
MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Tashika and I will be your conference operator today. At this time, I would like to welcome everyone to the Columbia Sportswear First Quarter 2010 Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions]

Thank you. Mr. Parham, you may begin your conference.

Ron Parham, Senior Director of Investor Relations & Corporate Communications

All right, thank you, Tashika. Good afternoon, and thanks for joining us on today's call, everyone. Earlier this afternoon, we issued our quarterly press release announcing our first quarter results, a 19% increase in our fall of 2010 wholesale backlog and our financial outlook for the second quarter and full year 2010.

With me today to discuss those topics and answer your questions are Columbia's Chairman, Gert Boyle; President and CEO, Tim Boyle; Senior Vice President of Finance and 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.

Before we start, our Chairman, Gert Boyle has an important reminder.

Gertrude Boyle, Chairwoman

Good afternoon. I'd like to remind everyone that this conference call will contain forward-looking statements regarding Columbia's business opportunities and anticipated results of operation. 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 ending December 31, 2009 and subsequent filing with the SEC.

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

Ron Parham, Senior Director of Investor Relations & Corporate Communications

Thank you, Gert. Now I'll hand the call over to Tim.

Tim Boyle, President and Chief Executive Officer

Thanks, Ron. Welcome everyone and thank you for joining us this afternoon to discuss the results of our first quarter and our outlook for 2010 based on our fall backlog and our strategic initiatives. I want to touch quickly on a couple of highlights from the first quarter and our fall backlog. Then Tom will cover the Q1 financial results and our outlook for 2010 in more detail.

Our first quarter provided a solid start for 2010 with sales growing 10% and pushing above the \$300 million mark for the first time. Net income grew 33% to \$0.27 per share, well above our

expectations entering the quarter. Our retail operations in the U.S., Korea and Japan provided the majority of the extra top line, reflecting a stronger consumer spending environment than last year's first quarter aided by favorable weather.

Our U.S. wholesale business was essentially flat in the first quarter, consistent with our previously announced spring backlog. We are obviously very encouraged by the 19% increase in our fall backlog, which includes double-digit growth across – across each of our major brands, product categories and regions.

Certainly, a portion of this increase represents retailers restocking fall inventory following the weather aided high liquidation rates of fall 2009. But we also believe our strong backlog was driven by better styling, innovative technologies, particularly Omni-Heat, our suite of thermal, electric and most importantly, visible reflective warmth technologies that spans all categories within the Columbia brand. We're also excited about the momentum that's building behind the Sorel brand.

Omni-Heat has succeeded in creating renewed excitement around the Columbia brand among our retail partners in each region driving our fall 2010 Columbia brand backlog up mid-teens on a global basis. Retailers have embraced Omni-Heat's innovative, easy to understand visible warmth technologies and the integrated marketing plans that we have created to support their launch.

We're very pleased with the level of demand for Omni-Heat products included in our backlog and believe they helped spur incremental demand for non-Omni-Heat Columbia styles. Columbia brand footwear also contributed high 20s backlog increase with innovation and better styling leading to placement in brand enhancing customers such as Nordstrom's, Neiman Marcus and EMS among others, including a large number of independent outdoor and running specialty stores in the U.S. and Europe, who have never before carried a Columbia brand.

We're working closely with our retail partners to execute a coordinated Omni-Heat launch this fall, supported by the most creative and extensive integrated marketing campaign in our history.

Experiential consumer events, bold in-store graphics and fixtures, creative online and print advertising, our new – excuse me – our first new television ads in almost two years and our retail partners own co-op advertising efforts in their local markets, all designed to create awareness and drive consumer demand for Omni-Heat this fall.

The Sorel brand is another highlight within the fall backlog, up over 60% driven by fun, fashion-oriented functional women styles that we first introduced last fall and have expanded for fall '10. Sorel continues to gain initial placements and greater penetration in some of the best shoe retailers in North America and Europe, including The Tannery, Bergdorf Goodman, Holt Renfrew, Neiman Marcus, Saks, Nordstrom's and Colette in Paris.

We're looking forward to reintroducing spring season Sorel product assortments for spring '11 as we seek to establish Sorel as the year -. Meanwhile, classic Sorel styles like the Caribou winter boot continue to be top sellers and a test of the rich history and deep loyalty as Sorel's traditional winter consumer.

One final highlight in the fall backlog is the return to growth in our EMEA region, indicated by a mid-teens percent increase in its fall backlog, the re – excuse me – the region's first positive backlog since 2006. Among our Europe direct markets, Germany, France and the U.K. reported the strongest backlogs.

From a channel perspective, our successful growth in specialty and sporting goods channels across the region reflect their excitement around Omni-Heat. We believe our innovative Omni-Heat products help to stem the declines in our Europe direct apparel business while the Sorel brand provide the lion's share of the backlog increase.

Our EMEA distributor backlog also grew mid-teens, reflecting the steady improvement in the Russian and Eastern European economies and renewed consumer demand. We still have a lot of work to do in this region before we can say that we've turned the corner. But we have confidence in our EMEA team and believe we're starting to see the fruits of their hard work over the past two years.

Clearly, the 19% global backlog increase reflects positive response from our retail partners to our fall 2010 lines and yet we know the ultimate test is yet to come in the form of consumers' response to our products at retail this fall. Thanks to a strong balance sheet, we've been able to make significant investments over the past two years on our go-to-market processes to position us for future growth. For example, as we've discussed previously, we have sharpened our focus on product innovation, built a multi-channel direct-to-consumer platform, we focused our marketing behind new brand campaigns and media strategies for each of our major brands and restructured our sales organizations to build relationships with new partners and strengthen those with existing accounts. The brand elevation that we are striving to achieve is still in its very early stages. We need to remain focused on driving top line growth while investing to improve our operational processes to generate operating leverage over the long-term.

Now, I'll hand the call over to Tom to review the financial results.

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

Thank you, Tim, and good afternoon, everyone. I will begin with a brief overview of our Q1 operating results and financial position and then provide an update on our Q2 and full-year 2010 outlook. Our first quarter came in better than the outlook we provided in January, primarily due to stronger sales in our retail businesses in the U.S., Korea and Japan.

First quarter sales increased 10% to \$300.4 million with changes in foreign currency exchange rates contributing three percentage points of that increase. Looking at Q1 2010 net sales on a regional basis compared with Q1 2009, U.S. sales increased 11%, driven by our U.S. retail channel, while our U.S. wholesale business increased in the low single-digits. We exited Q1 2010 with 46 retail stores, eight more than the same time last year.

