the amount of any Tax Withholding Obligation that is not satisfied by the withholding of shares described above, and authorizes the Company to withhold from other amounts payable by the Company to the Recipient, including through additional payroll withholding, any amount not so paid. The Company has no obligation to deliver shares of Common Stock pursuant to this Award until the Company's tax withholding obligations have been satisfied by the Recipient.

(h) *No Solicitation.* The Recipient agrees that for 18 months after the Recipient's employment with the Company terminates for any reason, with or without cause, whether by the Company 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, or any of its subsidiaries. In addition to other remedies that may be available to the Company, 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, delivered under this Agreement if the Recipient violates this Section 1(h).

(i) *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 continued in the 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 of Directors, or a committee of the Board of Directors 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) *Section 409A*. The Award made pursuant to this Agreement is intended not to constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A the Internal Revenue Code of 1986, as amended, and instead is intended to be exempt from the application of Section 409A. To the extent that the Award is nevertheless deemed to be subject to Section 409A, the Award shall be interpreted in accordance with 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 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 to (i) exempt the Award from the application of Section 409A or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A.

(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 NSM on that date, or (ii) if the shares of Common Stock are not listed or admitted to trading on the NSM, 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 NSM or on a national securities exchange, the average of the highest reported bid and lowest reported asked prices for the shares of Common Stock as reported by the National Association of Securities Dealers, Inc. Automated Quotations ("**NASDAQ**") system 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 quoted in the NASDAQ system, such value as determined in good faith by the Board of Directors (or any duly authorized committee thereof) as of that date.

(e) *Electronic Delivery*. The Recipient consents to the electronic delivery of any prospectus and any other documents relating to this Award in lieu of mailing or other form of delivery.

(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 conflicts 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.* By signing this Agreement, the Recipient voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The Recipient is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Recipient's ability to participate in the Plan. The Company and its subsidiaries hold certain personal information about the Recipient, including name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Recipient's favor, for the purpose of managing and administering the Plan ("**Data**"). The Company and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Plan, and the Company and/or any of its subsidiaries 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, or elsewhere throughout the world, including the United States. The Recipient authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the 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 stock on the Recipient's behalf to a broker or other third party with whom the Recipient may elect to deposit any shares of stock acquired pursuant to the Plan. The Recipient may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect the Recipient's ability to participate in the Plan.

(j) *Acknowledgment 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.

(k) *Character of Award.* Participation in the Plan is voluntary. The value of the Award is an extraordinary item of compensation outside the scope of the Recipient's employment contract, if any. As such, 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) *Counterparts*. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

COLUMBIA SPORTSWEAR COMPANY

By: ______________________________

Tim Boyle, President & CEO

RECIPIENT

By: ______________________________

EXHIBIT 31.1

CERTIFICATION

I, Timothy P. Boyle, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2011

/s/ TIMOTHY P. BOYLE

Timothy P. Boyle
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Thomas B. Cusick, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2011

/s/ THOMAS B. CUSICK

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

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the "Company") on Form 10-Q for the period ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Timothy P. Boyle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: August 5, 2011

/s/ TIMOTHY P. BOYLE

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

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Columbia Sportswear Company (the "Company") on Form 10-Q for the period ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Thomas B. Cusick, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: August 5, 2011

/s/ THOMAS B. CUSICK

Thomas B. Cusick
Senior Vice President, Chief Financial Officer and
Treasurer Columbia Sportswear Company