

## — PARTICIPANTS

### Corporate Participants

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**Ron Parham** – Head-Investor Relations

**Timothy P. Boyle** – President, Chief Executive Officer & Director

**Thomas B. Cusick** – Chief Financial Officer, Treasurer, CAO & VP

**Bryan L. Timm** – Chief Operating Officer & Executive Vice President

### Other Participants

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**Bob Scott Drbul** – Analyst, Barclays Capital, Inc.

**Reed A. Anderson** – Analyst, D. A. Davidson & Co.

**Sara E. Hasan** – Analyst, McAdams Wright Ragen, Inc.

**Matt Walter Dhane CFA** – Analyst, Tieton Capital Management LLC

**Ken M. Stumphauzer** – Analyst, Sterne, Agee & Leach, Inc.

**Corbin Nicholas Weyer** – Analyst, Robert W. Baird & Co. Equity Capital Markets

**Howard Tubin** – Analyst, RBC Capital Markets Equity Research

## — MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Columbia Sportswear Third Quarter and Fiscal Year 2010 Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Ron Parham, Senior Director of Investor Relations and Corporate Communications for Columbia Sportswear. Thank you, Mr. Parham. You may begin.

### Ron Parham, Head-Investor Relations

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Thanks, Jackie. Good morning and thanks for joining us everyone. Earlier this morning, we issued a press release announcing strong third quarter financial results, increasing our 2011 financial outlook and announcing a 7% increase in our Global Spring 2012 wholesale backlog.

In addition to the press release, we hope you've had a chance to read the detailed CFO commentary that was posted to our investor relations website 45 minutes ago.

With me today to discuss those results and answer your questions are President and CEO, Tim Boyle; Senior Vice President of Finance, Chief Financial Officer and Treasurer, Tom Cusick; Executive Vice President and Chief Operating Officer, Bryan Timm; and Senior Vice President and General Counsel, Peter Bragdon.

Because we're hosting today's call from the site of our 2012 global sales meeting which kicks off later this morning, our chairman, Gert Boyle, is not able to be here today with us for this call. Instead, I'll remind listeners that this conference call will contain forward-looking statements regarding Columbia's business opportunities and anticipated results of operations. Please bear in mind that forward-looking information is subject to many risks and uncertainties, and actual results may differ materially from what is projected. Many of these risks and uncertainties are described in Columbia's Annual Report on Form 10-K for the year-ended December 31, 2010, and subsequent filings with the SEC.

Forward-looking statements in this conference call are based on our current expectations and beliefs, and we do not undertake any duty to update any of the forward-looking statements after the date of this conference call to conform the forward-looking statements to actual results or to changes in our expectations.

And with that, I'll turn the call to over Tim Boyle.

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**Timothy P. Boyle, President, Chief Executive Officer & Director**

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Thanks, Ron. Welcome, everyone, and thanks for joining us this morning. We're very pleased with our strong third-quarter results, which sets us up very well for the fourth quarter and enabled us to increase our operating margin outlook for the full year. We remain in a period of planned investment in our infrastructure and an inflationary sourcing environment, making it all the more important that we manage our controllable costs to drive improved profitability. When we do that, as we did in the third quarter and as we expect to do in the fourth quarter, the financial benefits can be significant.

As examples, third-quarter operating income improved 26%, or 170 basis points, on a 12% sales increase. We expect 18% to 20% sales growth in the fourth quarter to produce an approximate 40% increase in fourth-quarter operating income. Our full year outlook suggests an approximate 100 basis point increase in operating income on a 15% to 16% sales increase.

Our focus on innovation and performance is helping consumers differentiate our brands from competitors. We are also supporting each brand with increased marketing dollars and PR outreach that has attracted recognition from influential consumer publications. In particular, our Omni-Heat Electric line has received a number of accolades. This holiday, we will be the only company offering consumers head-to-toe, on-demand heat, despite a slight delay in initial deliveries of our Omni-Heat jackets in order to replace some defective batteries.

After years about talking about our opportunity in footwear, it's great to see Columbia footwear up 15% in the third quarter. Even more encouraging is the strength of our Sorel brand, where third quarter sales increased 116% to \$72 million, and we expect fourth quarter sales of Sorel to be slightly larger than the third quarter.

Our global direct-to-consumer business is also a bright spot and is expected to represent approximately 25% of full-year 2011 sales.