On a product category basis, the 11% U.S. sales increase reflected a low double-digit percentage increase in our Columbia brand apparel business and a low 20s percentage increase in footwear.

EMEA sales declined 6% including a four percentage point benefit from foreign currency exchange rates. Our EMEA direct business recorded a mid single-digit percentage decrease including a six percentage point benefit from foreign currency exchange rates in line with the spring 2010 order book. While Q1 results in our EMEA direct business indicate continued weakness, we are beginning to see positive signs of our multi-year brand realignment efforts in this region for fall 2010.

Our EMEA distributor business declined by a low single-digit percent. Difficult economic conditions in this region resulted in poor sell-through in spring 2009 leading to lower sell-in for spring 2010. As conditions in this region have improved during the past year, we expect sales to be much healthier in fall 2010.

Sales in our LAAP region increased 22% including an eight percentage point benefit from foreign currency exchange rates. Low 20s percent growth in our Japan business was aided by a three percentage point benefit from currency. Currency also favorably affected our Korea business, turning mid 30s percentage constant dollar growth into high 50s percentage growth for the quarter.

Sales to our LAAP distributors showed a high single digit decline due to the rescheduling of some spring orders for Southern Hemisphere distributors from mid-year. This rescheduling better aligns with the selling seasons for Southern Hemisphere customers that lag our product seasons by six months.

Ignoring the shift in timing of shipments, sales were essentially flat for the spring season for LAAP distributors, consistent with our spring order book. Sales in Canada increased 22%, including an 18 percentage point currency benefit, also consistent with our spring order book.

Looking at first quarter sales by product category, compared with Q1 2009, Outerwear sales increased 14%, primarily driven by the Columbia brand in the U.S., LAAP and Canada. Sportswear sales increased 6%, mostly related to Columbia brand sales in our U.S. and LAAP regions, partially offset by decline in our EMEA region. Footwear sales increased 15%, mostly attributable to increased Columbia brand sales in – in the U.S., EMEA and Canada businesses. Accessories and equipment sales increased 19%.

From a brand perspective, the 10% increase in first quarter sales was concentrated in the Columbia brand, which increased 11%. Mountain Hardwear sales increased 10% and Sorel sales increased 33% on a small seasonal basis.

Gross margins expanded by 180 basis points in the first quarter, primarily due to lower volumes of closeout product sales at higher gross margins, a higher volume of retail sales at higher gross margins, partially offset by unfavorable effects of foreign currency hedge rates in Canada and Europe.

SG&A expense increased 13% to \$115.5 million, representing 38.4% of first quarter sales compared to 37.5% in last year's first quarter. The increase in absolute dollar terms, primarily due to the effect of our direct-to-consumer initiatives, increased personnel costs, including costs associated with internalizing our sales organizations in America and Europe and the reinstatement of personnel and benefit programs that were curtailed or postponed in 2009, and changes in currency exchange rates.

Operating income for the first quarter of 2010 was \$12.5 million or 4.2% of sales compared to operating income of \$10.4 million or 3.8% of sales for the comparable quarter in 2009.

The income tax rate for the first quarter of 2010 was 29%, compared to 39% for the first quarter of 2009. Net income for the first quarter of 2010 was \$9.2 million or \$0.27 per diluted share, compared to net income of \$6.9 million or \$0.20 per diluted share for the first quarter of 2009.

Turning to the balance sheet and comparing March 31, 2010 amounts to March 31, 2009. The balance sheet remains very strong with cash and short-term investments totaling \$415.8 million versus \$299.8 million at the same time last year. Consolidated accounts receivable at March 31 declined to 7% – declined 7% to \$198.2 million versus \$213.5 million a year ago.

This decline in accounts receivable on 10% revenue growth in the quarter resulted from our retail businesses contributing the majority of our revenue growth in the quarter coupled with reduced payment terms in some international regions. We continue to actively manage our credit risk, cash collections and shipments in an effort to minimize credit losses.

Consolidated DSO decreased to 59 days from 71 days at March 31, 2009. Write-offs of uncollectible accounts receivable were not significant for the first quarter of 2010. Consolidated inventories decreased to \$222.7 million compared to \$223.7 million at the same time last year with changes in foreign currency rates contributing four percentage points of year-over-year growth.

During the first quarter of 2010, we generated \$19.9 million in cash from operations, spent \$9.1 million on capital expenditures, paid \$6.1 million in dividends and repurchased \$3.8 million in stock. Depreciation and amortization expense for the quarter was \$9.1 million versus \$8.2 million in last year's first quarter. Today we announced the Columbia Board of Directors approved the second quarter dividend of \$0.18 per share.

Now let's turn our attention to the outlook for 2010. The dynamic nature of both retailer and consumer demand in the current economic environment limits our visibility and our ability to estimate future results. Our business is highly seasonal with the second half accounting for approximately two-thirds of our annual sales and all of our operating income. All projections related to anticipated future results are forward-looking in nature and are based on our backlog and forecast which may change perhaps significantly.

We expect total 2010 net sales to increase 12 to 14% compared to 2009 based on a combination of factors including the 19% increase in our fall 2010 order backlog announced today, expected incremental sales from our direct-to-consumer channel, our first quarter actual results and the estimated effect of changes in currency exchange rates.

We expect both full-year 2010 gross margin and SG&A to expand approximately 100 basis points resulting in comparable operating margin versus 2009. The expected gross margin expansion for 2010 is largely the result of the anticipated higher relative volume of full price product sales in our wholesale business, a higher relative volume of direct-to-consumer sales at higher gross margins.

Favorable foreign currency hedge rates for fall 2010 partially offset by increased cost to expedite production and delivery resulted from the greater than planned demand for fall 2010 products.

Turning to the SG&A section, there are several moving parts here that I want to take a few extra minutes to cover. The expected SG&A increase for 2010 is due to a combination of several factors, most of which we alluded to in our January conference call, plus a couple of new items I'd like to call out. The items we discussed in January and which account for the majority of the anticipated SG&A increase for 2010 include the effect of the company's retail expansion initiatives as we absorb the full operating cost run rate of the 19 stores that we opened in 2009, the two branded stores that we've opened in the past month, and the two additional outlet stores we plan to open in 2010. These incremental costs will peak in the second quarter, continue at reduced incremental levels in the second half and then moderate to correlate with our reduced store expansion plans for 2011.

