

ICONIX BRAND GROUP, INC.
Form 10-K
February 27, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

OR

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

FOR THE TRANSITION PERIOD FROM TO

0-10593

(Commission File Number)

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)
11-2481903
(I.R.S. Employer
Identification No.)
1450 Broadway, New York, New York 10018
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (212) 730-0030

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.001 Par Value	The NASDAQ Stock Market LLC (NASDAQ Global Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the close of business on June 30, 2013 was approximately \$1,612.4 million. As of February 24, 2014, 48,544,333 shares of the registrant's Common Stock, par value \$.001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

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Portions of the registrant's proxy statement for its annual meeting of stockholders to be held in 2014 are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

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Unless the context requires otherwise, references in this Form 10-K to the Company, Iconix, we, us, our, or similar pronouns refer to Iconix Brand Group, Inc. and its consolidated subsidiaries.

PART I

Item 1. Business

General

The Company is a brand management company engaged in licensing, marketing and providing trend direction for a portfolio of consumer and entertainment brands. The portfolio includes the following wholly-owned brands: Candie [®], Bongo [®], Badgley Mischka [®], Joe Boxer [®], Rampage [®], Mudd [®], London Fog [®], Mossimo [®], Ocean Pacific [®]/OP [®], Danskin [®]/Danskin Now [®], Rocawear [®]/Roc Nation [®], Cannon [®], Royal Velvet [®], Fieldcrest [®], Charisma [®], Starter [®], Waverly [®], Ecko Unltd [®]/Marc Ecko [®], Zoo York [®], Sharper Image [®], Umbro [®] and Lee Cooper [®], which the Company licenses directly to leading retailers (herein referred to as direct-to-retail), wholesalers and suppliers for use across a wide range of product categories, including apparel, footwear, sportswear, fashion accessories, home products and decor, beauty and fragrance, and, in the case of the Sharper Image brand, consumer electronics and novelty products. In addition, Scion, a joint venture in which the Company has a 50% investment, owns the Artful Dodger [®] brand and has a 50% investment in the Ice Cream [®] and Billionaire Boys Club [®] brands; Hardy Way, a joint venture in which the Company has an 85% investment, owns the Ed Hardy [®] brand; MG Icon, a joint venture in which the Company has a 50% investment, owns the Material Girl [®] and Truth or Dare [®] brands; Peanuts Holdings, a joint venture in which the Company has an 80% investment, owns the Peanuts [®] brand and characters through its wholly-owned subsidiary Peanuts Worldwide; Icon Modern Amusement, a joint venture in which the Company has a 51% investment, owns the Modern Amusement [®] brand; and Alberta ULC, a joint venture in which the Company has a 51% investment, owns the Buffalo [®] brand. Products bearing the Company's brands are sold across a variety of distribution channels through direct-to-retail and wholesale licenses, from the mass tier to the luxury market and, in the case of the Peanuts brand, through various media outlets, including television, movies, web-based and mobile content. The Company supports its brands with innovative advertising and promotional campaigns designed to increase brand awareness, and provides its licensees with coordinated trend direction to enhance product appeal and help maintain and build brand integrity.

The Company's business strategy is designed to maximize the value of its brands by entering into strategic licenses with licensees that have the responsibility for designing, manufacturing and distributing the licensed products. Licensees are selected based upon the Company's belief that they will be able to produce and sell quality products in the categories of their specific expertise and that they are capable of exceeding minimum sales targets and royalties that the Company generally requires for each brand.

The Company plans to continue to build its brand portfolio by acquiring additional brands directly or through joint ventures. In assessing potential acquisitions or investments, the Company primarily evaluates the strength of the target brand as well as the expected viability and sustainability of future royalty streams. The Company believes that this focused approach allows it to screen a wide pool of consumer brand candidates and other asset light businesses, quickly evaluate acquisition targets and efficiently complete due diligence for potential acquisitions.

In addition, the Company also seeks to monetize its brands through international licenses, partnerships and other arrangements, such as joint ventures. Since September 2008, the Company has established the following international joint ventures: Iconix China, Iconix Latin America, Iconix Europe, Iconix India, Iconix Canada, Iconix Australia, Iconix Southeast Asia and Iconix Israel.

The Company also continues to arrange, as agent, through its wholly-owned subsidiary, Bright Star, for the manufacture of footwear products for mass market and discount retailers under their private label brands. Bright Star has no inventory and earns commissions on sales.

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Since October 2004, the Company has acquired the following brands:

Date acquired	Brand
October 2004	Badgley Mischka
July 2005	Joe Boxer
September 2005	Rampage
April 2006	Mudd
August 2006	London Fog
October 2006	Mossimo
November 2006	Ocean Pacific/OP
March 2007	Danskin
March 2007	Rocawear
October 2007	Official-Pillowtex brands (Cannon, Royal Velvet, Fieldcrest and Charisma)
December 2007	Starter
October 2008	Waverly
July 2011 ²	Zoo York
October 2011	Sharper Image
November 2012	Umbro
February 2013	Lee Cooper
May 2013 ¹	Ecko

In addition to the acquisitions above, the Company has acquired ownership interests in the following brands through its investments in joint ventures through December 31, 2013:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix's Interest
November 2007	Artful Dodger	Scion	50%
May 2009, April 2011	Ed Hardy ⁽³⁾	Hardy Way	85%
October 2009	Ecko and Zoo York ^{(1),(2)}	IPH Unltd	100% ^{(1),(2)}
March 2010	Material Girl and Truth or Dare	MG Icon	50%
June 2010	Peanuts	Peanuts Holdings	80%
May 2012	Ice Cream, Billionaire Boys Club	Scion	25%
December 2012	Modern Amusement	Icon Modern Amusement	51%
February 2013	Buffalo	Alberta ULC	51%

¹ In May 2013 the Company purchased the remaining 49% of the equity interest in IPH Unltd from its minority partner, increasing its effective ownership of the Ecko portfolio of brands from 51% to 100%

² In July 2011, the Company, through its wholly-owned subsidiary ZY Holdings, purchased the Zoo York brand and related assets from its IPH Unltd joint venture, increasing its effective ownership in the Zoo York brand from 51% to 100%.

³ In April 2011, the Company acquired an additional interest in Hardy Way LLC, increasing its effective ownership of the brand from 50% to 85%.

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Further, through December 31, 2013, the Company formed the following joint ventures to develop and market the brands in specific international markets, herein collectively referred to as the Company’s International Joint Ventures :

Date Created	Investment /Joint Venture	Iconix’s Interest
September 2008	Iconix China	50%
December 2008	Iconix Latin America	50%
December 2009	Iconix Europe	50%
May 2012	Iconix India	50%
June 2013	Iconix Canada	50%
September 2013	Iconix Australia	50%
October 2013	Iconix Southeast Asia	50%
December 2013	Iconix Israel	50%

Through its licensing model, the Company has eliminated inventory risk and substantially reduced the operating exposure associated with traditional operating companies, improved its cash flows and net income margins, and benefited from the model’s scalability, all of which enables the Company to leverage new business with its existing infrastructure. The Company’s objective is to capitalize on its brand management expertise and relationships and continue to build a diversified portfolio of consumer brands that generate increasing revenues.

Additional information

The Company was incorporated under the laws of the state of Delaware in 1978. Its principal executive offices are located at 1450 Broadway, New York, New York 10018 and its telephone number is (212) 730-0300. The Company’s website address is www.iconixbrand.com. The information on the Company’s website does not constitute part of this Form 10-K. The Company has included its website address in this document as an inactive textual reference only.

The Company’s brands

The Company’s objective is to continue to develop and build a diversified portfolio of iconic consumer brands by organically growing its existing portfolio and by acquiring new brands and entering into joint ventures or other partnerships, each of which leverage the Company’s brand management expertise and existing infrastructure. To achieve this objective, the Company intends to:

extend its existing brands by adding additional product categories, expanding the brands’ distribution and retail presence and optimizing its licensees’ sales through innovative marketing that increases consumer awareness and loyalty;

continue its international expansion through additional licenses, partnerships, joint ventures and other arrangements with leading retailers and wholesalers worldwide; and

continue acquiring consumer brands or the rights to such brands with high consumer awareness, broad appeal, applicability to a range of product categories and an ability to diversify the Company’s portfolio.

In managing its brands, the Company seeks to capitalize on their histories, while simultaneously working to keep them relevant to today’s consumer.

As of December 31, 2013, the combined brand portfolio of the Company and its joint ventures consisted of the following iconic consumer brands:

Candie’s. Candie’s is known primarily as a junior lifestyle brand, with products in the footwear, apparel and accessories categories, and has achieved brand recognition for its flirty and fun image and affiliations with

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celebrity spokespeople. Celebrity spokespeople for the Candie's brand over the past two decades have included Jenny McCarthy, Destiny's Child, Kelly Clarkson, Hilary Duff, Fergie, Hayden Panetierre, Britney Spears, Vanessa Hudgens, Lea Michele, Carly Rae Jepsen and, currently, singer and actress Bella Thorne. Candie's was established as a brand in 1977 and Iconix purchased the brand from a predecessor company in 1993, making it Iconix's longest held trademark. The primary licensee for Candie's is Kohl's Department Stores, Inc., herein referred to as Kohl's, which commenced the roll out of the brand in July 2005 in all of its stores in the United States with a multi-category line of Candie's lifestyle products, including sportswear, denim, footwear, handbags, intimate apparel, children's apparel, fragrance and home accessories. Candie's shop-in-shops are in all of Kohl's over 1,100 stores, creating a brand specific shopping experience. The Candie's brand is also sold through Candie's retail stores in Greater China through our Iconix China joint venture and is also licensed in South Korea and the Philippines.

Bongo. The Bongo brand is positioned as a California lifestyle brand, with a broad range of women's and children's casual apparel and accessories, including denim, sportswear, eyewear, footwear and watches. The brand was established in 1982 and was purchased by the Company in 1998. In February 2010, the Company signed an exclusive direct-to-retail license agreement with Kmart Corporation, a wholly-owned subsidiary of Sears Holding Corporation (herein referred to as Kmart/Sears), for the brand in the United States covering apparel, accessories and other categories. The Bongo brand is also licensed in various categories in Latin America and Canada. Celebrity spokespeople for the Bongo brand have included Liv Tyler, Rachel Bilson, Nicole Richie, Vanessa Minnillo, Kim Kardashian, Jesse McCartney, Audrina Patridge, Lucy Hale and, currently, actress Vanessa Hudgens.

Badgley Mischka. The Badgley Mischka brand is known as one of the premiere couture eveningwear brands. The brand was established in 1988 and was acquired by the Company in October 2004. Badgley Mischka products are sold in the United States through luxury department and specialty stores, including Bergdorf Goodman, Neiman Marcus and Saks Fifth Avenue, with its largest retail categories being women's apparel, footwear, handbags and other accessories. Badgley Mischka products are distributed internationally, primarily by our licensees based in the United States and, also, through Badgley Mischka retail stores in Greater China, through our Iconix China joint venture. Badgley Mischka designs have been worn by such celebrities as Angelina Jolie, Catherine Zeta Jones, Halle Berry, Kate Winslet, Ashley and Mary Kate Olsen, Teri Hatcher, Eva Longoria, Carrie Underwood, Lauren Hutton, Angelica Huston and Brooke Shields and, most recently, Rumer Willis.

Joe Boxer. Joe Boxer is a highly recognized lifestyle brand known for its irreverent and humorous image and provocative promotional events. The brand was established in 1985 and was acquired by the Company in July 2005. Since August 2001, Kmart/Sears has held the exclusive license for the brand in the United States covering apparel, fashion accessories and home products for men, women, teens and children. In September 2006, the Company expanded the license with Kmart/Sears to extend the brand into all Sears stores. The brand is also licensed in Mexico, Europe, Latin America, Singapore, Malaysia and the Middle East.

