

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

Form 8-K  
Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 31, 2011

Black Diamond, Inc.  
(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>0-24277</u> (Commission File Number)	<u>58-1972600</u> (IRS Employer Identification Number)
<u>2084 East 3900 South, Salt Lake City, Utah</u> (Address of principal executive offices)		<u>84124</u> (Zip Code)

Registrant's telephone number, including area code: (801) 278-5552

N/A  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 2.02 Results of Operations and Financial Condition

On October 31, 2011, the Registrant issued an earnings press release announcing financial results for the quarter ended September 30, 2011. A copy of the earnings press release is furnished as Exhibit 99.1 and incorporated herein by reference.

The earnings press release contains the non-GAAP measures : (i) combined and pro forma sales, (ii) combined, combined adjusted, and pro forma adjusted gross profit and gross margin, (iii) net income before non-cash items and related earnings per diluted share, and adjusted net income before non-cash items and related earnings per diluted share, and (iv) earnings before interest, taxes, other income, depreciation and amortization ("EBITDA") and adjusted EBITDA. The Registrant also believes that presentation of certain non-GAAP measures, i.e. : (i) combined and pro forma sales, (ii) combined, combined adjusted, and pro forma adjusted gross profit and gross margin, (iii) net income before non-cash items and related earnings per diluted share, and adjusted net income before non-cash items and related earnings per diluted share, and (iv) EBITDA and adjusted EBITDA, provide useful information for the understanding of its ongoing operations and enables investors to focus on period-over-period operating performance, and thereby enhances the user's overall understanding of the Registrant's current financial performance relative to past performance and provides, to the nearest GAAP measures, a better baseline for modeling future earnings expectations. Non-GAAP measures are reconciled to comparable GAAP financial measures in the financial tables within the press release. The Registrant cautions that non-GAAP measures should be considered in addition to, but not as a substitute for, the Registrant's reported GAAP results. Additionally, the Registrant notes that there can be no assurance that the above referenced non-GAAP financial measures are comparable to similarly titled financial measures by other publicly traded companies.

The information in Item 2.02 of this Current Report on Form 8-K and the Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release dated October 31, 2011, with respect to the Registrant's financial results for the quarter ended September 30, 2011 (furnished only).

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## SIGNATURES

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

Dated: October 31, 2011

**Black Diamond, Inc.**

By: /s/ Robert Peay

Name: Robert Peay,

Title: Chief Financial Officer  
(Principal Financial Officer)

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## EXHIBIT INDEX

Exhibit	Description
99.1	Press Release dated October 31, 2011, with respect to the Registrant's financial results for the quarter ended September 30, 2011 (furnished only).

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## Black Diamond Reports Third Quarter 2011 Results

*Sales Up 24% to \$42.0 Million Drives Adjusted Net Income Before Non-Cash Items of \$0.18 per Diluted Share*

**SALT LAKE CITY, Utah – (October 31, 2011)** – Black Diamond, Inc. (NASDAQ: BDE) (the “Company” or “Black Diamond”), a global leading provider of outdoor recreation equipment and active lifestyle products, reported financial results for the third quarter ended September 30, 2011.

### Third Quarter Financial Highlights

- Sales increased 24% to \$42.0 million;
- Net income totaled \$1.0 million or \$0.05 per diluted share;
- Adjusted net income before non-cash items totaled \$4.0 million or \$0.18 per diluted share; and
- Adjusted EBITDA totaled \$5.2 million.

### Third Quarter 2011 Financial Results

Total sales in the third quarter of 2011 increased 24% to \$42.0 million, compared to \$33.9 million in the third quarter of 2010. The growth in sales was attributable to the release of a number of innovative products, as well as consistent execution in the sales and marketing efforts of existing products.

Gross margin in the third quarter of 2011 increased to 38.1%, compared to an adjusted gross margin of 37.4% in the year-ago quarter. The 0.7% increase in gross margin was primarily due to a shift in mix toward higher margin products.

Net income in the third quarter of 2011 was \$1.0 million or \$0.05 per diluted share, compared to a net loss of \$3.3 million or \$(0.15) per diluted share in the year-ago quarter. Net income in the third quarter of 2011 included \$2.8 million of non-cash items and a \$0.2 million restructuring charge related to termination costs of a leased facility formerly occupied by Gregory Mountain Products. Excluding these items, adjusted net income before non-cash items in the third quarter of 2011 was \$4.0 million or \$0.18 per diluted share. See the reconciliation from net income to net income before non-cash items, adjusted net income before non-cash items and related earnings per diluted share table below for a comparison to the year-ago quarter.

