UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

or

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

For the transition period from to

Commission File No. 000-51754

Crocs, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-2164234**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6328 Monarch Park Place, Niwot Colorado 80503

(Address of registrant s principal executive offices)

(303) 848-7000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of July 29, 2011, Crocs, Inc. had 89,462,323 shares of its $0.001 par value common stock outstanding.

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Crocs, Inc.

Form 10-Q

Quarter Ended June 30, 2011

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

CROCS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

($ thousands, except per share amounts)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues	$ 295,585	$ 228,046	$ 522,293	$ 394,898
Cost of sales	(125,367)	(96,127)	(232,869)	(176,275)
Gross profit	**170,218**	**131,919**	**289,424**	**218,623**
Selling, general and administrative expenses	(107,647)	(94,047)	(196,261)	(168,825)
Foreign currency transaction gains (losses), net	3,042	1,129	1,727	1,421
Restructuring charges (Note 12)				(2,539)
Asset impairment (Note 12)			(32)	(141)
Charitable contributions expense	(839)	(275)	(1,836)	(418)
Income (loss) from operations	**64,774**	**38,726**	**93,022**	**48,121**
Interest expense	(241)	(163)	(429)	(292)
Gain on charitable contribution	353	32	610	116
Other income (expense), net	(108)	291	(436)	50
Income (loss) before income taxes	**64,778**	**38,886**	**92,767**	**47,995**
Income tax benefit (expense)	(9,272)	(6,602)	(15,757)	(9,994)
Net income (loss)	**$ 55,506**	**$ 32,284**	**$ 77,010**	**$ 38,001**
Net income (loss) per common share:				
Basic	**$ 0.62**	**$ 0.38**	**$ 0.87**	**$ 0.44**
Diluted	**$ 0.61**	**$ 0.37**	**$ 0.85**	**$ 0.43**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CROCS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

($ thousands, except number of shares)		**June 30, 2011**		**December 31, 2010**
ASSETS				
Current assets:				
Cash and cash equivalents	$	179,979	$	145,583
Accounts receivable, net of allowances of $13,528 and $10,249, respectively		115,651		64,260
Inventories		156,464		121,155
Deferred tax assets, net		13,822		15,888
Income tax receivable		10,620		9,062
Other receivables		17,127		11,637
Prepaid expenses and other current assets		20,292		13,429
Total current assets		**513,955**		**381,014**
Property and equipment, net		69,337		70,014
Intangible assets, net		48,164		45,461
Deferred tax assets, net		32,429		34,711
Other assets		19,629		18,281
Total assets	**$**	**683,514**	**$**	**549,481**
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	66,186	$	35,669
Accrued expenses and other current liabilities		71,269		59,488
Deferred tax liabilities, net		15,337		17,620
Income taxes payable		16,076		23,084
Note payable, current portion of long-term debt and capital lease obligations		3,257		1,901
Total current liabilities		**172,125**		**137,762**
Deferred tax liabilities, net		1,909		847
Long term income tax payable		35,429		29,861
Other liabilities		5,046		4,905
Total liabilities		**214,509**		**173,375**
Commitments and contingencies (Note 11)				
Stockholders equity:				
Preferred shares, par value $0.001 per share, 5,000,000 shares authorized, none outstanding				
Common shares, par value $0.001 per share, 250,000,000 shares authorized, 89,919,925 and 89,390,187 shares issued and outstanding, respectively, at June 30, 2011 and 88,600,860 and 88,065,859 shares issued and outstanding, respectively, at December 31, 2010		90		88
Treasury stock, at cost, 529,738 and 535,001 shares, respectively		(21,213)		(22,008)
Additional paid-in capital		286,968		277,293
Retained earnings		166,891		89,881
Accumulated other comprehensive income		36,269		30,852
Total stockholders equity		**469,005**		**376,106**
Total liabilities and stockholders equity	**$**	**683,514**	**$**	**549,481**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CROCS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

($ thousands)	**For the Six Months Ended June 30, 2011**	**2010**
Cash flows from operating activities:		
Net income (loss)	$ 77,010	$ 38,001
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,407	17,610
Loss (gain) on disposal of fixed assets	118	796
Unrealized (gain) loss on foreign exchange transactions	(5,489)	(3,309)
Asset impairment	32	133
Charitable contributions	1,836	435
Gain on charitable contributions	(610)	(124)
Share-based compensation	3,911	3,870
(Recovery of) provision for doubtful accounts, net	(737)	1,653
Changes in operating assets and liabilities:		
Accounts receivable	(47,735)	(46,659)
Income tax receivable	(1,131)	(3,480)
Inventories	(33,100)	(23,255)
Prepaid expenses and other assets	(12,101)	1,304
Accounts payable	30,002	30,063
Accrued restructuring charges	(293)	1,745
Accrued expenses and other liabilities	12,761	21,053
Cash provided by (used in) operating activities	43,881	39,836
Cash flows from investing activities:		
Cash paid for purchases of property and equipment	(13,804)	(13,281)
Proceeds from disposal of property and equipment	245	937
Cash paid for intangible assets	(7,733)	(6,985)
Purchases of marketable securities		(5,482)
Maturities of marketable securities		1,701
Change in restricted cash	(109)	299
Cash provided by (used in) investing activities	(21,401)	(22,811)
Cash flows from financing activities:		
Proceeds from note payable	165,198	18,400
Repayment of note payable and capital lease obligations	(164,542)	(19,054)
Repurchase of stock for stock option exercise tax withholding	(490)	(421)
Exercise of stock options	7,068	2,341
Cash provided by (used in) financing activities	7,234	1,266
Effect of exchange rate changes on cash	4,682	1,233
Net increase (decrease) in cash and cash equivalents	34,396	19,524
Cash and cash equivalents beginning of period	145,583	77,343
Cash and cash equivalents end of period	$ 179,979	$ 96,867
Supplemental disclosure of cash flow information cash paid during the period for:		

