

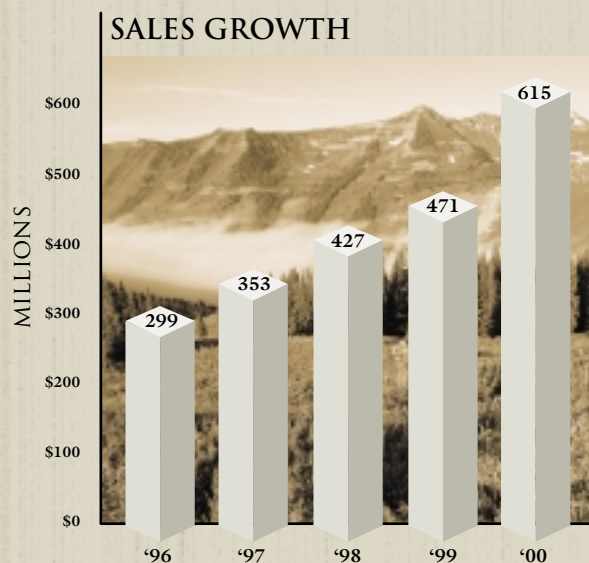


Pat Boyle, Chairman

2000 ANNUAL REPORT

Outdoor Active Authentic American Value

 **Columbia**
Sportswear Company®



Shareholders and friends,

I am pleased to report on yet another successful year of operations for Columbia Sportswear Company®. In fact, strong quarterly financial performance throughout the year culminated in record financial results

for the Company's fiscal year 2000 with revenue up 30.7% to \$614.8 million, and net income up 77.6% to \$58.6 million.

The key to this success has been our continued focus on each of our frequently articulated growth strategies. Specifically, a continued emphasis on enhancing the retail productivity of our customers through the use of media advertising and retail marketing programs has helped lead to significant increases in our sportswear and footwear businesses over the last several years. With sportswear revenue of \$203 million for 2000, and footwear revenue of \$68.9 million, we are on the correct path as the Columbia Sportswear brand continues to gain momentum in these important product categories. Moreover, the emphasis on enhancing the productivity of our retail customers has also had a profound influence on our ability to drive growth throughout Europe, where we were able to grow revenue by 43.9% during 2000 to \$59 million from \$41 million for 1999. Finally, our focus on selectively broadening the Company's retail distribution network resulted in the addition of some important new customers in multiple countries for the Company both in the department store and specialty footwear channels.

During 2000 we undertook a number of initiatives that we believe will assist in ensuring that we have an adequate foundation for future growth. The election of Walter Klentz, Chairman and Chief Executive Officer of Beringer Wine Estates, to the Columbia Sportswear Board of Directors complements our current slate of directors and provides Columbia with additional outside brand building and marketing experience. Further, our acquisition of the Sorel® brand intellectual property allows us to leverage our competitive advantages in sourcing and provides us with an opportunity to explore new channels of retail distribution without compromising the Columbia brand. Internationally, the Sorel name has been associated with the design and creation of durable, cold weather footwear for nearly 40 years. Sorel's reputation as a quality, value-oriented brand is a superb fit with Columbia's footwear business.

Additionally, to accommodate the Company's ongoing growth, we purchased a headquarters facility to house all of our marketing, product development, sales, finance and administrative functions. Also, the Columbia Sportswear licensing program continued developing in 2000 with the first shipments to retailers of Columbia licensed product. Moreover, the addition of new licensees in the small leather goods, thermal underwear, and adventure travel bags categories will present additional growth opportunities for the Columbia Sportswear brand.

Looking into 2001, we have established two key corporate objectives. First, as a result of the growth we have experienced in the U.S. over the last several years, we will expand our U.S. distribution center. This expansion, which is expected to be operational for the Fall 2001 shipping season, will increase our domestic distribution facility to approximately 852,000 square feet. This expansion is intended to continue providing a high level of service to our retail customers as each of the Company's key product categories grow.

Secondly, our recent growth in Europe has presented the need for us to invest in a distribution facility there in an effort to better manage the future growth potential that we see throughout the European region. The European distribution facility in Cambrai, France is expected to be operational for the Fall 2002 shipping season. Once completed, this facility will be approximately 269,000 square feet and will be engineered to provide the same high degree of service and processing capability as our U.S. distribution facility.

In closing, let me point out that our current level of success is a direct result of the creative and hard working employees that we have been fortunate enough to attract to Columbia Sportswear. The ability for us to realize our potential as a company will continue to be a function of the talent and hard work of our employees. I can say with great confidence that we have the right group of people to take us into the future.

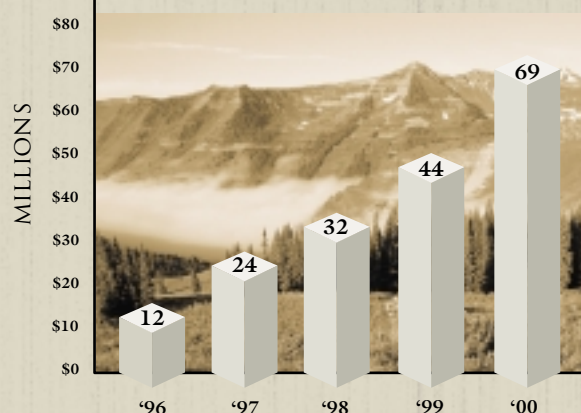
Once again, I thank you for your continued support and look forward to updating you on Columbia Sportswear's progress during the year 2001 in next year's report.

Sincerely,

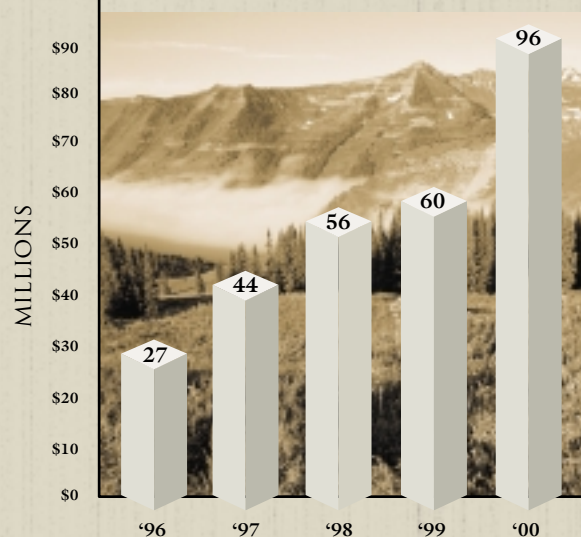


Timothy P. Boyle
President and Chief Executive Officer
Columbia Sportswear Company

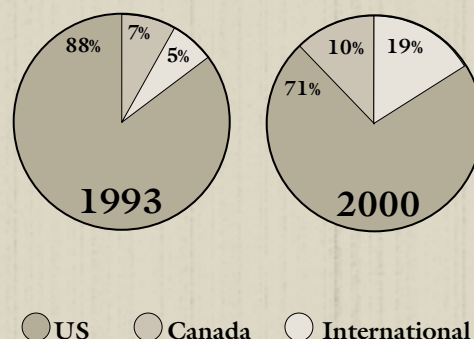
RUGGED FOOTWEAR SALES



OPERATING EARNINGS



DIVERSITY OF REVENUE BY GEOGRAPHY





IN THE NEWS 2000

JANUARY 27, 2000

Columbia Sportswear Signs License Agreement with Cerf Bros. For Adventure Travel Bags

Building on the large and growing appeal of its brand, Columbia Sportswear Company® announced it has entered into a license agreement with Cerf Brothers Bag Company to design, manufacture, and market backpacks and adventure travel bags. The extensive collection of bags will be available in stores for Spring 2001.

APRIL 25, 2000

Columbia Sportswear Company Reports Record First Quarter 2000 Results

Columbia Sportswear Company® today announced net sales of \$108.4 million for its first quarter ended March 31, 2000, an increase of 21.5 percent over the \$89.2 million of net sales for the same period of last year. Net income for the period was \$3.3 million, or \$0.13 per share (diluted) on 25.8 million weighted average shares outstanding for the first quarter, compared to net income of \$240,000, or \$0.01 per share (diluted) on 25.5 million weighted average shares outstanding for the same period of last year.

JULY 25, 2000

Columbia Sportswear Company Reports Record Second Quarter 2000 Results

Columbia Sportswear Company® today announced record net sales of \$97.2 million for its second quarter ended June 30, 2000, an increase of 36.1 percent over the \$71.4 million of net sales for the same period last year. Net income for the period was \$3.6 million, or \$0.14 per share (diluted) on 26.1 million weighted average shares outstanding for the second quarter, compared to a net loss of \$238,000, or \$0.01 per share (diluted), on 25.5 million weighted average shares outstanding for the same period last year.

FEBRUARY 1, 2000

Columbia Sportswear Company Reports Record Results for Fourth Quarter and Fiscal Year 1999

Columbia Sportswear Company® announced today record net sales of \$122.3 million for the fourth quarter ended December 31, 1999, an increase of 10.0% over net sales of \$111.2 million for the same period of 1998. The Company reported net income for the fourth quarter of \$9.1 million, a 26.5% increase over net income of \$7.2 million for the same period of 1998.

APRIL 24, 2000

Columbia Sportswear Named REI's 1999 Vendor Partner of the Year for Snow Sports Category

Columbia Sportswear Company® was named Snow Sports Vendor Partner of the Year for 1999 by Recreational Equipment, Inc (REI). Columbia was selected over many other companies and was evaluated by REI management and employees. "This award represents Columbia's dedication to building and sustaining successful partnerships with our retailers," said Tim Boyle, Columbia Sportswear's Chief Executive Officer.

Columbia Sportswear Nominates Walter Klenz, Beringer Wine Estates CEO, to Board of Directors

Walter Klenz, Chairman and Chief Executive Officer of Beringer Wine Estates, was nominated to stand for election to the board of directors of Columbia Sportswear Company, a leading maker of outdoor apparel, footwear and accessories. Mr. Klenz has more than 25 years of marketing and branding experience. He currently serves as Chairman and CEO of Beringer Wine Estates.

JUNE 6, 2000

Columbia Sportswear Becomes Official Apparel Supplier to the Eco-Challenge Expedition Race

International outdoor apparel and footwear manufacturer Columbia Sportswear Company® signed a sponsorship agreement to become the official apparel supplier to the 2000 Eco-Challenge held in Sabah, Malaysia. This was Columbia's fourth year sponsoring the high-profile Expedition Race™, which takes place on the Island of Borneo. As the official apparel supplier, Columbia will provide event officials, VIPs, competitors and members of the media with headwear and performance pieces from the Company's GRT® sportswear collection.

SEPTEMBER 22, 2000

Columbia Sportswear Completes Acquisition of Sorel® Brand

Columbia Sportswear Company® announced today that it has received approval from the bankruptcy judge of the Ontario Superior Court of Justice to acquire the Sorel brand. Columbia acquired the Sorel trademark rights, associated brand names and other related intellectual property rights for approximately \$8 million in cash. The transaction closed September 22, 2000.

OCTOBER 24, 2000

Columbia Sportswear Company Reports Record Results for Third Quarter

Columbia Sportswear Company® today announced record net sales of \$247.3 million for its third quarter ended September 30, 2000, an increase of 31.9% over net sales of \$187.6 million for the same period of last year. The Company's net income for the period increased 59.8% to \$38.2 million, or \$1.44 per share (diluted) on 26.5 million shares, compared to earnings of \$23.9 million, or \$0.93 per share (diluted) on 25.6 million shares outstanding for the third quarter of 1999.

NOVEMBER 14, 2000

Columbia Sportswear Named Official Outerwear and Apparel Supplier to Men's Journal Adventure Team

Columbia Sportswear Company® announced it has entered into an agreement with Men's Journal magazine to become the official outdoor gear sponsor and apparel supplier to the Men's Journal Adventure Team. Two expedition teams will be outfitted for 2000. Highlights from the expeditions will air on the Outdoor Life Network and in upcoming issues of Men's Journal magazine.

OCTOBER 5, 2000

Columbia Sportswear Recognized for Excellence by Consumer Magazine

Global outdoor apparel and footwear leader Columbia Sportswear Company® received recognition from Consumers Digest Magazine for providing excellent value in the marketplace. The October 2000 issue of Consumers Digest rates Columbia's Bugaboo Parka™ and Avery Peak Jacket™ as a "Best Buy" in the category of winter outerwear.

NOVEMBER 1, 2000

Columbia Sportswear Purchases New Facility for Headquarters

International outdoor apparel and footwear manufacturer Columbia Sportswear Company® announced today that it has purchased a new facility for its corporate headquarters from Minneapolis-based ADC Telecommunications, Inc. Columbia paid \$13 million for the 188,500 square foot structure, which is located in Washington County in the State of Oregon. The new headquarters complex, which is comprised of three adjoining buildings, is situated on 7.82 acres and will house Columbia's corporate headquarters and the Company's research, design and development facilities.

DECEMBER 14, 2000

Columbia Sportswear Signs License Agreement with Terramar Sports Worldwide Ltd.

To further advance the large appeal of its brand, Columbia Sportswear Company® announced it has entered into a license agreement with Terramar Sports Worldwide Ltd. to design, manufacture and market thermal tops, bottoms and accessories for men, women and children. The extensive collection of underwear and primary layering pieces will be available in stores in Fall 2002.

NOTE

For the full text and financial tables of these and other Company press releases, please consult the Columbia website press room at:

www.columbia.com/who/who_current.cfm

STELLAR GROWTH

While the overall apparel market was flat in 2000, outdoor brands continued to grow in popularity with consumers. With our diverse line of active outdoor apparel, footwear and accessories, we believe Columbia Sportswear is positioned to not only remain competitive in this environment, but to thrive.

To maintain our position as an industry leader, we developed a four-point growth strategy. This includes increasing our customers' productivity through effective retail merchandising programs, expanding our international business, the continued development of our sportswear and footwear businesses, and expanding distribution into department stores and specialty footwear retailers.

Columbia's substantial growth indicates that our strategy has been working. Sales have increased from \$256 million in 1994 to \$615 million in 2000. Driving this growth is our dedication to our foundation as an outdoor company, and our adherence to the five key words that globally define our products and our business philosophy: **Outdoor, Active, Authentic, American and Value.**

By remaining focused on these key words at all levels of the Company, from marketing and merchandising to design and sales, we stay true to our brand and our 63-year history of providing consumers with innovative outdoor products at an exceptional value.

BUILDING A GLOBAL BRAND

The Columbia Sportswear brand continues to strengthen in all of the Company's key markets around the world, and we currently sell product in over 40 countries, from Argentina to New Zealand. From 1993 to 2000, our international sales grew dramatically from 12% to 29% of total corporate sales, and, going forward, the opportunity exists for our international business to continue growing as a percentage of total corporate sales.