Rampage. Rampage was established in 1982 and is known as a contemporary/junior women's sportswear brand. The brand was acquired by the Company in September 2005. Rampage products are sold through better department stores such as Macy's, with the largest retail categories being sportswear, footwear, intimate apparel and swimwear. The brand is also licensed in Canada, Latin America, South Korea, Thailand and the Middle East. Supermodels Petra Nemcova, Gisele Bundchen and Bar Rafaeli have previously been the spokespersons for the Rampage brand and have modeled for its campaigns in past seasons. Most recently, the spokesperson for the brand was 2011 *Sports Illustrated* Swimsuit edition cover girl, Irina Shayk.

Mudd. Mudd is a highly recognizable junior lifestyle brand, particularly in the denim, footwear and accessories categories. It was established in 1995 and acquired by the Company in April 2006. In November 2008, the Company entered into a multi-year licensing agreement with Kohl's under which Kohl's became the exclusive retailer in the United States for apparel, footwear, fashion accessories and jewelry. The brand was

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launched at Kohl's in July 2009 and is currently sold in all Kohl's stores in numerous categories. The brand is also being developed internationally by the Company and through our joint ventures.

London Fog. London Fog is a classic brand known worldwide for its outerwear, cold weather accessories, umbrellas, luggage and travel products. The brand was established over 80 years ago and was acquired by the Company in August 2006. The brand is sold in a variety of categories through wholesale licenses in the United States, primarily through the department store channel. Further, the Company has a direct-to-retail license agreement for London Fog with Hudson's Bay Corporation in Canada, covering apparel, accessories and lifestyle products and the brand has also been licensed in South Korea and Mexico. At the end of 2012, the Company's licensee exercised an option to purchase the rights to London Fog outerwear in the United States. In recent years, the celebrity spokespersons for the brand have been Christina Hendricks and Nicole Scherzinger. Currently, the London Fog spokesperson is Alessandra Ambrosio.

Mossimo. Mossimo is known as a contemporary, active and youthful lifestyle brand and is one of the largest apparel brands in the United States. The brand was established in 1986 and acquired by the Company in October 2006. Since 2000, Target Corporation, herein referred to as Target, has held the exclusive Mossimo license in the United States, covering apparel products for men, women and children, including casual sportswear, denim, swimwear, bodywear, watches, handbags and other fashion accessories. Target sells Mossimo apparel and other products in all of its stores. The brand is also licensed on a direct-to-retail basis to Falabella Retail S.A. in Argentina, Columbia, Chile and Peru and to licensees in Australia, New Zealand, Latin America, India and Japan.

Ocean Pacific/OP. Ocean Pacific and OP are global action-sports lifestyle apparel brands which trace their heritage to Ocean Pacific's roots as a 1960's surfboard label. The Company acquired the Ocean Pacific/OP brands in November 2006 at which time it assumed 15 domestic licenses covering such product categories as footwear, sunglasses, kids' apparel and fragrance. In 2007, the OP business in the United States was converted to a direct-to-retail license with Wal-Mart Stores, Inc., herein referred to as Wal-Mart. In Spring 2008, OP launched exclusively in select Wal-Mart stores in the United States, and was expanded to all stores in 2009. Currently the brand is distributed by Wal-Mart in the United States, Canada, Mexico and Argentina, and through other licensees in Europe, the Middle East and Chile.

Danskin/Danskin Now. Danskin, the Company's oldest brand, is a 126 year-old iconic brand of women's activewear, legwear, dancewear, yoga apparel and fitness equipment, which the Company acquired in March 2007. The primary license for the Danskin brand is a direct-to-retail license with Wal-Mart for Danskin Now covering a wide range of women's and girl's apparel, footwear, accessories and fitness equipment. The Danskin Now brand is sold through all Wal-Mart stores in the United States and Canada. In addition, the Danskin brand continues to be sold through better department, mid-tier, specialty and sporting goods stores, as well as through Danskin.com. The Danskin brand is also licensed for fitness and exercise equipment in Canada, Mexico, South Africa, Australia, New Zealand and the United Kingdom. In 2011, the Company launched a national campaign titled the Danskin Move for Change, a goodwill initiative dedicated to the health and wellness of women and children, featuring actress, singer and author, Hilary Duff, actress and author, Jenny McCarthy, TV personality, Padma Lakshmi and supermodel and actress, Christie Brinkley. This initiative was created to continually support organizations and programs that research, foster and fund women and children's health initiatives.

Rocawear/Roc Nation. Rocawear is a leading urban lifestyle apparel brand established by Shawn "Jay-Z" Carter and his partners in 1999. The Company acquired the Rocawear brand in March 2007. The Rocawear brand is currently licensed in the United States in a variety of categories, including men's, women's and kids' apparel, outerwear, footwear, jewelry and handbags. Rocawear products are sold primarily through department and specialty stores. The brand is also licensed in various territories outside the U.S. In July 2013, the Company acquired the global rights to the Roc Nation name, a diffusion brand of Rocawear, to use and register as a trademark for apparel, footwear and related categories. The Roc Nation brand is a higher-end diffusion brand of Rocawear associated with the Roc Nation entertainment and talent agency currently licensed in the U.S. The

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founder of the Roc portfolio of brands, Jay-Z, remains involved with the brand and serves as an endorser of the brands through an endorsement and services agreement which continues through December 31, 2014.

Cannon. Cannon is one of the most recognizable brands in home textiles with a strong heritage and history and is known as the first textile brand to sew logos onto products. Cannon was established in 1887, making it the Company's third oldest brand. The Company acquired Cannon as part of the 2007 Pillowtex acquisition. At the time of the acquisition, the brand was distributed in over 1,000 regional department stores, including Meijer, ShopKo, Mervyn's and Stein Mart, as well as through Wal-Mart and Costco Wholesale Corporation, herein referred to as Costco. In February 2008, the Company signed a direct-to-retail license with Kmart/Sears for Cannon to be sold exclusively in the United States and Canada in both Kmart and Sears stores in multiple categories. In addition, the brand is licensed in Latin America, the Middle East, Greece and parts of Southeast Asia.

Royal Velvet. Royal Velvet is a distinctive luxury home textile brand that strives to deliver the highest quality to consumers. Royal Velvet products include towels, sheets, rugs and shams. The Royal Velvet towel has been an industry standard since 1954. The Company acquired Royal Velvet as part of the 2007 Pillowtex acquisition. In April 2011, the Company entered into a direct-to-retail license with JC Penney Corporation, Inc., herein referred to as JC Penney, for the Royal Velvet brand to be sold exclusively in JC Penney stores in the United States, which commenced in February 2012. In addition, the brand is sold through Royal Velvet retail stores in Greater China through our Iconix China joint venture and has been licensed in the Middle East and Mexico.

Fieldcrest. Fieldcrest is a brand known for quality bed and bath textiles that are classic in style. The Fieldcrest brand was established in 1883, making it the Company's second oldest brand. The Company acquired Fieldcrest as part of the 2007 Pillowtex acquisition. Since 2005, the Fieldcrest brand has been licensed exclusively to Target in the United States. Categories include fashion bedding, bath, towel, rugs, basic bedding and sheets. The brand is also licensed in Canada, the Middle East, Latin America, Greece, Thailand, New Zealand and South Korea.

Charisma. Charisma home textiles were introduced in the 1970's and are known for their quality materials and classic designs. The Company acquired Charisma as part of the 2007 Pillowtex acquisition. In February 2009, the Company signed a direct-to-retail license with Costco for certain Charisma products to be sold in Costco stores and on costco.com in the United States and other countries. The brand is also licensed in the United States and Canada for distribution through better department stores such as Bloomingdales. In addition, the brand is licensed in Australia and New Zealand. In the past, celebrity spokespeople for the brand have included Jason Lewis, Gabriel Aubry and Eddie Cibrian.

Starter. Starter, founded in 1971, is one of the original brands in licensed team sports merchandise and is a highly recognized brand of athletic apparel and footwear. The Company acquired Starter in December 2007. At the time of the acquisition, the brand was distributed in the United States primarily at Wal-Mart through a number of wholesale licensees. In July 2008, the brand was licensed to Wal-Mart on a direct-to-retail basis. The Starter brand is sold through all Wal-Mart stores in the United States and Canada. In addition, the brand is licensed in Europe, Australia, New Zealand, South Korea and Japan. Most recently, the Company has partnered with sports leagues and teams throughout the U.S. and re-launched the iconic Starter satin jacket, sold through various specialty stores, sporting goods stores and online.

Waverly. Founded in 1923, Waverly is a premier home fashion and lifestyle brand and one of the most recognized names in home decor. The Company acquired Waverly in October 2008. Waverly has a direct-to-retail agreement in the United States with Lowe's Companies, Inc., herein referred to as Lowe's, for Waverly Home Classics for a variety of select home furnishings. Waverly is also licensed in the United States for products including fabric, window treatments and bedding that are sold through retailers such as Jo-Ann's and Lowe's as

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well as interior design rooms and other specialty retailers. The Waverly brand is also licensed in a number of international territories, including Canada, Mexico, Europe, Australia, the Philippines, the Middle East and parts of Southeast Asia.

Zoo York. Zoo York is an East Coast based action lifestyle brand, named for the graffiti-art infused counterculture of 1970 s New York City. Zoo York has licenses with wholesalers covering a variety of products, including men s, women s and kids apparel and footwear. The Company acquired a 51% interest in the Zoo York brand as part of the Ecko acquisition in 2009, and the Company increased its ownership to 100% in 2011. In December 2009, the brand was licensed to Li & Fung USA for the core men s apparel category through December 31, 2015. The brand is also licensed in Canada, Europe, Latin America, Japan, Australia, New Zealand, South Korea, South Africa, the Middle East and parts of Southeast Asia.

Sharper Image. Founded in 1977, Sharper Image is a respected brand in the consumer electronics industry and is best known for its innovative home products. The Company acquired the Sharper Image brand in October 2011. The brand has been licensed for a variety of products, including audio and video electronics, travel gear, personal home products, kitchen and bath accessories, massage products, air purification products and giftables, and in territories including the United States, Europe, Canada, Mexico, Latin America, Japan, Turkey and the Middle East. Most recently, the spokespersons for the brand have been actress and model, Megan Fox, and television icon, Betty White.

Umbro. Founded in 1924, Umbro is the original global football (soccer) brand. The brand combines its British heritage with a modern football lifestyle to create iconic sports apparel and footwear which is sold through a variety of licenses in the United Kingdom, Europe, Russia, Latin America, Southeast Asia, the United States, Canada, the Middle East and in other countries around the world. In October 2013, the Company entered into a sponsorship agreement with the Everton Football Club of the English Premier League to supply team kits through the 2018/2019 season. The Company acquired the Umbro brand in November 2012.

Lee Cooper. Founded in 1908, Lee Cooper is an iconic British denim brand that has expanded into multiple lifestyle categories including men s and women s casual wear, footwear and accessories. Today, Lee Cooper is a pure licensing business with over 35 international licensees. The brand is sold in over 80 countries, predominantly in Europe, Asia and the Middle East. The Company acquired the Lee Cooper brand in February 2013.

Brands Owned by the Company s Joint Ventures

Scion LLC

Scion is a brand management and licensing company formed by the Company with Shawn Jay-Z Carter in March 2007 to buy and license brands across a spectrum of consumer product categories. In November 2007, Scion, through its wholly-owned subsidiary, Artful Holdings LLC, purchased the Artful Dodger brand, a high end urban apparel brand. Also, in May 2012, Scion purchased a 50% interest in the Billionaire Boys Club and Ice Cream brands.

Hardy Way

In May 2009, the Company acquired a 50% interest in Hardy Way, the owner of the Ed Hardy brand and trademarks. In April 2011, the Company made an additional investment in Hardy Way which increased its ownership interest to 85%. Don Ed Hardy and his artwork date back to 1967 when he transformed the tattoo business into an artistic medium. He began licensing his name and artwork for apparel in 2003 and today the Ed Hardy brand is recognized by its tattoo inspired lifestyle products. The brand is licensed to wholesalers in the United States and elsewhere throughout the world in multiple categories, including men s, women s and kids apparel, footwear, handbags, fragrance, cosmetics and other consumer products. Most recently, the brand has been distributed through Wal-Mart in multiple categories.