Interest	$	365	$	284
Income taxes	$	15,332	$	6,674
Non-cash investing and financing activities:				
Assets acquired through capital leases	$		$	2,089
Accrued purchases of property, plant and equipment	$	1,722	$	2,373
Accrued purchases of intangibles	$	406	$	1,044

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CROCS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

Crocs, Inc. and its subsidiaries (collectively, we, us, or the Company) are engaged in the design, manufacture and sale of footwear, apparel and accessories for men, women and children.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the rules and regulations of the Securities and Exchange Commission (SEC) for reporting on Form 10-Q. Accordingly, these statements do not include all of the information and disclosures required by GAAP or SEC rules and regulations for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting solely of normal recurring matters) considered necessary for a fair presentation of the results for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year.

These statements should be read in conjunction with the consolidated financial statements and footnotes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010 (the 2010 Form 10-K). The accounting policies used in preparing these unaudited condensed consolidated financial statements are the same as those described in Note 1 - Summary of Significant Accounting Policies to the consolidated financial statements in the 2010 Form 10-K.

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates, judgments and assumptions made when accounting for items and matters such as, but not limited to, the allowance for doubtful accounts, returns and discounts, impairment assessments and charges, recoverability of assets (including deferred tax assets), uncertain tax positions, share-based compensation expense, the fair value of acquired intangibles, useful lives assigned to long-lived assets, depreciation and provisions for contingencies are reasonable based on information available at the time they are made. Management also makes estimates in the assessments of potential losses in relation to threatened or pending legal and tax matters. See Note 14 - Legal Proceedings. Actual results could materially differ from these estimates. For matters not related to income taxes, if a loss is considered probable and the amount can be reasonably estimated, the Company recognizes an expense for the estimated loss. If there is the potential to recover a portion of the estimated loss from a third party, the Company makes a separate assessment of recoverability and reduces the estimated loss if recovery is also deemed probable.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). This pronouncement was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and IFRS. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. This pronouncement is effective for reporting periods beginning on or after December 15, 2011. We do not expect the adoption of ASU 2011-04 to have a significant impact to the consolidated financial position or results of operations.

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income. ASU 2011-05 eliminates the option to report other comprehensive income and its components in the statement of changes in stockholders equity and requires an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. As ASU 2011-05 concerns presentation and disclosure only, its adoption will not have an impact on the consolidated financial position or results of operations.

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2. INVENTORIES

The following table summarizes inventories by major classification as of June 30, 2011 and December 31, 2010.

($ thousands)		June 30, 2011		December 31, 2010
Finished goods	$	145,429	$	111,134
Work-in-progress		142		248
Raw materials		10,893		9,773
Inventories	$	156,464	$	121,155

3. PROPERTY AND EQUIPMENT

The following table summarizes property and equipment by major classification as of June 30, 2011 and December 31, 2010.

($ thousands)		June 30, 2011		December 31, 2010
Machinery and equipment(1)	$	77,094	$	70,962
Leasehold improvements		57,624		49,519
Furniture and fixtures and other		16,129		16,587
Construction-in-progress		6,094		7,902
Property and equipment, gross		156,941		144,970
Accumulated depreciation(2)		(87,604)		(74,956)
Property and equipment, net	$	69,337	$	70,014

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(1) Includes $0.4 million of equipment held under capital leases and classified as equipment as of June 30, 2011 and December 31, 2010.

(2) Includes $0.3 million and $0.2 million of accumulated depreciation related to equipment held under capital leases as of June 30, 2011 and December 31 2010, respectively.

During the three and six months ended June 30, 2011, we recorded $7.3 million and $14.9 million, respectively, in depreciation expense of which $3.3 million and $7.1 million, respectively, was recorded in cost of sales and the balance was recorded in selling, general and administrative expenses in the unaudited condensed consolidated statements of income. During the three and six months ended June 30, 2010, we recorded $7.0 million and $13.9 million, respectively, in depreciation expense of which $3.5 million and $7.0 million, respectively, was recorded in cost of sales and the balance was recorded in selling, general and administrative expenses in the unaudited condensed consolidated statements of income.