Adjusted EBITDA (earnings before interest, taxes, other income, depreciation, amortization, non-cash equity compensation and restructuring charges) in the third quarter of 2011 was \$5.2 million, compared to \$3.8 million in the same year-ago quarter. Adjusted EBITDA in the third quarter of 2011 excluded \$0.6 million of non-cash equity compensation and \$0.2 million of restructuring charges from EBITDA. See the reconciliation from net income to EBITDA and adjusted EBITDA table below for a comparison to the year-ago quarter.

At September 30, 2011, cash and cash equivalents totaled \$1.7 million, compared to \$2.8 million at December 31, 2010. Total long-term debt including the current portion of long-term debt was \$40.5 million at September 30, 2011, which included \$24.9 million outstanding on the Company's \$35 million line of credit – which level of usage of our line of credit is primarily driven by seasonality and working capital needs, a carrying value of \$14.8 million on the Company's 5% subordinated notes, as well as \$0.8 million in other debt. The face value of the 5% subordinated notes is \$22.6 million.

Stockholders' equity was \$167.8 million or \$7.70 per share based on 21.8 million shares of common stock outstanding as of September 30, 2011.

### **Management Commentary**

"We believe that the global appeal of our Black Diamond brands continued to broaden in the third quarter, as reflected in our healthy double-digit sales growth," said Peter Metcalf, president and CEO of Black Diamond. "In fact, we achieved growth throughout nearly all of our primary categories, and met or exceeded our sales goals in all parts of the world. We attribute these results not only to the ascension of our brand in the eyes of the consumer, but also to the proactive steps we've taken to invest in our operational platform and our disciplined focus on product development. One of these more recent steps includes bringing on some fantastic talent to support our expected entry into technical apparel."

"Looking towards the remainder of 2011 and beyond," continued Metcalf, "we expect to remain steadfast in our plans to invest in the people and products that are driving this momentum in the Black Diamond brands. We'll also remain mindful of the importance of investing in our key growth initiatives and being thoughtfully opportunistic with our acquisition strategy. We believe that we remain well on track for the anticipated fall 2013 launch of our new technical apparel line, which we expect to advance Black Diamond as one of the world's most respected and leading active outdoor equipment and lifestyle companies."

### **Net Operating Loss (NOL)**

The Company estimates that it has available net operating loss carryforwards ("NOL") for U.S. federal income tax purposes of approximately \$225.8 million, after application of the limitation under Section 382 of the Internal Revenue Code, as amended (the "Code"). The Company's common stock is subject to a Rights Agreement dated February 7, 2008, intended to assist in limiting the number of 5% or more owners and thus reduce the risk of a possible "change of ownership" under Section 382 of the Code. Any such "change of ownership" under these rules would limit or eliminate the ability of the Company to use its existing NOLs for federal income tax purposes. There is no guaranty, however, that the Rights Agreement will achieve the objective of preserving the value of the NOLs.

### **Conference Call**

Black Diamond will host a conference call today at 5:00 p.m. Eastern Time to discuss its third quarter 2011 results. Black Diamond's President and CEO Peter Metcalf and CFO Robert Peay will host the conference call, followed by a question and answer period.

Please call the conference telephone number below 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios Group at 1-949-574-3860.

Date: Monday, October 31, 2011

Time: 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time)  
Dial-In Number: 1-877-941-2068  
International: 1-480-629-9712  
Conference ID#: 4478444

The conference call will also be broadcast live and available for replay at <http://viavid.net/dce.aspx?sid=00008DE4> and on the Company's website at [www.blackdiamond-inc.com](http://www.blackdiamond-inc.com).

A replay of the conference call will be available after 8:00 p.m. Eastern Time on the same day as the call and until November 14, 2011.