Reinstatement of personnel and benefit programs that were curtailed or postponed in 2009, this factor will continue through the second half then moderate to correlate with head count increases in the wage and bonus elements of our compensation plans. Transitional costs associated with internalizing our sales organizations in North America and Europe, duplicate costs here will peak in the second quarter, continue at reduced incremental levels in the second half, and should sunset at the end of the first quarter of 2011 and to a lesser degree, changes in currency exchange rates.

The two new items that we currently see increasing are 2010 SG&A and that combined account for approximately one third of the anticipated full-year increment, our first increased marketing investment to support the global launch of our fall 2010 product line. Our strong fall backlog provides the anticipated top line growth to justify additional marketing investments to drive consumer demand and sell-through for our fall line, particularly our Omni-Heat products. This is an investment we're making in support of – in support of and in concert with our retail partners to drive their sales, turns and margins, and to make sure consumers are directed to the channels that we have committed to supporting our Omni-Heat launch. With this increased marketing, we are currently targeting a full year marketing spend at approximately 5.5% of anticipated full-year sales; compared with 5.25% of sales in 2009.

And secondly we are in the early stages of various initiatives to improve our IT infrastructure and our enterprise data and information management across the organization, which will ultimately provide the foundation for a multi-year ERP implementation. Substantial time and resources will be required to ensure these initiatives are properly planned and executed. Our primary goal with these initiatives enhance the efficiency and integration of our supply chain operations and to drive improved working capital efficiency and profitability. Our 2010 spending forecast towards these initiatives is included in our capital and SG&A outlook.

We expect to provide – to provide more specifics on the anticipated future costs associated with these initiatives in early 2011 after we've completed the planning process. We currently expect the majority of these investments to occur in 2011, 2012.

Taken together, we expect all of these investments to absorb our anticipated gross margin in 2010 resulting in full-year operating margin at approximately 2009 operating margin. We are currently estimating the full-year 2010 income tax rate to be approximately 28%. However, it could be higher or lower than that in each of the remaining quarters of 2010 based on the geographic mix of taxable income and specific events that may occur in each quarter.

We are currently planning on approximately 40 million in capital spending for 2010 with approximately \$12 million of that related to retail expansion and approximately \$28 million related to maintenance and infrastructure projects.

As it relates to our direct-to-consumer initiatives, we have opened branded stores in Chicago and Minneapolis in the past month and we are currently planning two additional outlets in the U.S. later this year. We expect to end 2010 with 49 stores in the U.S., 10 in Europe and two in Canada. In addition, we expect to launch the Mountain Hardwear e-commerce site this summer. Our long-standing direct-to-consumer businesses in Japan and Korea continue to be major components of our businesses in the LAAP region.

Looking specifically in Q2, which is our lowest volume and most volatile quarter of the year as we wind down spring shipments and begin fall deliveries, we expect net sales to increase in the high-teens percent range due to the increase in order backlog reported today, incremental sales from our direct-to-consumer channel and a higher volume of international distributor shipments in the quarter.

We expect Q2 gross margins to expand approximately 100 basis points and SG&A to expand approximately 200 basis points as compared to the second quarter of 2009. Please note that the interplay of our three different distribution models including our wholesale, retail and distributor businesses can cause significant variability in quarterly sales, gross margin and SG&A expense both sequentially and on a year-over-year comparative basis as can be seen in our outlook for Q2.

In addition, the majority of our fall international distributor shipments occur in the month of June and July and are predominantly direct shipments from the factory for which we have little control over timing.

We believe we're beginning to see the benefits of the investments we've made over the past several years in our product development and design functions. As a result, we are increasing our investments in consumer marketing as well as infrastructure and business process efficiencies that will support substantial long-term growth opportunities we see and leverage our business model over the long term.

That concludes my remarks. I'll hand it back to Tim for some final comments.

Tim Boyle, President and Chief Executive Officer

Thanks, Tom. I've spoken about our Columbia and Sorel brands, but would be remiss if I didn't also mention the momentum and great opportunities we see at Mountain Hardwear and Montrail under the new leadership of Topher Gaylord, who officially joined our team in early April. Together, Mountain Hardwear and Montrail log double-digit growth in their fall 2010 backlog and hold great potential as we drive further product innovations and evolve their go-to-market processes. We believe these brands are poised to play a very important role in our next growth phase and look forward to working with Topher and his team to make that a reality.

Clearly, 2010 has started on a much better note than 2009. The investments we made over the past two years and the investments we plan to make in 2010 and beyond are all aimed at realizing the potential of our unique portfolio brands and generating long-term financial leverage.

The economy remains tenuous and we can never be certain about those things which we cannot control. But we feel very comfortable and confident about those things that we do control and greatly appreciate your continued support as we pursue the opportunities of the greater outdoors.

Thank you for listening. Operator, could you please begin the Q&A session?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from Kate McShane with Citi Investment Research.

<Q – Kate McShane>: Hi, thank you. I have two questions. The first is on your gross margin guidance, which you gave a lot of detail on and I appreciate that. I was wondering in terms of Omni-Heat, I imagine that this is a slightly higher margin product. And so how much of that gross margin improvement that we could see during the year could be from the Omni-Heat sales? And on the other side of that with the increased costs on delivery expedition, are retailers asking for products earlier and that's the reason why -?

<A – Tim Boyle>: Well Kate, this is Tim. So as it relates to Omni-Heat margins, yes, they're slightly higher for us and for the retailer. So it's – it looks like it's a very solid business beginning here for us. And as it relates to the costs that we discussed on – the beginning cost of the product and the impact on the SG&A, we're talking about frankly, a product line which surprised us a bit in its size. Even though it's a relatively small percentage of our total fall backlog, we're surprised at the uptake by our retailers so we had to scramble a bit and we're still scrambling to get the merchandise here in a timely basis for our customers. And yes, we have had some improvement – we had some retailers in fact quite a few move the delivery dates of their products forward. So all those things taken in concert give us a lot of confidence that we've got really an exciting potential product here for us.

<Q – Kate McShane>: Great, thank you. And do you have any sense if there were any retailers that didn't sign on for the Omni-Heat products this upcoming fall? Do you think it's more of a waiting to see how the products performed before making a commitment as a result of a still somewhat cautious environment?