4. INTANGIBLE ASSETS

The following table summarizes the identifiable intangible assets as of June 30, 2011 and December 31, 2010.

	June 30, 2011			December 31, 2010		
($ thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	$ 60,957(1)	$ (17,737)(2)	$ 43,220	$ 54,489(1)	$ (13,674)(2)	$ 40,815
Customer relationships	6,743	(5,846)	897	6,361	(5,485)	876
Patents, copyrights, and trademarks	5,845	(2,265)	3,580	5,703	(1,933)	3,770
Core technology	4,992	(4,992)		4,843	(4,843)	
Other	636	(636)		636	(636)	
Total finite lived intangible assets	79,173	(31,476)	47,697	72,032	(26,571)	45,461
Indefinite lived intangible assets	467		467			
Intangible assets	$ 79,640	$ (31,476)	$ 48,164	$ 72,032	$ (26,571)	$ 45,461

(1) Includes $4.1 million of software held under a capital lease classified as capitalized software as of June 30, 2011 and December 31, 2010.

(2) Includes $0.5 million and $0.3 million of accumulated amortization of software held under a capital lease which is amortized using the straight-line method over the useful life as of June 30, 2011 and December 31, 2010, respectively.

During the three and six months ended June 30, 2011, amortization expense recorded for intangible assets was $2.3 million and $4.5 million, respectively, of which $0.8 million and $1.4 million was recorded in cost of sales, respectively. During the three and six months ended June 30, 2010, amortization expense recorded for intangible assets was $1.8 million and $3.7 million, respectively, of which $0.6 million and $1.1 million was recorded in cost of sales, respectively. The remaining amounts were recorded in selling, general and administrative expenses. The following table summarizes the estimated future amortization of intangible assets for the next five years and thereafter (in thousands).

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For the Period ending December 31,		Estimated Amortization
Remainder of 2011	$	4,609
2012		10,669
2013		10,617
2014		8,181
2015		5,696
Thereafter		7,925
Total	$	47,697

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table summarizes accrued expenses and other current liabilities as of June 30, 2011 and December 31, 2010.

($ thousands)		June 30, 2011		December 31, 2010
Accrued compensation and benefits	$	23,359	$	25,666
Fulfillment and freight and duties		8,769		5,396
Professional services		4,147		4,704
Sales/use and VAT tax payable		13,676		6,061
Other		21,318		17,661
Accrued expenses and other current liabilities	$	71,269	$	59,488

6. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

Non-Recurring Fair Value Measurements

The majority of our non-financial assets, which include inventories, property, plant and equipment and intangible assets, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur such that a non-financial asset is required to be evaluated for impairment and deemed to be impaired, the impaired non-financial asset is recorded at its fair value. We had no impaired assets during the three months ended June 30, 2011 and 2010, respectively. During the six months ended June 30, 2011 and 2010, we had insignificant impairment losses.

Recurring Fair Value Measurements

The following table summarizes the financial instruments required to be measured at fair value on a recurring basis as of June 30, 2011 and December 31, 2010. Other financial instruments including debt are not required to be carried at fair value on a recurring basis. The carrying value of these financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to their short maturities. Based on borrowing rates currently available to us, with similar terms, the carrying values of capital lease obligations and the line of credit approximate their fair values.

	Fair Value as of June 30, 2011			Fair Value as of December 31, 2010			
($ thousands)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Balance Sheet Classification**
Derivative assets:							
Foreign currency forward contracts	$	$ 57	$	$	$ 5	$	Prepaid expenses and other current assets
Derivative liabilities:							
Foreign currency forward contracts	$	$ 260	$	$	$ 134	$	Accrued expenses and other current liabilities

Derivative Financial Instruments

We enter into foreign currency exchange forward contracts as cash flow hedges to reduce our exposure to changes in exchange rates. The following table summarizes the notional amounts of the outstanding foreign currency exchange forward contracts at June 30, 2011 and December 31, 2010. The notional amounts of the derivative financial instruments shown below are denominated in their U.S. dollar equivalents and represent the amount of all contracts of the foreign currency specified. These notional values do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the foreign currency exchange risks.

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($ thousands)	June 30, 2011	December 31, 2010
Forward currency exchange forward contracts by currency, net:		
Euro	$ 12,812	$ 3,921
Japanese Yen	9,000	6,000
Pound Sterling	4,140	2,385
Mexican Peso	1,200	
Total notional value, net	$ 27,152	$ 12,306
Latest maturity date	July 2012	March 2011

During all periods presented, we did not designate any derivatives as hedges. Therefore, all changes in the fair value of derivative financial instruments are reflected in the results of operations. The following table presents the amounts affecting the unaudited condensed consolidated statements of income for the three and six months ended June 30, 2011 and 2010.

($ thousands)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Location of Loss (Gain) Recognized In Income on Derivatives
Foreign currency exchange forward contracts	$ 419	$ 119	$ 475	$ 119	Other income (expense), net

7. NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS

The following table summarizes notes payable and capital lease obligations as of June 30, 2011 and December 31, 2010.