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IPH Unltd

In October 2009, the Company, through the then newly formed joint venture company IPH Unltd, acquired a 51% controlling stake in the Ecko and Zoo York portfolio of brands. In July 2011, the Company, through its wholly-owned subsidiary ZY Holdings, purchased the Zoo York brand and related assets from IPH Unltd, increasing its ownership in the Zoo York brand from 51% to 100%. In May 2013, the Company purchased the remaining 49% interest from its minority partner, increasing its ownership in IPH Unltd from 51% to 100%.

Founded in 1993, Ecko and its various diffusion brands (e.g. Ecko Unltd, Ecko Red, Marc Ecko Cut & Sew, among others) are marketed and sold to consumers in lifestyle categories, including active-athletic, streetwear, collegiate/preppy and denim fashion. Licenses for Ecko products in the United States cover a variety of categories, including men's, women's and kids' apparel, outerwear, underwear and fragrance. Ecko products are sold primarily through better department and specialty stores as well as freestanding Ecko Unltd retail scores. The Ecko brands are also licensed to wholesale licensees in Japan, Latin America, Australia, India, South Africa and other countries throughout the world.

MG Icon

MG Icon was formed by the Company with Madonna and Guy Oseary in March 2010 to buy, create, develop and license brands across a spectrum of consumer product categories, with Madonna serving as the creative director. Concurrent with the formation of this joint venture, MG Icon entered into a direct-to-retail license with Macy's Retail Holdings, Inc., herein referred to as Macy's, for the Material Girl brand covering a wide array of consumer categories. In November 2011, MG Icon announced its second brand, Truth or Dare, which launched worldwide in 2012 with a new fragrance, Truth or Dare by Madonna, and has since expanded to footwear and intimates.

Peanuts Worldwide

In June 2010, the Company, through its wholly-owned subsidiary Icon Entertainment LLC, acquired an 80% controlling stake in Peanuts Holdings, which, through its wholly-owned subsidiary, Peanuts Worldwide, owns and manages the Peanuts brands and characters, including Snoopy, Charlie Brown, Lucy, Linus, Peppermint Patty, Sally, Schroeder, Pig-Pen and Woodstock. The Company's 20% partner in Peanuts Holdings is the family of Charles Schulz, the creator of the Peanuts brand and characters. Peanuts has a strong diversified global licensing platform with over 700 licensing agreements including relationships with MetLife, ABC Network, Hallmark, Universal Studios, Warner Bros., Cedar Fair, H&M, Benetton, Old Navy, CVS and Walgreens. In October 2012, the Company entered into an agreement with Twentieth Century Fox Animation to produce an animated movie featuring the iconic Peanuts characters, which is scheduled to be released in November 2015. The Peanuts brand is licensed in over 40 countries.

Icon Modern Amusement

In December 2012, the Company entered into an interest purchase and management agreement with Dirty Bird Productions, Inc., a California corporation, in which the Company effectively purchased a 51% interest in the Modern Amusement trademarks and related assets. Modern Amusement is a premium west coast-lifestyle brand with a focus on casual sportswear apparel and related accessories for young men and young women. Modern Amusement is licensed in the U.S. in various categories through Pacific Sunwear, and is also licensed in Australia.

Buffalo Brand Joint Venture

In February 2013, the Company formed a joint venture with Buffalo International ULC (Buffalo International) in which the Company effectively purchased a 51% interest in the Buffalo trademarks and related

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assets. Founded in 1985, Buffalo is a lifestyle brand consisting of denim, sportswear, activewear, and accessories. Buffalo is primarily sold through better department stores including Macy's, Dillard's and Lord & Taylor, and has 30 stand-alone retail stores, mainly in Canada, operated by Buffalo International ULC, our core licensee.

International Joint Ventures

Iconix China

In September 2008, the Company and Novel Fashions Holdings Limited, herein referred to as Novel, formed a joint venture, Iconix China, to develop, exploit and market the Company's brands in the People's Republic of China, Hong Kong, Macau and Taiwan, herein referred to as the China territory. Iconix China seeks to maximize brand monetization through investment, whereby Iconix China receives a minority equity stake in local operating companies in exchange for the rights to one or more of the Company's brands in the China territory and brand management support. Since September 2008, Iconix China has completed six separate investments for the Rampage, London Fog, Badgley Mischka, Candie's, Royal Velvet, Ed Hardy and Material Girl brands. In December 2011, Iconix China completed its first monetization through the initial public offering of China Outfitters Holdings Limited, herein referred to as China Outfitters, its partner for the London Fog brand in the region. In connection with the offering, Iconix China converted a minority equity stake in a subsidiary of China Outfitters that it had received in 2008 in exchange for the contribution of its rights to the London Fog brand. Also, in December 2012, Iconix China sold its interests in the Artful Dodger and Zoo York brands in Greater China to China Outfitters.

Iconix Latin America

In December 2008, the Company contributed substantially all rights to its wholly-owned brands in Mexico, Central America, South America, and the Caribbean, herein referred to as the Latin America territory, to Iconix Latin America, a then newly formed wholly-owned subsidiary. Also in December 2008 and shortly after the formation of Iconix Latin America, New Brands America LLC, herein referred to as New Brands, an affiliate of the Falic Group, purchased a 50% interest in Iconix Latin America, to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the Latin America territory. Since 2008, the Company has contributed to Iconix Latin America certain rights with respect to the following additional brands in the Latin America territory: Ed Hardy, Ecko, Zoo York and Sharper Image.

Iconix Europe

In December 2009, the Company contributed substantially all rights to its wholly-owned brands in all member states and candidate states of the European Union, and certain other European countries, herein referred to as the European territory, to Iconix Europe, a then newly formed wholly-owned subsidiary of the Company. Also, in December 2009 and shortly after the formation of Iconix Europe, an investment group led by Albion Equity Partners LLC, purchased a 50% interest in Iconix Europe through Brand Investments Vehicle Group 3 Limited (BIV). Also, as part of this transaction, Iconix Europe entered into a multi-year brand management and services agreement with The Licensing Company to assist in developing, exploiting, marketing and licensing the contributed brands in the European territory.

Iconix India

In May 2012, the Company contributed substantially all rights to its wholly-owned and controlled brands in India to Imaginative Brand Developers Private Limited, now known as Iconix Lifestyle India Private Limited and herein referred to as Iconix India, a then newly formed subsidiary of the Company. Shortly thereafter, Reliance Brands Limited, herein referred to as Reliance, an affiliate of the Reliance Group, purchased a 50% interest in Iconix India to assist the Company in developing, exploiting, marketing and licensing the Company's brands in India.

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Iconix Canada

In June 2013, the Company contributed substantially all economic rights to its brands in Canada to Iconix Canada L.P. and ICO Brands L.P. (together with general partner 8560854 Canada, Inc., Iconix Canada), each then newly formed joint ventures with Buffalo International and its subsidiaries. Buffalo International effectively purchased a 50% interest in Iconix Canada from the Company to assist the Company in developing, exploiting, marketing and licensing the Company's brands in Canada.

Iconix Australia

In September 2013, the Company formed Iconix Australia, LLC (Iconix Australia), a Delaware limited liability company and a wholly-owned subsidiary of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in Australia and New Zealand (the Australia territory) through an exclusive, royalty-free perpetual master license agreement with Iconix Australia. Shortly thereafter Pac Brands USA, Inc. (Pac Brands) purchased a 50% interest in Iconix Australia from the Company to assist the Company in developing, exploiting, marketing and licensing the Company's brands in Australia.

Iconix Southeast Asia

In October 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Indonesia, Thailand, Malaysia, Philippines, Singapore, Vietnam, Cambodia, Laos, Brunei, Myanmar and East Timor (together, the Southeast Asia Territory) to Lion Network Limited (Iconix SE Asia), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix SE Asia. Shortly thereafter, LF Asia Limited (LF Asia), an affiliate of Li & Fung Limited, purchased a 50% interest in Iconix SE Asia to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the Southeast Asia Territory.

Iconix Israel

In November 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in the State of Israel and the geographical regions of the West Bank and the Gaza Strip (together, the Israel Territory) to Iconix Israel LLC (Iconix Israel), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix Israel. Shortly thereafter, M.G.S. Sports Trading Limited (MGS) purchased a 50% interest in Iconix Israel to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the Israel Territory.

Other

Marcy Media LLC

In July 2013, the Company purchased a 10% minority interest in Marcy Media LLC (Marcy Media), a multi-media portfolio company which owns a 50% interest in Roc Nation LLC, an entertainment and talent management company.

Also in July 2013, the Company acquired the global rights to the Roc Nation name, a diffusion brand of Rocawear, to use and register as a trademark for apparel, footwear and related categories.

Complex Media Inc.

In September 2013, the Company purchased convertible preferred shares which, on an as converted basis as of the closing date, equals an approximate 14.4% minority interest in Complex Media Inc. (Complex Media), a multi-media lifestyle company which, among other things, owns Complex magazine and its online counterpart, Complex.com.

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Bright Star

Bright Star provides design direction and arranges for the manufacturing and distribution of men's private label footwear products primarily for Wal-Mart under its private labels. Bright Star acts solely as an agent and never assumes ownership of the goods. For each of the years ended December 31, 2013, 2012 and 2011 Bright Star's agency commissions represented less than 1% of the Company's revenues.

Licensing and other relationships

The Company's business strategy is to maximize the value of its brands by entering into strategic licenses with licensees who have the responsibility for manufacturing and selling the licensed products. The Company licenses its brands with respect to a broad range of products, including apparel, footwear, fashion accessories, sportswear, home products and décor, and beauty and fragrance, and in the case of its Sharper Image brand, consumer electronics and novelty products, and further, in the case of our Peanuts brands, a wide range of consumer products and entertainment and media services. The Company seeks licensees with the ability to produce and sell quality products in their licensed categories and the demonstrated ability to meet and exceed minimum sales thresholds and royalty payments to the Company.

The Company maintains direct-to-retail and traditional wholesale licenses. Typically, in a direct-to-retail license, the Company grants exclusive rights to one of its brands to a single national retailer for a broad range of product categories. For example, the Candie's brand is licensed exclusively to Kohl's in the United States across a variety of product categories. Direct-to-retail licenses provide retailers with proprietary rights to national brands and favorable economics. Proprietary brands also typically receive greater support from retailers, including premium shelf space and strong in-store presentations. In a traditional wholesale license, the Company grants rights to a single or small group of related product categories to a wholesale supplier, who is permitted to sell licensed products to multiple stores within an approved channel of distribution. For example, the Company licenses the Umbro brand to numerous wholesale suppliers for products ranging from athleticwear to footwear and apparel, for sale and distribution primarily to department and specialty stores.

Each of the Company's licenses has a stipulated territory or territories, as well as distribution channels in which the licensed products may be sold. Currently, the majority of the Company's revenues are from domestic based licenses, but the Company also seeks to monetize its trademarks internationally through licenses, partnerships, and other arrangements, such as joint ventures. Since 2008, the Company entered into eight international joint ventures. For further information, see above for discussion on Iconix China, Iconix Latin America, Iconix Europe, Iconix India, Iconix Australia, Iconix Canada, Iconix Southeast Asia and Iconix Israel.

The Company's licenses typically require the licensee to pay the Company royalties based upon net sales with guaranteed minimum royalties in the event that net sales do not reach certain specified targets. The Company's licenses also typically require the licensees to pay to the Company certain minimum amounts for the advertising and marketing of the respective licensed brands. As of January 1, 2014 the Company and its joint ventures had a contractual right to receive over \$750 million of aggregate minimum licensing revenue through the balance of all of their current licenses, excluding any renewals.

The Company believes that coordination of brand presentation across product categories is critical to maintaining the strength and integrity of its brands. Accordingly, the Company typically maintains the right in its licenses to preview and approve all product, packaging and other presentations of the licensed mark. Moreover, in many of its licenses, prior to each season, representatives of the Company supply licensees with trend guidance as to the look and feel of the current trends for the season, including colors, fabrics, silhouettes and an overall style sensibility, and then work with licensees to coordinate the licensed products across the categories to maintain the cohesiveness of the brand's overall presentation in the market place. Thereafter, the Company obtains and approves (or objects and requires modification to) product and packaging provided by each licensee on an on-going basis. In addition, the Company communicates with its licensees throughout the year to obtain and review reporting of sales and the calculation and payment of royalties.