Toll-free replay number: 1-877-870-5176  
International replay number: 1-858-384-5517  
Replay pin #: 4478444

#### **About Black Diamond, Inc.**

Black Diamond, Inc. is a global leader in the design, manufacturing and marketing of innovative active outdoor performance products for climbing, mountaineering, backpacking, skiing and other active outdoor recreation activities for a wide range of year-round use. The Company's principal brands, Black Diamond® and Gregory™, are iconic in the active outdoor industry and linked intrinsically with the modern history of these sports. Black Diamond is synonymous with performance, innovation, durability and safety that the climbing, mountaineering, skiing and backpacking communities rely on and embrace in their active lifestyle. Headquartered in Salt Lake City at the base of the Wasatch Mountains, the Company's products are created and tested on some of the best alpine peaks, crags and trails in the world. These close connections to the Black Diamond lifestyle enhance the authenticity of the Company's brands, inspire product innovation and strengthen customer loyalty. The Company's products are sold by leading specialty retailers in the U.S. and 40 countries around the world. For additional information, please visit the Company's websites at [www.blackdiamond-inc.com](http://www.blackdiamond-inc.com), [www.blackdiamondequipment.com](http://www.blackdiamondequipment.com), or [www.gregorypacks.com](http://www.gregorypacks.com).

#### **Use of Non-GAAP Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). The earnings press release contains the non-GAAP measures: (i) combined and pro forma sales, (ii) combined, combined adjusted, and pro forma adjusted gross profit and gross margin, (iii) net income before non-cash items and related earnings per diluted share, and adjusted net income before non-cash items and related earnings per diluted share, and (iv) earnings before interest, taxes, other income, depreciation and amortization ("EBITDA") and adjusted EBITDA. The Company also believes that presentation of certain non-GAAP measures, i.e. : (i) combined and pro forma sales, (ii) combined, combined adjusted, and pro forma adjusted gross profit and gross margin, (iii) net income before non-cash items and related earnings per diluted share, and adjusted net income before non-cash items and related earnings per diluted share, and (iv) EBITDA and adjusted EBITDA, provide useful information for the understanding of its ongoing operations and enables investors to focus on period-over-period operating performance, and thereby enhances the user's overall understanding of the Company's current financial performance relative to past performance and provides, to the nearest GAAP measures, a better baseline for modeling future earnings expectations. Non-GAAP measures are reconciled to comparable GAAP financial measures in the financial tables within this press release. The Company cautions that non-GAAP measures should be considered in addition to, but not as a substitute for, the Company's reported GAAP results. Additionally, the Company notes that there can be no assurance that the above referenced non-GAAP financial measures are comparable to similarly titled financial measures by other publicly traded companies.

## Forward-Looking Statements

Certain statements included in this release are "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this release include, but are not limited to, the overall level of consumer spending on our products; general economic conditions and other factors affecting consumer confidence; disruption and volatility in the global capital and credit markets; the financial strength of the Company's customers; the Company's ability to implement its growth strategy; the Company's ability to successfully integrate and grow acquisitions; the Company's ability to maintain the strength and security of its information technology systems; stability of the Company's manufacturing facilities and foreign suppliers; the Company's ability to protect trademarks and other intellectual property rights; fluctuations in the price, availability and quality of raw materials and contracted products; foreign currency fluctuations; our ability to utilize our net operating loss carryforwards; and legal, regulatory, political and economic risks in international markets. More information on potential factors that could affect the Company's financial results is included from time to time in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. All forward-looking statements included in this release are based upon information available to the Company as of the date of this release, and speak only as of the date hereof. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of this release.



**BLACK DIAMOND, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share amounts)

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
	(Unaudited)	
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,677	\$ 2,767
Accounts receivable, less allowance for doubtful accounts of \$442 and \$353, respectively	28,435	20,293
Inventories	45,178	34,942
Prepaid and other current assets	2,827	2,527
Income tax receivable	297	376
Deferred income taxes	1,698	1,698
Total Current Assets	<u>80,112</u>	<u>62,603</u>
Property and equipment, net	14,731	14,740
Definite lived intangible assets, net	16,441	17,439
Indefinite lived intangible assets	32,650	32,650
Goodwill	38,226	38,226
Deferred income taxes	45,350	45,957
Other long-term assets	1,055	1,064
<b>TOTAL ASSETS</b>	<u>\$ 228,565</u>	<u>\$ 212,679</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 19,429	\$ 19,208
Current portion of long-term debt	705	308
Total Current Liabilities	<u>20,134</u>	<u>19,516</u>
Long-term debt	39,768	29,456
Other long-term liabilities	832	785
<b>TOTAL LIABILITIES</b>	<u>60,734</u>	<u>49,757</u>
<b>Stockholders' Equity</b>		
Preferred stock, \$.0001 par value; 5,000 shares authorized; none issued	-	-
Common stock, \$.0001 par value; 100,000 shares authorized; 21,839 and 21,814 issued and 21,764 and 21,739 outstanding	2	2
Additional paid in capital	402,129	399,475
Accumulated deficit	(236,814)	(238,178)
Treasury stock, at cost	(2)	(2)
Accumulated other comprehensive income	2,516	1,625
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>167,831</u>	<u>162,922</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 228,565</u>	<u>\$ 212,679</u>