($ thousands)	June 30, 2011	December 31, 2010
Revolving credit facility	$ 1,604	$ 3
Capital lease obligations (for certain capitalized software) bearing interest rates ranging from 8.7% to 12.4% and maturities through 2013	1,581	2,488
Capital lease obligations (for certain equipment) bearing interest at 8.8% and maturities through 2014	117	155
Total notes payable and capital lease obligations	$ 3,302	$ 2,646

As of June 30, 2011 and December 31, 2010, we had issued and outstanding letters of credit of $1.1 million and $1.0 million, respectively, which were reserved against the borrowing base under the terms of the revolving credit facility.

8. EQUITY AND STOCK-BASED COMPENSATION

During the three and six months ended June 30, 2011, 1.1 million and 1.5 million shares of common stock, respectively, were issued related to stock option exercises and the vesting of restricted stock shares and units. During the year ended December 31, 2010, 2.8 million shares of common stock were issued related to stock option exercises and the vesting of restricted stock shares.

Options granted generally vest straight-line over four years with the first year vesting on a cliff basis followed by monthly vesting for the remaining three years. Restricted stock shares and restricted stock units granted generally vest on a straight-line basis over three or four years depending on the terms of the grant. Stock-based compensation expense is recognized on a straight-line basis over the applicable vesting period and is recognized in the Cost of sales and Selling, general and administrative expense in the unaudited condensed consolidated statements of income. During the three and six months ended June 30, 2011, $2.4 million and $3.9 million of stock-based compensation expense was recorded, respectively, of which $0.3 million and $0.6 million was recorded in Cost of sales, respectively. During the three and six months ended June 30, 2010, $2.2 million and $3.9 million of stock-based compensation expense was recorded, respectively, of which $0.3 million and $0.7 million was recorded in Cost of sales, respectively.

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Stock Options

The following tables summarize the stock option activity for the three and six months ended June 30, 2011 and 2010.

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Options	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding at March 31, 2011 and December 31, 2010, respectively	4,772,766	$ 9.48	5,007,337	$ 9.10
Granted	137,000	24.04	348,000	19.88
Exercised	(918,129)	4.83	(1,259,680)	5.61
Forfeited or expired	(88,596)	10.18	(192,616)	11.43
Outstanding at June 30, 2011	3,903,041	$ 11.07	3,903,041	$ 11.07

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
Options	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding at March 31, 2010 and December 31, 2009, respectively	7,054,554	$ 7.82	7,755,254	$ 7.67
Granted	100,000	10.70	149,750	9.58
Exercised	(575,447)	3.04	(876,730)	2.67
Forfeited or expired	(228,771)	18.21	(677,938)	12.15
Outstanding at June 30, 2010	6,350,336	$ 7.93	6,350,336	$ 7.93

Restricted Stock Shares and Units

From time to time, we grant restricted stock shares and restricted stock units to our employees. Unvested restricted stock shares have the same rights as those of common shares including voting rights and non-forfeitable dividend rights. However, ownership of unvested restricted stock shares cannot be transferred until they are vested. An unvested restricted stock unit (RSU) is a contractual right to receive a share of common stock only upon its vesting. RSUs have dividend equivalent rights which accrue over the term of the award and are paid if and when the RSUs vest.

The following tables summarize the restricted stock share activity for the three and six months ended June 30, 2011 and 2010.

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
Restricted Stock Shares	**Shares**	**Weighted Average Grant Date Fair Value**	**Shares**	**Weighted Average Grant Date Fair Value**
Non-vested at March 31, 2011 and December 31, 2010, respectively	927,884	$ 9.64	953,423	$ 8.54

Granted	48,520		22.22	118,520		19.10
Vested	(216,965)		7.97	(246,036)		7.58
Forfeited	(7,200)		12.51	(73,668)		9.83
Non-vested at June 30, 2011	752,239	$	10.39	752,239	$	10.39

	Three Months Ended June 30, 2010			Six Months Ended June 30, 2010		
Restricted Stock Shares	**Shares**		**Weighted Average Grant Date Fair Value**	**Shares**		**Weighted Average Grant Date Fair Value**
Non-vested at March 31, 2010 and December 31, 2009, respectively	839,298	$	3.04	1,322,240	$	3.04
Granted	218,357		11.31	218,357		11.31
Vested	(250,803)		10.66	(508,411)		9.82
Forfeited				(225,334)		1.34
Non-vested at June 30, 2010	806,852	$	4.92	806,852	$	4.92

The following table summarizes the RSU activity for the three and six months ended June 30, 2011. No RSUs were outstanding during the three and six months ended June 30, 2010.