<A – Tim Boyle>: No, I think frankly, we had – we didn't have any major retailers, in fact we're sitting here scratching our heads about trying to find somebody who didn't buy Omni-Heat. Obviously, they're all – they want to make sure that the bets they are making are solid and so do we. And that's why we talked a little bit about the confirmation will come when consumers really buy this stuff starting this fall. But no, we're pretty excited. Retailers typically would analyze the sell-through rates for all the brands they carry and assign – they open the buys based on the best-selling products. And so we're thrilled that we've had greater penetration and against some other brands sold better than we did last fall.

<Q – Kate McShane>: Okay. Thank you.

<A – Tim Boyle>: Thanks, Kate.

Operator: Your next question comes from Bob Drbul with Barclays Capital.

<Q – Robert Drbul>: Hey, good evening Tim, congratulations.

<A – Tim Boyle>: Thanks, Bob.

<Q – Robert Drbul>: I guess I've got two questions. First one is – when you look at the top line that you are expected this year, have you set any internal top line targets and new potential revenue targets for the company given the record revenues you're expected to report? And then the second question is – on the operating margin guidance and/or the targets, can you give us an update on your thinking around the operating margin targets or timing of when you could really start to see that materialize for us?

<A – Tim Boyle>: Sure. So we've had some improvement from our – our earliest projections as it relates to 2010, obviously based on the solid results that we've seen in our backlog. So again, we're – part of the gross margin constraint that we're talking about is making sure that we get the merchandise here on time for fall. So that's a bit of our challenge, but we are very excited that we can get all of that done.

Our goal here is as we have always said is to leverage the business. And even though we're not leveraging this year as much as we wanted, our goal is, I mean, we've got to hold ourselves to a standard that says we've got to be equal to the average of our industry and we're clearly well below that even with the great numbers that we're producing today. So we don't want to really go beyond 2010 in terms of any kind of predictions, but I can tell you the goals of the company are to be superior to the average of our peers and we're clearly not there and – but we believe we're strongly on the way to getting there.

<Q – Robert Drbul>: Great. And then just one final question is – when you look at the expected channel mix -

<A – Tim Boyle>: Bob, I think we dropped you and if you want to – if you want to call back, we can catch you next time when you call back. Operator, can you take the next call?

Operator: Your next question comes from Claire Gallacher with Capstone Investments.

<Q – Claire Gallacher>: Hi, congratulations.

<A – Tim Boyle>: Thank you.

<Q – Claire Gallacher>: So I have two questions for you. The first is, would you have any speculative inventory on hand within the Omni-Heat line this fall for any at-once business? And then, the second question is, if you could talk about the opportunity you see for the Sorel brand? Are you gaining traction with new retail partners, are you attracting just new customers, what's kind of going on with Sorel?

<A – Tim Boyle>: Sure. Well, let me address the Omni-Heat first. And I'm – I would suggest that much like the rest of our product line, we're not – once we've reviewed our order book, we're not making additional speculative buys to try and catch every last order. So we have a finite amount of Omni-Heat and we hope that we're going to run out, that's our goal. So that's the plan for 2010 as it relates to Omni-Heat.

As it relates to Sorel, obviously very significant uptake. And I would say the bulk of those new – I would say the bulk of the order increase was a combination of existing customers who had very good selling on the products last fall and new customers, which would include some of those that we mentioned in the conference call script as well as a high number of customers who had never carried the Sorel product before, who may also have been Columbia customers, but just never carried Sorel. So it's a combination. Probably the single biggest in terms of number of accounts would be customer – retail customers who sell footwear exclusively and are more focused on selling a more fashionable product. That's where we've seen the biggest change in number of accounts.

<Q – Claire Gallacher>: Great, thank you.

Operator: Your next question comes from Robbie Ohmes with Bank of America.

<Q – Robert Ohmes>: Oh, hey, Tim. My congratulations as well and I see the backlogs positive again.

<A – Tim Boyle>: Thanks, Robbie.

<Q – Robert Ohmes>: And hey, I'm going to – I'm going to guess at the question I think Bob Drbul was going to ask, which was I think he was going to ask about sort of your outlook by channel strength maybe sporting goods versus department stores and sportswear versus Omni-Heat, as you're thinking through not just the backlog you reported today, but if you look out into spring of next year, maybe comment on that.

And I was hoping Tim you could also throw into that I believe this is the beginning of you guys going to market with much more segregation of the line, who can get what, which I think was something you didn't do as much in the past. Is that helping to build the backlogs or could you sort of speak to what the response has been from the customers to that? Thanks.

<A – Tim Boyle>: Certainly, thanks. So as it relates to channels, I would say that our channel mix is probably not going to change significantly. The only possibility is maybe a slight reduction and I'd say slight in the department store channel as our specialty store channels are growing, our sporting goods channels are growing, and the probably biggest single change in channel would be the specialty independent footwear stores as we discussed with the uptake in Sorel and the higher penetration of Columbia is running – trail running products.

So that's – I would say that the channel mix is probably going to be about the same and with this, those caveats there. Omni-Heat frankly has been accepted across the line. And as it relates to our segregated focus on Omni-Heat, we're not selling the Omni-Heat product in some of our department store channels that – which would be considered to be the values area including Kohl's and Penney's, and we're focusing segregating the Omni-Heat into those markets where we can have a much more significant presence in-store in our – with our sales efforts and point-of-purchase efforts, and also where there's more clerk – employee activity on the floor to help consumers understand what Omni-Heat is. Even though the bulk of our sales in Omni-Heat are the reflective dot pattern visible technology, which is really one of the few times we've had that kind of visible technology in any of our products, we still feel it's going to be important for consumers to understand the importance. And that's going to mean more explanation and a better presentation at retail.

<Q – Robert Ohmes>: And the – when you look at Omni-Heat and you measure – you try and measure the responsiveness to that technology, sort of Europe versus the U.S. Is the – what's the feeling you're getting out there?

<A – Tim Boyle>: Well, I would say that our business is stronger in the U.S. on Omni-Heat although it's really been a big part of our resurgence in Europe because customers there – and I would say our most coveted customers in Europe are sporting goods, ski operations that want us to become more technical and drive more value for their businesses. So the Omni-Heat has been a singular success there, probably one of the things we can point to really helping our business in Europe on the Columbia brand. The Sorel brand has been enormously successful there and we're just very excited about that potential as well.

<Q – Robert Ohmes>: And last question, sorry if I missed this earlier. Any noticeable difference in the momentum of men's versus women's across your brands and categories?