**BLACK DIAMOND, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
(in thousands, except per share amounts)

	<b>THREE MONTHS ENDED</b>	
	<b><u>September 30, 2011</u></b>	<b><u>September 30, 2010</u></b>
<b>Sales</b>		
Domestic sales	\$ 15,868	\$ 14,056
International sales	26,172	19,890
Total sales	42,040	33,946
<b>Cost of goods sold</b>	26,043	24,411
Gross profit	15,997	9,535
<b>Operating expenses</b>		
Selling, general and administrative	12,824	10,764
Restructuring charge	219	772
Merger and integration	-	88
Transaction costs	-	313
Total operating expenses	13,043	11,937
Operating income (loss)	2,954	(2,402)
<b>Other (expense) income</b>		
Interest expense	(720)	(644)
Interest income	5	6
Other, net	(702)	(1,586)
Total other expense, net	(1,417)	(2,224)
Income (loss) before income tax	1,537	(4,626)
Income tax provision (benefit)	530	(1,332)
Net income (loss)	\$ 1,007	\$ (3,294)
<b>Earnings (loss) per share:</b>		
Basic	\$ 0.05	\$ (0.15)
Diluted	0.05	(0.15)
<b>Weighted average shares outstanding:</b>		
Basic	21,855	21,731
Diluted	22,101	21,731

**BLACK DIAMOND, INC.**  
**CONDENSED CONSOLIDATED COMBINED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
(in thousands, except per share amounts)

	<b>NINE MONTHS ENDED</b>	<b>NINE MONTHS ENDED</b>	<b>FIVE MONTHS ENDED</b>	<b>NINE MONTHS ENDED</b>
	<b>Consolidated September 30, 2011</b>	<b>September 30, 2010</b>	<b>Predecessor Company May 28, 2010</b>	<b>Combined September 30, 2010</b>
<b>Sales</b>				
Domestic sales	\$ 44,670	\$ 18,092	\$ 15,751	\$ 33,843
International sales	64,766	23,598	19,192	42,790
Total sales	109,436	41,690	34,943	76,633
<b>Cost of goods sold</b>	67,333	30,347	21,165	51,512
Gross profit	42,103	11,343	13,778	25,121
<b>Operating expenses</b>				
Selling, general and administrative	37,084	18,963	12,138	31,101
Restructuring charge	993	2,149	-	2,149
Merger and integration	-	868	-	868
Transaction costs	-	5,075	-	5,075
Total operating expenses	38,077	27,055	12,138	39,193
Operating income (loss)	4,026	(15,712)	1,640	(14,072)
<b>Other (expense) income</b>				
Interest expense	(2,157)	(980)	(165)	(1,145)
Interest income	31	45	3	48
Other, net	145	(1,474)	1,803	329
Total other (expense) income, net	(1,981)	(2,409)	1,641	(768)
Income (loss) before income tax	2,045	(18,121)	3,281	(14,840)
Income tax provision (benefit)	681	(69,765)	966	(68,799)
Net income	\$ 1,364	\$ 51,644	\$ 2,315	\$ 53,959
<b>Earnings per share:</b>				
Basic	\$ 0.06	\$ 2.71		
Diluted	0.06	2.67		
<b>Weighted average shares outstanding:</b>				
Basic	21,841	19,092		
Diluted	22,033	19,339		

**BLACK DIAMOND, INC.**  
**RECONCILIATION FROM SALES TO PRO FORMA SALES**  
(in thousands)

**THREE MONTHS ENDED**

	<u>September 30, 2011</u>		<u>September 30, 2010</u>
Sales as reported	\$ 42,040	Sales as reported	\$ 33,946
Sales growth	23.8%		