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Restricted Stock Units	Three and Six Months Ended June 30, 2011 Units		Weighted Average Grant Date Fair Value
Non-vested at March 31, 2011 and December 31, 2010	116,400	$	12.99
Granted	570,099		25.84
Vested	(14,150)		12.99
Forfeited	(3,200)		12.99
Non-vested at June 30, 2011	669,149	$	23.93

9. INCOME TAXES

During the three months ended June 30, 2011, we recognized an income tax expense of $9.3 million on pre-tax income of $64.8 million, representing an effective income tax rate of 14.3% compared to an income tax expense of $6.6 million on pre-tax income of $38.9 million, representing an effective income tax rate of 17.0% for the same period in 2010. During the six months ended June 30, 2011, we recognized an income tax expense of $15.8 million on pre-tax income of $92.8 million, representing an effective income tax rate of 17.0% compared to an income tax expense of $10.0 million on pre-tax income of $48.0 million, representing an effective income tax rate of 20.8% for the same period in 2010. The change in effective tax rate is primarily the result of a one-time $3.6 million tax benefit recognized in the second quarter of 2011 due to a change in our international structure. We had unrecognized tax benefits of $38.1 million at June 30, 2011 and $33.0 million at December 31, 2010.

10. EARNINGS (LOSS) PER SHARE

For all periods presented, basic and diluted earnings (loss) per common share (EPS) is presented using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividend rights and participation rights in undistributed earnings. Under the two-class method, EPS is computed by dividing the sum of distributed and undistributed earnings (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. A participating security is an unvested share-based payment award containing non-forfeitable rights to dividends (whether or not declared) and must be included in the computation of earnings per share pursuant to the two-class method. Shares of unvested restricted stock shares are considered participating securities as they have non-forfeitable dividend rights.

The following table sets forth EPS for the three and six months ended June 30, 2011 and 2010.

($ thousands, except share and per share data)	Three Months Ended June 30, 2011		Three Months Ended June 30, 2010		Six Months Ended June 30, 2011		Six Months Ended June 30, 2010	
Net income (loss) attributable to common stockholders	$	55,506	$	32,284	$	77,010	$	38,001
Income allocated to unvested shares		(553)		(303)		(796)		(358)
Net income (loss) attributable to common stockholders basic	$	54,953	$	31,981	$	76,214	$	37,643
Weighted average common shares outstanding basic		88,029,351		85,179,948		87,656,105		84,834,756
Dilutive effect of stock options and unvested units		1,865,604		1,552,295		1,961,248		1,771,269

Weighted average common shares outstanding - diluted		89,894,955		86,732,243		89,617,353		86,606,025
Net income (loss) per common share:								
Basic	$	0.62	$	0.38	$	0.87	$	0.44
Diluted	$	0.61	$	0.37	$	0.85	$	0.43

For the three and six months ended June 30, 2011, approximately 0.7 million and 0.6 million options and RSUs, respectfully, were not included in diluted income (loss) per share as their effect would have been anti-dilutive. The total number of anti-dilutive options was 3.1 million for both the three and six months ended June 30, 2010.

11. COMMITMENTS AND CONTINGENCIES

We lease space for certain of our offices, warehouses, vehicles and equipment under leases expiring at various dates through 2026. Certain leases contain rent escalation clauses (step rents) that require additional rental amounts in the later years of the term. Rent expense for leases with step rents or rent holidays is recognized on a straight-line basis over the minimum lease term. Deferred rent is included in the consolidated balance sheet in accrued expenses and other current liabilities. Total rent expense was $21.4 million and $39.1 million for the three and six months ended June 30, 2011, respectively, which included percentage rents of $5.0 million and

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$6.7 million, respectively, in such amounts. Total rent expense was $17.2 million and $31.9 million for the three and six months ended June 30, 2010, respectively, which included percentage rents of $3.5 million and $4.5 million, respectively, in such amounts.

In February 2011, we renewed and amended our supply agreement with Finproject S.r.l. which provides us the exclusive right to purchase certain raw materials used to manufacture our products. The agreement also provides that we meet minimum purchase requirements to maintain exclusivity throughout the term of the agreement, which expires December 31, 2014. Historically, the minimum purchase requirements have not been onerous and we do not expect them to become onerous in the future. Depending on the material purchased, pricing is either based on contracted price or is subject to quarterly reviews and fluctuates based on order volume, currency fluctuations and raw material prices. Pursuant to the agreement, we guarantee the payment for certain third-party manufacturer purchases of these raw materials up to a maximum potential amount of 3.5 million (approximately $5.1 million as of June 30, 2011), through a letter of credit that was issued to Finproject S.r.l.

On March 29, 2011, we committed to donating 100,000 pairs of shoes to Feed the Children and other organizations which worked to distribute to those hardest hit by the Japanese earthquake and resulting tsunami. The total net impact on income before taxes due to these donations was $0.7 million. The donated shoes were delivered to their perspective charitable organizations during the second quarter of 2011.

12. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

We have three reportable operating segments: Americas, Europe and Asia. We also have an Other segment category which aggregates insignificant operating segments that do not meet the reportable threshold. Each of our reportable operating segments derives its revenues from the sale of footwear, apparel and accessories. The composition of our reportable operating segments is consistent with that used by our chief operating decision maker (CODM) to evaluate performance and allocate resources. The operating segments which make up our Other segment category are those operating segments which provide manufacturing support, located in Mexico and Italy.