Particularly noteworthy on the international front is the growth of orders in Europe. Despite the declining Euro in 2000, demand for the Columbia brand is continuing to escalate as we add new points of distribution. Given the opportunities that exist for the Company in Europe, we are taking several steps to further enhance this part of our business.

To better facilitate the growth of our brand in the United Kingdom, we opened a London office in May 2000. Where we previously had a distributor managing the brand, now we are able to handle business in the U.K. as we do in our other key European markets by selling directly to retailers.

Providing a high level of customer service is a hallmark of our business philosophy. To insure that we are effectively managing the growth of our European business, we are investing in a new distribution facility in Cambrai, France, which is expected to be operational for the Fall 2002 season.

We are also enthusiastic about our prospects in Asia, where consumers covet American brands, and the popularity of outdoor labels is on the rise. We have already built a solid foundation for the Columbia brand through the implementation of concept shops throughout key Asian markets. Our subsidiaries in Japan and Korea are well positioned to enable us to expand our business in these key regions.

We are enthusiastic about our prospects for building a global brand. While overall international sales continue to increase, there is still much room to grow. Our goal is to continue capitalizing on the opportunities that are available to the Columbia brand in the international marketplace.

GROWTH THROUGH INNOVATION

While we remain focused on our four-point growth strategy, we undertook several additional key initiatives in 2000 that will also help to advance our business.

We recently entered into the licensing arena, which extends Columbia's product offerings and expands global awareness of the brand. A strong licensing program will enable us to continue to focus on our core competencies while growing and strengthening the brand in a variety of ways that will complement our existing product lines.

Five Columbia brand licensing agreements have been signed in the 18 months since the program began. In July 1999 we signed an agreement with Crescent Hosiery Mills, Inc. for the production of men's, women's and children's socks. The collection of active outdoor and casual socks was available at retail for Fall 2000 and we are pleased with the initial results for our first licensed product. As a complement to this, in January of 2001 we also signed a license with Intersocks S.P.A. to produce and distribute socks throughout Europe.

To capitalize on the growing adventure travel business, we signed an agreement in January 2000 with Cerf Brothers Bag Company for travel bags. The extensive collection of bags, which includes everything from backpacks to camera cases, is available in stores this spring.

Belts and leather accessories are another natural extension of our brand, and in February 2000 we signed a licensing agreement with Humphreys, Inc. that include belts, travel kits, wallets, and other leather goods. These products are currently available in stores, and we are enthused about the initial performance of these products at retail.

High-quality primary layers are a critical component of outdoor apparel. To capture sales in this category, we signed a licensing agreement in December 2000 with Terramar Sports Worldwide Ltd. for thermal tops, bottoms and accessories for men, women and children. The extensive collection of underwear and primary layering pieces will be available in stores in Fall 2002.

We are enthusiastic about the potential opportunities our licensing program offers to the growth of our brand, but we are taking a very deliberate and thoughtful approach to licensing the Columbia Sportswear name. We are considering only those products which merchandise well with our core lines, and only those companies that have the same dedication to authentic, high-quality products as Columbia Sportswear.



Another exciting development in 2000 was the completion of the Company's first acquisition. In September 2000 we purchased the Sorel trademark rights, associated brand names and other related intellectual property rights for approximately \$8 million in cash. The Sorel name is highly regarded by retailers and consumers throughout the world, and Sorel's 40-year-old reputation as a quality, value-oriented brand is a superb fit with Columbia's footwear business.

This acquisition will enable us to leverage our competitive advantages in sourcing and allows us to explore new channels of retail distribution without compromising the Columbia Sportswear brand. It's an excellent way to enhance the growth of our business in the rugged, cold weather boot market. While the management of the brand will be integrated into Columbia's existing operations, Sorel will be marketed as a separate footwear brand. A collection of key Sorel styles will be available at retail in Fall 2001.

We've come a long way from that first fishing vest that Gert sewed at her dining room table. A lot has happened to outdoor apparel and footwear in the 63 years that we have been in business, and we continually seek to pioneer new designs and technology.

For example, in Fall 2000 we debuted our most technical line of outerwear yet, our Titanium Alloy™ group. Designed using state-of-the-art fabrics and features, this group provides enhanced comfort, ergonomic fit and superior durability for extreme activities like ice climbing or mountaineering. This group also features our Omni-Tech™ technology. Our Omni-Tech Tri-Ply Stretch Twill was engineered to stretch with the wearer, and provides exceptional mobility in critical areas of the garment.

We also launched our Rugged Comfort Series™ collection of footwear in Fall 2000 which incorporates Columbia's exclusive four-layer Quadensity™ comfort system. The collection combines the performance and comfort of an athletic shoe with the handsome styling features of full-grain leather uppers.

Columbia Sportswear was recognized for this dedication to new products and technology when we were named the top outdoor manufacturer for 2000 in the category of innovation in a study conducted by Sporting Goods Business, a very prestigious industry trade publication.

CORPORATE AND SHAREHOLDER INFORMATION

BOARD OF DIRECTORS

GERTRUDE BOYLE

Chairman of the Board since 1970
Columbia Sportswear Company

TIMOTHY P. BOYLE

President and Chief Executive Officer
Columbia Sportswear Company
Director since 1978

SARAH BANY³

Director since 1988

MURREY R. ALBERS^{1,2,3}

President, Chief Executive Officer
United States Bakery
Director since 1993

EDWARD S. GEORGE^{1,2,3}

Retired, Banking Industry
Director since 1989

WALTER KLENZ

Chairman, Chief Executive Officer
Beringer Wine Estates
Director since 2000

JOHN STANTON^{1,2,3}

Chairman, Chief Executive Officer
Western Wireless Corporation and
VoiceStream Wireless Corporation
Director since 1997

¹Member of the Audit Committee

²Member of the Compensation Committee

³Member of the Nominating Committee

EXECUTIVE OFFICERS

GERTRUDE BOYLE

Chairman of the Board

TIMOTHY P. BOYLE

President, Chief Executive Officer, and
Secretary

DON R. SANTORUFO

Executive Vice President and
Chief Operating Officer

PATRICK D. ANDERSON

Chief Financial Officer
Assistant Secretary

CARL K. DAVIS

Vice President and General Counsel
Assistant Secretary

TERRY J. BROWN

Vice President Planning

ROBERT G. MASIN

Director of Sales and Merchandising

CORPORATE HEADQUARTERS

6600 N. Baltimore, Portland, Oregon 97203

NASDAQ LISTING

The common stock of
Columbia Sportswear Company
is traded on the Nasdaq stock exchange
under the symbol COLM.



SHAREHOLDER INFORMATION

For any inquiries relating to your current
or prospective shareholdings, please contact
Investor Relations at 1-800-547-8066.

ANNUAL MEETING

The annual meeting of shareholders will be
held at 2:00 pm on Thursday, May 17, 2001,
at the Hilton Hotel, 921 SW 6th Ave.,
Portland, Oregon 97204.
Shareholders are invited to attend.

10-K REPORTS

Copies of the Report 10-K, filed with the Securities and
Exchange Commission, are available upon request from
Investor Relations, Columbia Sportswear Company,
P.O. Box 83239, Portland, Oregon 97283-0239.

In addition, these and similar reports can be accessed
through our website at www.columbia.com.

AUDITORS

Deloitte & Touche LLP, Portland, Oregon

LEGAL COUNSEL

Stoel Rives LLP, Portland, Oregon

TRANSFER AGENT AND REGISTRAR

Mellon Investor Services LLC
85 Challenger Rd., Overpeck Centre
Ridgefield Park, New Jersey 07660
1-800-522-6645

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2000

OR

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

For the transition period from _____ to _____ .

COLUMBIA SPORTSWEAR COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

0-23939
(Commission File
Number)

93-0498284
(IRS Employer
Identification Number)

6600 North Baltimore, Portland, Oregon
(Address of principal executive offices)

97203
(Zip Code)

(503) 286-3676
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Securities registered pursuant to section 12(g) of the Act: Common Stock

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of February 28, 2001, was \$411,665,000 based upon the last reported sale price of the Company's Common Stock as reported by the Nasdaq National Market System.

The number of shares of Common Stock outstanding on February 28, 2001, was 25,876,063.

Part III is incorporated by reference from the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders to be filed with the Commission within 120 days of December 31, 2000.

COLUMBIA SPORTSWEAR COMPANY

December 31, 2000

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PART I

Item 1. Business

General

Founded in 1938 in Portland, Oregon, Columbia Sportswear Company® is a global leader in design, sourcing, marketing and distribution of active outdoor apparel and footwear, with operations in North America, Europe and Asia. As one of the largest outerwear companies in the world and the leading seller of skiwear in the United States, we have developed an international reputation across an expanding product line for quality, performance, functionality and value. We believe our award-winning advertising campaign effectively positions the Columbia® brand as active, outdoor, authentic and distinctly American.

Since 1938 we have grown from a small family-owned, regional hat distributor to a global leader in the active outdoor apparel and footwear industries. Known for durability and dependability at a reasonable price, we leveraged Columbia's brand awareness in the 1990s by expanding into related merchandise categories and developing our "head-to-toe" outfitting concept. During 2000, we distributed our products to approximately 10,000 retailers in over 40 countries.

In September 2000 we added another internationally known brand to our business, acquiring the Sorel trademark and associated intellectual property through a Canadian bankruptcy proceeding for approximately \$8 million in cash. We believe that Sorel®, a brand associated with quality cold weather boots for roughly four decades, complements our existing product offering, enhances our growth opportunities in footwear, and opens the door to distribution channels where we have not previously sold Columbia brand products.

We completed an Initial Public Offering (IPO) of 6,440,000 shares of Common Stock on April 1, 1998. Gross proceeds from the IPO totaled \$115.9 million and proceeds net of underwriting discounts, commissions, and expenses, totaled approximately \$106.9 million. Dividends were declared and paid in the amount of \$102.3 million. The dividends represented our subchapter "S" accumulated adjustments account as of the termination date of our subchapter "S" corporation status, and were paid to shareholders of record on March 23, 1998. The remaining proceeds were used for working capital needs.

Our business is subject to many risks and uncertainties that could materially adversely affect our financial condition, results of operations and stock price. For a description of some of these risks and uncertainties, we encourage you to read "Factors That May Affect Our Business" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Products

We group our merchandise into four principal categories — (1) outerwear, (2) sportswear, (3) rugged footwear and (4) related accessories. The durability, functionality and affordability of our products make them ideal for use in a wide range of outdoor activities, including skiing, snowboarding, hunting, fishing, hiking and golf, as well as for casual wear. Across all of our product lines, we bring a commitment to innovative, functional product design and a reputation for durable, high quality materials and construction. We believe our broad range of competitively priced merchandise offers consumers one of the best price-value equations in the outdoor apparel and footwear industries.

We believe the Columbia brand represents a differentiated active, outdoor, authentic, value-oriented and distinctly American image. We design our products to reinforce this image. In both the design and production phases, we focus our efforts on the development of popular, higher volume products at moderate price points. Our attention to technical details such as pockets that double as vents, double storm flaps over zippers and "gutters" that facilitate water run-off, as well as the use of special technical materials, contribute to the authenticity and functionality of our entire selection of merchandise.

The following table shows the approximate percentage of sales attributable to each of our principal product categories during the last three fiscal years.

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Outerwear	52.5%	54.9%	60.2%
Sportswear	33.0	31.7	27.9
Footwear	11.2	9.4	7.5
Accessories	3.3	4.0	4.4
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Outerwear

Outerwear is our most established product category. It is designed to protect the wearer from inclement weather in everyday use and in a variety of outdoor activities, including skiing, snowboarding, hiking, hunting and fishing. Many of our jackets incorporate our revolutionary Columbia Interchange System®, which was introduced in 1983 and features a 3- or 4-jackets-in-1 design. Jackets incorporating the Interchange System typically combine a durable, nylon outershell with a removable, zip-out liner. The outershell and the liner may be worn separately or together. This layering approach provides the wearer with a jacket for all seasons and weather conditions at a reasonable price.

Our skiwear line is the best selling brand of skiwear in the United States and includes products such as parkas, vests, ski pants, ski suits and pullovers.

Our line of snowboard apparel, which carries the Convert® label, is another important component of the outerwear category. We were one of the first companies to identify and react to the rapid emergence of snowboarding as a popular sport, and as a result, our Convert line is now one of the top selling brands of snowboard apparel in the United States.

Hunting and fishing products constitute one of our longest running product lines in the outerwear category. These merchandise offerings include apparel for the serious sportsman engaged in a variety of hunting and fishing activities. All of these products, including parkas, shells, vests, liners, bib pants and rain suits incorporate a variety of specific-purpose, tailored features that enhance our reputation as a leader in this category of outerwear.

We also produce a separate line of youth outerwear products. The market for youth outerwear is significant and we are able to leverage our expertise in outerwear design and sourcing to meet the needs of the youth market.

Sportswear

In 1993 we targeted sportswear as a growth opportunity. Building on a foundation of authentic fishing and hunting shirts, we expanded our sportswear product offering, which resulted in sportswear sales increasing to 33.0% of our net sales for 2000.

Our sportswear line is made up of outdoor sportswear, golf apparel, and GRT® (Gear for Rugged Trekking, Travel and Training).

The outdoor sportswear product line, consisting primarily of hiking shorts, water sport trunks, fleece and pile products, sweaters, chinos, knit shirts, woven shirts, sweats, and jeans, appeals both to the serious outdoorsman and the more casual wearer who wants to project an outdoor image.

Our golf line includes a variety of products designed specifically for the needs of golfers. It focuses on golf as an outdoor activity that requires specific fabrics and features to enhance performance.

For the consumer interested in training, trekking and adventure travel, our GRT line of active outdoor performance apparel offers a line of lightweight products, many of which incorporate our Omni-Dry® system of moisture management.

Sportswear products are designed to be sold alongside our outerwear and rugged footwear products as part of our unified “head-to-toe” outfitting concept. Although the majority of our sportswear sales are to sporting goods and specialty outdoor stores, department stores are becoming an increasingly important part of the distribution chain.

Rugged Footwear

We introduced rugged footwear in 1993. This category consists primarily of active all-weather, performance outdoor footwear, rugged comfort and youth, featuring innovative technical designs that incorporate waterproof/breathable constructions, thermal insulation, advanced cushioning systems and high abrasion, slip-resistant outsoles. Rugged footwear as a percentage of our consolidated net sales has increased from 2.9% in 1994 to 11.2% in 2000. We believe the market for rugged footwear represents a substantial growth opportunity.

