
— PARTICIPANTS

Corporate Participants

Ron Parham – Senior Director-Investor Relations, Columbia Sportswear Co.

Gertrude Boyle – Chairman, Columbia Sportswear Co.

Timothy P. Boyle – President & Chief Executive Officer, Columbia Sportswear Co.

Thomas B. Cusick – Chief Financial Officer & Senior Vice President, Columbia Sportswear Co.

Other Participants

Bob S. Drbul – Analyst, Nomura Securities International, Inc.

Christian R. Buss – Analyst, Credit Suisse Securities (USA) LLC (Broker)

Lindsay Drucker Mann – Analyst, Goldman Sachs & Co.

Mitch J. Kummetz – Analyst, Robert W. Baird & Co., Inc. (Broker)

Jim V. Duffy – Analyst, Stifel, Nicolaus & Co., Inc.

Corinna Van der Ghinst – Analyst, Citigroup Global Markets Inc. (Broker)

Andrew S. Burns – Analyst, D. A. Davidson & Co.

Camilo R. Lyon – Analyst, Canaccord Genuity, Inc.

— MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Columbia Sportswear First Quarter 2014 Financial Results. At this time, all participants are in a listen-only mode. A 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 for Columbia Sportswear. Thank you, Mr. Parham. You may begin.

Ron Parham, Senior Director-Investor Relations

All right, thanks, Bob. Good afternoon and thanks for joining us. Earlier today, we issued two press releases. The first covered our strong financial results for the first quarter of 2014 and upward revised financial outlook for the full year. The second announced the signing of a definitive agreement to acquire prAna Living LLC in a \$190 million cash transaction, subject to customary conditions and regulatory approvals.

As is our standard practice, shortly after these press releases crossed the wire, we filed an 8-K containing a detailed CFO commentary on the Q1 results and revised outlook, as well as additional color on the pending prAna acquisition. The CFO commentary can be found on our Investor Relations website at investor.columbia.com.

On today's call to discuss these announcements and answer your questions are: Columbia Sportswear's President and CEO, Tim Boyle; Senior Vice President and Chief Financial Officer, Tom Cusick; Executive Vice President and Chief Operating Officer, Bryan Timm; and Senior Vice President and General Counsel, Peter Bragdon. I'll ask Chairman Gert Boyle to cover the Safe Harbor language.

Gertrude Boyle, Chairman

Good afternoon. 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, 2013, 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 statement to actual result or to change in our expectations.

Ron Parham, Senior Director-Investor Relations

Thanks, Gert. And since we have a lot of information to get through today, I'll turn it over to Tim for his prepared remarks and then we'll open the call to your questions for the remainder of the hour. Tim?

Timothy P. Boyle, President & Chief Executive Officer

Thanks. Ron. Welcome, everyone, and thanks for joining us this afternoon. We're very excited about each of the announcements we issued earlier today. These announcements individually and together reflect a company that's reigniting profitable, sustainable growth following two consecutive years of flat sales. I'm proud to say that during these two challenging years, we've managed expenses responsibly, executed a massive North American ERP implementation, and strengthened our financial position.

Most of our existing brands are experiencing growth as a result of better aligning their products and marketing communications with consumers' needs and passions. Additional growth is coming by leveraging our strengthened financial position and global operating platform to add a new brand to our portfolio that brings equally passionate consumers in complementary market segments, representing long-term, profitable, global growth opportunities.

I'll take a few minutes to review our strong first quarter results, and then elaborate on our pending purchase of prAna before opening the remainder of the call to your questions.

We're very pleased with our first quarter results, which were stronger than we anticipated in our mid-February outlook. First quarter global sales growth of 22% reflects our strategic emphasis on North American wholesale and direct-to-consumer channels and our new joint venture in China. It also demonstrates how our business is operating geographically by channel, by brand, and by product category.

More than half of the first quarter growth came from the U.S. with the remainder from our China JV, which is included in our Latin America/Asia Pacific, or LAAP region. Our U.S. and Canadian businesses were especially strong during the quarter as cool weather extended consumer demand for cold weather footwear and apparel, driving strong wholesale reorders and enabling our direct-to-consumer business to post another quarter of very strong growth driven by increased traffic and strong conversion rates.

Our Europe direct business posted modest growth in the quarter, providing further indication that our business in those markets is stabilizing and positioning us for renewed growth in the second half of 2014. In China, our new JV turned in a successful first quarter, lifting the LAAP region to a

41% growth rate as its incremental sales more than offset macroeconomic and political challenges that we faced for more than a year in Argentina and Venezuela.