<A – Tim Boyle>: Well, in the Sorel brand absolutely women's has been the – the gender that's really driven that business by far against the men's there. The men's we still have a strong traditional classic business in our men's Sorel business, but by far the biggest interest level and the most momentum there is in women's in Sorel. In men's, I think our cate – our gender breakdown for fall '10 will be about the same although I have to tell you if there's an area of the business that I am excited about from Columbia, it's going to be the improvement in our women's business and that's

going to take a little while to prove to our retailers but from those that are buying it, we're certainly excited about the potential there as well.

<Q – Robert Ohmes>: That's great. Hey thanks a lot Tim.

<A – Tim Boyle>: Thanks Robbie.

Operator: Your next question comes from Reed Anderson with D.A. Davidson.

<Q – Reed Anderson>: Good afternoon. Let me also add my congratulations.

<A – Tim Boyle>: Thanks Reed.

<Q – Reed Anderson>: I wanted to clarify first one thing Tom, I think it was in your remarks, you were talking about SG&A and I think what you said was the incremental spending in SG&A versus last year, so we add that 100 basis points applied to your kind of your sales forecast, that number roughly a third of that ends up being related to new marketing initiative, is that what you said and if not, how should we think about that?

<A – Thomas Cusick>: Yeah I had said that roughly a third of the last two components that I talked to would have been the incremental marketing piece and the IT infrastructure investment. Those two combined represent roughly a third of the increment.

<Q – Reed Anderson>: Okay, okay. And so then if we think about the additional marketing you are doing now, that is either result of new programs or the surge in orders but where is that going, is that going to kind of the areas you targeted for marketing initiatives, the new types of things you're doing, whether it's new ad campaigns or online e-commerce whatever or is there something additional to that that we haven't talked about in the past?

<A – Tim Boyle>: Well, Reed, this is Tim. So the focus for our marketing is going to be to just continue to reinforce our greater outdoors message, which is, as we've said before, our focus on being the all-inclusive greater outdoors vendor for warmth. But it's really going to be about focusing in a very pointed way on Omni-Heat. We really believe that with this technology and this visibility that we have the opportunity to do something very special for the company and the industry.

So we're going to focus almost all of our efforts on specifically the Omni-Heat technology and the methods we'll use will include traditional TV and print media, but also a fairly heavy reliance on all the different kinds of special e-com and e-marketing, online message telling in order to get consumers who really want to learn about the product. They'll get the opportunity to spend as much time as they want to learn about the product online. And we'll also have a very focused in-store presentation system around POP on Omni-Heat.

<Q – Reed Anderson>: Okay. And the product will be available for sale online as well or you still limit that to the distribution you've targeted?

<A – Tim Boyle>: No, it'll be available online from several of our customers as well as our own website. But the focus for us on our online marketing will be as much to help our retailers sell the product as it is to help it to be sold online.

<Q – Reed Anderson>: Okay, okay. And then piggybacking I think the last question, it was talking – you were talking about the segmentation of that and again, focusing on the non-department stores for example with Omni-Heat, but curious, are you going to actually segment even Omni-Heat within the sporting goods or specialty channel, I mean you might have to select colors that are only available at certain places. Is there going to be any of that with this initial wave or is it – is that not part of the first wave?

<A – Tim Boyle>: No, initially we're going to be – it's available at our sporting goods and specialty stores and we're not going to segment it further beyond that.

<Q – Reed Anderson>: Okay, good. And then lastly, when you're talking about retail sales again, this just goes back to Tom's comments. In highlighting that is really the reason why particularly the U.S. sales are better than expected. Was that more or less – mostly a comment on what you saw in the outlet stores versus the inline stores or am I reading that wrong?

<A – Thomas Cusick>: It would have been a combination of both, Reed, both outlet and branded stores.

<Q – Reed Anderson>: Okay, good. All right, that's it from me. Good luck, thank you.

<A – Tim Boyle>: Thank you.

Operator: Your next question comes from Michelle Tan with Goldman Sachs.

<Q – Michelle Tan>: Great. Thanks. Hey, guys.

<A – Tim Boyle>: Hey, Michelle.

<A – Thomas Cusick>: Hi, Michelle.

<Q – Michelle Tan>: Hey, I have a couple of questions, first on the Europe business, I know you've touched on this a little bit, but it's been such a multi-year effort to turn around that business. What gives you the comfort that from products and merchandising respective, you've really turned the corner there?

<A – Tim Boyle>: I'm sorry, could you repeat the question? What products that we're seeing selling there?

<Q – Michelle Tan>: Well, I guess I would say like you've worked so hard to turn around Europe, and this is really the first quarter where we've seen an inflection point there. I guess what do you think is really driving the big difference in that business, and how do you think about kind of sustainably turning around the brand in Europe?

<A – Tim Boyle>: Certainly, well, as we said and Tom mentioned as well in his comments that we've made changes in our sales force there to internalize it after we've made the large senior management change there several years ago. And I believe that we're seeing the efforts of a more focused sales team rewarding the company, just a better blocking and tackling efforts as it relates to making sales calls and connecting with customers. I also think we've improved the look of our garments as we go forward. And I think we've – we're better connecting there. We can't under emphasize the impact of Omni-Heat, it's unique, it's visible and again it's technical, which is something where our European customers have been asking for, and is only available through Columbia.

And then lastly, as we said the Sorel – the interest in Sorel has been really gratifying. We've had some pockets of very high penetration of Sorel in Europe including Norway and other markets where we've just had a runaway success, and now we just have the sales team and the merchandising team in place that can really carry it out throughout Europe. So there's a number of factors, but at the end of the day it's probably more than ever focused on the products that we're offering.

<Q – Michelle Tan>: Great. And I guess – I mean, clearly that's been the message for the last several quarters. I guess why did it suddenly, I mean beyond Omni-Heat, are there other reasons that this quarter was the big kind of turn for Europe specifically?

<A – Tim Boyle>: Well, it's hard to know with specificity beyond what I've said, but I think at the end of the day, it's about our products being right. And this – we're just now turned the corner. So we're not there yet. There's lots more to do there even just to get us back to where our revenues were at the peak. But yeah, there's a lots of work still to be done. I don't want to – we're not patting ourselves on the back yet.

<Q – Michelle Tan>: Well, clearly it's a big turnaround but yeah – my second question was on kind of the broader improvement and how you continue it beyond 2010. I mean, what are the big kind of keys to 2011 and as you look at the sell-through for fall, clearly the retailers are optimistic. What metrics can we think about as we move through the second half of the year to think about that momentum building if we move through 2011 and 2012?