Our acquisition of the Sorel® trademark rights, associated brand names and other related intellectual property rights in September 2000 opens up potential opportunities for us in the footwear category. The prior owner of the Sorel brand, William H. Kaufman, Inc., filed for bankruptcy in 2000 allowing us the chance to acquire and rejuvenate an existing brand known for cold weather footwear for over forty years. We will be offering classic Sorel styles for fall 2001 as well as a line of special make products for some larger retailers. Sorel styles are being offered to current Columbia customers as well as to dealers who do not presently sell the Columbia footwear line.

Accessories

We also produce a line of accessories that includes hats, caps, scarves, gloves, mittens and headbands to complement our outerwear and sportswear lines.

Licensing

In June of 1999 we developed a strategy to license our trademarks across a range of categories that complement our current offerings and build brand awareness. Since that time we have signed five licensing agreements that will introduce Columbia brand casual and outdoor socks, packs and adventure travel bags, small personal leather goods and thermal tops, bottoms and accessories to North American markets and outdoor performance socks to the Eastern European, Western European and Russian markets. Our United States sock licensee began shipping during fall 2000 in the North American market, and the packs and adventure travel bags and small personal leather goods are available in spring 2001, while the thermal tops, bottoms and accessories will start shipping in spring 2002. In addition, in connection with the Sorel acquisition, we acquired a number of Sorel brand licensing agreements, including a license for shoe care products in North America and for outerwear, bags and other products in Japan.

Advertising, Marketing, and Promotion

Our creative and award-winning print and broadcast advertising campaigns have built brand awareness and have helped to highlight the strengths of our product line among consumers. The humorous advertisements feature Chairman Gertrude Boyle as an overbearing taskmaster — ‘one tough mother’ — who demands high quality standards for our products. The advertisements, which often include witty dialogue between “Mother Boyle” and her son Tim, Columbia’s President and Chief Executive Officer, remind consumers of our long history of providing authentic outdoor apparel with exceptional value and help to create the image of a distinctly American brand.

One of our growth strategies is to improve the productivity of our existing customers by expanding the number of concept shops, focus areas and brand enhancement systems at customer retail locations. Concept shops and focus areas, which promote a consistent brand image, are located within the stores of our customers and are dedicated exclusively to selling our merchandise on a year-round basis. On a smaller scale, brand enhancement systems which include signage and fixtures that prominently display consolidated groupings of Columbia merchandise offer similar benefits.

Inventory Management

From the time of initial order through production, distribution and delivery, we manage our inventory to reduce risk. Our inventory management systems coupled with our enterprise-wide information system have enhanced our ability to manage our inventories by providing detailed inventory status from the time of initial factory order through shipment to our retail customers.

Additionally, through the use of incentive discounts we encourage early purchases by our customers to promote effective inventory management. We provide our customers with staggered delivery times through the spring and fall seasons, which also permits us and our customers to manage inventories effectively and thereby diminish the likelihood of closeout sales. Through our efforts to match our purchases of inventory to the receipt of customer orders, we believe we are able to reduce the risk of overcommitting to inventory purchases. This helps us avoid significant inventory build-ups and minimizes working capital requirements. This strategy, however, does not eliminate inventory risk entirely because customer orders are subject to cancellation prior to shipment.

Product Design

Our experienced in-house merchandising and design teams, working closely with internal sales and production teams as well as with retailers and consumers, produce products designed primarily for functionality and durability. In addition to new designs, we are continually making innovative changes to existing products such as the Bugaboo® Parka, a consistent best seller for more than a decade. By pursuing this strategy we believe we can attract a wider, value-oriented consumer audience than our more technical or fashion-oriented competitors.

In addition, our use of specialized materials, such as Omni-Tech™ (waterproof, breathable) and Bergundtäl Cloth (water-resistant, wind protection) substantially enhance the value of our products without adding significant cost.

Sourcing and Manufacturing

Our apparel and footwear products are produced by independent manufacturers selected, monitored and coordinated by regional Columbia employees to assure conformity to strict quality standards. We believe the use of these independent manufacturers increases production capacity and flexibility and reduces our costs.

Unlike many apparel companies, we use few independent agents in our sourcing activities. We maintain 11 sourcing and quality control offices in the Far East, each staffed by Columbia employees and managed by personnel native to the region. Personnel in these offices direct sourcing activities, help to ensure quality control and assist with the monitoring and coordination of overseas shipments. Final pricing for all orders, however, is approved by personnel from our U.S. headquarters. We believe Columbia personnel in the Far East, who are focused narrowly on our interests, are more responsive to our needs than independent agents would be and are more likely to build long-term relationships with key vendors. We believe these relationships enhance our access to raw materials and factory capacity at more favorable prices.

For 2000 we sourced approximately 92% (by dollar volume) of our products outside the United States, principally in the Far East. We monitor the selection of independent factories to ensure that no single manufacturer or country is responsible for manufacturing a disproportionate amount of our merchandise.

On September 30, 1999 we announced the closure of our only manufacturing facility in Chaffee, Missouri, a strategic move designed to reduce costs and enhance operating efficiencies. The closure was completed during the first quarter of 2000. By relocating the sourcing of this product to our sourcing office in Los Angeles, California, we will be able to more efficiently and effectively manage product procurement.

We believe the use of independent manufacturers, in conjunction with the use of Columbia sourcing personnel rather than agents, increases our production flexibility and capacity and allows us to maintain control over critical aspects of the sourcing process. Our approach also enables us to substantially limit our capital expenditures and avoid costs associated with managing a large production work force. We do not have

formal arrangements with most of our contractors or suppliers other than purchase orders. However, we believe our relationships with our contractors and suppliers are excellent and that the long-term, reliable and cooperative relationships that we have with many of our vendors provide us a competitive advantage over other apparel distributors.

By having Columbia employees in regions where we source our products, we enhance our ability to monitor factories to ensure their compliance with Columbia's Standards of Manufacturing Practices. Our policies require every factory to comply with a code of conduct relating to factory working conditions and the treatment of workers involved in the production of Columbia brand products.

Our quality control program is designed to ensure our products meet the highest quality standards. Our employees monitor the quality of fabrics and other components and inspect prototypes of each product before starting production runs. In addition, our employees also perform quality control checks throughout the production process up to and including final shipment to our customers. We believe our attention to the quality control program is an important and effective means of maintaining the quality and reputation of our products.

Independent manufacturers generally produce our apparel using one of two principal methods. In the first method, the manufacturer purchases the raw materials needed to produce the garment from suppliers we approve, at prices and on terms negotiated by either that manufacturer or ourselves. A substantial portion of our merchandise is manufactured under this arrangement. In the second, sometimes referred to as "cut, make, pack, and quota" and used principally for production in China, we directly purchase the raw materials from suppliers, assure that the independent manufacturers have the necessary availability of import quotas, and ship the materials in a "kit," together with patterns, samples, and most other necessary items, to the independent manufacturer to produce the finished garment. While this second arrangement advances the timing for inventory purchases and exposes us to additional risks before a garment is manufactured, we believe it further increases our manufacturing flexibility and frequently provides us with a cost advantage over other production methods.

We transact business on an order-by-order basis without exclusive commitments or arrangements to purchase from any single vendor. We believe, however, that the long term relationships with our vendors will help to assure adequate sources to produce a sufficient supply of goods in a timely manner and on satisfactory economic terms in the future.

By sourcing the bulk of our products outside the United States, we are subject to risks of doing business abroad. These risks include, but are not limited to, foreign exchange rate fluctuations, governmental restrictions and political or labor disturbances. In particular, we must continually monitor import requirements and transfer production as necessary to lessen the potential impact from increased tariffs or quota restrictions which may be periodically imposed.

We have from time to time experienced difficulty satisfying our raw material and finished goods requirements, and any such future difficulties could adversely affect our business operations. Three major factory groups accounted for approximately 18% of our total global production for 2000. Another company produces all of the zippers used in our products. However, in both instances these factory groups have multiple factory locations, many of which are in different countries.

Sales and Distribution

Our products are sold to approximately 10,000 specialty and department store retailers throughout the world. Our strategy for continued growth is to focus on:

- Enhancing the productivity of existing retailers
- Expanding distribution in international markets
- Further developing the existing merchandise categories
- Increasing our penetration into the department store and specialty footwear channels.

During the last three fiscal years, we recorded the following geographic net sales percentages of our products.

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net sales to unrelated entities:			
United States	71.4%	72.6%	78.6%
Canada	10.3	10.7	9.1
Other international	18.3	16.7	12.3
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

See Note 14 of Notes to Consolidated Financial Statements for net sales, income before income tax, identifiable assets, interest expense, and depreciation and amortization by geographic segment.

North America

Approximately 47.6% of the worldwide retailers that offer our products are located in the United States and Canada. The sales in these two countries amounted to 81.7% of our total revenues for 2000. We work with 25 independent sales agencies that work with retail accounts that vary in size from single specialty store operations to the large chains made up of many stores in several locations.

Our flagship store in Portland, Oregon is designed to create a distinctive “Columbia” environment, reinforcing the active and outdoor image of the Columbia brand. In addition, this store provides us with the ability to test new marketing and merchandising techniques. We also operate nine outlet stores in various locations throughout North America. These outlet stores are designed to sell excess inventory without adversely affecting our retail accounts.

We inspect, sort, pack and ship substantially all of our products to United States retailers from our Rivergate Distribution Center located in Portland, Oregon, consisting of approximately 649,000 square feet. Beginning in the first quarter of 2001, construction began on a new addition to the existing automated distribution center. The expansion will adjoin an additional 203,000 square-feet to the existing 649,000 square-feet enabling us to accommodate our growth. The addition will be fully integrated into the existing distribution center in 2002. We handle Canadian distribution from an approximately 103,000 square foot warehouse in Strathroy, Ontario. In some instances, we arrange to have the product shipped directly from the independent manufacturers to a customer-designated facility.

Other International

We have a European sales and marketing office in Strasbourg, France. We currently sell our products directly to approximately 3,500 Western European retailers. Successful marketing and sales efforts, particularly in France, Spain, The Netherlands and Germany, resulted in net direct sales of our products in Europe of \$59.0 million in 2000. We distribute products in Europe from an independent logistics company based in The Netherlands. In February 2001 we entered into terms of understanding to acquire land in Cambrai, France for construction of a new distribution facility with approximately 269,000 square feet. We anticipate that the new facility, which is intended to replace the facility in The Netherlands, will be operational in the summer of 2002. This timetable, however, is subject to a number of factors, including our ability to finalize appropriate agreements to complete the land acquisition and construction of the new facility on acceptable terms, our ability to integrate a new facility with existing operations, the availability of labor, raw materials and other inputs on anticipated terms, our ability to obtain any necessary governmental approvals in a timely fashion, and uncertainties associated with doing business abroad.

We have distributed our products through independent distributors in Japan since the mid-1970s. In the fall of 1998, we began distributing our products directly in Japan, and during 2000 we sold our products to approximately 760 Japanese retailers. We believe that our direct sales approach in Japan creates an opportunity for accelerated sales growth in this region as economic conditions improve. In 1997 we began selling our products in South Korea. Our offices in Tokyo and Seoul direct sales and marketing efforts in Asia.

In several other countries throughout the world, we sell our products to independent exclusive distributors. These distributors service retail customers in locations such as Australia, New Zealand, South America, Eastern Europe and Russia. Distributors also offer Columbia products in Mexico, Norway, Turkey, Switzerland and Greece. In late 1999, we established a subsidiary in the United Kingdom for direct sales in that market beginning with spring 2001.

Intellectual Property

We own many trademarks including “Columbia®,” “Columbia Sportswear Company®,” “Convert®,” “Sorel®,” “Bugaboo®,” “Bugabootoo®,” “Silent Rain®,” “Columbia Interchange System®,” “Tough Mother®,” the Columbia diamond shaped logo and the Sorel polar bear. Our trademarks, many of which are registered or subject to pending applications in the United States and other nations, are used on a variety of items of apparel, footwear, and other products. We believe that our trademarks are of great value, providing the consumer with an assurance that the product being purchased is high quality and provides a good value. We also place significant value on trade dress (the overall appearance and image of our products) which, as much as trademarks, distinguishes our products in the marketplace. In addition, in connection with the acquisition of the Sorel trademarks we acquired industrial designs and patents protecting some Sorel styles. We are very protective of these proprietary rights and frequently take action to prevent counterfeit reproductions or other infringing activity. In the past we have successfully resolved conflicts over proprietary rights through legal action and negotiated settlements. As we expand in market share, geographic scope and product categories, intellectual property disputes are anticipated to increase as well, making it more difficult to establish and protect our proprietary rights.

Backlog

We typically receive the bulk of our orders for each of the fall and spring seasons a minimum of three months prior to the date the products are shipped to customers. Generally, the orders are subject to cancellation prior to the date of shipment. At December 31, 2000, our backlog was \$321.8 million, compared to \$272.8 million at December 31, 1999. For a variety of reasons, including the timing of shipments, product mix of customer orders and the amount of in-season orders, backlog may not be a reliable measure of future sales for any succeeding period.

Seasonality

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

Competition

The active outerwear, sportswear and rugged footwear segments of the apparel industry are highly competitive. We encounter substantial competition in the active outerwear and sportswear business from, among others, The North Face, Inc., Marmot Mountain Ltd., Woolrich Woolen Mills, Inc., The Timberland Company (“Timberland”), Patagonia Corporation and Helly-Hansen A/S. In addition, we compete with major sport companies, such as Nike, Inc., Adidas AG and Reebok International Ltd., and with fashion-oriented competitors, such as Polo Ralph Lauren Corporation, Nautica Enterprises, Inc. and Tommy Hilfiger Corporation. Our rugged footwear line competes with, among others, Timberland, Nike ACG, and Salomon S.A. Many of these companies have global operations and compete with us in Europe and Asia. In Europe we also face competition from such brands as Berghaus, Jack Wolfskin and Craft of Sweden and many other lesser-known regional brands. In Asia our competition is from brands such as Mont-Bell and Patagonia

among others. In addition, we face significant competition from our own retail customers that manufacture and market clothing and footwear under their own labels. Some of our competitors are substantially larger and have substantially greater financial, distribution, marketing and other resources than we do. We believe the primary competitive factors in the market for activewear are functionality, durability, style, price and brand name, and that our product offerings are well positioned within the market.

Credit and Collection

We extend credit to our customers based on an assessment of a customer's financial circumstances, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers discounts for placing pre-season orders and extended payment terms for taking delivery before the peak shipping season. These extended payment terms increase our exposure to the risk of uncollectible receivables. Some of our significant customers have experienced financial difficulties in the past, and future financial difficulties of customers could have a material adverse effect on our business.