Segment operating income (loss) is the primary measure used by our CODM to evaluate segment operating performance and to decide how to allocate resources to segments. Segment performance evaluation is based primarily on segment results without allocating corporate expenses, or indirect general, administrative and other expenses. Segment profits or losses of our reportable operating segments include adjustments to eliminate intersegment profit or losses on intersegment sales. Segment operating income (loss) is defined as operating income before asset impairment charges and restructuring costs not included in cost of sales. Segment assets consist of cash, accounts receivable and inventory as these assets make up the asset information used by the CODM. Revenues of each of our reportable operating segments represent sales to external customers. Revenues of the Other segment are primarily made up of intersegment sales.

The following tables set forth information related to our reportable operating business segments during the three and six months ended June 30, 2011 and 2010.

	Three Months Ended June 30,		Six Months Ended June 30,	
($ thousands)	**2011**	**2010**	**2011**	**2010**
Revenues:				
Americas	$ 121,443	$ 104,809	$ 221,655	$ 179,049
Asia	121,900	88,681	194,523	143,350

Europe	52,191	34,713	106,031	72,489
Other	19,140	13,171	34,270	24,664
Total segment revenues	314,674	241,374	556,479	419,552
Intersegment eliminations	(19,089)	(13,328)	(34,186)	(24,654)
Total consolidated revenues	$ 295,585	$ 228,046	$ 522,293	$ 394,898
Depreciation and amortization:				
Americas	$ 2,341	$ 2,245	$ 4,625	$ 4,284
Asia	1,432	1,345	3,126	2,945
Europe	689	505	1,317	1,033
Other	377	338	677	727
Total segment depreciation and amortization	4,839	4,433	9,745	8,989
Unallocated corporate and other(1)	4,724	4,376	9,662	8,621
Total consolidated depreciation and amortization	$ 9,563	$ 8,809	$ 19,407	$ 17,610

(1) Includes depreciation and amortization on corporate and other assets not allocated to operating segments.

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($ thousands)	Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
Operating income (loss):				
Americas	$ 26,620	$ 23,918	$ 43,465	$ 35,325
Asia	48,240	31,775	64,428	44,312
Europe	18,406	7,840	35,489	17,244
Other	(331)	28	174	532
Total segment operating income (loss)	92,935	63,561	143,556	97,413
Intersegment eliminations	(512)	(210)	(1,034)	(402)
Unallocated corporate and other(1)	(27,649)	(24,625)	(49,468)	(46,210)
SG&A restructuring(2)				(2,539)
Asset impairment(3)			(32)	(141)
Total consolidated operating income (loss)	64,774	38,726	93,022	48,121
Interest expense	(241)	(163)	(429)	(292)
Gain on charitable contributions	353	32	610	116
Other income (expense), net	(108)	291	(436)	50
Income (loss) before income taxes	$ 64,778	$ 38,886	$ 92,767	$ 47,995

(1) Includes a corporate component consisting primarily of corporate support and administrative functions, costs associated with share-based compensation, research and development, brand marketing, legal, depreciation and amortization of corporate and other assets not allocated to operating segments; and costs of the same nature related to certain corporate holding companies.

(2) During the six months ended June 30, 2010, approximately $0.5 million of restructuring charges were recorded in the Americas segment as a result of a change in estimate of our original accrual for lease termination costs of our office facility in Canada which was closed in 2008. The remaining $2.0 million of restructuring charges related to severance costs associated with the departure of a former executive.

(3) During the six months ended June 30, 2011, primarily all asset impairment losses incurred resulted from the impact of the March 2011 Japanese earthquake and related to the write off of the leasehold improvements of our Sendai retail store. During the six months ended June 30, 2010, the asset impairment losses were primarily related to leasehold improvement write-offs due to a retail store closure in the Europe segment.

($ thousands)	As of June 30, 2011	As of December 31, 2010
Assets:		
Americas	$ 119,454	$ 94,760(1)
Asia	219,025	164,855
Europe	94,346	46,712
Other	19,235	16,533(1)
Total segment assets	452,060	322,860
Unallocated corporate and other(2)	34	8,138
Deferred tax assets, net	13,822	15,888
Income tax receivable	10,620	9,062
Other receivables	17,127	11,637
Prepaid expenses and other current assets	20,292	13,429
Total current assets	513,955	381,014
Property and equipment, net	69,337	70,014
Intangible assets, net	48,164	45,461
Deferred tax assets, net	32,429	34,711
Other assets	19,629	18,281
Total consolidated assets	$ 683,514	$ 549,481

(1)

Certain inventory assets disclosed in the Other segment as of December 31, 2010 have been reclassified to the Americas segment to reflect changes in the composition of the segment assets used in the internal reports during the first quarter of 2011, for comparability purposes.

(2) Corporate assets primarily consist of cash and equivalents.

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13. COMPREHENSIVE INCOME (LOSS)

The following table summarizes our comprehensive income (loss) for the three months ended June 30, 2011 and 2010.