**NINE MONTHS ENDED**

	<u>September 30, 2011</u>		<u>September 30, 2010</u>
		Sales as reported	\$ 41,690
		Sales for Predecessor Company five months ended May 28, 2010	34,943
		Combined sales	76,633
		Sales for Gregory five months ended May 28, 2010	14,161
Sales as reported	\$ 109,436	Pro forma sales	\$ 90,794
Sales growth	20.5%		

**BLACK DIAMOND, INC.**  
**RECONCILIATION FROM GROSS PROFIT TO PRO FORMA ADJUSTED GROSS PROFIT**  
**AND PRO FORMA ADJUSTED GROSS MARGIN**  
(in thousands)

**THREE MONTHS ENDED**

	<u>September 30, 2011</u>		<u>September 30, 2010</u>
		Gross profit as reported	\$ 9,535
		Plus inventory fair value of purchase accounting	3,158
Gross profit as reported	<u>\$ 15,997</u>	Adjusted gross profit	<u>\$ 12,693</u>
		Gross margin	<u>28.1%</u>
Gross margin as reported	<u>38.1%</u>	Adjusted gross margin	<u>37.4%</u>

**NINE MONTHS ENDED**

	<u>September 30, 2011</u>		<u>September 30, 2010</u>
		Gross profit as reported	\$ 11,343
		Gross profit Predecessor Company five months ended May 28, 2010	13,778
		Combined gross profit	25,121
		Plus inventory fair value of purchase accounting	4,321
		Combined adjusted gross profit	29,442
		Gross profit for Gregory five months ended May 28, 2010	5,798
Gross profit as reported	<u>\$ 42,103</u>	Pro forma adjusted gross profit	<u>\$ 35,240</u>
		Combined gross margin	<u>32.8%</u>
		Combined adjusted gross margin	<u>38.4%</u>
Gross margin as reported	<u>38.5%</u>	Pro forma adjusted gross margin	<u>38.8%</u>

**BLACK DIAMOND, INC.**  
**RECONCILIATION FROM NET INCOME TO NET INCOME BEFORE NON-CASH ITEMS, ADJUSTED NET INCOME**  
**BEFORE NON-CASH ITEMS AND RELATED EARNINGS PER DILUTED SHARE**  
(in thousands, except per share amounts)

	<b>THREE MONTHS ENDED</b>			
	<u>September 30, 2011</u>	<u>Per Diluted Share</u>	<u>September 30, 2010</u>	<u>Per Diluted Share</u>
Net income (loss)	\$ 1,007	\$ 0.05	\$ (3,294)	\$ (0.15)
Amortization of intangibles	333	0.02	333	0.02
Depreciation	1,027	0.05	818	0.04
Accretion of note discount	231	0.01	198	0.01
Non-cash equity compensation	641	0.03	723	0.03
Non-cash mark-to-market adjustment of foreign currency contracts	-	-	1,551	0.07
Non-cash expense of inventory step up	-	-	3,158	0.14
Income tax provision (benefit)	530	0.02	(1,332)	(0.06)
Cash paid for income taxes	(4)	(0.00)	(1,137)	(0.05)
Net income before non-cash items	\$ 3,765	\$ 0.17	\$ 1,018	\$ 0.05
Restructuring charge	219	0.01	772	0.04
Merger and integration	-	-	88	0.00
Transaction costs	-	-	313	0.01
State cash taxes on adjustments	(11)	(0.00)	(59)	(0.00)
AMT cash taxes on adjustments	(4)	(0.00)	(22)	(0.00)
Adjusted net income before non-cash items	<u>\$ 3,969</u>	<u>\$ 0.18</u>	<u>\$ 2,110</u>	<u>\$ 0.10</u>

**BLACK DIAMOND, INC.**

**RECONCILIATION FROM NET INCOME TO NET INCOME BEFORE NON-CASH ITEMS, ADJUSTED NET INCOME  
BEFORE NON-CASH ITEMS AND RELATED EARNINGS PER DILUTED SHARE**  
(in thousands, except per share amounts)