Government Regulation

Many of our imports are subject to existing or potential governmental duties, tariffs or quotas that may limit the quantity of certain types of goods which may be imported into the United States and other countries. In addition, these duties often comprise a material portion of the cost of the merchandise. Although we are diligent in the monitoring of these trade restrictions, the United States or other countries could impose new or adjusted quotas, duties, tariffs or other restrictions, any of which could have a material adverse effect on our business.

Employees

At December 31, 2000 we had 1,445 full-time employees. Of these employees, 828 were based in the United States, 85 in Canada, 73 in Europe and 459 in Asia.

Item 2. *Properties*

Following is a summary of principal properties owned or leased by us. Our leases expire at various dates through 2003.

U.S. Administrative Offices:	U.S. Distribution Facility:
Portland, Oregon (2 locations) — leased	Portland, Oregon (1 location) — owned
Canadian Operation:	Corporate Headquarters(1):
Strathroy, Ontario (1 location) — leased	Portland, Oregon (1 location) — owned

- (1) In October of 2000, we purchased an existing building and the associated land to be used as a corporate headquarters. We are currently in the process of remodeling the facility and plan to occupy it by the fourth quarter of fiscal year 2001. Our current U.S. administrative office lease agreements expire in 2002 and will not be renewed.

Item 3. *Legal Proceedings*

The Company is a party to various legal claims, actions and complaints. Although the ultimate resolution of legal proceedings cannot be predicted with certainty, management believes that disposition of these matters will not have a material adverse effect on the Company's consolidated financial statements.

Item 4. *Submission of Matters to a Vote of Security Holders*

None

Item 4a. Executive Officers and Key Employees of the Registrant

The following table sets forth our executive officers and certain key employees.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Gertrude Boyle	77	Chairman of the Board(1)
Timothy P. Boyle	51	President, Chief Executive Officer, Treasurer, Secretary and Director(1)
Don R. Santorufo	54	Executive Vice President and Chief Operating Officer(1)
Patrick D. Anderson	43	Chief Financial Officer, Assistant Secretary(1)
Carl K. Davis	52	Vice President and General Counsel, Assistant Secretary(1)
Terry J. Brown	58	Vice President of Planning and Chief Information Officer(1)
Robert G. Masin	52	General Merchandise Manager(1)
Grant D. Prentice	46	General Manager — Outerwear Merchandising
Mark J. Sandquist	41	General Manager — Sportswear Merchandising
Rodney R. Gumringer	40	General Manager — Footwear Merchandising
David W. Robinson	49	General Manager — Hunting, Fishing and Accessories Merchandising

(1) These individuals are considered Executive Officers of Columbia.

Gertrude Boyle has served as Chairman of the Board of Directors since 1983. Columbia was founded by her parents in 1938 and managed by her husband, Neal Boyle, from 1964 until his death in 1970. Mrs. Boyle also served as our President from 1970 to 1988. Mrs. Boyle is Timothy P. Boyle's mother.

Timothy P. Boyle joined Columbia in 1971 as General Manager and has served as President and Chief Executive Officer since 1988. He has been a member of the Board of Directors since 1978. Mr. Boyle is also a member of the board of directors of Triad Machinery, a heavy equipment retailer, and Widmer Brothers Brewing Company. Mr. Boyle is Gertrude Boyle's son.

Don R. Santorufo joined Columbia in 1979 as Purchasing and Production Manager, and in 1984 he was promoted to Vice President, Manufacturing and oversaw the development of our Asian manufacturing operations. He has served as Executive Vice President and Chief Operating Officer since January 1995. From 1977 to 1979 Mr. Santorufo was Production Manager for Jen-Cel-Lite Corporation, a sleeping bag and insulation manufacturer, and from 1975 to 1977 he was Production and Purchasing Manager for Alpine Designs, a skiwear manufacturer.

Patrick D. Anderson joined Columbia in June 1992 as Manager of Financial Reporting, became Corporate Controller in August 1993 and was appointed Chief Financial Officer in December 1996. From 1985 to 1992, Mr. Anderson was an accountant with Deloitte & Touche LLP.

Carl K. Davis joined Columbia in October 1997 as Vice President and General Counsel. He was employed by Nike, Inc. from 1981 to October 1997 where he served in a variety of capacities, most recently as Director of International Trade.

Terry J. Brown joined Columbia in January 1983 as Planner, served as Executive Planner starting in November 1995 and in January 2000 was named Vice President of Planning/Chief Information Officer. Prior to joining Columbia, Mr. Brown was Vice President and Chief Financial Officer of Agoil, Inc., an oil and gas exploration and development company, from 1978 to 1981, and Planner for Jantzen Incorporated, an apparel company, from 1968 to 1978.

Robert G. Masin joined Columbia in May 1989 as National Sales Manager and became General Merchandise Manager in July 1998. From 1976 to 1989 he worked for W.L. Gore and Associates, a polymer technology and manufacturing and service company. From 1982 to 1989 he was National Sales Manager of Gore's Fabric Division.

Grant D. Prentice joined Columbia in May 1984 as General Manager — Outerwear Merchandising. From 1977 to 1984, Mr. Prentice worked as a sales representative for Gerry Outdoor Products, a skiwear company based in Colorado.

Mark J. Sandquist joined Columbia in March 1995 as Senior Merchandiser of Men's and Women's Sportswear and in August 2000 was named General Manager — Sportswear Merchandising. Prior to joining Columbia, Mr. Sandquist worked in various managerial positions for Union Bay from 1985 to 1995.

Rodney R. Gumringer joined Columbia in December 1993 as General Manager — Footwear Merchandising. From 1988 to 1993, Mr. Gumringer was Product Development Manager for the casual shoe division of Nike, Inc.

David W. Robinson joined Columbia in March 1995 as Senior Merchandiser of Hunting, Fishing and Accessories within Outerwear Merchandising and in December 1999 was named General Manager — Hunting, Fishing, and Accessories Merchandising. Prior to joining Columbia, Mr. Robinson was Director of Operations for Video Lottery Technologies from 1992 to 1995, and prior to that he was a Vice President of Life Link International.

PART II

Item 5. *Market for Registrant's Common Equity and Related Stockholder Matters*

Our Common Stock is listed on the Nasdaq National Market and trades under the symbol "COLM." At February 28, 2001, there were approximately 169 holders of record and approximately 6,190 beneficial shareholders.

Following are the high and low closing prices for our Common Stock for the fiscal years ended December 31, 2000 and 1999:

	<u>High</u>	<u>Low</u>
2000		
First Quarter	\$24.50	\$17.75
Second Quarter	\$31.00	\$21.75
Third Quarter	\$47.75	\$26.75
Fourth Quarter	\$54.00	\$34.06
1999		
First Quarter	\$19.63	\$11.75
Second Quarter	\$16.88	\$13.38
Third Quarter	\$19.13	\$14.25
Fourth Quarter	\$21.50	\$15.13

Since our public offering in March of 1998, we have not declared any dividends for shareholders. We anticipate that all of our earnings in the foreseeable future will be retained for the development and expansion of our business and, therefore, we have no current plans to pay cash dividends. Future dividend policy will depend on our earnings, capital requirements, financial condition, restrictions imposed by our credit agreement, and other factors considered relevant by our Board of Directors. For certain restrictions on our ability to pay dividends, see Note 5 of Notes to Consolidated Financial Statements.

Item 6. Selected Financial Data**Selected Consolidated Financial Data**

The selected financial data presented below for, and as of the end of, each of the years in the five-year period ended December 31, 2000 have been derived from our audited financial statements. The financial data should be read in conjunction with Consolidated Financial Statements and related Notes that appear elsewhere in this Annual Report and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7.

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Statement of Operations Data:					
Net sales	\$614,825	\$470,503	\$427,278	\$353,452	\$298,988
Cost of sales	<u>334,689</u>	<u>259,609</u>	<u>240,457</u>	<u>198,946</u>	<u>176,859</u>
Gross profit	280,136	210,894	186,821	154,506	122,129
Selling, general and administrative	<u>183,743</u>	<u>150,829</u>	<u>131,023</u>	<u>110,204</u>	<u>95,431</u>
Income from operations	96,393	60,065	55,798	44,302	26,698
Interest expense, net	4,238	4,822	4,075	3,593	4,220
Income tax expense(1)	<u>33,544</u>	<u>22,235</u>	<u>18,979</u>	<u>1,413</u>	<u>1,468</u>
Net income	<u>\$ 58,611</u>	<u>\$ 33,008</u>	<u>\$ 32,744</u>	<u>\$ 39,296</u>	<u>\$ 21,010</u>
Net income per share(2):					
Basic	\$ 2.28	\$ 1.30	\$ 1.38	\$ 2.09	\$ 1.24
Diluted	\$ 2.22	\$ 1.29	\$ 1.36	\$ 2.06	\$ 1.24
Weighted average shares outstanding(2):					
Basic	25,694	25,331	23,731	18,792	16,997
Diluted	26,405	25,608	24,058	19,103	16,997
	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Balance Sheet Data:					
Working capital	\$191,612	\$144,105	\$109,505	\$69,706	\$59,797
Inventories	105,288	86,465	74,059	48,300	34,638
Total assets	375,086	304,990	269,478	174,477	135,967
Long-term debt, net of current maturities	26,000	26,665	27,275	2,831	2,963
Shareholders' equity	248,989	184,375	149,414	110,535	91,936

(1) For the years ended December 31, 1997 and 1996, the Company was an "S" corporation and accordingly not subject to federal and state income taxes during the periods then ended.

(2) The Company completed an Initial Public Offering (IPO) of 6,440,000 shares of Common Stock on April 1, 1998.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

All references to years relate to the fiscal year ended December 31 of such year.

Results of Operations

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

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net sales	100.0%	100.0%	100.0%
Cost of sales	<u>54.4</u>	<u>55.2</u>	<u>56.3</u>
Gross profit	45.6	44.8	43.7
Selling, general and administrative	<u>29.9</u>	<u>32.1</u> (1)	<u>30.7</u>
Income from operations	15.7	12.7	13.0
Interest expense, net	<u>0.7</u>	<u>1.0</u>	<u>0.9</u>
Income before income tax	15.0	11.7	12.1
Income tax expense	<u>5.5</u>	<u>4.7</u>	<u>4.4</u> (2)
Net income	<u>9.5%</u>	<u>7.0%</u>	<u>7.7%</u>

- (1) Includes a one-time charge of \$1.5 million related to the closure of the Company's manufacturing facility in Chaffee, Missouri.
- (2) Includes a non-recurring, non-cash benefit of approximately \$2.0 million related to the termination of the Company's "S" corporation status.

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net sales: Net sales increased 30.7% to \$614.8 million in 2000 from \$470.5 million in 1999. Domestic sales increased 28.5% to \$438.9 million in 2000 from \$341.6 million in 1999. Net international sales, excluding Canada, increased 43.7% to \$112.8 million in 2000 from \$78.5 million in 1999. The increase in net international sales was due primarily to increases in European and Japanese direct sales which increased \$17.6 million or 42.6% and \$8.3 million or 46.0%, respectively. Canadian sales increased 25.2% to \$63.1 million in 2000 from \$50.4 million in 1999. These increases were primarily attributable to increased sales of outerwear units, predominantly in the United States, Canada and Europe, and increased sales of sportswear and footwear units across all regions.

Gross Profit: Gross profit as a percentage of net sales was 45.6% and 44.8% for 2000 and 1999, respectively. This increase of 80 basis points in gross margin was due to a combination of factors that may not be replicated. These factors include: (1) decreased sales of carry-over fall close-out products during the three months ended March 31, 2000 when compared to the three months ended March 31, 1999, (2) increased margin on sales of spring sportswear close-out products for the three months ended June 30, 2000 when compared to the three months ended June 30, 1999, and (3) strong domestic and Canadian margins resulting from minimal off price selling during the six months ended December 31, 2000, partially offset by the weakness in the Euro currency.

Selling, General and Administrative Expense: Selling, general, and administrative expense (SG&A) increased 21.8% to \$183.7 million in 2000 from \$150.8 million in 1999, primarily as a result of an increase in variable selling and operating expenses to support the higher level of sales. As a percentage of sales, SG&A decreased to 29.9% for the year ended December 31, 2000 from 32.1% for the comparable period in 1999. This change was primarily due to strong sales growth in 2000, coupled with minimal additional investment in infrastructure. In addition, the third quarter 1999 results included a \$1.5 million charge for the closing of our Chaffee, Missouri manufacturing plant. Although we anticipate continued leverage of SG&A as a percentage of sales for 2001, foreseeable international and current domestic infrastructure expansions will place upward pressure on SG&A in 2002 as these projects are capitalized and begin to depreciate.

Interest Expense: Interest expense decreased by 12.1% in 2000 from the comparable period in 1999. The decrease was primarily attributable to our increased cash position during the first, second and fourth quarters of 2000 as compared to the same periods in 1999 and our decreased borrowings during the third quarter of 2000 compared to third quarter of 1999.

Income Tax Expense: The provision for income taxes was \$33.5 million and \$22.2 million for 2000 and 1999, respectively. The provision for income taxes, as a percentage of pre-tax income was 36.4% and 40.2% for 2000 and 1999, respectively. The decrease in tax rates, which may not be replicated in future periods, was due primarily to the utilization of foreign tax credits.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net sales: Net sales increased 10.1% to \$470.5 million in 1999 from \$427.3 million in 1998. The increase in net sales was due primarily to growth in our international business. Domestic sales increased 1.7% to \$341.6 million in 1999 from \$335.9 million in 1998. Net international sales, excluding Canada, increased 49.2% to \$78.5 million in 1999 from \$52.6 million in 1998. The increase in net international sales was due primarily to increases in European and Japanese direct sales, which increased \$14.2 million or 52.1% and \$10.4 million or 133.8%, respectively. Unit sales generated these increases for both Europe and Japan across all product lines. Canadian sales increased 30.0% to \$50.4 million in 1999 from \$38.8 million in 1998. This Canadian sales growth was due to increased sales unit volume across outerwear, sportswear and footwear product categories.

Gross Profit: Gross profit as a percentage of net sales was 44.8% and 43.7% for 1999 and 1998 respectively. This increase of 110 basis point in gross margin was due to a combination of factors. These include an increase in higher margin international sales, which increased to 16.7% of net sales in 1999 from 12.3% in 1998 as a percent of net sales, minimal off-price sales for the year with strong margins on those products which were discounted, and favorable pricing on fall 1999 production. The increase in the gross margin was also attributable to the continued emphasis on inventory management, which resulted to fewer markdowns and closeouts as well as manufacturing efficiencies.