The Korean market has become more competitive and promotional, resulting in a small decline for the first quarter. However, we still expect full-year sales to increase in that market. In Japan, we've been growing consistently on a local currency basis but the weaker yen has caused a year-over-year decline in reported U.S. dollar sales. Now the country is adapting to an increase in the national consumption tax from 5% to 8% that went into effect April 1. Both Korea and Japan have posted strong growth over the past several years. Our brands remain strong in both markets and we continue to view them as vital components of our long-term global growth strategies.

Looking at our business by channel, our global wholesale and direct-to-consumer channels each posted strong growth in the first quarter, driven primarily by North America. All three of our major brands grew during the first quarter, led by a 25% global increase in net sales of the Columbia brand. First quarter sales of Columbia footwear increased at a faster rate than Columbia apparel on the strength of winter boots and trail footwear, while Mountain Hardware and Sorel each posted single-digit growth.

While our first quarter benefited from the extended demand for winter styles, we were also delivering wholesale customers advanced spring orders. In addition to meeting scheduled deliveries, we worked with our North American customers to arrange earlier delivery on nearly \$14 million worth of orders originally scheduled for delivery early in the second quarter. This pull-forward was done to mitigate potential risks associated with our U.S. ERP cutover that began in late March.

On balance, with more full-price wholesale sales, fewer closeouts and less promotional activity, gross margins increased 250 basis points to 46.5%, a record level for any first quarter in our history. Our focus on inventory reduction and improved inventory turns continues to free up working capital. Inventory was down 11% from one year ago and 17% lower excluding the incremental inventory held by our new China JV. During the second half of the year, we expect inventory levels to increase at rates lower than anticipated sales growth.

We continue to manage discretionary expenses very effectively, generating 250 basis points of SG&A leverage in the quarter. Our SG&A dollar growth in the quarter was primarily related to incremental expenses of the China JV and planned investments to expand our direct-to-consumer operations.

Looking ahead, our fall 2014 order book continued to strengthen over the past 60 days, particularly in North America where channel inventories of Columbia and Sorel products are very clean. Our upward revised 2014 outlook now anticipates global top line growth of 16% to 18% and operating margin of approximately 8.25%, excluding any anticipated financial effects of our pending purchase of prAna.

We continue to expect our North American direct-to-consumer sales to grow at a double-digit pace in 2014, including plans to open an additional 17 stores, comprising 11 outlets, six Columbia-branded stores and two Sorel pop-up stores. The new outlet stores will help us manage excess inventories more profitably while protecting brand integrity in our wholesale channels.

We generated \$43.5 million in cash from operations during the first quarter, ending with a record \$568 million in cash and short-term investments. We're very excited with the prospects of putting a portion of that cash to work to add prAna to our brand portfolio. In prAna, we see a brand and an organization that has very clear visions and values and very passionate consumers who share those values as a foundation of their lifestyles. In addition, we were attracted to the company based on the strength of the management team and we're confident that they will be great partners to pursuing the brand's potential.

The prAna brand was founded in 1992 in Carlsbad, California as a yoga and climbing brand that aspired to reflect the values and lifestyles of people who expressed themselves through these activities. Over the past 21 years, the values of social and environmental responsibility, community, service and optimism have come to resonate with an increasing number of consumers around the world, and those are the same values upon which the prAna brand is positioned. The resonance of that positioning is evident in prAna's sales growth momentum, which has compounded at a rate of more than 30% between 2010 and 2013, and put it on pace to surpass \$100 million in sales in 2014.

The revised 2014 guidance I cited earlier does not include any anticipated effects from the pending acquisition of prAna, which we expect to close during the second quarter subject to customary conditions and regulatory approvals. You can find more detail on our Q1 results and our updated outlook, including the anticipated impact of the prAna acquisition in Tom's CFO commentary available on our website.

Finally, I'm very pleased to report that we're three weeks into what has thus far been a very smooth ERP implementation in North America, following many months of preparation and testing by a very dedicated cross-functional global business transformation project team. We're very proud of the exceptional efforts of the team which have enabled us to quickly resume receiving and shipping inventory, invoicing customers, collecting receivables, and paying vendors in volumes typical for this time of the year.