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For the year ended December 31, 2013, the Company's largest direct-to-retail licenses were with Wal-Mart for the OP, Starter and Danskin brands, Target for the Mossimo brand, Kohl's for the Candie's brand and Sears/Kmart for the Joe Boxer brand, which collectively represented approximately 23% of total revenue for the period. The Company's largest wholesale licensee was Li & Fung USA for Rocawear, Ecko, Zoo York and Peanuts children and junior sportswear, and Cannon home furnishings, collectively representing approximately 5% of total revenue for the period.

Key direct-to-retail licenses

Wal-Mart licenses

Revenue generated by the Company's three licenses with Wal-Mart, accounted for 13%, 17% and 17% of the Company's revenue for the years ended December 31, 2013 (FY 2013), December 31, 2012 (FY 2012) and December 31, 2011 (FY 2011), respectively. The following is a description of these licenses:

Danskin Now. In July 2008, the Company entered into a license agreement with Wal-Mart pursuant to which Wal-Mart was granted the exclusive right to use the Danskin Now trademark in the United States, Canada and parts of South and Central America in connection with the design, manufacture, promotion and sale of women's and girl's soft lines, including activewear, dancewear, footwear, intimate apparel, apparel accessories and fitness equipment through Wal-Mart stores and Walmart.com. The current term of the license continues through December 31, 2014, and may be renewed at Wal-Mart's option for an additional two year term, contingent on Wal-Mart meeting specified performance and minimum sales standards. The license also provides for guaranteed annual minimum royalties that Wal-Mart is obligated to pay the Company for each contract year.

Ocean Pacific/OP. In August 2007, the Company entered into an exclusive direct-to-retail license agreement with Wal-Mart granting Wal-Mart the right to design, manufacture, sell and distribute through Wal-Mart stores and Walmart.com a broad range of apparel and accessories under the Ocean Pacific/OP marks in the United States, Canada and Mexico. The current term of the OP license continues through June 30, 2015, and may be renewed at Wal-Mart's option for an additional two year term, contingent on Wal-Mart meeting specified performance and minimum sales standards. The license also provides for guaranteed annual minimum royalties that Wal-Mart is obligated to pay the Company for each contract year.

Starter. In December 2007, the Company entered into a license agreement with Wal-Mart granting Wal-Mart the exclusive right to design, manufacture, sell and distribute a broad range of apparel and accessories under the Starter trademark in the United States, Canada and Mexico. The initial term of this license expired on December 31, 2013 and was renewed for a two-year term expiring on December 31, 2015, and may be renewed at Wal-Mart's option for up to two additional consecutive terms of five years, each contingent on Wal-Mart meeting specified performance and minimum sales standards. The license also provides for guaranteed annual minimum royalties that Wal-Mart is obligated to pay the Company for each contract year.

Target licenses

Revenue generated by the Company's licenses with Target, accounted for 6%, 7% and 6% of the Company's revenue for FY 2013, FY 2012 and FY 2011, respectively. The following is a description of these licenses:

Mossimo. As part of the Company's acquisition of the Mossimo trademarks in October 2006, the Company acquired the license with Target, which was originally signed in 2000 and was subsequently amended and restated in March 2006. Pursuant to this license, as further amended, Target has the exclusive right to design, manufacture, and sell through Target stores and Target.com in the United States, its territories and possessions and Canada, a wide range of Mossimo-branded products, including men's, women's and kid's apparel, footwear and fashion accessories. The current term of the license continues through January 31, 2016, subject to Target's

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right to renew the license on the same terms and conditions for successive additional terms of two years each. The license also provides for guaranteed annual minimum royalties that Target is obligated to pay the Company for each contract year.

Fieldcrest. As part of the Company's acquisition of Official-Pillowtex in October 2007, the Company acquired the license with Target for the Fieldcrest brand, which commenced in March 2004. Pursuant to this license, Target has the exclusive right to design, manufacture, and sell through Target stores and Target.com in the United States and Canada a wide range of home products, including bedding, towels, rugs, furniture and dinnerware. The current term of the license continues through January 31, 2015. The license also provides for guaranteed annual minimum royalties that Target is obligated to pay the Company for each contract year.

Kohl's licenses

Revenue generated by the Company's two licenses with Kohl's, accounted for 5%, 6%, and 6% of the Company's revenue for FY 2013, FY 2012 and FY 2011, respectively. The following is a description of these licenses:

Candie's. In December 2004, the Company entered into a license agreement with Kohl's for an initial term of five years which continued through January 29, 2011. In November 2009, the license agreement was amended to extend the term for an additional five year period expiring on January 26, 2016. Pursuant to this license, Kohl's has the exclusive right to design, manufacture, sell and distribute a broad range of products under the Candie's trademark, including women's, juniors' and children's apparel, footwear and accessories (except prescription eyewear), beauty and personal care products, home accessories and electronics. Kohl's has the option to renew the license for up to two additional consecutive terms of five years contingent on Kohl's meeting specified performance and minimum sale standards. The agreement also provides for guaranteed minimum royalties and advertising payments that Kohl's is obligated to pay the Company for each contract year.

Mudd. In November 2008, the Company entered into a license agreement with Kohl's granting Kohl's the exclusive right to design, manufacture, sell and distribute a broad range of Mudd-branded apparel and accessories in the United States and its territories. The initial term of this license expires on January 31, 2015, subject to Kohl's option to renew for up to three additional consecutive terms of five years. The agreement also provides for guaranteed minimum royalties that Kohl's is obligated to pay the Company for each contract year.

Kmart/Sears licenses

Revenue generated by the Company's three licenses with Kmart/Sears, accounted for 5%, 6% and 5% of the Company's revenue for FY 2013, FY 2012 and FY 2011, respectively. The following is a description of these licenses:

Joe Boxer. As part of the Company's acquisition of Joe Boxer in July 2005, the Company acquired the license with Kmart/Sears, which commenced in August 2001, pursuant to which Kmart/Sears was granted the exclusive right to manufacture, market and sell through Kmart stores located in the United States and its territories a broad range of products under the Joe Boxer trademark, including men's, women's and children's underwear, apparel, apparel-related accessories, footwear and home products, for an initial term that ended in 2007. In September 2006, the Company entered into a new license with Kmart/Sears that extended the initial term through December 31, 2010. In June 2010, the license was renewed by Kmart/Sears for an additional five year term continuing through December 31, 2015 and Kmart/Sears has options to renew the license for up to three additional terms of five years. This license also provides for guaranteed annual minimum royalties and provides for the expansion of Joe Boxer's distribution into Sears stores.

Cannon. In February 2008, the Company entered into a license agreement with Kmart/Sears granting Kmart/Sears the exclusive right to design, manufacture, sell and distribute a broad range of home furnishings

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under the Cannon trademark in the United States and Canada. The initial term of this license continues through February 1, 2014, and has been renewed for another term ending February 1, 2019, subject to Kmart/Sears' option to renew for up to two additional consecutive terms of five years, each contingent on Kmart/Sears meeting specified performance and minimum sale standards. The agreement also provides for guaranteed minimum royalties that Kmart/Sears is obligated to pay the Company for each contract year. The Cannon brand was fully launched in both Kmart and Sears stores in the Company's third fiscal quarter of 2009.

Bongo. In February 2010, the Company entered into a license agreement with Kmart/Sears granting Kmart/Sears the exclusive right to design, manufacture, sell and distribute a broad range of apparel, accessories and other categories under the Bongo trademark in the United States and its territories. The initial term of this license expires on February 1, 2016. The agreement also provides for guaranteed minimum royalties that Kmart/Sears is obligated to pay the Company for each contract year. The Bongo brand was fully launched in Sears stores during the Fall 2010.

Key wholesale licenses

Li & Fung USA and affiliate licenses

Total revenue generated from these licenses with Li & Fung USA and its affiliates accounted for 5%, 6% and 10% of the Company's overall revenue in FY 2013, FY 2012 and FY 2011, respectively.

As part of the Company's acquisition of Official-Pillowtex in October 2007, the Company acquired licenses with Li & Fung USA for the Royal Velvet and Cannon brands. Since the date of the acquisition, these licenses have been amended to permit the Company to enter into the Cannon direct-to-retail license with Sears/Kmart in 2008 and the Royal Velvet direct-to-retail license with JC Penney in 2011, pursuant to an amendment and early termination agreement. The term of the Royal Velvet license, which expired on December 31, 2011, and the term of the Cannon license with respect to the remaining International territories covered by the license expired on December 31, 2013.

During 2009, Li & Fung USA, through its acquisition of Wear Me LLC, acquired the rights to certain exclusive licenses for our Rocawear, Ecko and Zoo York brands. The current term of the Rocawear license expires December 31, 2015 and the current term of the Zoo York license expires on December 31, 2014; the current term of the Ecko license expired on December 31, 2013.

Li & Fung USA also has the rights to produce Peanuts branded apparel in the United States and Canada for a current term continuing through December 31, 2015. In addition, an affiliate of Li & Fung USA, Li & Fung Asia, recently became the agent for Peanuts Worldwide for the greater Asia territory for a current term ending December 31, 2017. The agent agreement provides for guaranteed minimum royalties for the greater Asia territory with respect to the Peanuts brands.

Marketing

The Company believes marketing is a critical element in maximizing brand value to its licensees and to the Company. The Company's in-house marketing team tailors advertising for the Company's brands, and each year the Company develops new marketing and promotional campaigns that incorporate the design aesthetic of each brand.

The Company believes that its innovative national marketing and promotional campaigns result in increased sales and consumer awareness of its brands. Because of the Company's established relationships with agents, managers, magazine publishers and the media in general, the Company has been able to leverage advertising dollars into successful public relations campaigns reaching tens of millions of consumers. The Company also works with its joint venture partners with respect to marketing, advertising and trend direction.

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The Company's advertising expenditures for each of its brands are dedicated largely to crafting and developing creative advertising concepts, reaching appropriate arrangements with spokespeople, advertisements in magazines and trade publications, running internet advertisements and promoting public relations events, securing product placements and developing sweepstakes and media contests often featuring personal appearances and concerts. The advertisements for the Company's various brands have appeared in fashion magazines such as *Seventeen*, *Teen Vogue*, *Cosmopolitan*, *People Style Watch*, *InStyle* and *Elle*, as well as in popular lifestyle and entertainment magazines such as *Us Weekly*, *Better Homes and Gardens*, and *Star*, as well as in newspapers, on outdoor billboards, through social media sites such as Facebook®, Twitter®, Pinterest® and Instagram®, as well as through various blogs, e-mail blasts, banner advertisements, online sweepstakes and gift with purchase programs. The Company also has used television commercials to promote certain of its brands, partnering with licensees to create and air commercials to generate excitement for its brands with consumers.

The Company maintains a website (www.iconixbrand.com) to further market its brands. In addition, the Company has established an intranet for approved vendors and service providers who can access additional materials and download them through a secure network. The Company also maintains, in some cases through its licensees, separate, dedicated sites for its brands.

Many of the Company's license agreements require the payment of an advertising royalty by the licensee, and in certain cases, the Company's licensees are required to supplement the marketing of the Company's brands by performing additional advertising through trade, cooperative or other sources.

The Company has organized its brand management and marketing functions to foster its ability to develop innovative and creative marketing and brand support for its brands. This structure can be leveraged to support future acquisitions with limited growth in expense. Typically, each brand is staffed with a brand manager who is supported by a fashion and product development team and who works closely with the creative and graphic groups in the marketing department. Although each brand's creative direction and image is developed independently, the creative team meets together on a regular basis to share ideas that might work across multiple or all brands. Licensees are provided information both through group meetings and individual sessions, as well as through intranet sites, where creative ideas, brand marketing campaigns and graphics are accessible and easy to download and use in an authorized manner.