Selling, General and Administrative Expense: Selling, general, and administrative expense increased 15.1% to \$150.8 million in 1999 from \$131.0 million for 1998. As a percentage of sales, selling, general, and administrative expenses increased to 32.1% in 1999 from 30.7% in 1998. The increase was primarily due to an additional \$5.0 million in depreciation expense as capital projects including the new distribution center and enterprise wide information system were capitalized in 1998 and an entire year of depreciation was recorded in 1999. Additionally, we incurred \$1.5 million in expenses relating to the announced closure of our only manufacturing facility in the third quarter of 1999. Additional drivers of selling, general, and administrative expenses included variable expenses relating to the higher sales for the year and the continued expansion of our other international operations.

Interest Expense: Interest expense increased by 18.3% in 1999 from the comparable period in 1998. The increase was attributable to financing for capital projects and working capital needed to fund the growth in sales activity for year ended December 31, 1999.

Income Tax Expense: The provision for income taxes increased due to growth in income before income tax and the increase of our effective tax rate from 36.8% in 1998 to 40.2% in 1999. The increase in our effective tax rate was due to the recognition of a non-recurring, non-cash benefit of approximately \$2 million in the first quarter of 1998. This benefit was a result of the termination of our "S" corporation status and was recognized in order to record deferred income taxes for the tax effect of cumulative temporary differences between financial and tax reporting. See Notes 2 and 9 to the Consolidated Financial Statements.

Liquidity and Capital Resources

We financed our operations in the year ended December 31, 2000 primarily through cash provided by operating activities. At December 31, 2000, we had total cash equivalents of \$35.5 million compared to

\$14.6 million at December 31, 1999. Cash provided by operating activities was \$52.2 million for the year ended December 31, 2000 compared to \$23.5 million in 1999.

Our primary capital requirements are for working capital and general corporate needs. Net cash used in investing activities was \$28.8 million for the year ended December 31, 2000 and \$12.6 million for the comparable period in 1999. During the year ended December 31, 2000, we purchased the Sorel trademark for approximately \$8.0 million (see Note 2 to the Consolidated Financial Statements) and a corporate headquarters facility for approximately \$13.0 million.

Cash used in financing activities was \$1.7 million for the year ended December 31, 2000 and \$2.8 million for 1999. In 2000, net cash used in financing activities was primarily due to repayment of our short-term notes payable offset by proceeds from the exercise of employee stock options. Repayment of short-term notes payable was \$6.0 million in 2000 compared to \$3.1 million in 1999.

To fund our domestic working capital requirements, we have available unsecured revolving lines of credit with aggregate seasonal limits ranging from \$35 million to \$75 million, of which \$10 million to \$50 million is committed. Additionally, we maintain unsecured lines of credit with a combined limit of \$135 million available for issuing letters of credit. Internationally, our subsidiaries have local currency operating lines in place guaranteed by our domestic operations.

We have recently announced capital expenditures to support our continued growth, including the expansion of our United States distribution center, remodeling of our recently purchased corporate headquarters and construction of a European distribution facility. We anticipate the capital expenditures associated with these projects as well as our maintenance capital will be approximately \$40 million and will be funded by existing cash and cash provided by operations. However, if the need for additional financing arises, our ability to obtain additional credit facilities will depend on prevailing market conditions, our financial condition, and our ability to negotiate favorable terms and conditions.

Our operations are affected by seasonal trends typical in the outdoor apparel industry, which have historically resulted in higher sales and profits in the third calendar quarter. This pattern has resulted primarily from the timing of shipments to wholesale customers for the fall outerwear season. As our sportswear and footwear product lines mature, they will have future impact on seasonal shipments and corresponding working capital requirements. 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.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks from fluctuations of foreign currency exchange rates and interest rates due to our international sales, production and funding requirements. It is our policy to utilize financial instruments to reduce market risk where internal netting and other strategies cannot be effectively employed. Foreign currency and interest rate transactions are used only to the extent considered necessary to meet our objectives. We do not enter into foreign currency or interest rate transactions for speculative purposes.

Our foreign currency risk management objective is to protect cash flows resulting from sales, purchases and other costs from the impact of exchange rate movements. This risk is managed by using forward exchange contracts and purchased options to hedge certain firm as well as anticipated commitments and the related receivables and payables, including third party or intercompany transactions. Anticipated, but not yet firmly committed, transactions that we hedge carry a high level of certainty and are expected to be recognized within one year. Cross-currency swaps are used to hedge foreign currency denominated payments related to intercompany loan agreements. Hedged transactions are denominated primarily in the Euro, Japanese yen and Canadian dollars.

The fair value of our hedges was unfavorable by \$1.6 million and \$0.1 million as of December 31, 2000 and 1999, respectively. A 10% change in the Euro, Japanese yen and Canadian dollar exchange rates would have resulted in the fair value fluctuating approximately \$5.1 million at December 31, 2000 and \$3.2 million at

December 31, 1999. Changes in fair value, resulting from foreign exchange rate fluctuations, would be substantially offset by the change in value of the underlying hedged transactions.

The Company's exposure to market risk for changes in interest rates relate primarily to the company's debt obligations. The Company has no cash flow exposure due to rate changes on its \$26.0 million and \$26.7 million of long-term debt as of December 31, 2000 and 1999, respectively. However, the company does have cash flow exposure on its committed and uncommitted bank lines of credit as interest is based on LIBOR and other interest rate indices.

Euro Currency Conversion

On January 1, 1999, the Euro was adopted as the national currency of the participating countries — Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. Greece adopted the Euro on January 1, 2001. Initially, the Euro will be used for non-cash transactions. Legacy currencies of the participating member states will remain legal tender until January 1, 2002. On this date, Euro-denominated bills and coins will be issued for use in cash transactions.

The introduction of the Euro is a significant event with potential implications for our existing operations within the participating countries. As such, we have committed resources to conduct risk assessments and to take corrective actions, where required, to ensure that we are prepared for the introduction of the Euro. Progress regarding Euro implementation is reported periodically to management.

We have not experienced any significant operational disruptions to date and do not expect the continued implementation of the Euro to cause any significant operational disruptions. In addition, we have not incurred and do not expect to incur any significant costs from the continued implementation of the Euro, including any additional currency risk, which could materially affect our liquidity or capital resources.

Recent Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." The effective date of the bulletin was delayed by the issuance of SAB No. 101A and SAB No. 101B and was effective for the Company's fourth quarter of fiscal year 2000. The adoption of this bulletin did not have a material effect on the Company's consolidated financial statements.

Forward-Looking Statements

Item 1 of Part I and Items 7 and 7(a) of Part II of this Annual Report (as well as statements made from time to time by management) contain forward-looking statements that are subject to many risks and uncertainties. Forward-looking statements include any related to our expectations regarding future performance or conditions, including but not limited to potential growth in domestic and international markets, growth in merchandise categories, increased sales to department stores and footwear specialty shops, implementation and performance of new management information systems and distribution facilities, access to raw materials and factory capacity, Euro currency conversion, financing and working capital requirements and resources, and expected expenses as a percentage of net sales. Many factors could have an adverse impact on our business and may cause actual results to differ materially from information included in such forward-looking statements. Some of the risk factors that could cause actual results to differ from those projected in forward-looking statements are described below, under the heading "Factors That May Affect Our Business". We do not undertake any duty to update any forward-looking statements after the date they are made, to conform them to actual results or to changes in our expectations.

Factors That May Affect Our Business

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

Sales of our products, particularly skiwear, are subject to substantial cyclical fluctuation. Consumer demand for our apparel and footwear, or our licensed products, may not reach our growth targets, or may

decline, when there is an economic downturn or economic uncertainty in our key markets, particularly markets in North America and Europe. Continuing weakness in the Japanese economy, for example, has limited growth opportunities in recent years, and a slowing economy in the United States in 2001 has created additional uncertainties for our business. Our sensitivity to economic cyclicalities and any related fluctuation in consumer demand could have a material adverse effect on our results of operations and financial condition.

We Are Affected by the Financial Health of Retailers

We extend credit to our customers based on an assessment of a customer's financial circumstances, generally without requiring collateral. To assist in the scheduling of production and the shipping of seasonal products, we offer customers discounts for placing pre-season orders and extended payment terms for taking delivery before the peak shipping season. These extended payment terms increase our exposure to the risk of uncollectible receivables. In addition, we face increased risk of order reduction or cancellation when dealing with financially ailing retailers. Some of our significant customers have experienced financial difficulties in the past, which in turn have had an adverse effect on our business. A slowing economy in our key markets could have an adverse effect on the financial health of our customers, and therefore create additional risks for our business.

We Operate in Very Competitive Markets

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

We Face Risks Associated with Consumer Preferences and Fashion Trends

We believe we have benefited from changing consumer preferences, including increased consumer interest in outdoor activities and lifestyle changes that emphasize apparel designed for these activities. Changes in consumer preferences or consumer interest in outdoor activities could have a material adverse effect on our business. In addition, although we believe our products have not been significantly affected by past fashion trends, changes in fashion trends could have a greater impact as we expand our offerings to include more product categories. Also, we face risks because our business requires us to anticipate consumer preferences. Our decisions about product designs often are made in advance of consumer acceptance. Although we try to manage our inventory risk through early order commitments by retailers, we must generally place production orders with manufacturers before we have received all of a season's orders. If we fail to anticipate accurately and respond to consumer preferences, this could lead to, among other things, lower sales, excess inventories and lower margins.

Our Business is Affected by Weather Conditions

Sales of our outerwear are dependent in part on the weather and may decline in years in which weather conditions do not favor the use of our outerwear. For example, we believe unseasonably warm weather in the United States in 1998 and 1999 caused customers to delay, and in some cases reduce or cancel, orders for our outerwear, which had an adverse effect on our net sales and profitability. Periods of unseasonably warm weather could have a material adverse effect on our business.

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

We face many challenges in implementing our growth strategies. For example, our expansion into international markets involves countries where we have little sales or distribution experience and where our brand is not yet widely known. Expanding our product categories involves, among other things, gaining experience with new products and winning consumer acceptance. Increasing sales to department stores, and the number of concept shops opened and their success, will each depend on various factors, including strength of our brand name, competitive conditions, our ability to manage increased sales and concept shop expansion, the availability of desirable locations and the negotiation of terms with retailers. Future terms with customers may be less favorable to us than those we now operate under. To implement our business strategy, we need to manage growth effectively. We need to continue to change certain aspects of our business, to maintain and enhance our information systems and operations to respond to increased demand and to attract, retain and manage qualified personnel. Growth could place an increasing strain on management, financial, product design, marketing, distribution and other resources, and we could experience operating difficulties. For example, in 2000 and 2001, we have undertaken a number of new initiatives that require significant management attention and corporate resources, including the development or expansion of distribution facilities on two continents, the acquisition and rejuvenation of the Sorel® brand, and the development and integration of the new Sorel business into our existing operations. Such growth involves many risks and uncertainties, and if we are unable to manage it effectively we may not achieve our objectives and there could be a material adverse affect on our business.

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 and on the development or expansion of additional distribution capabilities. In the United States, we rely primarily on our distribution center in Portland, Oregon, and in Europe we have relied on an independently operated facility in The Netherlands, which is expected to be replaced by a company-built distribution center in Cambrai, France in 2002. Our distribution facilities are highly automated, which means their operations are complicated and may be subject to a number of risks related to computer viruses, the proper operation of software and hardware, electronic or power interruptions, or other system failures. Our operations could also be interrupted by disasters, such as earthquakes (which are known to occur in the Northwestern United States) or fires. Uncertainty about power supplies in Oregon in 2001 creates some additional risks for our business. Although we maintain generators to operate our distribution facility, power interruptions could restrict our distribution capacity and negatively affect our business, particularly if this occurs during critical shipping periods. We maintain business interruption insurance, but it may not adequately protect our business from the impact of significant disruptions in our distribution facilities. In Cambrai, France, our ability to complete a new facility is subject to a number of risks and uncertainties, including our ability to finalize agreements to complete the land acquisition and construction of the new facility on acceptable terms, our ability to integrate a new facility with existing operations, the availability of labor, raw materials and other inputs on anticipated terms and our ability to obtain any necessary governmental approvals in a timely fashion.

Our International Operations Involve Many Risks

We are subject to many risks generally associated with doing business abroad, such as foreign governmental regulations, foreign consumer preferences, political unrest, disruptions or delays in shipments and changes in economic conditions in countries in which we manufacture or sell products. These factors, among others, could influence our ability to sell products in international markets, as well as our ability to manufacture products or procure materials. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, there could be a material adverse affect on our business. In addition, many of our imports are subject to duties, tariffs or quotas that affect the cost and quantity of certain types of goods imported into the United States or into our other sales markets. The countries in which our products are produced or sold may adjust or impose new quotas, duties, tariffs or other restrictions, any of which could have a material adverse effect on us. We produce a significant portion of our products in China,

and therefore our business could be materially adversely affected by adverse conditions in China or adverse changes in China's trading status with the U.S. or with other sales markets.

Currency Exchange Rate Fluctuations May Affect our Business

We generally purchase products in U.S. dollars. However, the cost of these products sourced overseas may be affected by changes in the value of the relevant currencies. Price increases caused by currency exchange rate fluctuations could make our products less competitive or have an adverse affect on our margins. Our international revenue and expense generally is derived from sales and operations in foreign currencies, and this revenue and expense could be materially affected by currency fluctuations, including amounts recorded in foreign currencies and translated into U.S. dollars for consolidated financial reporting. Currency exchange rate fluctuations could also disrupt the business of the independent manufacturers that produce our products by making their purchases of raw materials more expensive and more difficult to finance. We conduct a program to hedge against our exposure to currency exchange rate fluctuations. We may not, however, be successful and foreign currency fluctuations could have a material adverse affect on us.

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

Our products are produced by independent manufacturers worldwide. Although we enter into a number of purchase order commitments each season, we do not have long-term contracts with any manufacturer. We do not operate any production facilities. We therefore face risks that manufacturing operations will fail to perform as expected, or that our competitors will gain production or quota capacities that we need for our business. If a manufacturer fails to ship orders in a timely manner or to meet our standards, it could cause us to miss delivery requirements, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse affect on our business. If a manufacturer violates labor or other laws, or engages in practices that are not generally accepted as ethical in our key markets, this could result in adverse publicity for us and have a material adverse affect on our business. In an effort to ensure that our independent manufacturers operate with safe, ethical and humane working conditions, we monitor factories and we require that each agree to comply with our *Standards of Manufacturing Practices* and applicable laws and regulations, but we do not control these vendors or their labor practices.