I'm also pleased to note that sell-through of our spring products across North America wholesale and our direct-to-consumer channels are ahead of where they were at this time last year despite the cooler weather and later Easter. We're seeing increased sales across the full spectrum of the product categories from rainwear to PFG and from footwear to sportswear to fleece.

In summary, 2014 is off to a strong start. We intend to build on that momentum as we approach the fall shipping window and to extend the momentum into 2015 across each of our existing brands, geographies, channels, and product categories. And we look forward to completing the purchase of prAna and collaborating with their team to unlock prAna's global brand potential as an additional growth engine in 2015 and beyond.

Over the past several years, we have been focused on renewing top line growth and improving the profitability of our core business by fixing our direct business in Europe, improving our North American wholesale business, investing in an expanded direct-to-consumer platform, and establishing a joint venture in China.

We're proud of the results we posted today, which indicate significant progress on those initiatives while simultaneously enhancing our global infrastructure with the new ERP platform. We believe we have several profitable growth engines and loads of opportunity to increase our profitability towards our long-term goal of above-industry average operating margins.

That concludes my prepared remarks. We want to use the rest of this hour to answer your questions but we will need to limit the call to that timeframe so I can head down to California to meet with our new teammates at prAna.

Operator, could you help us facilitate the questions?

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we'll now be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Bob Drbul with Nomura. Please proceed with your question.

<Q – Bob Drbul – Nomura Securities International, Inc.: Hi. Congratulations on the acquisition.

<A – Tim Boyle – Columbia Sportswear Co.: Thanks, Bob.

<Q – Bob Drbul – Nomura Securities International, Inc.: Did Gert chime in on the prAna brand at all?

<A – Tim Boyle – Columbia Sportswear Co.: Absolutely. She's a big fan.

<A – Gert Boyle – Columbia Sportswear Co.: Yeah, I'm at the top of the hill before you are.

<Q – Bob Drbul – Nomura Securities International, Inc.: I know you are. Congratulations. And I have just a couple of questions on the Columbia business for a second, Tim. I guess, as you look at the inventory levels and then the first quarter gross margin performance, when you look at the updated guidance for the full-year, do you expect to have any down-quarters in gross margin? And sort of given the strength that you saw right now and the inventory levels, the 50 basis points for the full-year seems a little conservative. Can you just talk through that a little bit?

<A – Tom Cusick – Columbia Sportswear Co.: Yeah, Bob. This is Tom. So I guess as we look at the second half to the year, we're anticipating gross margin to be roughly flat with last year and that's predominantly due to the fact that we're comping against more difficult direct-to-consumer and wholesale comps given the phenomenal winter we had last year. That's really the main driver for the flat gross margin. And then I guess there's one other significant point. Obviously, we've got some significant headwinds with the yen and the Canadian dollar from a hedge rate perspective.

<Q – Bob Drbul – Nomura Securities International, Inc.: Okay. And on the increased top line visibility, Tim, you mentioned the order book strengthened a little bit. Can you elaborate in terms of the channels or the partners or sort of what happened? Like, what was the demand that you did see on the increased orders and the timing in terms of, like, before October or later in the year? Just how to think about it from that perspective?

<A – Tim Boyle – Columbia Sportswear Co.: Well, we've been fairly pragmatic about accepting orders beyond October so the bulk of our business increase has really been in those key shipping months prior to October. And it really has been across the board. We've seen customers converting private label programs over to our branded merchandise. We've also seen an increased amount of purchasing across the board. And remember that last year retailers were so cautious in terms of how they approached weather-sensitive merchandise, that they were as conservative as we were.

Sorel, by the way, has been an incredibly strong brand for us. It had very small increase in the first quarter primarily because we ran out of inventory. So we expect all the brands really to do quite well in the back half.

<Q – Bob Drbul – Nomura Securities International, Inc.: And my last question is, so with the acquisition of prAna at \$190 million and your cash balance is still very heavy, would you anticipate any other sort of shareholder-friendly initiatives with that cash for the remainder of 2014?

<A – Tim Boyle – Columbia Sportswear Co.: Well, Bob, as you know, we've been incredibly focused on fixing the issues that we have within the company and the brands. And while we think we've gone a long way towards that, we're nowhere completed that. We still have subpar operating

margins and we want to get those things up. And so the focus is going to be on heavy emphasis on the brands that we already have and continuing the expansion geographically as we've seen in Europe.