Even though fall weather has yet to arrive at many places, we've had some very encouraging early successes in the U.S. market. As an example, our Omni-Heat Baselayer has been generating outstanding sell-throughs in our stores since it arrived on the floor in August. And our new City Line, inspired by the demands of urban outdoors, has also done very well in its first two months.

The 7% increase in spring wholesale backlog announced today provides a first glimpse into next year. When combined with our innovative fall 2012 products, expectations for continued growth in our global direct-to-consumer businesses and our commitment to manage our cost structure, we are well positioned for 2012 to be another year of record sales and improved profitability.

As we look to the future, we have long and well-defined pipeline of differentiating innovations which we believe will continue to drive growth and provide a solid foundation on which to build – steadily build our profitability.

That concludes my prepared remarks. Now, I'd like to open the call to questions. Operator, could you help us?



**QUESTION AND ANSWER SECTION**

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] Thank you. Our first question is coming from Bob Drbul of Barclays Capital.

**<Q – Bob Drbul – Barclays Capital, Inc.>**: Hi; good morning.

**<A>**: Morning.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Morning, Bob.

**<Q – Bob Drbul – Barclays Capital, Inc.>**: Tim, I just have a couple of questions for you. On the guidance in the, sort of, the third-quarter results, you now some forecasts in for some operating margin leveraged, and I think you talked about 2012, you said for some increased profitability. Can you just give us some higher level expectations in terms of what your priorities are from the top and bottom lines going forward?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Well, yeah, I'd be happy to. So as we've talked many times to our investors, our goal is to have high revenue growth. My personal goals are in the high teens and to have leverage. And over the last several years, we've been challenged in both of those areas, but I think 2011 is really a seminal year for us as it relates to the investments that we're making as a company to improve our operations and showing operating leverage – operating margin leverage even with growth, which is going to be terrific, but not up to what my personal goals are for the company.

So we need to be, as we've said many times, a highly profitable, rapidly growing business. And we can't really consider ourselves to be doing everything we can in that area unless we're at least average on operating margin, which means we're going to have to be very diligent about our cost controls and we're going to have some fairly significant revenue increases. So our expectations are that we will have growth in both sales and operating margin for next year. Our fall business looks to be – from what I can see now, the acceptance of our new products for '12 is exciting, and so I'm confident that we're going to be moving towards my personal goals and getting there, hopefully sooner rather than later.

**<Q – Bob Drbul – Barclays Capital, Inc.>**: Great. Thanks. It's very helpful. And from the perspective of the U.S. business, when you look at the current quarter and some of the drivers to the current quarter – so direct-to-consumer sales, strong comps and increased e-commerce, where do you see that going over the next few years, sort of, how big is the direct-to-consumer or your retail store contribution in your e-commerce? Can you put any numbers around that for – even if it's for the expectation for 2011?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Yeah. I think we haven't spent much time talking about that initiative, and it's been a growing part of the business. It's running at about the same level globally, so around in the 25% area. Especially in the e-com portion, which has been very successful, but when we have, which we do, average conversion rates for our visitors to our website, that means something over 90% of the people visiting leave with a much better idea about what Columbia offers. And so the expectation is that that can really help to lever our wholesale business. And, frankly, that's where we would like to keep our business in terms of a ratio. We'd like to have the amount of wholesale business and retail business be about where it is today.

**<Q – Bob Drbul – Barclays Capital, Inc.>**: Great. Thanks very much.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Thanks, Bob.

Operator: Thank you. Our next question is coming from Reed Anderson of D.A. Davidson.

<Q – Reed Anderson – D. A. Davidson & Co.>: Good afternoon – or good morning.

<A>: [ph] Reed. (09:50)

<Q – Reed Anderson – D. A. Davidson & Co.>: Couple – hi. A couple questions. I jumped on a second late, so this may have been covered. But, Tom, could you quantify -- what was this shift, the dollar shift of approximately the, you know, from 3Q to 2Q for the earlier shipments?

<A – Thomas Cusick – Columbia Sportswear Co.>: The distributor shipments?

<Q – Reed Anderson – D. A. Davidson & Co.>: Yeah.