Trend direction

The Company's in-house trend direction teams support the brands by providing licensees with unified trend direction and guidance and by coordinating the brand image across licensees and product categories. The Company's trend direction personnel are focused on identifying and interpreting the most current trends, both domestically and internationally, and helping forecast the future design and product demands of the respective brands' customers. Typically, the Company develops a trend guide, including colors, fabrics, silhouettes and an overall style sensibility for a brand and for each product season, and then works with licensees to maintain consistency with the overall brand presentation across product categories. In addition, the Company has product approval rights in most licenses and further controls the look and mix of products its licensees produce through that process. With respect to Badgley Mischka, the Company has contracted the exclusive services of the designers who founded the brand to control creative direction. Also, with respect to Alberta ULC (owner of the Buffalo brands), Hardy Way (owner of the Ed Hardy brand) and MG Icon (owner of the Material Girl and Truth or Dare brands), the Company has entered into arrangements with its partners to oversee and control the creative aspects of the brands.

The Company website

The Company maintains a website at www.iconixbrand.com, which provides a wide variety of information on each of its brands. The Company also makes available free of charge on its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed

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with or furnished to the Securities and Exchange Commission, herein referred to as the SEC, under applicable law as soon as reasonably practicable after it files such material. The Company's website also contains information about its history, investor relations, governance and links to access copies of its publicly filed documents. Further, the Company has established an intranet with approved vendors and service providers who can access additional materials and download them through a secure network. In addition, there are websites for many of the Company's brands, operated by the Company or its licensees, for example, at www.candies.com, www.badgleymischka.com, www.joeboxer.com and www.peanuts.com. The information regarding the Company's website address and/or those sites established for its brands is provided for convenience, and the Company is not including the information contained on the Company's and brands' websites as part of, or incorporating it by reference into, this Annual Report on Form 10-K.

Competition

The Company's brands are all subject to extensive competition from various domestic and foreign brands. Each of its brands has many competitors within each of the brands' respective specific distribution channels that span a broad variety of product categories including the apparel and home furnishings and decor industries. For example, while Starter may compete with Russell Athletic in the athletic apparel business, Joe Boxer competes with Hanes and Jockey with respect to underwear in the mass tier, and Badgley Mischka competes with other couture apparel and bridal brands in the luxury market, such as Carolina Herrera or Oscar de la Renta. Other of our brands (such as Danskin), which are distributed both at the mass level (through the diffusion brand Danskin Now) and at the department and specialty store level, may have many competitors in different or numerous distribution channels. These competitors have the ability to compete with the Company's licensees in terms of fashion, quality, price and/or advertising.

In addition, the Company faces competition for retail licenses and brand acquisitions. Companies owning established brands may decide to enter into licensing arrangements with retailers similar to the ones the Company currently has in place, thus creating direct competition. Similarly, the retailers to which the Company currently, or may otherwise, license its brands, may decide to develop or purchase brands rather than enter into license agreements with the Company. The Company also competes with traditional apparel, consumer and entertainment brand companies and with other brand management companies for acquisitions.

Trademarks

The Company's trademarks are owned by our subsidiaries and International Joint Ventures in their respective territories, herein referred to as the International Joint Venture Territories. These trademarks and associated marks are registered or pending registration with the U.S. Patent and Trademark Office and in other countries throughout the world in block letter and/or logo formats, as well as in combination with a variety of ancillary marks for use with respect to, depending on the brand, a variety of product categories, including footwear, apparel, fragrance, handbags, watches and various other goods and services, including in some cases, home accessories and electronics, and in the case of our Peanuts brands, for a wide range of consumer products and entertainment and media services.

The Company monitors on an ongoing basis unauthorized uses and filings of its trademarks, and the Company relies primarily upon a combination of federal, state, and local laws, as well as contractual restrictions to protect its intellectual property rights both domestically and internationally.

Employees

As of December 31, 2013, the Company had a total of 151 employees. Of these 151 full-time employees, four were named executive officers of the Company. The remaining employees are senior managers, middle management, marketing and administrative personnel. None of the Company's employees are represented by a labor union. The Company considers its relationship with its employees to be satisfactory.

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Revenues from external customers related to operations in the United States and foreign countries are as follows:

	FY 2013	FY 2012 (000 s omitted)	FY 2011
Licensing and other revenue by category:			
Direct-to-retail license	\$ 147,846	\$ 150,245	\$ 139,681
Wholesale license	222,285	165,083	203,519
Entertainment and other	62,495	38,490	26,645
	\$ 432,626	\$ 353,818	\$ 369,845
Licensing and other revenue by geographic region:			
United States	\$ 292,619	\$ 273,903	\$ 302,629
Japan	29,734	36,432	31,461
Other ⁽¹⁾	110,273	43,483	35,756
	\$ 432,626	\$ 353,818	\$ 369,845

⁽¹⁾ No single country represented 10% of the Company's revenues in the periods presented within Other on this table.

Item 1.A. Risk Factors

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could impact our operations. The following highlights some of the factors that have affected, and in the future, could affect our operations:

The failure of our licensees to adequately produce, market and sell products bearing our brand names in their license categories or to pay their obligations under their license agreements could result in a decline in our results of operations.

Our revenues are almost entirely dependent on royalty payments made to us under our licensing agreements. Although the licensing agreements for our brands usually require the advance payment to us of a portion of the licensing fees and in most cases provide for guaranteed minimum royalty payments to us, the failure of our licensees to satisfy their obligations under these agreements or their inability to operate successfully or at all, could result in their breach and/or the early termination of such agreements, their non-renewal of such agreements or our decision to amend such agreements to reduce the guaranteed minimums or sales royalties due thereunder, thereby eliminating some or all of that stream of revenue. Further, there can be no assurances that the licensees under our licensing agreements will renew or extend the term of those agreements or enter into agreements, or that, if licensees do not renew existing licensing agreements or enter into new licensing agreements, we will be successful in replacing those existing licensing agreements with new licensing agreements with new licensees. Any of such failures could reduce the anticipated revenue stream to be generated by the licensing agreements. Moreover, during the terms of the license agreements, we are substantially dependent upon the abilities of our licensees to maintain the quality and marketability of the products bearing our trademarks, as their failure to do so could materially tarnish our brands, thereby harming our future growth and prospects. In addition, the failure of our licensees to meet their production, manufacturing and distribution requirements could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us. A weak economy or softness in certain sectors including apparel, consumer products, retail and entertainment, could exacerbate this risk. This, in turn, could decrease our potential revenues.

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Our business is dependent on continued market acceptance of our brands and the products of our licensees bearing these brands.

Although most of our licensees guarantee minimum net sales and minimum royalties to us, a failure of our brands or of products bearing our brands to achieve or maintain market acceptance could cause a reduction of our licensing revenues and could further cause existing licensees not to renew their agreements. Such failure could also cause the devaluation of our trademarks, which are our primary intellectual property assets, making it more difficult for us to renew our current licenses upon their expiration or enter into new or additional licenses for our trademarks. In addition, if such devaluation of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks could also occur and be charged as an expense to our operating results. The industries in which we compete, including the apparel industry, are subject to rapidly evolving trends and competition. In addition, consumer tastes change rapidly. As a consequence, continued market acceptance of our brands and our licensees' products, as well as market acceptance of any future products bearing our brands, is subject to a high degree of uncertainty, made more so by constantly changing consumer tastes and preferences. The licensees under our licensing agreements may not be able to anticipate, gauge or respond to such changes in a timely manner. Our future success will be dependent, in part, on our licensees' abilities to anticipate, identify and capitalize upon emerging fashion trends, including products, styles, fabrics and colors, and to distinguish themselves within the apparel market. Continued and substantial marketing efforts, which may, from time to time, also include our expenditure of significant additional funds to keep pace with changing consumer demands, are required to maintain market acceptance of the licensees' products and to create market acceptance of new products and categories of products bearing our trademarks; however, these expenditures may not result in either increased market acceptance of, or licenses for, our trademarks or increased market acceptance, or sales, of our licensees' products. Furthermore, while we believe that we currently maintain sufficient control over the products our licensees produce under our brand names through the provision of trend direction and our right to preview and approve a majority of such products, including their presentation and packaging, we do not actually design or manufacture products bearing our marks and therefore have more limited control over such products quality and design than a traditional product manufacturer might have.

Our existing and future debt obligations could impair our liquidity and financial condition, and in the event we are unable to meet our debt obligations we could lose title to certain trademarks.

As of December 31, 2013, our consolidated balance sheet reflects debt of approximately \$1,427.3 million, including secured debt of \$836.9 million under our Senior Secured Notes. In accordance with ASC 470, our 1.50% Convertible Notes and our 2.50% Convertible Notes are included in our \$1,427.3 million of consolidated debt at a net debt carrying value of \$323.4 and \$267.0 million, respectively; however, the principal amount owed to the holders of our 1.50% Convertible Notes and 2.50% Convertible Notes is \$400.0 million (due March 2018) and \$300.0 million (due June 2016), respectively. We may also assume or incur additional debt, including secured debt, in the future in connection with, or to fund, future acquisitions. Our debt obligations:

could impair our liquidity;

could make it more difficult for us to satisfy our other obligations;

require us to dedicate a substantial portion of our cash flow to payments on our debt obligations, which reduces the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements;

could impede us from obtaining additional financing in the future for working capital, capital expenditures, acquisitions and general corporate purposes;

impose restrictions on us with respect to the use of our available cash, including in connection with future acquisitions;

make us more vulnerable in the event of a downturn in our business prospects and could limit our flexibility to plan for, or react to, changes in our licensing markets; and

could place us at a competitive disadvantage when compared to our competitors who have less debt.

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In addition, as of December 31, 2013, approximately \$44.4 million, or 16%, of our cash was held in foreign subsidiaries. Our investments in these foreign subsidiaries are considered indefinitely reinvested and unavailable for the payment of any U.S. based expenditures, including debt obligations. Any repatriation of cash from these foreign subsidiaries may require the accrual and payment of U.S. federal and certain state taxes, which could negatively impact our results of operations and/or the amount of available funds. While we currently have no intention to repatriate cash from these subsidiaries, should the need arise domestically, there is no guarantee that we could do so without adverse consequences.

While we believe that by virtue of the cash on our balance sheet as of December 31, 2013, our ability to draw down additional funds under a revolving financing facility consisting of variable funding notes, herein referred to as Variable Funding Notes, and the guaranteed minimum and percentage royalty payments due to us under our licenses we will generate sufficient revenues from our licensing operations to satisfy our obligations for the foreseeable future, in the event that we were to fail in the future to make any required payment under agreements governing our indebtedness or fail to comply with the financial and operating covenants contained in those agreements, we would be in default regarding that indebtedness. A debt default could significantly diminish the market value and marketability of our common stock and could result in the acceleration of the payment obligations under all or a portion of our consolidated indebtedness.

The terms of our securitized debt financing have restrictive covenants and our failure to comply with any of these could put us in default, which would have an adverse effect on our business and prospects and could cause us to lose title to our key intellectual property assets.

Unless and until we repay all outstanding borrowings under our securitized debt, we will remain subject to the restrictive terms of these borrowings. The securitized debt, under which certain of our wholly-owned subsidiaries (the ABS Co-Issuers) issued and guaranteed the Senior Secured Notes and Variable Funding Notes, contain a number of covenants, with the most significant financial covenant being a debt service coverage calculation. These covenants limit the ability of certain of our subsidiaries to, among other things:

sell assets;

engage in mergers, acquisitions and other business combinations;

declare or pay distributions on their limited liability company interests;

incur, assume or permit to exist additional indebtedness or guarantees; and

incur liens.

These restrictions could reduce our liquidity and thereby affect our ability to pay dividends or repurchase shares of our common stock. The securitized debt requires us to maintain a specified financial ratio relating to available cash to service the borrowings at the end of each fiscal quarter. Our ability to meet this financial ratio can be affected by events beyond our control, and we may not satisfy such a test. A breach of this covenant could result in a rapid amortization event or default under the securitized debt.

In the event that a rapid amortization event occurs under the indenture (including, without limitation, upon an event of default under the indenture or the failure to repay the securitized debt at the end of the five year interest-only period), the funds available to us would be reduced or eliminated, which would in turn reduce our ability to operate or grow our business.