<A – Tim Boyle>: Right, well, we spent – over the last several years, we really spent a lot of time talking internally and working internally about what it is that separates us from everybody that sells apparel. That goes beyond just those brands that we compete with or just private label that we compete with. At the end of the day, we've talked about this before in our presentations, it's really about the science of our products, about making them significantly different from the Zara's of the world or the Gap's and what is it that really would compel somebody to buy a Columbia product.

So we're thrilled with Omni-Heat reflective, because frankly it's visible where most of our technologies are invisible. So that's the real key for us for today, but frankly we've got other enhancements and science, I guess it's called breakthroughs, but we've got ways to make our garments reflect the science that goes into them in ways that haven't been done before. And there is – we're just going to continue to roll out this innovation and focus on solutions for as long as we can. And there's a number of them in the pipeline that we'll be releasing over time in future seasons.

<Q – Michelle Tan>: All right. Great, thanks guys. Good luck.

<A – Tim Boyle>: Thanks.

Operator: Your next question comes from Eric Tracy with FBR Capital Markets.

<Q – Eric Tracy>: Thanks, good afternoon. I will add my congrats as well.

<A – Tim Boyle>: Thanks, Eric.

<Q – Eric Tracy>: Turning back to the question, and I know you don't want to get too specific as we look to FY '11. But in terms of just sort of again leveraging the reaccelerating top line, is it fair to say the bulk of sort of the investments, be it behind the marketing campaign here around Omni-Heat and/or just this incremental infrastructure in IT build largely get done this year and so you're setup for a point of leverage next year?

<A – Tim Boyle>: Well, again we – we're really hesitant to talk about '11 because it's so far away. But the goal for the company – and again, I'll just reiterate that we have to hold ourselves to being at least average with all the things we're doing great. And today we've got nice growth, but we're nowhere near average on our operating margin. And we need to be among – frankly we need to be among the best. And so our focus as a management team here is to start leveraging the business and making use of these infrastructure enhancements and marketing efforts so that we can in fact provide leverage for our investors.

<Q – Eric Tracy>: Okay.

<A – Thomas Cusick>: And Eric, this is Tom. I'll jump in and maybe add a couple of additional points. When we look at the investments we've made over the last couple of years in our own retail and in internalizing the sales organizations in North America and Europe, those are two additional areas that as we look to 2011 and beyond that we would expect to get some leverage out of.

<Q – Eric Tracy>: Okay, okay. That's fair. And then just in terms of the overall backlog, I know you highlighted there is a level of restocking relative to you all taking share. Is it possible to somewhat quantify that or at least directionally break that down – for that, Tim – is that possible?

<A – Tim Boyle>: Yeah, I'm just sitting here scratching my head, Eric, as we'll probably know more in the future – in the – when we talk about how the merchandise is selling through and maybe as our competitors start reporting their backlogs and performance, where we'll know how much was share and how much was really just great selling across all the categories. But I know that our retailers were very [inaudible] going into 2009 and the weather was very conducive to good winter weather – winter product selling. So..

We want to – we want pat ourselves in the back, but we have to – have to have a modicum of sort of, looking at the real world. So we're thrilled. We think we're in a great position. We think that our retailers are giving us better share, but we're not ready to shout about that yet.

<Q – Eric Tracy>: Okay. And then a lot of questions around the marketing of the Omni-Heat. Just from a timing perspective in terms of may be when we can expect some of these to sort of come to market via the new TV campaigns or online?

<A – Tim Boyle>: Well the – we're talking a little bit about Omni-Heat today on our website so that there has been actually quite a bit of press about Omni-Heat and we want to make sure that consumers can go to our site and get the real deal, not that we're – not that there is anything out there that's not accurate. But we'll be getting there with just a discussion about the technology. And then as we begin to deliver, which will probably be in July or August, in July and August, you'll see in-store presentations. And then as we get closer to the middle part of October, that's when we really plan to start real focused launch efforts.

<Q – Eric Tracy>: Okay and then lastly I'll just sort of do the obligatory uses of cash here. As the environment's somewhat stabilizing, any thought to again putting that to work and I know you've done a lot on your plate already that is very much working in your favor, but be it assessing the M&A markets is it just buybacks or dividend or again just how we should think about that uses of cash longer term?

<A – Tim Boyle>: Well, as you can imagine with the amount of cash we have in the balance sheet today, it gets more discussion than ever at our board level and as a management team. It's – we just keep reiterating that the company's best and least risky and highest return use of cash is to grow our own business and we keep reminding ourselves that when we do focus on our own business and our own brands, we can see the kinds of phenomenal results we have talked about today. That having been said, we realized that our cash is building and we just wanted to deploy it the best way and get the highest return and much like the rest of business we're not there yet with the cash either, but we're continually looking at lots of opportunities and ways we can better utilize the cash.

<Q – Eric Tracy>: Fair enough. Great problem to have. Okay, thanks guys.

<A – Tim Boyle>: Thank you.

Operator: Your next question comes from Howard Tubin with RBC Capital Markets.

<A – Jayson Schmitt>: Hi, this is Jayson Schmitt stepping in for Howard, but we offer our congratulations as well.

<A – Tim Boyle>: Thank you.

<A – Jayson Schmitt>: Last fall you introduced an Omni-Heat battery-powered boot and we understand this launch was quite successful. We were wondering if you could talk a little bit more about how this product is unique in the marketplace and if you could quantify how you're planning its distribution this fall? Is this a substantial portion of the mid 40s increase in fall for backlog orders? Thanks.

<A – Tim Boyle>: Okay, Jason. Yeah, I know, we did launch our Omni-Heat heated boot last year and it was a phenomenal success. Although it was a small quantity of product that we had, but it sold extremely well and we queried those people who bought it and we've gotten great response from those who own it. And the boot sold very well again, multiple quantities at multiple times the quantity that we sold in 2009, but it was not significant against the backlog in terms of its revenue generated, but it does – it does tell us that consumers want to stay warm. And so we think as we continue to perfect and enhance the – our abilities as suppliers of heated products using electronics, there's lots more opportunities for the company in that category of merchandise. And so we are continuing to develop companion products to go with the Omni-Heat Thermal, but it's not yet anywhere near – I don't want to say meaningful, but it's not a significant portion of our backlog for today.

<A – Jayson Schmitt>: Okay, great. Thanks.