<A – Thomas Cusick – Columbia Sportswear Co.>: Yeah. So we talked about that 90 days ago, and when you look at the backlog growth for fall of 19% and our back half guidance of roughly, call it, 16.5%, in that revenue differentia, when you look at the retail business and you back out that distributorship, you get basically to the back half guidance being 16.5% versus the backlog growth of 19%. We've not specifically quantified that number, Reed.

<Q – Reed Anderson – D. A. Davidson & Co.>: That's fine. I can get to it. I can triangulate to that; that's fine. And then, question on – really Europe, I mean if you look at the way you report your geographies, I mean, you're still reporting good strong growth in international and in both respective geographies. I mean, a lot of the people are talking or seeing some softness there. Certainly doing not as well as you are, at least on a reported basis. Can you just provide some color, Tim, you know, what you're seeing there; why you seem to be doing well? Is it just where you are with the brand, reviving it, et cetera, or is this something else?

<A – Timothy Boyle – Columbia Sportswear Co.>: Well, thanks, Reed [indiscernible] (11:16). I think we really have the right team in place today in Europe, and we're focusing on those areas where we can make a difference and where we have real opportunities. We don't have complete perfect volume growth in every country, but in those countries where we have strength, we're really leveraging that. And I would point, specifically, to footwear and even more specifically to Sorel's success in Europe, which has been a big part of our Q3 and certainly – excuse me – the back half of the year in Europe.

Now, we're so small in Europe today that we have the macro conditions, while impactful, shouldn't really be an excuse for us. I think there's lots of opportunity and, again, the Sorel brand and its success there really shows that we can do well there when we focus on it.

<Q – Reed Anderson – D. A. Davidson & Co.>: Okay. And then, I didn't hear the tail end of Bob's question, but when you answered – but when you were talking about the direct-to-consumer, were you kind of implying that you kind of think it's sort of stayed in this level next year as a – are you like, kind of, where it is as a percent of your mix, kind of, at 25%. Is that what you're kind of implying?

<A – Timothy Boyle – Columbia Sportswear Co.>: Yeah. So for me, personally, the focus should always be on supplying our wholesale partners, our retailers, and that's going to be the continued focus on the brand. We do need to have, both for brand-building situations and for liquidations of excess inventory, we need to have a retail component, and I think 25% of our total sales is about the right number, in my opinion.

<Q – Reed Anderson – D. A. Davidson & Co.>: Okay. And then, just one last one, and I'll let somebody else jump in. But on inventory, you're remarkably tame in your inventory growth relative to, again, what some other vendors might be showing in similar categories. And I'm just curious if that's – if you're where you thought you'd be. Are you being a little more conservative? Just, kind

of, the thought process behind where you are, because if you back out, really, the input cost piece, on a unit base, you're really not up that much.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Yeah. As we said in the earlier remarks, the focus for us for the next – for the last couple of years and for the next several years is going to be on managing the business and operating the business with less working capital, frankly.

So we think a diligent control of inventory is important. We've been very focused on it. That's -- the infrastructure investments that we're making today are all around managing our inventory and – in a better way and being able to be more successful there, and our focus is on running the business with less inventory. Maybe Tom might have another couple of comments.

**<A – Thomas Cusick – Columbia Sportswear Co.>**: Yeah, Reed. In terms of just looking at the inventory growth, we're in a fairly clean position, especially compared to last year. When you look at the, roughly, \$74 million of growth, about 50% of that is fall '11; 40%, spring '11; with the balance being fall '10. So we feel pretty good where we're at from an inventory perspective and would expect to be up low double-digits exiting the year.

**<Q – Reed Anderson – D. A. Davidson & Co.>**: That's very helpful, Tom. Thank you. Best of luck.

**<A – Thomas Cusick – Columbia Sportswear Co.>**: Thanks.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Thanks.

Operator: Thank you. Our next question is coming from Sara Hasan of McAdams Wright Ragen.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: Hi, guys. Good morning.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Sara.

**<A – Thomas Cusick – Columbia Sportswear Co.>**: Hi, Sara.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: I'm wondering if you're – what you're seeing from your U.S. wholesale partners; are you seeing any caution or thoughts of cancellations – any clue you can give us with some of the late start to fall?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Yeah. I would say nothing that's out of the ordinary. We've been in this business for – obviously, for long time and selling seasonal product. And this seems to be a year we're not that much different from others. We track a high percentage of our sell-throughs and our sell-throughs are about on par with where they've been in prior seasons. We always like to have colder weather sooner, but when you don't, we're dealing with it. But no, I would say there's nothing out of the ordinary.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: Okay. Bring on La Niña.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Absolutely.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: And any difference in marketing spending for this fall versus last year?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: I would say – I think we're about on par with last year. As you remember, we've talked about strategically focusing our marketing efforts on web broadcast and areas where we can be more targeted, as well as additional PR focus, which has been very good for the company. It yielded a lot of accolades from various publications, so that's been good.