Furthermore, a reserve account has been established for the benefit of the secured parties under the indenture for the purpose of trapping cash upon the occurrence of our failure to maintain a specified financial ratio at the end of each fiscal quarter. Once it commences, such cash trapping period would extend until the quarterly payment date on which that financial ratio becomes equal to or exceeds the minimum ratio. In the event that a cash trapping period commences, the funds available for the ABS Co-Issuers to pay amounts to us will be reduced or eliminated, which would in turn reduce our ability to support our business.

In an event of default, all unpaid amounts under the Senior Secured Notes and Variable Funding Notes could become immediately due and payable at the direction or consent of holders of a majority of the outstanding Senior Secured Notes. Such acceleration of our debt could have a material adverse effect on our liquidity if we are unable to negotiate mutually acceptable terms with our lenders or if alternate funding is not

available to us.

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Furthermore, if amounts owed under the securitized debt were to become accelerated because of a failure to meet the specified financial ratio or to make required payments, the holders of our Senior Secured Notes would have the right to foreclose on the Candie s, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific/OP, Danskin/Danskin Now, Rocawear, Cannon, Fieldcrest, Royal Velvet, Charisma, Starter, Waverly and Sharper Image trademarks in the United States and Canada (with the exception of the London Fog brand for outerwear in the United States); on our joint venture interests in Hardy Way, MG Icon, ZY Holdings and Peanuts; on the equity interests in certain of our subsidiaries; and on other related assets securing the notes.

If a manager termination event under the management agreement were to occur we could lose control over the management of the intellectual property assets owned by the ABS Co-Issuers and there can be no assurance that a successor manager would properly manage the assets.

We serve as the manager under a management agreement with the ABS Co-Issuers. Our primary responsibility under this agreement is to perform or otherwise assist each ABS Co-Issuer in performing its duties and obligations, including certain licensing, intellectual property and operational functions.

Pursuant to the management agreement, if we perform or fail to perform certain acts (herein referred to as Manager Termination Events) all of our rights, powers, duties, obligations and responsibilities under the management agreement can be terminated. Among these Manager Termination Events are a failure on our part to make certain payments into collection accounts established under the indenture governing the notes; failure to maintain certain financial ratios; failure to provide required reports under the indenture governing the notes; a material default in observing any provision of the management agreement (subject to certain cure periods); and certain bankruptcy events.

There can be no assurance that if we are terminated pursuant to the terms of the management agreement a successor manager can be identified and retained that is capable of managing all or a portion of the intellectual property assets, or that can perform its obligations with the same level of experience and expertise as we do. A failure to continue managing our intellectual property assets as they are currently managed could have a material adverse effect on our business and could result in a decline in our results of operations.

We have experienced rapid growth in recent years. If we fail to manage this or any future growth, our business and operating results could be harmed.

Our business has grown dramatically over the past several years. For example, our revenue increased from \$30.1 million for fiscal 2005 to \$432.6 million for FY 2013. Our growth has largely resulted from our acquisition of new brands of various sizes. Since October 2004, we acquired directly and through our joint ventures numerous iconic brands (or rights to use those brands and trademarks) and increased our total number of licenses from approximately 18 to over 1,000. Furthermore, we continue to evaluate and pursue appropriate acquisition opportunities to the extent we believe that such opportunities would be in the best interests of our company and our stockholders including, without limitation, other asset light models.

This significant growth has placed considerable demands on our management and other resources and continued growth could place additional demands on such resources. Our ability to compete effectively and to manage future growth, if any, will depend on the sufficiency and adequacy of our current resources and infrastructure and our ability to continue to identify, attract and retain personnel to manage our brands and the businesses we may acquire. There can be no assurance that our personnel, systems, procedures and controls will be adequate to support our operations and properly oversee our brands. The failure to support our operations effectively and properly oversee our brands could cause harm to our brands and have a material adverse effect on our brands' fair values and our business, financial condition and results of operations. In addition, we may be unable to leverage our core competencies in managing apparel brands to managing brands in new product categories or other asset light businesses we may acquire.

Also, there can be no assurance that we will be able to sustain our recent growth. Our growth may be limited by a number of factors including increased competition for retail license and brand acquisitions, insufficient

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capitalization for future acquisitions and the lack of attractive acquisition targets, each as described further below. In addition as we continue to grow larger, we will likely need to make additional and larger acquisitions to continue to grow at our historical pace.

If we are unable to identify and successfully acquire additional brands and trademarks, our growth may be limited, and, even if additional trademarks are acquired, we may not realize anticipated benefits due to integration or licensing difficulties.

A key component of our growth strategy is the acquisition of additional brands and trademarks. Historically, we have been involved in numerous acquisitions of varying sizes. We continue to explore new acquisitions. However, as our competitors continue to pursue our brand management model, acquisitions may become more expensive and suitable acquisition candidates could become more difficult to find. In addition, even if we successfully acquire additional trademarks or the rights to use additional trademarks, we may not be able to achieve or maintain profitability levels that justify our investment in, or realize planned benefits with respect to, those additional brands.

Although we seek to temper our acquisition risks by following acquisition guidelines relating to the existing strength of the brand, its diversification benefits to us, its potential licensing scale and credit worthiness of licensee base, acquisitions, whether they be of additional intellectual property assets or of the companies that own them, entail numerous risks, any of which could detrimentally affect our results of operations and/or the value of our equity. These risks include, among others:

unanticipated costs associated with the target acquisition;

negative effects on reported results of operations from acquisition related charges and amortization of acquired intangibles;

diversion of management's attention from other business concerns;

the challenges of maintaining focus on, and continuing to execute, core strategies and business plans as our brand and license portfolio grows and becomes more diversified;

adverse effects on existing licensing and joint venture relationships;

potential difficulties associated with the retention of key employees, and the assimilation of any other employees, who may be retained by us in connection with or as a result of our acquisitions; and

risks of entering new domestic and international markets (whether it be with respect to new licensed product categories or new licensed product distribution channels) or markets in which we have limited prior experience.

When we acquire intellectual property assets or the companies that own them, our due diligence reviews are subject to inherent uncertainties and may not reveal all potential risks. We may therefore fail to discover or inaccurately assess undisclosed or contingent liabilities, including liabilities for which we may have responsibility as a successor to the seller or the target company. As a successor, we may be responsible for any past or continuing violations of law by the seller or the target company. Although we generally attempt to seek contractual protections through representations, warranties and indemnities, we cannot be sure that we will obtain such provisions in our acquisitions or that such provisions will fully protect us from all unknown, contingent or other liabilities or costs. Finally, claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not, or may not be able to, indemnify us or that may exceed the scope, duration or amount of the seller's indemnification obligations.

Acquiring additional trademarks could also have a significant effect on our financial position and could cause substantial fluctuations in our quarterly and yearly operating results. Acquisitions could result in the recording of significant goodwill and intangible assets on our financial statements, the amortization or impairment of which would reduce our reported earnings in subsequent years. No assurance can be given with respect to the timing, likelihood or financial or business effect of any possible transaction. Moreover, as discussed below, our ability to grow

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through the acquisition of additional brands and trademarks will also depend on the availability of capital to complete the necessary acquisition arrangements. In the event that we are unable to obtain debt financing on acceptable terms for a particular acquisition, we may elect to pursue the acquisition

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through the issuance by us of shares of our common stock (and, in certain cases, convertible securities) as equity consideration, which could dilute our common stock because it could reduce our earnings per share, and any such dilution could reduce the market price of our common stock unless and until we were able to achieve revenue growth or cost savings and other business economies sufficient to offset the effect of such an issuance. As a result, there is no guarantee that our stockholders will achieve greater returns as a result of any future acquisitions we complete.

We may require additional capital to finance the acquisition of additional brands and our inability to raise such capital on beneficial terms or at all could restrict our growth.

We may, in the future, require additional capital to help fund all or part of potential acquisitions. If, at the time required, we do not have sufficient cash to finance those additional capital needs, we will need to raise additional funds through equity and/or debt financing. We cannot guarantee that, if and when needed, additional financing will be available to us on acceptable terms or at all. Further, if additional capital is needed and is either unavailable or cost prohibitive, our growth may be limited as we may need to change our business strategy to slow the rate of, or eliminate, our expansion plans. In addition, any additional financing we undertake could impose additional covenants upon us that restrict our operating flexibility, and, if we issue equity securities to raise capital, our existing stockholders may experience dilution or the new securities may have rights senior to those of our common stock.

Because of the intense competition within our licensees' markets and the strength of some of their competitors, we and our licensees may not be able to continue to compete successfully.

Many of our trademark licenses are for products in the apparel, fashion accessories, footwear, beauty and fragrance, home products and décor, consumer electronics and entertainment industries in which our licensees face intense competition, including from our other brands and licensees. In general, competitive factors include quality, price, style, name recognition and service. In addition, various fads and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, distribution, marketing and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to compete successfully in the markets for their products, and we may not be able to continue to compete successfully with respect to our licensing arrangements.

If our competition for retail licenses and brand acquisitions increases, or any of our current direct-to-retail licensees elect not to renew their licenses or renew on terms less favorable than today, our growth plans could be slowed.

We may face increasing competition in the future for direct-to-retail licenses as other companies owning established brands may decide to enter into licensing arrangements with retailers similar to the ones we currently have in place. Furthermore, our current or potential direct-to-retail licensees may decide to develop or purchase brands rather than renew or enter into license agreements with us. In addition, this increased competition could result in lower sales of products offered by our direct-to-retail licensees under our brands. We also compete with traditional apparel and consumer brand companies, other brand management companies and private equity groups for brand acquisitions. If our competition for retail licenses and brand acquisitions increases, it may take us longer to procure additional retail licenses and/or acquire additional brands, which could slow our growth rate.

Our licensees are subject to risks and uncertainties of foreign manufacturing and the price, availability and quality of raw materials that could interrupt their operations or increase their operating costs, thereby affecting their ability to deliver goods to the market, reduce or delay their sales and decrease our potential royalty revenues.

Substantially all of the products sold by our licensees are manufactured overseas and there are substantial risks associated with foreign manufacturing, including changes in laws relating to quotas, and the payment of tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays and international political,

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regulatory and economic developments. Further, our licensees may experience fluctuations in the price, availability and quality of fabrics and raw materials used by them in their manufactured apparel or purchased finished goods. Any of these risks could increase our licensees' operating costs. Our licensees also import finished products and assume all risk of loss and damage with respect to these goods once they are shipped by their suppliers. If these goods are destroyed or damaged during shipment, the revenues of our licensees, and thus our royalty revenues over and above the guaranteed minimums, could be reduced as a result of our licensees' inability to deliver or their delay in delivering their products.

Our failure to protect our proprietary rights could compromise our competitive position and decrease the value of our brands.

We monitor on an ongoing basis unauthorized filings of our trademarks and imitations thereof, and rely primarily upon a combination of U.S., Canadian and other international federal, state and local laws, as well as contractual restrictions to protect and enforce our intellectual property rights. We believe that such measures afford only limited protection and, accordingly, there can be no assurance that the actions taken by us to establish, protect and enforce our trademarks and other proprietary rights will prevent infringement of our intellectual property rights by others, or prevent the loss of licensing revenue or other damages caused therefrom.

For instance, despite our efforts to protect and enforce our intellectual property rights, unauthorized parties may misappropriate or attempt to copy aspects of our intellectual property, which could harm the reputation of our brands, decrease their value and/or cause a decline in our licensees' sales and thus our revenues. Further, we and our licensees may not be able to detect infringement of our intellectual property rights quickly or at all, and at times we or our licensees may not be successful combating counterfeit, infringing or knockoff products, thereby damaging our competitive position. In addition, we depend upon the laws of the countries where our licensees' products are sold to protect our intellectual property. Intellectual property rights may be unavailable or limited in some countries because standards of registerability vary internationally. Consequently, in certain foreign jurisdictions, we have elected or may elect not to apply for trademark registrations. While we generally apply for trademarks in most countries where we license or intend to license our trademarks, we may not accurately predict all of the countries where trademark protection will ultimately be desirable. If we fail to timely file a trademark application in any such country, we may be precluded from obtaining a trademark registration in such country at a later date. Failure to adequately pursue and enforce our trademark rights could damage our brands, enable others to compete with our brands and impair our ability to compete effectively.