We Depend on Key Suppliers for Some Specialty Fabrics

Some of the materials that we use may be available, in the short-term, from only one or a very limited number of sources. For example, some specialty fabrics are manufactured to our specification by one or a few sources, and three major factory groups accounted for approximately 18% of our 2000 global production. From time to time, we have experienced difficulty satisfying our raw material and finished goods requirements. Although we believe we could identify and qualify additional factories to produce these materials, the unavailability of some existing manufacturers for supply of these materials could have a material adverse affect on our business.

Our Advance Purchases of Products May Result in Excess Inventories

To minimize our purchasing costs, the time necessary to fill customer orders and the risk of non-delivery, we place orders for our products with manufacturers prior to receiving all of our customers' orders and maintain an inventory of certain products that we anticipate will be in greater demand. We may not be able to sell the products we have ordered from manufacturers or that we have in our inventory. Customer orders, moreover, are generally cancelable by the customer prior to the date of the shipment. Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have a material adverse effect on our business.

Our Success Depends on our Proprietary Rights

We believe our registered and common law trademarks have significant value and are important to our ability to create and sustain demand for our products. We also place significant value on our trade dress, the overall appearance and image of our products. In markets outside the United States, it may be more difficult for us to establish our proprietary rights and to challenge successfully use of those rights by other parties. We will also face additional challenges as we extend our brand into new product categories, in part through our licensing program. Although we have not been materially inhibited from selling products in connection with trademark or trade dress disputes, we could encounter more obstacles as we expand our product line and the geographic scope of our marketing. From time to time, we discover products that are counterfeit reproductions of our products or trade dress “knock offs.” If we are unsuccessful in challenging a party’s products on the basis of trademark or trade dress infringement, continued sales of these products could adversely impact our sales and our brand and result in the shift of consumer preference away from our products. The actions we take to establish and protect trademarks and other proprietary rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as violations of proprietary rights. In addition, we could incur substantial costs in legal actions relating to our use of intellectual property or the use of our intellectual property rights by others.

Our Business Is Affected by Seasonality and Fluctuations in Operating Results

Our results of operations have fluctuated and are likely to fluctuate significantly from period to period. Our products are marketed on a seasonal basis, with a product mix now weighted substantially toward the fall season. Our results of operations for the quarter ending September 30 in the past have been much stronger than the results for the other quarters. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer behavior, weather conditions, availability of import quotas and currency exchange rate fluctuations, could 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.

We Face Risks of Product Liability and Warranty Claims

Our products are used in outdoor activities, sometimes in severe conditions. Although we have not experienced any significant expense as the result of product recalls or product liability claims, this could occur in the future and have a material adverse affect on our business. Substantially all of our products are backed by a lifetime limited warranty for defects in quality and workmanship. We maintain a warranty reserve for future warranty claims, but the actual costs of servicing future warranty claims could exceed the reserve and have a material adverse affect on us.

Our Common Stock Price May Be Volatile

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

Item 7a. *Quantitative and Qualitative Disclosures about Market Risk*

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

Item 8. *Financial Statements and Supplemental Data*

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

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

The Audit Committee is responsible for recommending to the Board of Directors the appointment of the independent accountants and reviews with the independent accountants and management the scope and the results of the annual examination, the effectiveness of the accounting control system and other matters relating to our financial affairs as they deem appropriate.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of Columbia Sportswear Company:

We have audited the accompanying consolidated balance sheets of Columbia Sportswear Company and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Columbia Sportswear Company and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Portland, Oregon
February 1, 2001

COLUMBIA SPORTSWEAR COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS

	December 31,	
	2000	1999
Current Assets:		
Cash and cash equivalents	\$ 35,464	\$ 14,622
Accounts receivable, net of allowance of \$5,826 and \$4,535, respectively	129,539	118,709
Inventories, net (Note 3)	105,288	86,465
Deferred tax asset (Note 9)	13,347	11,822
Prepaid expenses and other current assets	5,610	2,425
Total current assets	289,248	234,043
Property, plant, and equipment, net (Note 4)	76,662	68,960
Intangibles and other assets (Note 2)	9,176	1,987
Total assets	<u>\$375,086</u>	<u>\$304,990</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Notes payable (Note 5)	\$ 23,987	\$ 31,676
Accounts payable	45,047	36,779
Accrued liabilities (Note 6)	28,294	21,231
Current portion of long-term debt	308	252
Total current liabilities	97,636	89,938
Long-term debt (Note 7)	26,000	26,665
Deferred tax liability (Note 9)	2,461	4,012
Total liabilities	126,097	120,615
Commitments and contingencies (Note 12)	—	—
Shareholders' Equity:		
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—
Common stock; 50,000 shares authorized; 25,709 and 25,350 issued and outstanding (Note 8)	133,736	126,265
Retained earnings	123,901	65,290
Accumulated other comprehensive loss	(5,920)	(3,770)
Unearned portion of restricted stock issued for future Services (Note 11)	(2,728)	(3,410)
Total shareholders' equity	248,989	184,375
Total liabilities and shareholders' equity	<u>\$375,086</u>	<u>\$304,990</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2000	1999	1998
Net sales	\$614,825	\$470,503	\$427,278
Cost of sales	334,689	259,609	240,457
Gross profit	280,136	210,894	186,821
Selling, general, and administrative	183,743	150,829	131,023
Income from operations	96,393	60,065	55,798
Interest expense, net	4,238	4,822	4,075
Income before income tax	92,155	55,243	51,723
Income tax expense (Note 9)	33,544	22,235	18,979
Net income	<u>\$ 58,611</u>	<u>\$ 33,008</u>	<u>\$ 32,744</u>
Net income per share:			
Basic	\$ 2.28	\$ 1.30	\$ 1.38
Diluted	\$ 2.22	\$ 1.29	\$ 1.36
Weighted average shares outstanding (Note 15):			
Basic	25,694	25,331	23,731
Diluted	26,405	25,608	24,058

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2000	1999	1998
Cash Provided by (Used in) Operating Activities:			
Net Income	\$ 58,611	\$ 33,008	\$ 32,744
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,648	12,604	7,641
Non-cash compensation	682	970	970
(Gain) loss on disposal of property, plant, and equipment	(227)	132	102
Deferred income tax provision	(3,076)	(3,026)	(4,784)
Changes in operating assets and liabilities:			
Accounts receivable	(13,375)	(12,767)	(27,426)
Inventories	(20,520)	(11,788)	(24,373)
Prepaid expenses and other current assets	(3,231)	61	(272)
Intangibles and other assets	171	300	(152)
Accounts payable	8,848	(1,441)	12,884
Accrued liabilities	10,666	5,400	3,091
Net cash provided by operating activities	<u>52,197</u>	<u>23,453</u>	<u>425</u>
Cash Provided by (Used in) Investing Activities:			
Additions to property, plant, and equipment	(21,233)	(12,591)	(40,408)
Proceeds from sale of property, plant, and equipment	436	15	161
Purchase of trademarks	(7,967)	—	—
Net cash used in investing activities	<u>(28,764)</u>	<u>(12,576)</u>	<u>(40,247)</u>
Cash Provided by (Used in) Financing Activities:			
Net borrowing (repayment) on notes payable	(5,953)	(3,139)	13,289
Issuance (repayment) on long-term debt	(609)	(558)	24,490
Proceeds from issuance of common stock	4,885	876	366
Proceeds from initial public offering	—	—	106,850
Distributions paid to shareholders	—	—	(102,395)
Net cash provided by (used in) financing activities	<u>(1,677)</u>	<u>(2,821)</u>	<u>42,600</u>
Net Effect of Exchange Rate Changes on Cash	<u>(914)</u>	<u>(211)</u>	<u>(2)</u>
Net Increase in Cash and Cash Equivalents	<u>20,842</u>	<u>7,845</u>	<u>2,776</u>
Cash and Cash Equivalents, Beginning of Year	<u>14,622</u>	<u>6,777</u>	<u>4,001</u>
Cash and Cash Equivalents, End of Year	<u>\$ 35,464</u>	<u>\$ 14,622</u>	<u>\$ 6,777</u>
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the year for interest, net of capitalized interest	\$ 4,595	\$ 5,067	\$ 3,874
Cash paid during the year for income taxes	37,079	22,795	23,217
Supplemental Disclosures of Noncash Investing and Financing Activities:			
Application of deposit in land purchase	\$ —	\$ —	\$ 331
Repayment of related party note receivable	—	—	5,813

See accompanying notes to consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Portion of Restricted Stock Issued For Future Services	Comprehensive Income	Total
	Shares Outstanding	Amount					
Balance, January 1, 1998	18,792	\$ 17,886	\$ 101,805	\$(3,806)	\$(5,350)		\$ 110,535
Comprehensive income							
Net income			32,744			\$32,744	32,744
Other comprehensive income							
Foreign currency translation adjustment				328		328	328
Comprehensive income						<u>\$33,072</u>	
Initial public offering, net of expenses	6,440	106,850					106,850
Exercise of employee stock options	35	366					366
Tax benefit from stock plans		(112)					(112)
Distribution to shareholders			(102,267)				(102,267)
Amortization of unearned compensation					970		970
Balance, December 31, 1998	25,267	124,990	32,282	(3,478)	(4,380)		149,414
Comprehensive income							
Net income			33,008			\$33,008	33,008
Other comprehensive income							
Foreign currency translation adjustment				(365)		(365)	(365)
Unrealized gain on derivative transactions				73		73	73
Comprehensive income						<u>\$32,716</u>	
Exercise of employee stock options	61	596					596
Tax benefit from stock plans		399					399
Employee stock purchase program	22	280					280
Amortization of unearned compensation					970		970
Balance, December 31, 1999	25,350	126,265	65,290	(3,770)	(3,410)		184,375
Comprehensive income							
Net income			58,611			\$58,611	58,611
Other comprehensive income							
Foreign currency translation adjustment				(1,127)		(1,127)	(1,127)
Unrealized loss on derivative transactions (net of tax benefit, \$592)				(1,023)		(1,023)	(1,023)
Comprehensive income						<u>\$56,461</u>	
Exercise of employee stock options	333	4,240					4,240
Tax benefit from stock plans		2,586					2,586
Employee stock purchase program	26	645					645
Amortization of unearned compensation					682		682
Balance, December 31, 2000	<u>25,709</u>	<u>\$133,736</u>	<u>\$ 123,901</u>	<u>\$(5,920)</u>	<u>\$(2,728)</u>		<u>\$ 248,989</u>

See accompanying notes to consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Basis of Presentation and Organization

Nature of the business:

Columbia Sportswear Company (the “Company”) is a global leader in the design, manufacture, marketing and distribution of active outdoor apparel, including outerwear, sportswear, footwear, and related accessories.

Note 2 — Summary of Significant Accounting Policies

Basis of presentation:

The consolidated financial statements include the accounts of Columbia Sportswear Co. (“CSC”) and all wholly-owned subsidiaries, including GTS Inc. (“GTS”), Columbia Sportswear Canada Ltd. (“CSCL”), Columbia Sportswear Holdings, Ltd. (“CSHL”), Columbia Sportswear Japan Ltd. (“CSC Japan”), Columbia Sportswear Germany GmbH (“CSC Germany”), Columbia Sportswear France SNC. (“CSC France”), Columbia Sportswear Company Ltd. (“CSC United Kingdom”), Columbia Sportswear Korea (“CSC Korea”) and Sorel Corporation (“Sorel”) (collectively, the “Company”). All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

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

Revenue Recognition:

Revenue for wholesale operations and licensing is recognized at the time the merchandise is shipped to customers. Retail store revenue is recognized at the time of sale. Allowances for estimated returns are provided when sales are recorded.

Cash and cash equivalents:

Cash and cash equivalents represent cash and short-term, highly liquid investments with maturities of three months or less at date of acquisition.

Accounts receivable:

Accounts receivable have been reduced by an allowance for doubtful accounts, which was \$5,826,000 and \$4,535,000 in 2000 and 1999, respectively. The net charges to this reserve was \$3,563,000, \$3,177,000, \$2,643,000 in 2000, 1999, and 1998, respectively.

Inventories:

Inventories are carried at the lower of cost or market. Cost is determined using the first-in, first-out method.

Property, plant, and equipment:

Property, plant, and equipment are stated at cost. Depreciation of machinery and equipment, furniture and fixtures and amortization of leasehold improvements is provided using the straight-line method over the

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

estimated useful lives of the assets, ranging from 3 to 10 years. Buildings are depreciated using the straight-line method over 30 years.

Intangibles and other assets:

In September 2000, the Company acquired the Sorel trademark rights, associated brand names and other related intellectual property rights for \$7,967,000 in cash. The acquired intangible assets are being amortized over their estimated useful lives on a straight-line basis over ten years. The related accumulated amortization was \$199,000 at December 31, 2000.

Goodwill is being amortized on a straight-line basis over eight years. Goodwill of \$660,000 and \$979,000, net of accumulated amortization of \$345,000 and \$1,917,000, is included in intangibles and other assets for 2000 and 1999, respectively.

Impairment of long-lived and intangible assets:

The Company evaluates the carrying value of long-lived assets for possible impairment as events or changes arise indicating that such assets should be reviewed. If an asset is determined to be impaired, the loss is measured as the amount by which the carrying value of the asset exceeds its fair value. Fair value is based on the best information available, including prices for similar assets or the results of valuation techniques. The Company has determined that its long-lived assets as of December 31, 2000 and 1999 are not impaired.

Income taxes:

Deferred income taxes are provided to recognize the effect of temporary differences between tax and financial statement reporting.

Prior to its initial public offering of common stock on April 1, 1998, the Company elected to be treated as an "S" corporation under provisions of the Internal Revenue Code of 1986. Accordingly, payment of federal and most state taxes on income earned in the United States was the responsibility of the shareholders rather than the Company.

Just prior to the initial public offering, the Company terminated its "S" corporation status. The Company retained the tax basis of the assets and liabilities of the "S" corporation as of the termination date and recorded deferred income taxes of approximately \$2,000,000 for the income tax effect of cumulative temporary differences.

In connection with the offerings and the termination of the Company's "S" corporation status, the Company entered into a tax indemnification agreement with each of its shareholders, including Gertrude Boyle, Timothy P. Boyle, Sarah Bany, Don Santorufo and certain trusts. The agreements provide that the Company will indemnify and hold harmless each of these shareholders for federal, state, local or foreign income tax liabilities and costs relating thereto, resulting from any adjustment to the Company's income that is the result of an increase or change in character of the Company's income during the period it was treated as an "S" corporation. The agreements also provide that if there is a determination that the Company was not an "S" corporation prior to the Offerings, the shareholders will pay to the Company certain refunds actually received by them as a result of the determination.