($ thousands)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income (loss)	$ 55,506	$ 32,284	$ 77,010	$ 38,001
Foreign currency translation	950	(4,087)	5,417	(5,786)
Comprehensive income (loss)	$ 56,456	$ 28,197	$ 82,427	$ 32,215

14. LEGAL PROCEEDINGS

On June 30, 2006, we filed a complaint with the International Trading Commission (ITC) against Acme Ex-Im, Inc., Australia Unlimited, Inc., Cheng s Enterprises, Inc., Collective Licensing International, LLC, D. Myers & Sons, Inc., Double Diamond Distribution, Ltd., Effervescent, Inc., Gen-X Sports, Inc., Holey Soles Holdings, Ltd., Inter-Pacific Trading Corporation, and Shaka Holdings, Inc. (collectively, the respondents), alleging, among other things infringement of United States Patent Nos. 6,993,858 (the 858 Patent) and D517,789 (the 789 Patent) and seeking an exclusion order banning the importation and sale of infringing products. During the course of the investigation, the ITC issued final determinations terminating Shaka Holdings, Inc., Inter-Pacific Trading Corporation, Acme Ex-Im, Inc., D. Myers & Sons, Inc., Australia Unlimited, Inc. and Gen-X Sports, Inc. from the ITC investigation due to a settlement being reached with each of those entities. Cheng s Enterprises, Inc. was removed from the ITC investigation because they ceased the accused activities. After a trial in the matter in September 2007, the ITC Administrative Law Judge (ALJ) issued an initial determination on April 11, 2008, finding the 858 patent infringed by certain accused products, but also finding the patent invalid as obvious. The ALJ found that the 789 patent was valid, but was not infringed by the accused products. On July 25, 2008, the ITC notified us of its decision to terminate the investigation with a finding of no violation as to either patent. We filed a Petition for Review of the decision with the United States Court of Appeals for the Federal Circuit on September 22, 2008. On October 4, 2009, a settlement was reached between us and Collective Licensing International, LLC. Collective Licensing International, LLC agreed to cease and desist infringing on our patents and to pay us certain monetary damages, which was recorded upon receipt. On February 24, 2010, the Federal Circuit found that the ITC erred in finding that the utility patent was obvious and also reversed the ITC s determination of non-infringement of the design patent. The case has been remanded back to the ITC. On July 6, 2010, the ITC ordered the matter to be assigned to an ALJ for a determination on enforceability. On February 9, 2011, the ALJ issued a determination that the utility and design patents were both enforceable against the remaining respondents. On April 25, 2011, the ITC determined not to review the ALJ s decision, making the determination of enforceability final. On July 15, 2011, the ITC issued a Final Commission Determination of Violation and issued Cease and Desist Orders against the remaining respondents. The Commission also issued a General Exclusion Order prohibiting the unlicensed importation of any foam footwear that infringes Crocs 858 and 789 patents. The Commission s final orders terminate the investigation.

We and certain current and former officers and directors have been named as defendants in complaints filed by investors in the United States District Court for the District of Colorado. The first complaint was filed in November 2007 and several other complaints were filed shortly thereafter. These actions were consolidated and, in September 2008, the district court appointed a lead plaintiff and counsel. An amended consolidated complaint was filed in December 2008. The amended complaint purports to state claims under Section 10(b), 20(a), and 20A of the Exchange Act on behalf of a class of all persons who purchased our common stock between April 2, 2007 and April 14, 2008 (the Class Period). The amended complaint also added our independent auditor as a defendant. The amended complaint alleges that, during the Class Period, the defendants made false and misleading public statements about us and our business and prospects and, as a result, the market price of our common stock was artificially inflated. The amended complaint also claims that certain current and former officers and directors traded in our common stock on the basis of material non-public information. The amended complaint seeks compensatory damages on behalf of the alleged class in an unspecified amount, including interest, and also added attorneys fees and costs of litigation. On February 28, 2011, the District Court granted motions to dismiss filed by the defendants and dismissed all claims. A final judgment was thereafter entered. Plaintiffs have filed a notice of appeal, seeking to challenge the court s February 28, 2011 order. Due to the inherent uncertainties of litigation and because the litigation is at a preliminary stage, we cannot at this time accurately predict the ultimate outcome, or any potential liability, of the matter.

On October 27, 2010, Spectrum Agencies (Spectrum) filed suit against our subsidiary, Crocs Europe B.V. (Crocs Europe), in the High Court of Justice, Queen s Bench Division, Royal Courts of Justice in London, United Kingdom. Spectrum alleges that we unlawfully terminated our agency agreement with them and failed to pay them certain sales commissions. On December 23, 2010, Crocs Europe submitted its response to Spectrum s claim to the High Court of Justice. The case is now in the discovery stage. The trial date has been set for December 2011. We believe Spectrum s claims are without merit and we intend to vigorously defend ourselves against them.

Although we are subject to other litigation from time to time in the ordinary course of business, including employment, intellectual property and product liability claims, we are not party to any other pending legal proceedings that we believe will have a material adverse impact on its business.