	<b>NINE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>		<b>FIVE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>	
	<b>Consolidated September 30, 2011</b>	<b>Per Diluted Share</b>	<b>September 30, 2010</b>		<b>Predecessor Company May 28, 2010</b>		<b>Combined September 30, 2010</b>	<b>Per Diluted Share</b>
Net income	\$ 1,364	\$ 0.06	\$ 51,644	\$	2,315	\$	53,959	\$ 2.79
Amortization of intangibles	998	0.05	444		2		446	0.02
Depreciation	2,358	0.11	1,170		865		2,035	0.11
Accretion of note discount	755	0.03	336		17		353	0.02
Non-cash equity compensation	2,503	0.11	4,423		375		4,798	0.25
Non-cash mark-to-market adjustment of foreign currency contracts	-	-	(366)		(515)		(881)	(0.05)
Non-cash expense of inventory step up	-	-	4,321		-		4,321	0.22
Income tax provision (benefit)	681	0.03	(69,765)		966		(68,799)	(3.56)
Cash paid for income taxes	46	0.00	(1,573)		(596)		(2,169)	(0.11)
Net income (loss) before non-cash items	\$ 8,705	\$ 0.40	\$ (9,366)	\$	3,429	\$	(5,937)	\$ (0.31)
Restructuring charge	993	0.05	2,149		-		2,149	0.11
Merger and integration	-	-	868		-		868	0.04
Transaction costs	-	-	5,075		-		5,075	0.26
State cash taxes on adjustments	(50)	(0.00)	(405)		-		(405)	(0.02)
AMT cash taxes on adjustments	(19)	(0.00)	(154)		-		(154)	(0.01)
Adjusted net income (loss) before non-cash items	\$ 9,629	\$ 0.44	\$ (1,833)	\$	3,429	\$	1,596	\$ 0.08

**BLACK DIAMOND, INC.**  
**RECONCILIATION FROM NET INCOME TO EARNINGS BEFORE INTEREST, TAXES, OTHER INCOME, DEPRECIATION,**  
**AND AMORTIZATION (EBITDA), AND ADJUSTED EBITDA**  
(in thousands)

	<b>THREE MONTHS ENDED</b>	
	<b><u>September 30, 2011</u></b>	<b><u>September 30, 2010</u></b>
Net income (loss)	\$ 1,007	\$ (3,294)
Income tax provision (benefit)	530	(1,332)
Other, net	702	1,586
Interest income	(5)	(6)
Interest expense	<u>720</u>	<u>644</u>
Operating income (loss)	2,954	(2,402)
Depreciation	1,027	818
Amortization of intangibles	<u>333</u>	<u>333</u>
EBITDA	\$ 4,314	\$ (1,251)
Restructuring charge	219	772
Merger and integration	-	88
Transaction costs	-	313
Non-cash expense of inventory step up	-	3,158
Non-cash equity compensation	<u>641</u>	<u>723</u>
Adjusted EBITDA	<u>\$ 5,174</u>	<u>\$ 3,803</u>



**BLACK DIAMOND, INC.**  
**RECONCILIATION FROM NET INCOME TO EARNINGS BEFORE INTEREST, TAXES, OTHER INCOME, DEPRECIATION,**  
**AND AMORTIZATION (EBITDA), AND ADJUSTED EBITDA**  
(in thousands)

	<b>NINE MONTHS ENDED</b>	<b>NINE MONTHS ENDED</b>	<b>FIVE MONTHS ENDED</b>	<b>NINE MONTHS ENDED</b>
	<b>Consolidated September 30, 2011</b>	<b>September 30, 2010</b>	<b>Predecessor Company May 28, 2010</b>	<b>Combined September 30, 2010</b>
Net income	\$ 1,364	\$ 51,644	\$ 2,315	\$ 53,959
Income tax provision (benefit)	681	(69,765)	966	(68,799)
Other, net	(145)	1,474	(1,803)	(329)
Interest income	(31)	(45)	(3)	(48)
Interest expense	2,157	980	165	1,145
Operating income (loss)	4,026	(15,712)	1,640	(14,072)
Depreciation	2,358	1,170	865	2,035
Amortization of intangibles	998	444	2	446
EBITDA	\$ 7,382	\$ (14,098)	\$ 2,507	\$ (11,591)
Restructuring charge	993	2,149	-	2,149
Merger and integration	-	868	-	868
Transaction costs	-	5,075	-	5,075
Non-cash expense of inventory step up	-	4,321	-	4,321
Non-cash equity compensation	2,503	4,423	375	4,798
Adjusted EBITDA	\$ 10,878	\$ 2,738	\$ 2,882	\$ 5,620

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