So that's going to be the focus, although the brand – excuse me – the balance sheet is strong enough that should there be an opportunity that we think fits as nicely in our collection as prAna does, with a management team that we think is as strong as prAna, we would look at it.

<Q – Bob Drbul – Nomura Securities International, Inc.>: Great. Thanks very much. Congratulations, Tim.

<A – Tim Boyle – Columbia Sportswear Co.>: Thanks.

Operator: Thank you. Our next question comes from the line of Christian Buss with Credit Suisse. Please proceed with your question.

<Q – Christian Buss – Credit Suisse Securities (USA) LLC (Broker)>: Yeah, so I was wondering if you could provide some color on how you see the mix of your business changing with prAna between spring, summer, and fall and winter. Would love to get some color on the prAna business and how that flows seasonally.

<A – Tim Boyle – Columbia Sportswear Co.>: Certainly. The prAna business itself is very balanced and much less weather-sensitive than really any of the Columbia businesses – Columbia brands. So it's smaller so the impact won't be significant right away, but we expect that the growth of that brand will be more than likely quite balanced across seasons as it has already been. Columbia's focus and efforts on the Columbia brand and Sorel brand are historically very winter-focused, but I've got to admit that our PFG business has really been very strong this year and that's primarily a spring business.

<Q – Christian Buss – Credit Suisse Securities (USA) LLC (Broker)>: That's very helpful. And could you provide some color on the demographics of the prAna customer relative to the Columbia customer? And then if you could also provide some color on the distribution network for prAna versus what Columbia has and there's opportunities there for synergies from a distribution standpoint.

<A – Tim Boyle – Columbia Sportswear Co.>: Certainly. Well, the primary difference between the prAna customer and the Columbia customer is gender. I want to say prAna is nearly, if not greater than, 70% female and that's one of the real keys for us in terms of approaching the brand and why it was so interesting to us, is the female consumer there. The distribution of the product is primarily in specialty and better sporting goods operations. I would expect that that would continue. Our focus is going to be on expanding our specialty store business and continuing to increase our better sporting goods business.

So those expectations in terms of distribution are to continue those areas – although we do think we can add significantly to our international business with prAna as Columbia's business is over 40% outside the U.S. and prAna has a small position outside the U.S. So we think expanding those customer bases, more sales to women obviously with women's products and international will be a real strong growth vehicle for prAna.

<Q – Christian Buss – Credit Suisse Securities (USA) LLC (Broker)>: Thank you very much and congratulations on a great start to the year.

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

Operator: Thank you. Our next question comes from the line of Lindsay Drucker Mann with Goldman Sachs. Please proceed with your question.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Thanks. Good evening, guys. I wanted to first ask on the inventory in the quarter, just to clarify, the big gap you have in sales versus inventory. Is the vast majority of that stronger sell-through versus what you bought? Or is there any sort of operational – how much of that might be operational efficiencies, improvements, that we can expect to carry through for the rest of year?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, Lindsay, this is Tom. I would say it's really driven by two factors. One being that the great sell-through in Q1 of fall 2013 product and then just better overall management of inventory and better inventory utilization. So those are really the two main factors from my perspective.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: And the better inventory management, is that execution-based or have you guys implemented – is it new tools that have allowed you to manage better?

<A – Tom Cusick – Columbia Sportswear Co.>: I would say predominantly at this point it's better business process and now with the ERP implementation, now we'll be able to get better leverage from the system itself. But it's been predominantly a function of business process to date.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: So that was my next question on the ERP system. And how should we think about over the two to three-year horizon where your inventories versus sales will be going from there or gross margin opportunity, things like that?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, I just going to say, Lindsay, our premise for investing in this ERP was really to get better inventory utilization and higher operating margins from our inventory investment. So, we're literally two or three weeks into the process here in the U.S., longer in Canada, but our expectation is that if you look at our inventory turns historically, they've been poor and this tool is going to help us to improve that.

We're also going to have better visibility on the operations of the business with these tools and be able to make better decisions on the inventory, which will allow us, we hope, to have higher gross margins. So that's our premise for investment here and I can't tell you exactly when it's going to happen but not too – it can't be too soon for me.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Got it. And then just one last sort of housekeeping piece. For prAna, should we be thinking about, if the transaction ultimately closes, would you be excluding the purchase accounting amortization from that in your comparable earnings results? And then also, having read your CFO comments, how do we think about sort of momentum for U.S. sales in the back half based on your fall order book? Can you give us any better visibility into that guidance? Thanks.