Foreign currency translation:

The assets and liabilities of the Company's foreign subsidiaries have been translated into U.S. dollars using the exchange rates in effect at period end, and the net sales and expenses have been translated into U.S. dollars using the average exchange rates in effect during the period. The foreign currency translation

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

adjustments are included as a separate component of shareholders' equity and are not currently adjusted for income taxes as they relate to indefinite net investments in non-U.S. operations.

Fair value of financial instruments:

Based on borrowing rates currently available to the Company for bank loans with similar terms and maturities, the fair value of the Company's long-term debt approximates the carrying value. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash and cash equivalents, accounts receivable and accounts payable) also approximate fair value because of their short-term maturities.

Advertising costs:

Advertising costs are expensed as incurred. Advertising expense was \$27,343,000, \$20,725,000, and \$18,666,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Product warranty:

Substantially all of the Company's products carry lifetime warranty provisions for defects in quality and workmanship. Warranty expense was approximately \$3,325,000, \$3,127,000, and \$2,852,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Recent Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." The effective date of the bulletin was delayed by the issuance of SAB No. 101A and SAB No. 101B and was effective for the Company's fourth quarter of fiscal year 2000. The adoption of this bulletin did not have a material effect on the Company's consolidated financial statements.

Note 3 — Inventories, Net

Inventories consist of the following (in thousands):

	December 31,	
	2000	1999
Raw materials	\$ 4,298	\$ 3,459
Work in process	9,217	9,197
Finished goods	94,828	76,406
	108,343	89,062
Less inventory valuation allowance	(3,055)	(2,597)
	<u>\$105,288</u>	<u>\$86,465</u>

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4 — Property, Plant, and Equipment, Net

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

	December 31,	
	2000	1999
Land	\$ 5,766	\$ 4,740
Buildings	30,589	25,432
Machinery and equipment	61,642	59,078
Furniture and fixtures	6,624	6,751
Leasehold improvements	11,329	10,720
Construction in progress	9,034	444
	124,984	107,165
Less accumulated depreciation	48,322	38,205
	<u>\$ 76,662</u>	<u>\$ 68,960</u>

Note 5 — Short Term Borrowings and Credit Lines

The Company has available an unsecured operating line of credit providing for borrowings in an aggregate amount not to exceed at any time outstanding (1) \$50,000,000 during the period of July 15 through December 15 of the calendar year, (2) \$25,000,000 during the period of December 16 through February 15 of the calendar year and (3) \$10,000,000 at all other times. The maturity date of this agreement is June 30, 2002. Interest, payable monthly, is computed at the bank's prime rate minus up to 2.05% per annum, representing an effective interest rate of 7.50% at December 31, 2000 and 6.50% at December 31, 1999. The agreement also includes a fixed rate option based on the LIBOR rate plus up to 65 basis points. The balance outstanding was \$0 and \$9,145,000 at December 31, 2000 and 1999, respectively. The unsecured operating line of credit requires the Company to comply with certain covenants including a Capital Ratio, which limits indebtedness to tangible net worth. If the Company defaults on its payments, it is prohibited, subject to certain exceptions, from making dividend payments or other distributions.

The Company also has available an unsecured revolving line of credit of \$25,000,000 with a \$75,000,000 import line of credit to issue documentary letters of credit on a sight basis. The combined limit under this agreement is \$100,000,000. The revolving line accrues interest at the bank's prime rate minus 2% per annum. The revolving line also has a fixed rate option based on the bank's cost of funds plus 45 basis points. There was no balance outstanding on this line as of December 31, 2000 and 1999.

The Company is party to certain Buying Agency Agreements pursuant to which the Company is provided unsecured lines of credit. These lines of credit are used to finance the purchase of goods outside the U.S. which are produced by the Company's independent manufacturers. The available funds are limited to \$156,680,000 with a sublimit of \$72,677,000 on the import line of credit. Borrowings bear interest at a range of .35% to .75% above the LIBOR rate (LIBOR rate: 6.4% and 6.0% as of December 31, 2000 and 1999, respectively). These agreements expire in 2001 will automatically renew for three-year terms unless either party elects otherwise. The balance outstanding on the import line of credit was \$20,525,000 and \$15,383,000 at December 31, 2000 and 1999, respectively, and is included in accounts payable. At December 31, 2000, the Company had \$72,105,000 of firm purchase orders placed under these financing arrangements.

CSCL has available a line of credit providing for borrowing to a maximum of C\$19,650,000 (US\$13,110,000 at December 31, 2000). As of December 31, 2000 and 1999, there was no balance outstanding on this line.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's European branch has a line of credit providing for borrowing to a maximum of 90,000,000 FRF (US\$12,930,000 at December 31, 2000). The balance outstanding was \$11,463,000 and \$8,039,000, at an interest rate of 5.7% and 3.3% at December 31, 2000 and 1999, respectively.

The Company's Japanese subsidiary also has a line of credit providing for borrowing to a maximum of 1,650,000,000 JPY (US\$14,429,000 at December 31, 2000). The balance outstanding was \$12,524,000 and \$14,492,000, at an interest rate of 2.3% and 1.9%, at December 31, 2000 and 1999, respectively.

Note 6 — Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2000	1999
Accrued salaries, bonus, vacation and other benefits	\$14,910	\$ 9,960
Accrued warranty reserve	5,780	4,200
Other	7,604	7,071
	<u>\$28,294</u>	<u>\$21,231</u>

Note 7 — Long-Term Debt

Long-term debt consists of the following (in thousands):

	December 31,	
	2000	1999
Mortgage note payable	\$ 1,308	\$ 1,917
Senior promissory notes payable	25,000	25,000
Less current portion	(308)	(252)
	<u>\$26,000</u>	<u>\$26,665</u>

The Company assumed a mortgage in connection with the acquisition of a domestic distribution center. The loan matures in October 2004 and bears interest at 8.76%.

In connection with capital projects, the Company entered into a note purchase agreement. Pursuant to the note purchase agreement, the Company issued senior promissory notes in the aggregate principal amount of \$25 million, bearing an interest rate of 6.68% and maturing August 11, 2008. Proceeds from the notes were used to finance the expansion of the Company's distribution center in Portland, Oregon. Up to an additional \$15 million in shelf notes may be issued under the note purchase agreement. The Senior Promissory Notes require the Company to comply with certain ratios related to indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") and tangible net worth.

Principal payments due on these notes as of December 31, 2000 were as follows (in thousands):

	Year Ending December 31,
2001	\$ 308
2002	3,907
2003	3,937
2004	3,869
2005	3,571
Thereafter	<u>10,716</u>
	<u>\$26,308</u>

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8 — Shareholders' Equity

The Company is authorized to issue 50,000,000 shares of common stock. At December 31, 2000 and 1999, 25,709,447 and 25,350,307 shares of common stock were issued and outstanding.

On June 9, 1999, the shareholders of the Company approved the 1999 Employee Stock Purchase Plan ("ESPP"). 500,000 shares of common stock are authorized for issuance under the ESPP, which allows qualified employees of the Company to purchase shares on a quarterly basis up to fifteen percent of their respective compensation. The purchase price of the shares is equal to eighty five percent of the lesser of the closing price of the Company's common stock on the first or last trading day of the respective quarter. As of December 31, 2000 and 1999, 48,083 and 21,582 shares of common stock had been issued under the ESPP.

Note 9 — Income Taxes

The Company applies an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactment of changes in the tax laws or rates. Deferred taxes are provided for temporary differences between assets and liabilities for financial reporting purposes and for income tax purposes. Valuation allowances are recorded against net deferred tax assets when it is more likely than not the asset will not be realized. Certain foreign tax benefits have been offset by valuation allowances related to net operating losses.

Undistributed earnings of the Company's Canadian subsidiary amounted to approximately \$7,300,000 on December 31, 2000. Upon distribution of those earnings in the form of dividends or otherwise, a portion would be subject to both U.S. income taxes and foreign withholding taxes. It is anticipated that the U.S. income taxes and foreign withholding taxes would be substantially offset by the corresponding foreign tax credits resulting from such a distribution.

The Company's income taxes payable for federal and state purposes have been reduced and the current tax expense increased, by the tax benefits associated with dispositions of employee stock options. The Company receives an income tax benefit calculated as the difference between the fair market value of the stock issued at the time of exercise and the option price, tax effected. These benefits were credited directly to shareholders' equity.

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

	Year Ended December 31		
	2000	1999	1998
Current:			
Federal	\$25,809	\$17,764	\$17,594
State and local	4,038	3,308	3,066
Non-U.S	6,773	4,189	3,103
	<u>36,620</u>	<u>25,261</u>	<u>23,763</u>
Deferred:			
Federal	(2,172)	(1,745)	(4,262)
State and local	(158)	(599)	(522)
Non-U.S	(746)	(682)	—
	<u>(3,076)</u>	<u>(3,026)</u>	<u>(4,784)</u>
Income tax expense	<u>\$33,544</u>	<u>\$22,235</u>	<u>\$18,979</u>

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Year Ended December 31		
	2000	1999	1998
	(percent of income)		
Provision for federal income taxes at the statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal benefit	3.0	3.4	3.7
Non-U.S. income taxed at different rates	1.5	1.7	1.5
Foreign tax credits	(2.8)	—	(4.1)
Other	(0.3)	0.1	0.6
Actual provision for income taxes	<u>36.4%</u>	<u>40.2%</u>	<u>36.7%</u>

Significant components of the Company's deferred taxes are as follows (in thousands):

	Year Ended December 31	
	2000	1999
Deferred tax assets:		
Nondeductible accruals and allowances	\$ 9,445	\$8,624
Capitalized inventory costs	<u>3,902</u>	<u>3,198</u>
	13,347	11,822
Deferred tax liabilities:		
Depreciation and amortization	(1,654)	(2,682)
Deferred compensation	(1,047)	(1,330)
Other, net	<u>240</u>	<u>—</u>
	(2,461)	(4,012)
Total	<u>\$10,886</u>	<u>\$7,810</u>

Note 10 — Profit Sharing Plan

The Company has a 401(k) profit-sharing plan, which covers substantially all employees with more than ninety days of service. The Company may elect to make discretionary matching and/or non-matching contributions. All contributions to the plan are determined by the Board of Directors and totaled \$2,106,000, \$1,860,000, and \$1,666,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Note 11 — Participation Share Agreement

Effective December 1990, the Company adopted a Participation Share Agreement (the "Participation Plan") with a key employee. The Participation Plan provided for the grant of participation shares equivalent to 10% of the Company, which were to be awarded at various dates through January 2000. Shares awarded were subjected to vesting at a rate of 20% per year. The original Participation Plan granted the employee deferred compensation in the appreciation of a defined per-share book value of the Company since January 1987 and contained an anti-dilutive provision.

Effective December 31, 1996, the original Participation Plan was terminated and a Deferred Compensation Conversion Agreement (the "Agreement") was entered into. Under the Agreement, the participation shares, whether or not vested or awarded under the Participation Plan, were converted to 1,800,435 shares of common stock. As of December 31, 2000, of the converted shares, 313,111 shares of common stock awarded were subject to vesting through December 2004.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The total value of the share conversion was \$15,693,000, of which \$6,320,000 was unvested as of December 31, 1996. The unvested portion was recorded as a reduction in shareholders' equity and will be amortized to compensation expense through December 2004 as shares are earned. Compensation expense related to the Participation Plan and the 1996 conversion totaled \$682,000, \$970,000, and \$970,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Note 12 — Commitments and Contingencies

The Company leases certain operating facilities from related parties of the Company. Total rent expense, including month-to-month rentals, for these leases amounted to \$408,000, \$339,000 and \$327,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Rent expense was \$2,464,000, \$2,303,000 and \$2,123,000 for non-related party leases during the years ended December 31, 2000, 1999 and 1998, respectively.

The approximate future minimum payments on all lease obligations at December 31, 2000 are as follows (amounts in thousands):

	<u>Non-related Parties</u>	<u>Related Parties</u>	<u>Total</u>
2001	\$ 3,718	\$ 476	\$ 4,194
2002	3,059	485	3,544
2003	1,497	239	1,736
2004	1,340	—	1,340
2005	1,016	—	1,016
Thereafter	<u>1,650</u>	<u>—</u>	<u>1,650</u>
	<u>\$12,280</u>	<u>\$1,200</u>	<u>\$13,480</u>

The Company is a party to various legal claims, actions and complaints. Although the ultimate resolution of legal proceedings cannot be predicted with certainty, management believes that disposition of these matters will not have a material adverse effect on the Company's consolidated financial statements.

Note 13 — Stock Incentive Plan

The Company's 1997 Stock Incentive Plan (the "Plan") provides for issuance of up to 2,500,000 shares of the Company's Common Stock of which 487,530 shares were available for future stock option grants under the Plan at December 31, 2000. The options generally become exercisable ratably over a five-year period beginning from the date of grant and expire ten years from the date of grant.

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the stock option activity under the Company's option plan:

	Number of shares	Weighted Average Exercise Price
Options outstanding at January 1, 1998	736,774	\$10.40
Granted	465,500	19.63
Cancelled	(17,283)	9.68
Exercised	(35,038)	10.45
Options outstanding at December 31, 1998	1,149,953	14.15
Granted	302,933	12.44
Cancelled	(69,866)	13.46
Exercised	(61,511)	9.70
Options outstanding at December 31, 1999	1,321,509	14.00
Granted	685,616	22.55
Cancelled	(91,204)	16.21
Exercised	(332,639)	12.75
Options outstanding at December 31, 2000	<u>1,583,282</u>	\$17.84

The Company continues to measure compensation cost for the Plan using the method of accounting prescribed by Accounting Principles Board Opinion No. 25 ("APB 25"). Entities electing to remain with the accounting in APB 25 must make pro forma disclosures of net income and, if presented, earnings per share, as if the fair value based method of accounting defined in the Statement of Financial Accounting Standards ("SFAS") No. 123 "Accounting for Stock-based Compensation", had been adopted.

The Company has elected to account for the Plan under APB 25; however, the Company has computed, for pro forma disclosure purposes, the value of all stock options granted during 2000, 1999 and 1998 using the Black-Scholes option pricing model as prescribed by SFAS No. 123 using the following weighted average assumptions:

	2000	1999	1998
Risk-free interest rate	5.66 – 6.72%	5.04 – 6.20%	5.71 – 5.77%
Expected dividend yield	0%	0%	0%
Expected lives	4 to 8 years	4 to 8 years	4 to 8 years
Expected volatility	67.15%	66.80%	51.36%

Using the Black-Scholes methodology, the total value of stock options granted during 2000, 1999 and 1998 was \$10,163,000, \$2,417,000 and \$5,040,000, respectively, which would be amortized on a pro forma basis over the vesting period of the options. The weighted average fair value of options granted during 2000, 1999 and 1998 was \$14.82, \$7.98 and \$10.83 per share, respectively.