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ITEM 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends and our future expectations and other matters that do not relate strictly to historical facts and are based on certain management assumptions. These statements are often identified by the use of words such as may, will, expect, believe, anticipate, intend, could, estimate, or continue, and similar expressions or variations. These statements are based on management s beliefs a assumptions which are based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled Risk Factors under Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2010 and subsequent filings with the Securities and Exchange Commission. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Business Overview

We are a designer, manufacturer, and distributor of footwear, apparel and accessories for men, women and children. We strive to be the global leader in molded footwear design and development. We offer a broad product range which provides new and exciting molded footwear products featuring fun, comfort and functionality. Our primary products include footwear and accessories which utilize our proprietary closed cell-resin, called Croslite. The Croslite material is unique in that it enables us to produce an innovative, lightweight, non-marking, and odor-resistant shoe. Certain shoes made with Croslite have been certified by U.S. Ergonomics to reduce peak pressure on the foot, reduce muscular fatigue while standing and walking and to relieve the musculoskeletal system.

Since the initial introduction and popularity of the Beach and Crocs Classic designs, we have expanded our Croslite products to include a variety of new styles and products and have further extended our product reach through the acquisition of brand platforms such as Jibbitz, LLC (Jibbitz) and Ocean Minded, Inc. (Ocean Minded). We continue to branch out into other types of footwear so as to bring a unique and original perspective to the consumer in styles that may be unexpected from Crocs. We believe this will help us to continue to build a stable year-round business as we look to offer more winter-oriented styles. Our marketing efforts surround specific product launches and employ a fully integrated approach utilizing a variety of media outlets, including print, online and television. Our marketing efforts drive business to both our wholesale partners and our company-operated retail and internet stores, ensuring that our presentation and story are first class and drive purchasing at the point of sale.

We currently sell our Crocs-branded products globally through domestic and international retailers and distributors. We also sell our products directly to consumers through our webstores, company-operated retail stores, outlets and kiosks. The broad appeal of our footwear has allowed us to market our products to a wide range of distribution channels, including department stores and traditional footwear retailers as well as a variety of specialty and independent retail channels.

2011 Financial Overview

As compared to the same period in 2010, during the three months ended June 30, 2011:

- revenues increased $67.5 million, or 29.6%, to $295.6 million;
- gross profit increased $38.3 million, or 29.0%, to $170.2 million;
- selling, general and administrative costs (including net gains on transactions denominated in foreign currencies) as a percentage of revenue decreased to 35.4% compared to 40.7%;
- net income increased $23.2 million, or 71.9% to $55.5 million; and
- diluted earnings per share improved $0.24, or 64.9%, to $0.61.

As compared to the same period in 2010, during the six months ended June 30, 2011:

- revenues increased $127.4 million, or 32.3%, to $522.3 million;
- gross profit increased $70.8 million, or 32.4%, to $289.4 million;
- as a percentage of revenue, selling, general and administrative costs (including gains on transactions denominated in foreign currencies) decreased to 37.2% compared to 42.4%;
- net income increased $39.0 million, or 102.7% to $77.0 million; and

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- diluted earnings per share improved $0.42, or 97.7%, to $0.85.

These financial improvements reflect the enduring and growing popularity of our diversified product line throughout each of our sales channels and geographic operating segments and are also a result of the collaborative efforts of our sales, marketing and merchandising teams to heighten and transform Crocs brand awareness as an all-season footwear brand.

Results of Operations

Comparison of the Three Months Ended June 30, 2011 and 2010

($ thousands, except per share amounts)	**Three Months Ended June 30, 2011**		**2010**		**Change $**		**%**
Revenues	$	295,585	$	228,046	$	67,539	29.6%
Cost of sales		(125,367)		(96,127)		(29,240)	(30.4)
Gross profit		170,218		131,919		38,299	29.0
Selling, general and administrative expenses		(107,647)		(94,047)		(13,600)	(14.5)
Foreign currency transaction gains (losses), net		3,042		1,129		1,913	169.4
Charitable contributions expense		(839)		(275)		(564)	(205.1)
Income (loss) from operations		64,774		38,726		26,048	67.3
Interest expense		(241)		(163)		(78)	(47.9)
Gain on charitable contribution		353		32		321	1003.1
Other income (expense), net		(108)		291		(399)	(137.1)
Income (loss) before income taxes		64,778		38,886		25,892	66.6
Income tax benefit (expense)		(9,272)		(6,602)		(2,670)	(40.4)
Net income (loss)	$	55,506	$	32,284	$	23,222	71.9%
Net income (loss) per basic share	**$**	0.62	$	0.38	$	0.24	N/M
Net income (loss) per diluted share	**$**	0.61	$	0.37	$	0.24	N/M
Gross margin		57.6%		57.8%			
Operating margin		21.9%		17.0%			

N/M Not meaningful

Revenues. The following table sets forth revenues by channel, average selling price and unit sales for the three months ended June 30, 2011 and 2010.

(thousands, except average selling price)	**Three Months Ended June 30, 2011**		**2010**		**Change $**		**%**
Wholesale channel revenue	$	175,750	$	140,020	$	35,730	25.5%

Retail channel revenue	91,749	66,436	25,313	38.1
Internet channel revenue	28,086	21,590		