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so as it relates to prAna, we will be including obviously their results and ours from the date of close forward and that all the purchase accounting amortization will be included in our operating results. But we will comment on specifically what that amortization is so the investment community can understand, the with and without elements of our results.

And then as it relates to the U.S. business in the second half, of that approximate \$55 million that we plan to recognize, the majority of that is the U.S. business and then that coupled with the double-digit growth in our fall wholesale business, the second half in the U.S. wholesale business including prAna should be very strong for us.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay. Thanks, guys.

Operator: Thank you. Our next question come from the line of Mitch Kummetz with Robert W. Baird. Please proceed with your question.

<Q – Mitch Kummetz – Robert W. Baird & Co., Inc. (Broker)>: Yeah, thanks. Let me just follow up on Lindsay's last question because I guess given where your full-year guidance is excluding prAna, you're looking for about 15% to 17% sales growth over the balance of the year. And just hoping to get a little bit more color on the cadence of that growth across the quarters.

<A – Tom Cusick – Columbia Sportswear Co.>: We would expect the first half and second half to grow at fairly comparable rates now. 90 days ago, we thought the first half was going to grow at a little bit slower pace than the second half. But the toggle really is the cadence of our international distributor business that ships between mid-June and mid-July, and a higher percentage of that business is anticipated to ship in the second quarter. So that's really what is driving the more balanced growth rate first and second half now as compared to 90 days ago.

<Q – Mitch Kummetz – Robert W. Baird & Co., Inc. (Broker)>: And would you expect to see stronger growth in Q3 versus Q4, given that that's an easier comparison both wholesale and retail and that's where you'll probably benefit the most from the selling of your strong fall pre-book?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, it's probably a little too early to call the Q3/Q4 split. We're really trying to stay away from giving specific quarterly guidance. At this point, I would say we're planning the first and second half to be fairly comparable in terms of growth rates.

<Q – Mitch Kummetz – Robert W. Baird & Co., Inc. (Broker)>: Got it. And then again, when I pull out China from your guidance, I mean it looks like you're expecting all-in kind of 8%-ish growth for the year, top line growth, ex-ing out the benefit from the China transition. Just trying to reconcile that with the strength of your fall orders, which I know you're not giving the backlog but you said they're up double-digits. I mean, so I guess the delta would be your assumptions around things like cancellation rates and reorders and maybe what's happening on the direct side with regard to e-commerce or comping in your own stores. I mean how are you thinking about those variables? I mean how conservative are you being around those variables as it relates to your guidance to kind of tie the order book in with the overall sales outlook?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so it's really a function of spring and fall wholesale and again the distributors, whether those ship in that spring business between Q1 and Q4, and then the direct-to-consumer business and then reorder and cancel rates are really driving the deltas there. And that's why we no longer publish our order book because it adds confusion given the multiple inputs here.

<Q – Mitch Kummetz – Robert W. Baird & Co., Inc. (Broker)>: Maybe if I can ask it a different way. I mean are you being more cautious on things like cancellation and reorders relative to where they were last year, which I would imagine were pretty good compared to kind of historical levels given the strength of the winter season?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so we've planned the second half based on a normal winter weather pattern. So if winter is better, I would expect sales and gross margin more so to be positively impacted. And if winter is not normal to the downside, then there would be some downside risk. So we've planned for more normalized cancel and reorder rates.

<Q – Mitch Kummetz – Robert W. Baird & Co., Inc. (Broker)>: Got it. That's what I was looking for. All right, thanks.

Operator: Thank you. Our next question comes from the line of Jim Duffy with Stifel. Please proceed with your question.

<Q – Jim Duffy – Stifel, Nicolaus & Co., Inc.>: Thanks. Good afternoon, everyone. Congratulations on the great start to the year and the transaction. With respect to prAna, I'm interested to hear a little bit more about where you see the growth opportunities for the brand. Do you see it as all wholesale growth agenda? Do you expect to continue to open retail stores? From an international standpoint, Tim, what are some of the markets which you think are most ready for the concept? Any help you can provide there would be helpful.

<A – Tim Boyle – Columbia Sportswear Co.>: Sure. Well, we expect that the cadence that the management team has already put in place in terms of opening additional wholesale customers will continue. Again that's been primarily focused on specialty and better sporting goods stores. I think over the long-term, there's an opportunity in the department stores but we haven't really attacked that as of yet. And there will be some direct-to-consumer but frankly it will be, I think, at the end of the day growth will primarily come from wholesale.