Further, the rights to our brands in the International Joint Venture Territories are controlled primarily through our joint ventures in these regions and while we believe that our partnerships in these areas will enable us to better protect our trademarks in the countries covered by the ventures, we do not control all of our joint venture companies and thus most decisions relating to the use and enforcement of the marks in these countries will be subject to the approval of our local partners.

We also own the exclusive right to use various domain names containing or relating to our brands. There can be no assurances that we will be able to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of our trademarks. Failure to protect our domain names could adversely affect our brands which could cause a decline in our licensees' sales and the related revenues and in turn decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

Third-party claims regarding our intellectual property assets could result in our licensees being unable to continue using our trademarks, which could adversely impact our revenues or result in a judgment or monetary damages being levied against us or our licensees.

We may be subject to legal proceedings and claims, including claims of alleged infringement or violation of the patents, trademarks and other intellectual property (IP) rights of third parties. In the future, we may be required to assert infringement claims against third parties or third parties may assert infringement claims against us and/or our licensees. To the extent that any of our IP assets is deemed to violate the proprietary rights of others

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in any litigation or proceeding or as a result of any claim, then we and our licensees may be prevented from using it, which could cause a breach or termination of certain license agreements. If our licensees are prevented from using our trademarks, this could adversely impact the revenues of our licensees with respect to those IP assets, and thus the royalty payments over and above the guaranteed minimums could be reduced as a result of the licensees' inability to continue using our trademarks. Litigation could also result in a judgment or monetary damages being levied against us and our licensees.

We may not be able to establish or maintain our trademark rights and registrations, which could impair our ability to perform our obligations under our license agreements, which could cause a decline in our licensees' sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

While we intend to take reasonable steps to protect our trademark rights, it may not be possible to obtain or maintain legal protection and registrations for all of our trademarks for all forms of goods and services based on certain facts, such as the timing of our or our predecessors' entrance into the market or the fact that a third party previously adopted a similar mark for use in connection with a similar set of goods or services. As a result, it may be difficult or not possible for our trademarks to be registered or even protected so as to prohibit third party use in a particular manner. Trademark rights typically arise with respect to goods and services in a particular class or category, so that one party does not own a trademark with respect to all goods and services in all markets. Further, trademark rights could be lost in the U.S. and Canada if we cease using a particular trademark in commerce for a given period of time. For example, the United States Patent and Trademark Office requires owners of registered trademarks to file a declaration of continued use five (5) years after initial registration and every ten (10) years thereafter, and failure to timely do so can result in cancellation of a trademark registration. Additionally, if a trademark owner has not used a registered trademark in commerce for three (3) consecutive years, such owner is presumed to have abandoned the trademark with intent not to resume use thereof, and the trademark owner must prove non-abandonment in order to retain rights in the trademark. Moreover, third parties may challenge or seek to oppose or cancel existing trademark applications or registrations, and we cannot guarantee we will succeed against such challenges. Any failure to secure and maintain rights and registrations could impair our ability to perform our obligations under the license agreements, enter new product or service categories or could affect our ability to enter into new license agreements or renew existing license agreements, both of which could cause a decline in our licensees' sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us.

Failure to protect our IP assets from harmful acts of our licensees could result in their cancellation, diminution in value or our loss of rights in those assets.

We license our trademarks to our licensees pursuant to license agreements. The license agreements contain provisions requiring our licensees to comply with certain standards to be monitored by us. Our failure to monitor our licensees' compliance with the license agreements or take appropriate corrective action when necessary may subject our IP assets to cancellation, loss of rights or diminution in value. If our IP assets were cancelled, their value diminished or our rights were lost, the revenues of our licensees, and thus the royalty payments (over and above the guaranteed minimums), could be reduced as a result of our licensees' inability to sell the products under the license agreements.

We may be a party to litigation in the normal course of business, which could affect our financial position and liquidity.

From time to time, we may be made a party to litigation in the normal course of business. For example, as the owner of a trademark, we may be named as a defendant in a lawsuit relating to a product designed and manufactured by a licensee of that trademark. In most cases, our licensees under the existing license agreements are obligated to defend and indemnify us, as licensor, and our affiliates with respect to such litigation. In addition, while third parties could assert infringement claims involving our trademarks, we believe our

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trademarks are not subject to significant litigation risk because they are widely known and well-established trademarks, which have been consistently used by us and the previous owners. Although historically the litigation involving us has not been material to our financial position or our liquidity, any litigation has an element of uncertainty and if any such litigation were to be adversely determined and/or a licensee were to fail to properly indemnify us, such litigation could affect our financial position and liquidity.

A substantial portion of our licensing revenue is concentrated with a limited number of licensees such that the loss of any of such licensees could decrease our revenue and impair our cash flows.

Our licensees with Wal-Mart, Target, Kohl's and Kmart/Sears were our four largest direct-to-retail licensees during FY 2013, representing approximately 13%, 6%, 5% and 5%, respectively, of our total revenue for such period, while Li & Fung USA was our largest wholesale licensee, representing approximately 5% of our total revenue for such period. Because we are dependent on these licensees for a significant portion of our licensing revenue, if any of them were to have financial difficulties affecting their ability to make payments, or if any of these licensees decides not to renew or extend any existing agreement with us, or to significantly reduce its sales of licensed products under any of the agreement(s), our revenue and cash flows could be reduced substantially.

Terms of our existing license agreements are renewable at the discretion of our licensees and if such licensees opt not to renew these license agreements it could decrease our revenue and impair our cash flows.

As with any licensing transaction, future licensing income is dependent on the renewal of existing license agreements and exploitation of new licensing opportunities. While the existing license agreements generally contain renewal terms whereby the parties may renew such existing license agreements for one or more additional terms, the option to renew is at the discretion of the licensee and not us. If a significant number of our licensees under the material existing license agreements decide not to renew or extend those existing license agreements with us, our revenue and cash flows could be reduced substantially.

We are dependent upon our chief executive officer and other key executives. If we lose the services of these individuals we may not be able to fully implement our business plan and future growth strategy, which would harm our business and prospects.

Our success as a marketer and licensor of intellectual property is largely due to the efforts of Neil Cole, our president, chief executive officer and chairman. Our continued success is largely dependent upon his continued efforts and those of the other key executives he has assembled. Although we have entered into an employment agreement with Mr. Cole, expiring on December 31, 2015, as well as employment agreements with other of our key executives, there is no guarantee that we will not lose their services. To the extent that any of their services become unavailable to us, we will be required to hire other qualified executives, and we may not be successful in finding or hiring adequate replacements. This could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects.

We have a material amount of goodwill and other intangible assets, including our trademarks, recorded on our balance sheet. As a result of changes in market conditions and declines in the estimated fair value of these assets, we may, in the future, be required to write down a portion of this goodwill and other intangible assets and such write-down would, as applicable, either decrease our net income or increase our net loss.

As of December 31, 2013, goodwill represented approximately \$231.0 million, or approximately 8% of our total consolidated assets, and trademarks and other intangible assets represented approximately \$1,955.6 million, or approximately 68% of our total consolidated assets. Under current U.S. GAAP accounting standards, goodwill and indefinite life intangible assets, including some of our trademarks, are no longer amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually. While, to date, no impairment write-downs have been necessary, any write-down of goodwill or intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material.

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We may not be able to pay the cash portion of the conversion price upon any conversion of the principal amounts of our convertible notes, which would constitute an event of default with respect to such notes and could also constitute a default under the terms of our other debt.

We may not have sufficient cash to pay, or may not be permitted to pay, the cash portion of the consideration that we will be required to pay when our 2.50% Convertible Notes become due in June 2016 or when our 1.50% Convertible Notes become due in March 2018. Upon conversion of our 2.50% Convertible Notes and our 1.50% Convertible Notes, we will be required to pay to the holder of each such notes a cash payment equal to the par value of those convertible notes. This part of the payment must be made in cash, not in shares of our common stock. As a result, we will be required to pay a minimum of \$300.0 million and \$400.0 million in cash to holders of the 2.50% Convertible Notes and 1.50% Convertible Notes, respectively, upon conversion.

If we do not have sufficient cash on hand at the time of conversion, we may have to raise funds through debt or equity financing. Our ability to raise such financing will depend on prevailing market conditions. Further, we may not be able to raise such financing within the period required to satisfy our obligation to make timely payment upon any conversion. In addition, the terms of any current or future debt may prohibit us from making these cash payments or otherwise restrict our ability to make such payments and/or may restrict our ability to raise any such financing. In particular, the terms of our Senior Secured Notes restrict the amount of proceeds from collateral pledged to secure our obligations thereunder that may be used by us to make payments in cash under certain circumstances, including payments to the convertible note holders upon conversion. A failure to pay the required cash consideration upon conversion would constitute an event of default under the indenture governing the convertible notes, which could constitute a default under the terms of our other debt.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or interpretations thereof. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities both domestically (including state and local entities) and abroad. We regularly assess the likelihood of recovering the amount of deferred tax assets recorded on the balance sheet and the likelihood of adverse outcomes resulting from examinations by various taxing authorities in order to determine the adequacy of our provision for income taxes. We cannot guarantee that the outcomes of these evaluations and continuous examinations will not harm our reported operating results and financial conditions.

The market price of our common stock has been, and may continue to be, volatile, which could reduce the market price of our common stock.

The publicly traded shares of our common stock have experienced, and may continue to experience, significant price and volume fluctuations. This market volatility could reduce the market price of our common stock, regardless of our operating performance. In addition, the trading price of our common stock could change significantly over short periods of time in response to actual or anticipated variations in our quarterly operating results, announcements by us, our licensees or our respective competitors, factors affecting our licensees' markets generally and/or changes in national or regional economic conditions, making it more difficult for shares of our common stock to be sold at a favorable price or at all. The market price of our common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the trademark licensing business or companies in the industries in which our licensees compete.

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Convertible note hedge and warrant transactions that we have entered into may affect the value of our common stock.

In connection with the initial sale of our 2.50% Convertible Notes we purchased convertible note hedges, herein referred to as 2.50% Convertible Note Hedges, from affiliates of Barclays PLC and Goldman Sachs Inc., herein referred to as the 2.50% Hedge Counterparties. At such time, the hedging transactions were expected, but were not guaranteed, to eliminate the potential dilution upon conversion of the 2.50% Convertible Notes. Concurrently, we entered into warrant transactions with the 2.50% Hedge Counterparties, herein referred to as the 2.50% Sold Warrants.

Moreover, in connection with the 2.50% Sold Warrants, to the extent that the price of our common stock exceeds the strike price of the 2.50% Sold Warrants, the warrant transaction could have a dilutive effect on our earnings per share which may affect the value of our common stock.

In connection with the initial sale of our 1.50% Convertible Notes we purchased convertible note hedges, herein referred to as 1.50% Convertible Note Hedges, from affiliates of Barclays PLC, herein referred to as the 1.50% Hedge Counterparties. At such time, the hedging transactions were expected, but were not guaranteed, to eliminate the potential dilution upon conversion of the 1.50% Convertible Notes. Concurrently, we entered into warrant transactions with the 1.50% Hedge Counterparties, herein referred to as the 1.50% Sold Warrants.

Moreover, in connection with the 1.50% Sold Warrants, to the extent that the price of our common stock exceeds the strike price of the 1.50% Sold Warrants, the warrant transaction could have a dilutive effect on our earnings per share which may affect the value of our common stock.

Future sales of our common stock may cause the prevailing market price of our shares to decrease.

We have issued a substantial number of shares of common stock that are eligible for resale under Rule 144 of the Securities Act of 1933, as amended, or Securities Act, and that may become freely tradable. We have also already registered a substantial number of shares of common stock that are issuable upon the exercise of options and warrants and have registered for resale a substantial number of restricted shares of common stock issued in connection with our acquisitions. If the holders of our options and warrants choose to exercise their purchase rights and sell the underlying shares of common stock in the public market, or if holders of currently restricted shares of our common stock choose to sell such shares in the public market under Rule 144 or otherwise, the prevailing market price for our common stock may decline. The sale of shares issued upon the exercise of our derivative securities could also further dilute the holdings of our then existing stockholders, including holders of the convertible notes that receive shares of our common stock upon conversion of their notes. In addition, future public sales of shares of our common stock could impair our ability to raise capital by offering equity securities.