<A – Tim Boyle>: Thanks.

Operator: The next question from Jim Duffy with Thomas Weisel Partners.

<Q – Jim Duffy>: Hi, everyone. Thanks for taking my question.

<A – Tim Boyle>: Hi, Jim.

<Q – Jim Duffy>: Great response to your efforts in the backlog, nice to see.

<A – Tim Boyle>: Thank you.

<Q – Jim Duffy>: Can I ask you to speak to the mix of price versus units in the backlog? Is there a meaningful change in the average unit price?

<A – Tim Boyle>: I want to look to Tom. I don't think so. Tom, maybe you might have some.

<A – Thomas Cusick>: Yeah Jim, when we look at that, I think we'd be safe to say that it's a low-to-mid single digit increase average wholesale price.

<Q – Jim Duffy>: Okay, helpful. Thanks. And then, can you speak to the feedback you're getting from the channel in the forward or sales process with regards to the departure from map pricing?

<A – Tim Boyle>: Well, I would say it's mixed. Our – as we've evolved as a supplier in the channel, some people have come to rely on our high-low pricing and are reluctant to change. However, they want to sell merchandise at higher price points with higher average unit pricing. And at the end of the day, that doesn't work unless the product sells well. So all of our Omni-Heat is going to be a single price and be sold at manufacturer suggested prices. And as I said earlier, with higher margin for the retailer. So – and I guess it's gratifying to see the uptake on Omni-Heat. When retailers

realize that they're going to have to modify their previous Columbia methods of selling as it relates to pricing.

But at the end of the day, it's all about the stuff selling through at retail at those prices. And so we're confident that it will work and our retailers are confident. So this is going to be the beginning of a big change, we think, on how our products are sold at retail.

<Q – Jim Duffy>: Okay, good. And then, a question maybe for Tom. The revenue guidance is more modest than one might think, given the backlog. Can you speak to the cancellation rates you're presuming in the guidance? And then related to that, I'm wondering if factory capacity is a challenge or a potential impediment to delivering to the strong order book.

<A – Thomas Cusick>: Yes. So as it relates to the backlog, when we look at the spring backlog and the fall backlog combined, and then we layer in our retail plans for the U.S. and well, North America, Europe and Asia, we're right in the middle of our range on the top line. With that being said, the backlog came in a bit higher than we planned. And we are pressured from a capacity standpoint, but we're working closely with our factory partners and our retailers to make the product and deliver it on time.

<Q – Jim Duffy>: Great. Good luck to you all.

<A – Tim Boyle>: Thanks, Jim.

<Q – Jim Duffy>: Thanks.

Operator: Your next question comes from Mitch Kummetz with Robert Baird.

<Q – Kevin Kim>: Hey guys, this is actually Kevin Kim calling in for Mitch. So a lot of my questions have been answered, but one last question about backlog. Omni-Heat's obviously doing very, very well in terms of the pre-book number, but excluding that product, can you give us a backlog number maybe?

<A – Tim Boyle>: You know, I don't have that number excluding Omni-Heat, but I can tell you that based on the analysis that we've done as good as Omni-Heat is and has been for us, it's not the most significant component of backlog.

<Q – Kevin Kim>: Okay. All right and that's my only question.

<A – Tim Boyle>: Thank you.

<A – Thomas Cusick>: Thanks.

Operator: Your next question comes from Bill Gonzalez with Pike Capital Management.

<Q>: Thank you. We have three questions. First of all, the spring 2010 backlog that you reported six months ago was down roughly 5% and yet sales this quarter are up 10 and your guidance is for the teens next quarter. So it seems as though your sales are significantly outperforming your backlog that was announced and first of all I want to make sure that we are comparing the correct numbers and second of all assuming that's correct, what's your understanding as to why you are outperforming those numbers?

<A – Thomas Cusick>: Yeah, this is Tom. It's really a combination of a couple of different factors. One would be the retail – the company-owned retail business is not a part of backlog for one. And then secondarily, the timing of our distributor shipments for spring and fall hover around the end of the year and the middle of the year. So for example, spring backlog for the distributor business

which shipped in December and January and much of that business shipped later this spring i.e. in 2010. And then a component of that fall backlog will ship in the second quarter related to the distributor business. In addition, cancellations for spring '10 versus spring '09 are significantly – spring '10's cancel rate is expected to be significantly less...

<Q>: Thanks.

<A – Thomas Cusick>: ...than it was a year ago.

<Q>: Right. Thank you. The second question...

<A – Thomas Cusick>: And maybe just one additional point, currency also plays a role there. I think it contributed roughly three percentage points of our growth in the first quarter and will contribute a similar amount in the second quarter.

<Q>: That's helpful. Thank you. Let me shift to the second question, and that is, Europe – one thing you had mentioned in the past is you just did not have good product selection there. And I'm curious, when do you believe that you will have the correct product profile for the European market? I know Omni-Heat certainly is a step in the right direction, but it's probably not the whole pie.

<A – Tim Boyle>: Yeah, this is Tim. So our business in Europe has been in place for some time and with – at various success levels, and – we think that we're just going to continue to improve our offerings in Europe and our retailers over there are telling us that we're improving. Omni-Heat was a big success, but we really can't discount the impact of Sorel as well on the backlog. And that was – that's a very strong part of our backlog for Europe as well.

<Q>: Thank you. And then I guess the last question is semi-philosophical question come up relative to your cash position and cash generation. And since it appears as though tax rate at the federal level are going to be going up at some point in the reasonably I guess in near future meaning that 2010 is – have you considered and do you think there is some logic behind a very significant dividend and just thinking one-time and get it out before taxes to go up and I suppose this is most critical to the Boyle family?

<A – Tim Boyle>: Well, yeah it's – as I said, this is a subject of significant discussion at our Board and internally as well because we see the tax hike is coming as well. We realized as it might be obvious -we think the best use of our – the company's cash is to grow and use it for working capital with a high growth rate and we've put some of it to work this year. We've discussed special dividends and we have come to no conclusion as it relates to the use the cash from that end, but that's one avenue that has in fact been discussed.

<Q>: Thank you for the time.

<A – Tim Boyle>: Thanks.

Operator: Your next question comes from Sam Poser of Sterne Agee.