When we think about outside the U.S., obviously the first order of business is Canada. And that's going to be a significant opportunity for us there. And then I think there's opportunities for us in South America, in some of our Asian markets, and in Europe where they have had some exposure in the market there but we think we can expand that business there. And, of course, we don't want to get too far ahead of ourselves because we've got our own challenges in Europe. But I think the brand is really spot-on for the female consumer and I think there's a real opportunity for us to grow this business quite well.

<Q – Jim Duffy – Stifel, Nicolaus & Co., Inc.>: Good to hear. Shifting gears a little bit, a pretty strong quarter from the China JV and it seems a more optimistic view on the contribution for the year. Can you provide an update on how that transition has gone and some of the traction that you're seeing there?

<A – Tim Boyle – Columbia Sportswear Co.>: Yeah, let me give you just sort of a high-level overview and maybe Tom can chime in here if we've got some specifics. But the business there has successfully transitioned to Shanghai, where it's being operated. We still have a portion of the staff running the business is based in Hong Kong and there's a portion that's actually commuting back and forth from Hong Kong to Shanghai. But we've moved into the offices there and our business is now operating out of Shanghai.

We're excited about the potentials there. Really I think if we look at how we've operated the business from a merchandising standpoint, we've had less specific involvement with merchants in China than we intend to. We think we can add significant opportunities to the business by just being closer to the consumer in that market as opposed to assuming that they're going to just take a USA merchandise directly. So I think there's lots of opportunities to be more specific around how that consumer in China looks at our products.

And then we're looking, obviously, always at making sure that our stores are fresh and refreshed on a constant basis. Some of them are up to 10 years old in that market. Our expectation is that, over time, we're going to have a really terrific business there. And lastly, I guess I would point out that the marketing spend in China is significantly higher than it is globally for the rest of our brands and approximating 10%. Tom, you've got some...?

<A – Tom Cusick – Columbia Sportswear Co.>: Jim, on the slight uptick in the anticipated earnings accretion, that's really a function of slightly lower expense outlook. A significant part of the G&A expense is a shared services model where we're relying on the JV partner, and those expenses have been adjusted downward slightly.

<Q – Jim Duffy – Stifel, Nicolaus & Co., Inc.>: Okay. And then, Tom, a housekeeping item; can you speak to the contribution to gross margin in the quarter from the consolidation of the JV?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, it's not overly significant. I would say it's a very low-single-digit millions of dollar number. And what I'm speaking to specifically is the combination of the deferred profit related to the licensed revenue that was historically recorded below the line and separately in licensing income.

<Q – Jim Duffy – Stifel, Nicolaus & Co., Inc.>: [indiscernible] (32:45) the delta there from the change in accounting conventions?

<A – Tom Cusick – Columbia Sportswear Co.>: Correct.

<Q – Jim Duffy – Stifel, Nicolaus & Co., Inc.>: Got you. All right, thanks very much.

<A – Tom Cusick – Columbia Sportswear Co.>: Yes.

Operator: Thank you. Our next question comes from the line of Kate McShane [Citigroup]. Please proceed with your question.

<Q – Corinna Van der Ghinst – Citigroup Global Markets Inc. (Broker)>: Hi, good evening. It's Corinna Van Der Ghinst for Kate. I was hoping you could provide a little more color on the outperformance in the U.S. this quarter. Were there specific channels or markets that exceeded your expectations more than others? And also if you could talk about your ability to fulfill reorders on the cold weather styles this quarter, since I think in the past you guys have said that you generally have limited ability to chase within the season?

<A – Tim Boyle – Columbia Sportswear Co.>: I'm not sure I caught the last question but let me get started and if I missed something, you'll remind me. So, basically, the first quarter, as you know, was – obviously had a heavy environmental impact due to weather and, of course, that's our company's strength is in cold weather apparel and footwear. And as the weather continued to be helpful to us, we just got to the point where we were not marking down inventory. Our customers were selling merchandise closer to full-price even beyond Christmas, which is very unusual, even to the point for us where we actually ran out of inventory in the Sorel brand.

So, all those things helped to have a high level of sales and a high level of gross margin on those winter products. We have very little opportunity to fill back in at those lead times, so we probably lost lots of sales, but that's okay. We're more than happy to be clean rather than long on inventories.