**<A – Thomas Cusick – Columbia Sportswear Co.>**: And, Sara, this is Tom. We've – as we did last year, we shifted a higher percentage of our marketing spend in the fall season versus spring. And then, just in terms of percent of revenue, we're planning marketing at about 5% of revenue this year versus 5 and a quarter-ish a year ago.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: Excellent. And then, just last question, as footwear becomes that – finally, a more material piece of your business, at what point do you expect that to have a positive impact on gross margin?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Well, it's continuing to have an impact, a positive impact. We're focusing on – when we get brands, like Sorel, that have very high volumes in a small amount of styles, that's where we really see the kinds of lifts we can get. So it's been improving, and the expectation is that we'll continue to get improvement as our volumes increase.

**<Q – Sara Hasan – McAdams Wright Ragen, Inc.>**: Great. Thanks, guys.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Thanks.

Operator: [Operator Instructions] Our next question is coming from Christian Buss of Credit Suisse.

**<Q>**: Hi. This is actually [ph] Vidam (17:23) on for Christian today. I was wondering if you can give us maybe an update on your new SAP implementation that you are – in terms of cost and the process?

**<A – Bryan Timm – Columbia Sportswear Co.>**: Sure. This is Bryan. I think we've announced it. We completed our blueprint this summer and currently are in the throes of our pilot, which will be one of our smaller regions. So thus far, everything's proceeding as planned. And we would expect the pilot to be implemented in Q1 of next year.

**<Q>**: Okay. Great. Thanks.

Operator: Thank you. [Operator Instructions] Our next question is coming from Matt Dhane of Tieton Capital Management.

**<Q – Matt Dhane – Tieton Capital Management LLC>**: Great. Thank you. I was curious – you had called out the retail stores at roughly 25% of sales here for 2011. I was curious, what was that in 2010?

**<A – Thomas Cusick – Columbia Sportswear Co.>**: Yeah. So this is Tom. We've added, basically, three new outlets in the third quarter of this year. So we're up essentially three stores year-over-year in the U.S., with a similar number of stores in Canada and Europe. And then, our Asian business – much smaller footprint – it's comprised of both owned and franchised retail. In Japan, we had a combination of 112 stores, which include branded outlet and shop-in-shops and 228 stores in Korea on a similar platform. Japan is about – a little over a third of our Japanese business is retail and all of our Korean business.

**<Q – Matt Dhane – Tieton Capital Management LLC>**: And can you -- I guess give me the percentage that's retail and e-commerce relative to the 25% just to, I guess, just help me compare it – that area, is that profitable or...

**<A – Thomas Cusick – Columbia Sportswear Co.>**: So your question's specifically related to e-commerce?

**<Q – Matt Dhane – Tieton Capital Management LLC>:** Well, retail and e-commerce. I know you called that out. It's going to be 25% of the sales here for 2011. How large was it in 2010?

**<A – Thomas Cusick – Columbia Sportswear Co.>:** Roughly 22%.

**<Q – Matt Dhane – Tieton Capital Management LLC>:** Okay. Okay. My second question is the City urban line – you called that out as having some good traction here. Can you help me understand what the long-term potential is there for that?

**<A – Timothy Boyle – Columbia Sportswear Co.>:** Sure. That's an area where we're focusing on urban products for – for consumers. They're certainly acceptable to be worn anywhere outdoors, but there maybe a little crisper in terms of their styling so that they can be worn in a – in urban or office environment more easily.

Well, obviously, there's lots more consumers in those markets, especially here in the U.S. as well as in Europe. Our consumers typically feel comfortable wearing our more rugged apparel in urban environments, but this gives an opportunity for those who would like to be little bit sharper. It's yet to be seen how big that can be, but in my opinion, we're likely to be – continue to be dominated by the rugged apparel category and this will be another nice addition, frankly, at fairly high retail prices and good margins and so I hope it grows. But the expectation is we're going to continue to be a rugged outdoor supplier.