<Q – Ken Stumphauzer>: Good afternoon everyone. This is actually Ken Stumphauzer in for Sam Poser. Just a couple of questions for you. One, I guess is kind of related to the proceeding questioner, but regarding your fall backlog in 2009, if you look at the relationship between resulting sales and what the reported backlog was, there was about a 24% gap and historically that's been anywhere from 10 to 12%. So I was wondering if you felt like last year we had an unusually high amount of at once business and that's what playing into the low revenue guide relative to the reported backlog number you put out today?

<A – Tim Boyle>: Well, you have to remember that again retail is not in backlog. We've had a significant increase in the amount of retail that the company owns in the last really 18 months and then, certainly as we guided in 2009, our expectations for cancel rates were as you might imagine cautious and we had fortunately good weather coupled with low initial orders from retailers and therefore some – some better than expected results as it relates to in-season ordering, but – and I'll ask Tom to correct me if I'm wrong, but the biggest single component of the delta you're talking about is our own retail which is not included in that.

<A – Thomas Cusick>: Yeah that's correct.

<Q – Ken Stumphauzer>: So – but my – if I were to make a supposition that this year that percent as – at the end of the day, you are expecting a much higher percent this year than last year, is that correct?

<A – Tim Boyle>: Well we -

<Q – Ken Stumphauzer>: What your backlog represents right now?

<A – Tim Boyle>: Well we've done a lot of analysis as you might imagine on the – on advising investors as to what our outlook is for the balance of the year and all those factors have been taken in and we believe that we've – our outlook today is the best as we can see it.

<Q – Ken Stumphauzer>: Okay.

<A – Thomas Cusick>: The only other point I would add is as it relates to fall versus fall cancel rates and our expectations are that those will be fairly comparable at a fairly normalized rate for fall '10 as was the case in fall '09.

<Q – Ken Stumphauzer>: Okay. And then just a couple of other questions. If you could speak to whether you – I should say, how do you ensure that the consumer gets the technology message that you were trying to deliver with the Omni-Heat when you are selling it into a little more low touch channels like the big box sporting goods guys?

<A – Tim Boyle>: Well as I said – a component of our marketing efforts will be in store presentation to tell consumers about the technology and to shout it out at a point of sale where frankly the bulk of the decisions about purchase are made. But the real advantage we have with Omni-Heat reflective is it's visible. So the consumer merely has to look at the garment – he'll tell immediately there is something going on inside and that coupled with the message, we are going to be telling them at the point-of-sale and frankly, the improved appearance of our garments, we believe will be – will lead us to great selling.

<Q – Ken Stumphauzer>: Okay and then one finally, just one last question. Just – and I know it's a little preliminary, but as it pertains to SG&A spending going forward, is the spending specifically around the sales force internalization as well as the step up in the marketing as percent of sales, is that something that you anticipate will persist or will any of those costs fall off in 2011 once you anniversary kind of the step ups?

<A – Tim Boyle>: Well, we think that the anniversary – excuse me the additional sales costs as it relates to internalizing the sales force will begin to fall off I think we've said in 2011.

<Q – Ken Stumphauzer>: In the fall.

<A – Thomas Cusick>: Yes, in the first quarter we should see those costs begin to sunset – the duplicate nature.

<Q – Ken Stumphauzer>: Do you mean that they'll just anniversary, so that year-over-year change will be zero or that will fall?

<A – Thomas Cusick>: Yeah beginning in Q2 – beginning in Q2 '11, the duplicate costs will go away.

<Q – Ken Stumphauzer>: Okay.

<A – Thomas Cusick>: So they should net-net be a reduction in absolute dollar cost.

<Q – Ken Stumphauzer>: Okay. Thanks. Thank you so much for your time and good luck.

<A – Tim Boyle>: Thank you.

Operator: Your final question comes from Chris Svezia with Susquehanna.

<Q – Christopher Svezia>: Good afternoon everyone and congratulations on a nice backlog numbers. I guess just one last question – most of my questions have been asked already. I guess just on – I just want to understand your gross margin outlook for the year and kind of what you see so far in the first quarter, and if you think about the backlog trends, the product mix, the inventory, I'm assuming the Omni portfolio of product is inherently a higher margin category. Anything about currency? I'm just curious why only up 100 basis points, if you could just maybe talk a little more in clarity in terms of what's going there on in the margin so I can understand that.

<A – Thomas Cusick>: So for full-year, there is a couple of different things going on in the first half of the year we've got some currency headwind related to the Canadian dollar and the euro. In the back half of the year, we've got a currency tailwind, not quite the tailwind we thought we were going to have a quarter ago because we weren't fully hedged for the euro and with the incremental demand, the increased demand. We're not getting the upside there that we projected. So there is some decreased expansion in the back half related to currency. And then also we're anticipating incremental cost to expedite both production and transportation of some of the fall product line given the increased demand.

<Q – Christopher Svezia>: Okay. Is there any way, Tom, you can just put those in to buckets in terms of what's the most impactful to the gross margin and that on the change just so?

<A – Thomas Cusick>: Yeah, so if we did step back and look at the full-year and what's happening to get the 100 basis point expansion, although, less than half of that is the retail growth – a little less, that's one component. The second component would be just the relative volume of full-price versus close out. And then the final piece would be currency. And that would be a smaller component.

<Q – Christopher Svezia>: Okay. And just one last thing here. Just Tim, maybe if you can just – I might have missed this, and I apologize if I did. But on the sportswear side of your business, a lot of questions on obviously Omni-Heat, as a [inaudible] outerwear. But I was wondering if you can just touch on what's happening in your sportswear business as you look to the backlog trends, just kind of what's going on there?

<A – Tim Boyle>: Certainly. Well, the primary focus for us has been on the science part of our outerwear business, which is the easiest to put some of these technologies in. The sportswear business has been improving as well, and I think for us, certainly on the – the long-term view, our biggest opportunity in sportswear is going to be in women's. We have a new team there, and we've spent a lot of time and effort on improving our women's business both in sportswear and in outerwear. But I think at the end of the day, where we're going to see the biggest uplift is going to be in our women's – improvement of our women's sportswear business.

<Q – Christopher Svezia>: Are the backlog trends, they're positive as well? So you're talking in the context of the backlogs here right now?

<A – Tim Boyle>: Yes.

<Q – Christopher Svezia>: Okay. All right. Best of luck. Thank you.

<A – Tim Boyle>: Thank you.

Operator: There are no further questions at this time.

Tim Boyle, President and Chief Executive Officer

All right, thank you all for listening in. We're very excited obviously about the results and the backlog that we talked about today, and I look forward to talking to you very soon again.

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