<A – Tom Cusick – Columbia Sportswear Co.>: In addition, we pulled forward approximately \$14 million of spring orders into Q1 that were scheduled for shipment later in April to get in front of the ERP go-live, so that's another factor.

<Q – Corinna Van der Ghinst – Citigroup Global Markets Inc. (Broker)>: Right. But even if I back that out, it still looks like you guys are at double-digit growth for the U.S. So that's pretty impressive. And – okay, that pretty much answers my question of – pretty much on the inventories for chasing inventories into the post-Christmas period. But then also with the acquisition of prAna, I was just wondering how this impacts your women's strategy for the Columbia brand? Or do you view this as an incremental new customer?

<A – Tim Boyle – Columbia Sportswear Co.>: Yeah, I'm sorry, the question is whether or not it impacts the Columbia brand? And I would say one of the reasons that we were very interested in the prAna brand is that there's almost no overlap. The customer, the consumer for prAna, which is

mostly women, we didn't feel we could even approach with our current brand portfolio. So we would expect zero cannibalization from the Columbia brand, frankly.

<Q – Corinna Van der Ghinst – Citigroup Global Markets Inc. (Broker)>: Okay, great. Congratulations.

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

Operator: Thank you. Our next question comes from the line of Andrew Burns with D. A. Davidson. Please proceed with your question.

<Q – Andrew Burns – D. A. Davidson & Co.>: Good afternoon and congratulations on the quarter and the acquisition. Just had one quick question in terms of weather. You're clearly benefiting cold weather products but I was encouraged by the comments on the spring assortment and sales holding up there. Could you perhaps elaborate a little bit on, seemingly, the strength you're seeing there?

<A – Tim Boyle – Columbia Sportswear Co.>: Certainly. Well, our spring products are in fact more warm weather and it's been really gratifying to see the strength of our PFG brand and how well that's done even in periods of time when it's been colder than normal. It's really a strong endorsement of that product and how well it's been selling. We've also had great rainwear sales and fleece sales have held up actually quite nicely too. So we're pleased with that.

Our footwear business, especially in the hiking category, and this would be globally, has been very strong. We've had a tremendous amount of business on a specific hiking shoe in Europe with one of our biggest customers there. So we're not clicking on all cylinders yet but there's certainly a lot of great momentum seasonally for the product and then geographically.

<Q – Andrew Burns – D. A. Davidson & Co.>: Great. Thanks and good luck.

Operator: Thank you. Our next question comes from the line of Camilo Lyon with Canaccord Genuity. Please proceed with your question.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Thanks and good afternoon, guys. Really nice job on the quarter. I wanted to go back to the prAna acquisition. I want to get your thoughts on the opportunities to incorporate a footwear offering given your strength in your home brands with footwear. And also if you could talk about any opportunities to improve their EBIT margins, whether it's from supply chain efficiencies, buying power, anything of that sort. And where do you think their margin structure could ultimately go to?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, we haven't even considered a footwear opportunity. The brand needs to get bigger. We need to continue to simplify our approach. So we're going to really encourage the management at prAna to manage their business independently of our – [ph] I don't want to say [indiscernible] (38:22) but we're going to really encourage the personality of the prAna brand to expand with the management down there.

There may in fact be a footwear opportunity at some point in time but we haven't even considered it and it would be additive at a time we thought it was appropriate. As it relates to margins, our company has a significant sourcing opportunity globally and we would expect that we would weigh in on helping where appropriate. But we haven't really delineated any specific gross margin improvements as it relates to our sourcing operations.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: From what you can tell already, are there any obvious deficiencies that you can help them achieve? Or is this purely just benefiting from the high

pace of growth that they're now enjoying as they start to open up more distribution both domestically and internationally?

<A – Tim Boyle – Columbia Sportswear Co.>: Right. Well, I would say if we're going to contribute anything, it's just the strength of our balance sheet. They've been owned by private equity firm for a number of years and we would expect that our strong balance sheet will allow them to be more creative. And we're comfortable – in fact more than comfortable with the management team, and we would expect that we will be able to utilize more of our assets on the balance sheet to continue to provide the great growth that they've seen.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Okay, great. And then moving on to the guidance and how the Chinese JV layers into that. The first quarter definitely had some nice improvement from that part of the business going direct. Could you just help me understand why that wouldn't continue into the future quarters, and why you wouldn't see a comparable benefit from that?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so when we look at the year taken as a whole, the China component, the licensing piece that gets moved into gross margin, coupled with the fact that their gross margin taken as a whole is greater than the corporate average is the single biggest driver for gross margin expansion for the full-year, coupled with channel mix with a higher percentage direct-to-consumer and wholesale business and a smaller component of distributor business, lower margin distributor business. And then there's a fairly sizable offset there with our hedge rates given the weakness in the Canadian dollar and the yen. So that's what nets us down to the 50 basis points for the full-year.