**<Q – Matt Dhane – Tieton Capital Management LLC>:** Great. Thank you both.

Operator: Thank you. Our next question is coming from Ken Stumphauzer of Sterne, Agee.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>:** We won't call it a wash. Good morning, guys. Thank you for taking my question. I just had a quick question regarding, kind of, gross margin guidance specifically for 4Q. You guys are implying that you're going to see an acceleration and I understand that you have the benefit of not having recurring airfreight costs, but it also seems to imply that you're going to have a lower markdown rate; is that correct?

**<A – Timothy Boyle – Columbia Sportswear Co.>:** Yeah. We would expect the full price close out volume mix to be favorable in the fourth quarter, Ken. That is correct.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>:** And what is underlying that assumption, just given kind of where inventory levels are? At least, in aggregate, the dollar figure appears like it's kind of an outsize growth number. And then, secondly, you guys – at least I feel like you had pretty exceptional sell-through of the new Omni-Heat technology last year.

**<A – Thomas Cusick – Columbia Sportswear Co.>:** Really the – as it relates to the mix of closeout in full price – that's really a function of the amount of excess inventory we have year-over-year.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>:** Okay. And you feel like inventory's in a good position?

**<A – Thomas Cusick – Columbia Sportswear Co.>:** Yeah. We feel like we're in a much better position today than we were a year ago, for sure.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>:** Okay. And then, secondly, I was worrying if you guys could just comment generally about the U.S. business, specifically as it pertains to Columbia. You've had very, very strong sales momentum over the past, I'd say, six to eight quarters. And, obviously, this quarter, it was down a little bit. That's, in part, reflecting a shift,



but I think that, in general, the Columbia brand seems to be seeing decelerating results as indicated by the spring backlog, if you can just comment on that.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Sure. Excuse me. Well, the Columbia brand continues to gain momentum and grow in areas where we want it to grow, which is brand enhancing specialty distribution. And those are areas where we've focused a lot of our time and effort and designs. And where we've seen weakness has been in the department store segment and more price-oriented customers that we have. So reductions in those areas dampen the overall backlog numbers, but we're very pleased with where the business is going and what's happening with the business, especially when we look at our fall – spring mix. So the Columbia brand really still does all the heavy lifting for the company and is a very strong brand and growing where we want it to grow. But don't forget that the Sorel business, which is, frankly, just enormous and has potential to be – maybe at some point a \$1 billion brand on its own. And so, where -- the suite of brands that the company's collected, frankly, we're very pleased with how it's all working.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>**: Would you say that to a certain degree you're foregoing growth in Colombia that achieved the right mix of distribution?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Well, we've – we can grow faster if we wanted to go to distribution that, frankly, the company's not prepared to go to. But, yeah, it would grow the business if we went there.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>**: Okay. And then just lastly, on Sorel, your growth has been absolutely exceptional. I'm just curious to know, number one, what do you regard as the long-term potential opportunity for the brand? What are the retailers telling you regarding, kind of, business trends. And, obviously, it seems like Europe, in particular, has seen an acceleration in the business, if you could comment on that?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Sure. Well, if you remember, Sorel, which we brought in 2000, was, at that time, really a men's only brand, and it was very focused on utilitarian and work apparel. And, frankly, as the brand has been transitioned into a women's brand, the opportunity there is enormous. We compete with a big company based in Southern California which has nearly \$1 billion in sales in women's cold weather footwear. And so we're being told by customers and by consumers that the brand resonates – the brand meaning, Sorel – and that the opportunity is this to be at least as big as other competitors in the marketplace.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>**: And what, specifically, do you attribute the recent acceleration in the business to?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Well, the products, frankly, are superior. We're – number one. Number two, we're focusing on women's as a consumer base who purchase a lot of this kind of product. And then, thirdly, we've made great efforts on the sales focus as it relates to our wholesale partners to open lots of customers. I think we opened something in the neighborhood of 2,000 new customers in Europe over the last year. Gross margins are also higher in Sorel.

**<Q – Ken Stumphauzer – Sterne, Agee & Leach, Inc.>**: Thank you very much, guys. Best of luck.

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Thank you.

Operator: Thank you. Our next question is coming from Liz Dunn of Macquarie.