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

If the Company had accounted for the Plan in accordance with SFAS No. 123, the Company's net income and earnings per share would approximate the pro forma disclosures below (in thousands, except per share amounts):

	2000		1999		1998	
	As Reported	Proforma	As Reported	Proforma	As Reported	Proforma
Net income	\$58,611	\$56,435	\$33,008	\$31,878	\$32,744	\$32,030
Net income per share — basic	\$ 2.28	\$ 2.20	\$ 1.30	\$ 1.26	\$ 1.38	\$ 1.35
Net income per share — diluted	\$ 2.22	\$ 2.14	\$ 1.29	\$ 1.24	\$ 1.36	\$ 1.33

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

The following table summarizes information about stock options outstanding at December 31, 2000:

Range of Exercise Prices	Number Outstanding	Options Outstanding		Options Exercisable	
		Weighted Average Remaining Contractual Life (yrs)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
\$ 9.68 – 14.50	516,838	7.12	\$10.93	212,441	\$10.53
\$ 15.20 – 19.63	712,680	8.02	18.64	230,175	18.77
\$ 23.56 – 27.19	343,014	9.40	26.07	32,119	25.79
\$ 34.06 – 43.31	10,750	9.87	34.71	24	43.31
\$ 9.68 – 43.31	1,583,282	8.04	\$17.84	474,759	\$15.56

Note 14 — Segment Information

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

The geographic distribution of the Company's net sales, income before income tax, identifiable assets, interest expense, and depreciation and amortization expense are summarized in the following table (in thousands) for the years ended December 31, 2000, 1999 and 1998. Inter-geographic net sales, which are recorded at a negotiated mark-up and eliminated in consolidation, are not material.

	2000	1999	1998
Net sales to unrelated entities:			
United States	\$438,854	\$341,583	\$335,897
Canada	63,117	50,428	38,782
Other International	112,854	78,492	52,599
	<u>\$614,825</u>	<u>\$470,503</u>	<u>\$427,278</u>
Income (loss) before income tax:			
United States	\$ 77,296	\$ 50,014	\$ 50,132
Canada	11,977	8,074	7,370
Other International	5,371	3,887	(189)
Less interest and other income (expense) and eliminations	(2,489)	(6,732)	(5,590)
	<u>\$ 92,155</u>	<u>\$ 55,243</u>	<u>\$ 51,723</u>

COLUMBIA SPORTSWEAR COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Assets:			
United States	\$351,270	\$274,222	\$247,125
Canada	31,645	24,905	16,696
Other international	56,059	45,254	33,571
Total identifiable assets	438,974	344,381	297,392
Eliminations	(63,888)	(39,391)	(27,914)
Total assets	<u>\$375,086</u>	<u>\$304,990</u>	<u>\$269,478</u>
Interest expense (income), net:			
United States	\$ 3,311	\$ 4,098	\$ 3,340
Canada	565	305	753
Other International	362	419	(18)
	<u>\$ 4,238</u>	<u>\$ 4,822</u>	<u>\$ 4,075</u>
Depreciation and amortization expense:			
United States	\$ 12,384	\$ 11,709	\$ 6,934
Canada	376	400	392
Other International	888	495	315
	<u>\$ 13,648</u>	<u>\$ 12,604</u>	<u>\$ 7,641</u>

Note 15 — Net Income Per Share

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

There were no adjustments to net income in computing diluted earnings per share for the year ended December 31, 2000, 1999 and 1998. A reconciliation of the common shares used in the denominator for computing basic and diluted net income per share is as follows (in thousands, except per share amounts):

	<u>Year Ended December 31,</u>		
	<u>2000</u>	<u>1999</u>	<u>1998</u>
Weighted average common shares outstanding, used in computing basic net income per share	25,694	25,331	23,731
Effect of dilutive stock options	711	277	327
Weighted-average common shares outstanding, used in computing diluted net income per share	<u>26,405</u>	<u>25,608</u>	<u>24,058</u>
Net income per share of common stock:			
Basic	\$ 2.28	\$ 1.30	\$ 1.38
Diluted	\$ 2.22	\$ 1.29	\$ 1.36

Note 16 — Financial Risk Management and Derivatives

Our foreign currency risk management objective is to protect cash flows resulting from sales, purchases and other costs from the impact of exchange rate movements. The Company manages a portion of these exposures with short-term strategies after giving consideration to market conditions, contractual agreements, anticipated sale and purchase transactions, and other factors. Firmly committed and anticipated transactions and the related receivables and payables may be hedged with forward exchange contracts or purchased options. Premiums paid on purchased options are included in prepaid expenses and are recognized in earnings

COLUMBIA SPORTSWEAR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ratably over the life of the option. Gains and losses arising from foreign currency forward and purchased option contracts, and cross-currency swap transactions are recognized in cost of goods sold or selling, general and administrative expenses as offsets of gains and losses resulting from the underlying hedged transactions. Hedge effectiveness is determined by evaluating whether gains and losses on hedges will offset gains and losses on the underlying exposures. This evaluation is performed at inception of the hedge and periodically over the life of the hedge.

At December 31, 2000 and 1999, the Company had approximately \$47,201,000 and \$29,500,000 (notional) in forward exchange contracts. The net derivative losses included in the company's liabilities and deferred in other comprehensive income was \$1,615,000 and \$73,000 at December 31, 2000 and 1999, respectively.

The counterparties to derivative transactions are major financial institutions with high investment grade credit ratings. However, this does not eliminate the Company's exposure to credit risk with these institutions. This credit risk is generally limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted and is immaterial to any one institution at December 31, 2000 and 1999. To manage this risk, the Company has established strict counterparty credit guidelines, which are continually monitored and reported to Senior Management according to prescribed guidelines. As a result, the Company considers the risk of counterparty default to be minimal.

SUPPLEMENTAL INFORMATION — QUARTERLY FINANCIAL DATA (Unaudited)

The following table summarizes the Company's quarterly financial data for the past two years ending December 31, 2000 (in thousands, except per share amounts):

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2000				
Net sales	\$108,437	\$97,155	\$247,346	\$161,887
Gross profit	46,538	43,729	116,167	73,702
Net income	3,272	3,618	38,218	13,503
Net income per share — basic	0.13	0.14	1.49	0.53
— diluted	0.13	0.14	1.44	0.51
1999				
Net sales	\$ 89,214	\$71,416	\$187,568	\$122,305
Gross profit	32,614	31,300	89,471	57,509
Net income (loss)	240	(238)	23,891	9,115
Net income (loss) per share — basic	0.01	(0.01)	0.94	0.36
— diluted	0.01	(0.01)	0.93	0.35

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

PART III

Item 10. *Directors and Executive Officers of the Company*

Information with respect to our directors is hereby incorporated by reference from our proxy statement, under the caption “Election of Directors,” for our 2001 annual meeting of shareholders (the “2001 Proxy Statement”) to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which proxy statement is anticipated to be filed no later than 120 days after the end of our fiscal year ended December 31, 2000. Information with respect to executive officers is included under Item 4(a) of Part I of this report.

Item 11. *Executive Compensation*

There is incorporated herein by reference the information required by this Item included in the 2001 Proxy Statement under the caption “Executive Compensation” which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2000.

Item 12. *Security Ownership of Certain Beneficial Owners and Management*

There is incorporated herein by reference the information required by this Item included in the 2001 Proxy Statement under the caption “Voting Securities and Principal Shareholders” which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2000.

Item 13. *Certain Relationships and Related Transactions*

There is incorporated herein by reference the information required by this Item included in the 2001 Proxy Statement under the caption “Certain Relationships and Related Transactions” which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2000.

PART IV

Item 14. *Exhibits, Financial Statement Schedules and Reports on Form 8-K*

(a) (1) and (a) (2) *Financial Statements*. The Financial Statements of the Company filed as part of this Annual Report on Form 10-K are on pages 22 to 38 of this Annual Report.

(a) (3) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
3.1	Third Amended and Restated Articles of Incorporation (incorporated by reference to exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000)
3.2	2000 Restated Bylaws (incorporated by reference to exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000)
4.1	See Article II of Exhibit 3.1 and Article I of Exhibit 3.2
†10.1	1997 Stock Incentive Plan, as amended (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998)
†*10.2	Form of Incentive Stock Option Agreement
†*10.3	Form of Nonstatutory Stock Option Agreement
†10.3(a)	Form of Executive Stock Option Agreement
*10.4	Credit Agreement between the Hong Kong and Shanghai Banking Corporation Limited and the Company dated September 17, 1991, as amended
*10.5	Buying Agency Agreement between Nissho Iwai American Corporation and the Company dated January 1, 1992, as amended
*10.5(a)	Amendment No. 2 to the Buying Agency Agreement Between Nissho Iwai American Corporation and the Company dated February 19, 1998
*10.5(b)	Buying Agency Agreement between the Company and Nissho Iwai American Corporation dated October 1, 1998 (incorporated by reference in exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998).
*10.6	Credit Agreement between the Company and Wells Fargo Bank, N.A. dated July 31, 1997
*10.6(a)	Form of First Amendment to Credit Agreement between the Company and Wells Fargo Bank, N.A. dated March 23, 1998
10.6(b)	Credit Agreement Extension between the Company and Wells Fargo Bank National Association dated June 30, 1998 (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).
10.6(c)	Second Amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated July 31, 1998 (incorporated by reference to exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).
10.6(d)	Third Amendment to Credit Agreement between the Company and Wells Fargo Bank National Association dated June 30, 1999 (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999).
10.6(e)	Fourth Amendment to Credit Agreement dated July 31, 2000 between the Company and Wells Fargo Bank, National Association (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000).
*10.7	Assumption Agreement by and between the Company, Timothy P. Boyle and Don Santorufo and First Interstate Bank of Oregon, N.A., dated March 8, 1996; and form of First Amendment thereto dated March 23, 1998

<u>Exhibit Number</u>	<u>Description</u>
*10.8	Lease between Penzel & Company and the Company dated February 23, 1988, as amended
*10.9	Form of lease between Timothy P. Boyle and Gertrude Boyle and the Registrant
*10.10	Form of Lease between Gertrude Boyle and the Company
*10.11	Lease between BB&S Development Company and the Company, dated February 12, 1996
*10.12	Lease between B.A.R.K. Holdings, Inc. and Columbia Sportswear Canada Limited, dated January 3, 1994
†*10.13	Deferred Compensation Conversion Agreement between the Company and Don Santorufo, dated December 31, 1996
*10.14	Form of Tax Indemnification Agreement for existing shareholders
†*10.15	Employment Agreement between Carl K. Davis and the Company dated as of September 5, 1997
*10.16	Form of Indemnity Agreement for Directors
*10.17	Form of Agreement Regarding Plan of Recapitalization Among the Company and Shareholders
†*10.18	Amendment and Waiver, Deferred Compensation Conversion Agreement, between the Company and Don Santorufo
*10.19	Asset Purchase Agreement between the Company and Columbia Outfitters, Inc., dated March 4, 1998
10.20	Note Purchase and Private Shelf Agreement between the Company and The Prudential Insurance Company of America and Pruco Life Insurance Company dated August 11, 1998 (incorporated by reference to exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998)
†10.21	1999 Employee Stock Purchase Plan (incorporated by reference to exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999)
†10.22	Executive Incentive Compensation Plan, as amended (incorporated by reference to exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000)
21.1	Subsidiaries of the Company
23.1	Consent of Deloitte & Touche LLP
24.1	Powers of Attorney

† Management Contract or Compensatory Plan

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

(b) No reports on Form 8-K were held during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of March 28, 2001.

COLUMBIA SPORTSWEAR COMPANY


By: /s/ PATRICK D. ANDERSON
 Patrick D. Anderson
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated as of March 28, 2001.

<u>Signatures</u>	<u>Title</u>
<u>/s/ *TIMOTHY P. BOYLE</u> Timothy P. Boyle	President and Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ PATRICK D. ANDERSON</u> Patrick D. Anderson	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ *GERTRUDE BOYLE</u> Gertrude Boyle	Chairman of the Board of Directors
<u>/s/ *SARAH BANY</u> Sarah Bany	Director
<u>/s/ *EDWARD S. GEORGE</u> Edward S. George	Director
<u>/s/ *MURREY R. ALBERS</u> Murrey R. Albers	Director
<u>/s/ *JOHN STANTON</u> John Stanton	Director
<u>/s/ *WALTER KLENZ</u> Walter Klenz	Director
*By: <u>/s/ PATRICK D. ANDERSON</u> Patrick D. Anderson as Attorney-in-Fact	

Forward-Looking Statements

This annual report includes forward-looking statements related to the Company's business prospects. Such statements can be found in the President's letter to shareholders, which refers to momentum of the Company's brand and anticipated completion and operation of a distribution center in France and distribution center expansion in the United States. Additional forward-looking statements are included under the headings "Stellar Growth," "Building a Global Brand" and "Growth Through Innovation," including statements regarding the Company's ability to remain competitive and thrive, statements regarding the distribution center investments in the U.S. and France, references to growth prospects in international markets, and information about opportunities for growth of the brand through licensing. All forward-looking statements, including those made in this annual report as well as statements that may be made by Company management from time to time, are subject to risks and uncertainties. Actual results could differ materially from those projected in these forward-looking statements. These risk factors include, but are not limited to, the Company's reliance on product acceptance, effects of weather, dependence on independent manufacturers and suppliers, seasonality and fluctuations in operating results, effectiveness of the Company's sales and marketing efforts, and intense competition in the industry, which the Company believes will increase. Additional risk factors include the Company's ability to achieve and manage growth effectively, unfavorable economic conditions generally, international risks including trade disruptions, political stability in foreign markets, foreign currency exchange rate fluctuations, quotas and tariffs, the financial health of customers, effective implementation and expansion of the Company's distribution facilities, operations of the Company's and third party computer systems, and the Company's ability to establish and protect its intellectual property. To better understand these risks and uncertainties, as well as others that apply to our business generally, please read "Factors that May Affect Our Business" in Item 7 of the Company's Annual Report on Form 10-K dated March 28, 2001, and in the Company's subsequent filings with the SEC. The Company does not undertake any duty to update any forward-looking statements after the date they are made, to conform them to actual results or to changes in our expectations. Although forward-looking statements help provide complete information about the Company, investors should keep in mind that forward-looking statements are inherently less reliable than historical information.



WHERE THE SIDEWALK ENDS,
THE WORLD BEGINS.

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SPORTSWEAR

FOOTWEAR

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