And then as we look at Q2, for example, that quarter will be much more heavily weighted to our distributor business because the majority of our distributor shipments will ship in the second quarter, which will weigh down the margin on an overall basis in Q2.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Okay. And then just – but I would assume you would get also a sales lift as you go direct in that country. So with not really having change your sales guidance too much, I would have thought that there would've been a bigger lift realized from China that we would see in Q2 to Q4.

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, Q2 is China's smallest quarter of the year as well.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Okay, that's helpful. Thank you.

<A – Tim Boyle – Columbia Sportswear Co.>: Thanks.

Operator: Thank you. [Operator Instructions] Our next question comes from the line of Robby Ohmes with Bank of America Merrill Lynch. Please proceed with your question.

<Q>: Hi. This is [ph] Ray Shattershitch (42:15) on for Robby. Thanks for taking the question. Can you guys just talk about the outdoor market in China and then how you guys feel about the inventory levels? Have those improved at all?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, we think the outdoor market in China is continuously growing. The China market is enormous obviously, not only from a population standpoint but geographically. So, we're very bullish on that area. It is competitive and becoming more competitive there. We've seen some of our competitors expand the amount of inventory that they have for sale beyond what the consumer can accept, so there's been some amount of inventory there that we've had to deal with just from a general market standpoint.

But we feel very strongly about that market. The consumer's continuously becoming more wealthy and really gravitating towards outdoor products, not only for specific uses outdoors but just in general. It's becoming an increasingly more comfortable way for people to dress. So we're excited about it. There are challenges and it's becoming more competitive but we think with our balance sheet and our strong partner there, the JV, that we have significant opportunities to continue to grow the business.

<Q>: And then can you talk a little bit about the Sorel brand? I think you guys said you sold out of it and then kind of the outlook in Europe there. Are you still closing doors? Or do you feel comfortable with your distribution?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, let me talk to you about the Sorel comments because those were primarily North America. With the tremendously cold weather that we had in North America, we literally ran out of inventory at Sorel here to supply our wholesale customers and also for our direct-to-consumer customers. As it relates to Europe, we have a high degree of confidence in our new team there. They are really focused on simplifying the business, concentrating on a smaller set of markets and a smaller set of key customers that can really drive the business. So I'm very pleased with the work that our team there has done so far and my expectation is that, over time, we're going to be very pleased with the decisions that we've made there in Europe.

<Q>: And can you give any color around your direct-to-consumer comps in the quarter? And then I think you're planning to finish with 75 outlet doors in the U.S. at the end of the year. Do you have any sense of how many you could operate longer-term? Could you go to 100 plus like some of your competitors?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, let me answer the question a couple different ways or split it into a couple pieces. We don't give comp information because we don't consider ourselves a retailer, we consider ourselves to really be a wholesale customer with this additional set of assets to help us manage inventory levels. But I'm going to ask Tom to specifically talk to the numbers but I can tell you that we are cautious in terms of our opening. We believe that there are more opportunities for us in the outlet space. We also believe there's opportunities for us in branded stores. So let me give you – let me have Tom give you the numbers on the outlet stores. And as the business grows, we'll probably need more but we don't have specific plans to add any significant amount soon.

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so your 75 number was correct for the U.S. and Canada combined. We'll end up in the U.S. with 74 outlets and a couple of additional in Canada as well exiting this year. As then as it relates to just – we're very pleased with our direct-to-consumer results in the first quarter. We saw great growth in both traffic and conversion.

<Q>: Great. Thank you.

Operator: Thank you. [Operator Instructions] There are no further questions at this time. I'd like to turn the floor back to management for closing comments.

Timothy P. Boyle, President & Chief Executive Officer

All right, thank you very much. Again, we're just thrilled with the addition of prAna to the company's brand collection and we're also very thrilled with the results of the hard work we've done over the last several years in managing our business during tough times. So we look forward to talking to you in July with more good news.

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

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