<Q>: Hi. This is [indiscernible] (26:13) filling in for Liz Dunn. Thank you very much for taking my call. I have a quick question with regards to margins. For the third quarter, you beat margins but would maintain full-year guidance by 100 basis points. Can you provide an additional color on that?

<A – Thomas Cusick – Columbia Sportswear Co.>: Yeah. This is Tom. So a little less than half the gross margin upside versus where we guided for the third quarter was lower than planned airfreight, with the balance being, really, a combination of product and channel mix between wholesale, retail and our distributor business globally. We're now playing a slightly higher proportion of distributor shipments in the fourth quarter which carry, as you know, a lower gross margin than the wholesale and retail business. And as compared that the Q4 '10, the full price closeout mix upside in the fourth quarter will be largely offset by higher input costs, with airfreight really being the driver of gross margin expansion in the fourth quarter.

<Q>: Okay. Great. Thank you very much. And then, a quick question with regards to technology. When do you believe the new technologies will start driving sales? I'm speaking specifically about Omni-Dry, Insect Blocker and other products like that?

<A – Timothy Boyle – Columbia Sportswear Co.>: Yeah. Those are primarily spring products for us, and when we look at the kinds of technologies that have really driven the business from a fall standpoint, it's all about visibility. And many of the characteristics of our technical products in spring have invisible product characteristics. We're working diligently on a visible business which will enhance our spring products, we think, as much as the Omni-Heat Reflective has done. So we're very focused on those kinds of products and – but today, the growth in the business has been in technical products regardless of where – whether or not it's visible or invisible.

<Q>: Okay. Great. Thank you very much.

Operator: Thank you. Our next question is coming from Corbin Weyer of Robert W. Baird.

<Q – Corbin Weyer – Robert W. Baird & Co. Equity Capital Markets>: Yeah, good morning. This is Corbin Weyer calling for in Mitch Kummetz. I just had a question – you maybe could speak more broadly on just, kind of, what you're hearing from your retail partners going into the spring of next year. Just kind of looking at the deceleration in the backlog number, is that more of a function of maybe that they're moving more towards an at-once model versus pre-booking, or...

<A – Timothy Boyle – Columbia Sportswear Co.>: No. Sorry. I would say the primary delta in our spring book is the fact that where we have a comparable customer in spring '11 that is value-oriented, where when we change the mix of our products to be more technical and thus more expensive, we aren't as successful in those value channels. So when we look at our backlog for spring, we're actually very pleased at the growth we're getting and the recognition for the technologies that we're offering. But we're not able to be as relevant to those value customers as we had been in the past. Really – that's really it, a strategic shift for the company to move in that area.

<Q – Corbin Weyer – Robert W. Baird & Co. Equity Capital Markets>: Okay. That's helpful. That's all I got. Thank you.

Operator: Thank you. [Operator Instructions] Our next question is coming from Howard Tubin of RBC Capital markets.

<Q – Howard Tubin – RBC Capital Markets Equity Research>: Oh, thanks, guys. Just maybe one more question on inventory. How are you maybe thinking about the reorder business in the fourth quarter, and with your inventories fairly lean, can you fulfill reorders as they may materialize?

**<A – Timothy Boyle – Columbia Sportswear Co.>**: Yeah. This is Tim, and Tom may have a comment as well. But, yeah, we're well positioned. We think the inventories are clean, and we have the opportunity to take orders – reorders. But for – we're always a company that wants to pop champagne corks when we're out of inventory for fall. So we're looking forward to selling everything to the walls and that'll be a very successful year for us.

**<A – Thomas Cusick – Columbia Sportswear Co.>**: Yeah. In terms of the implied cancel rate, the net cancel rate in our guidance, what we're basically planning for a very comparable net cancel, and that would be cancels, net of reorders, very comparable rates, Q4 '11 versus Q4 '10. And as we look back to the winter of 2010 and 2009, those were both very good winters, generally speaking, from a sell-through perspective.

**<Q – Howard Tubin – RBC Capital Markets Equity Research>**: Got it. That's great, Thanks.

Operator: Thank you. There are no further questions at this time. I would like to hand the floor back over to management for any closing comments.

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**Timothy P. Boyle, President, Chief Executive Officer & Director**

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Okay. Thank you very much for listening in. We're looking forward to giving you an update on the fourth quarter performance in January of 2012. Thanks.

Operator: Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you all for your participation.

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