Provisions in our charter and Delaware law could make it more difficult for a third party to acquire us, discourage a takeover and adversely affect our stockholders.

Certain provisions of our certificate of incorporation could have the effect of making more difficult, delaying or deterring unsolicited attempts by others to obtain control of our company, even when these attempts may be in the best interests of our stockholders. Our certificate of incorporation currently authorizes 150,000,000 shares of common stock to be issued. Based on our outstanding capitalization at December 31, 2013, and assuming the exercise of all outstanding options and warrants and the issuance of the maximum number of shares of common stock issuable upon conversion of all of our outstanding convertible notes, there are still a substantial number of shares of common stock available for issuance by our board of directors without stockholder approval, including shares held in treasury primarily as a result of our stock repurchase plans. Our certificate of incorporation also authorizes our board of directors, without stockholder approval, to issue up to 5,000,000 shares of preferred stock, in one or more series, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of our common stock, none of which is outstanding. We

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are also subject to the provisions of Section 203 of the Delaware General Corporation Law, which could prevent us from engaging in a business combination with a 15% or greater stockholder for a period of three years from the date it acquired that status unless appropriate board or stockholder approvals are obtained.

These provisions could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over the then current market price. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

We do not anticipate paying cash dividends on our common stock.

You should not rely on an investment in our common stock to provide dividend income, as we have not paid any cash dividends on our common stock and do not plan to pay any in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing licensing operations, further develop our trademarks and finance the acquisition of additional trademarks. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment.

A portion of our revenues and net income are generated outside of the United States, by certain of our licensees and our joint ventures, in countries that may have volatile currencies or other risks.

A portion of our revenue is attributable to activities in territories and countries outside of the United States by certain of our joint ventures and our licensees. The fact that some of our revenue and certain business operations of our joint ventures and certain licensees are conducted outside of the United States may expose them to several additional risks, including, but not limited to social, political, regulatory and economic conditions or in laws and policies governing foreign trade and investment in the territories and countries where our joint ventures or certain licensees currently have operations or will in the future operate. U.S. laws and regulations relating to investment and trade in foreign countries could also change to our detriment. Any of these factors could have a negative impact on the business and operations of our joint ventures and certain of our licensees operations, which could also adversely impact our results of operations. Increase of revenues generated in foreign markets may also increase our exposure to risks related to foreign currencies, such as fluctuations in currency exchange rates. In the past, we and our joint ventures have attempted to have contracts that relate to activities outside of the United States denominated in U.S. currency, however, we do not know to the extent that we will be able to continue this as we increase our contracts with foreign licensees. In certain instances we have entered into foreign currency hedges to mitigate our risk related to fluctuations in our contracts denominated in foreign currencies; however, we cannot predict the effect that future exchange rate fluctuations will have on our operating results.

A decline in general economic conditions resulting in a decrease in consumer-spending levels and an inability to access capital may adversely affect our business.

Many economic factors beyond our control may impact our forecasts and actual performance. These factors include consumer confidence, consumer spending levels, employment levels, availability of consumer credit, recession, deflation, inflation, a general slowdown of the global economy or an uncertain economic outlook. Furthermore, changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to potential sources of capital for future acquisitions.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

On November 9, 2007, we entered into a lease agreement covering approximately 30,550 square feet of office and showroom space at 1450 Broadway in New York, New York. The term of the lease runs through June 30, 2024 and provides for total aggregate annual base rental payments for such space of approximately \$26.4 million (ranging from approximately \$1.1 million for the first year following the rent commencement date to approximately \$2.2 million, on an annualized basis, in the last year of the lease). We will also be required to pay our proportionate share of any increased taxes attributed to the premises.

We lease a showroom and office space at 550 7th Avenue, New York, NY, a portion of which is has been sublet through the term of the lease, which ends May 31, 2015.

We assumed obligations for approximately 4,500 square feet of office space at 261 Fifth Ave in New York, New York in connection with the Waverly acquisition with an annual rent of approximately \$0.3 million for a period ending February 2018. This space is currently being sublet to a third party.

Bright Star currently occupies approximately 2,269 square feet of office space in Mt. Arlington, New Jersey, pursuant to a lease that expires in April 2014.

We lease office and showroom space in the United Kingdom in the city of Manchester for approximately £0.1 million per annum, pursuant to a lease that expires in January 2021.

We lease office and showroom space in the United Kingdom in the city of London for approximately £0.1 million per annum, pursuant to a lease that expires in January 2016.

Item 3. Legal Proceedings

Sweet Sportswear/Unzipped litigation

On December 10, 2010, the Court entered a final judgment (the Judgment) in connection with the lawsuit filed by us in the Superior Court of California, Los Angeles County against Unzipped Apparel LLC's (Unzipped) former manager, supplier and distributor, Sweet Sportswear, LLC, Azteca Productions International, Inc. Apparel Distribution Services, LLC, and Hubert Guez, a principal of these entities and former member of our board of directors (collectively referred to as the Guez defendants). In summary, the Judgment against the Guez defendants was for a combined liability to us of approximately \$50 million, exclusive of amounts owed as pre or post-judgment interest at the annual rate of 10% simple interest. The Judgment also dismissed all claims brought by the Guez defendants against us, its subsidiaries (Michael Caruso & Co., Inc. and Unzipped), and our Chairman of the Board and Chief Executive Officer, Neil Cole. In connection with the entry of the Judgment, we recognized a gross gain of \$26.0 million (gross of attorney's fees and other related expenses of \$10.3 million), of which \$16.7 million was secured by the Sureties (as defined below), with the remainder secured by assets owned by the Guez defendants.

In February 2011, we entered into a settlement agreement with certain persons (the Sureties) that had secured a portion of the Judgment, pursuant to which the Sureties paid us \$13 million in February 2011 and paid an additional \$3.7 million in April 2011 in full satisfaction of their obligations to the Company. The amounts paid by the Sureties reduced the obligations of certain of the Guez defendants (ADS and Hubert Guez) under the Judgments.

On April 26, 2011, we entered into an agreement settling the lawsuit described above, pursuant to which the Guez defendants and certain Sureties paid us an aggregate of \$27.7 million (including an aggregate of \$16.7 million previously paid in February and April 2011) in full satisfaction of their obligations to us.

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Normal Course litigation

From time to time, we are also made a party to litigation incurred in the normal course of business. While any litigation has an element of uncertainty, we believe that the final outcome of any of these routine matters will not have a material effect on our financial position or future liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

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The Company's common stock, \$0.001 par value per share, its only class of common equity, is quoted on the NASDAQ Global Market tier of The NASDAQ Stock Market LLC, herein referred to as NASDAQ, under the symbol "ICON". The following table sets forth the high and low sales prices per share of the Company's common stock for the periods indicated, as reported on NASDAQ:

	High	Low
Year Ended December 31, 2013		
Fourth Quarter	\$ 40.78	\$ 31.40
Third Quarter	34.63	29.46
Second Quarter	31.22	24.20
First Quarter	26.31	22.33
Year Ended December 31, 2012		
Fourth Quarter	\$ 22.49	\$ 17.91
Third Quarter	19.99	16.36
Second Quarter	17.60	14.27
First Quarter	21.95	16.01

As of February 21, 2014 there were 1,467 holders of record of the Company's common stock.

The Company has never declared or paid any cash dividends on its common stock and the Company does not anticipate paying any such cash dividends in the foreseeable future. Payment of cash dividends, if any, will be at the discretion of the Company's Board of Directors and will depend upon the Company's financial condition, operating results, capital requirements, contractual restrictions, restrictions imposed by applicable law and other factors its Board of Directors deems relevant. The Company's ability to pay dividends on its common stock and repurchase of its common stock is restricted by certain of its current indebtedness and may be restricted or prohibited under future indebtedness.

ISSUER PURCHASES OF EQUITY SECURITIES

	Total Number of Shares Purchased ⁽¹⁾	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽¹⁾	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan
2013				
October 1 - October 31	18,714	\$ 32.48	100,000	\$ 249,187,622
November 1 - November 30			700,000	245,560,042
December 1 - December 31	67,007	39.68		219,102,292
Total	85,721	\$ 38.11	800,000	\$ 219,102,292

⁽¹⁾ In October 2011, the Company's Board of Directors authorized a program to repurchase up to \$200 million of the Company's common stock over a period of approximately three years (the "2011 Program"). In February 2013, the Company's Board of Directors authorized another program to repurchase up to \$300 million of the Company's common stock over a three year period (the "February 2013 Program"). The February 2013 program was in addition to the 2011 Program, which was fully expended as of February 27, 2013. In July 2013, the Company's Board of Directors authorized a program to repurchase up to \$300 million of the Company's common stock over a period of approximately three years ("July 2013 Program") and together with the 2011 Program and the February 2013 Program, the "Repurchase Programs"). The July 2013 Program was in addition to the February 2013 Program, which was fully expended on August 15, 2013.

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Subsequent to FY 2013, in February 2014, the Company's Board of Directors authorized another program to repurchase up to \$500 million of the Company's common stock over a three year period (the February 2014 Program). The February 2014 Program was in addition to the July 2013 Program.

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During FY 2013, the Company repurchased 15,812,566 shares for \$436.4 million under the Company's share repurchase plan. Shares purchased in FY 2013, FY 2012 and FY 2011 that were not part of the Company's share repurchase plan represent shares surrendered to the Company to pay withholding taxes due upon the vesting of restricted stock of employees. At December 31, 2013, \$219.1 million of the Company's common stock may yet be purchased under the Company's July 2013 Program. As of the date of this Annual Report on Form 10-K, the February 2014 Program has \$500.0 million of the Company's common stock that may yet be purchased.

The information regarding equity compensation plans is incorporated by reference to Item 12 of this Form 10-K, which incorporates by reference the information set forth in the Company's Definitive Proxy Statement in connection with the annual meeting of stockholders to be held in 2014.

Item 6. Selected Financial Data*Selected Historical Financial Data*

(amounts in tables but not footnotes in thousands, except earnings per share amounts)

The following table presents selected historical financial data of the Company for the periods indicated. The selected historical financial information is derived from the audited consolidated financial statements of the Company referred to under Item 8 of this Annual Report on Form 10-K, and previously published historical financial statements not included in this Annual Report on Form 10-K. The following selected financial data should be read in conjunction with Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's Consolidated Financial Statements, including the notes thereto, included elsewhere herein.

	Year Ended December 31,*				
	2013	2012	2011	2010	2009
Consolidated Income Statement Data					
Licensing and other revenue	\$ 432,626	\$ 353,818	\$ 369,845	\$ 332,559	\$ 232,058
Selling, general and administrative expenses	175,215	138,368	140,985	138,532	79,356
Operating income	257,411	215,450	228,766	209,715	152,565
Other expenses - net ⁽¹⁾	56,749	32,978	16,239	46,826	35,309
Net income ⁽²⁾	142,587	123,509	141,241 ⁽³⁾	110,480	76,031
Net income attributable to Iconix Brand Group, Inc.	128,048	109,408	126,105	98,847	75,111
Earnings per share:					
Basic	\$ 2.28	\$ 1.57	\$ 1.72	\$ 1.37	\$ 1.14
Diluted	\$ 2.11	\$ 1.52	\$ 1.67	\$ 1.32	\$ 1.10
Weighted average number of common shares outstanding:					
Basic	56,281	69,689	73,111	72,151	65,763
Diluted	60,734	71,957	75,495	74,713	68,325

* The year ended December 31, 2010 will herein be referred to as FY 2010; and the year ended December 31, 2009 will herein be referred to as FY 2009.

	At December 31,				
	2013	2012	2011	2010	2009
Consolidated Balance Sheet Data					
Cash	\$ 278,789	\$ 238,672	\$ 167,717	\$ 118,635	\$ 195,381
Working capital	348,770	265,741	(78,278)	125,906	148,147
Trademarks and other intangibles, net	1,955,644	1,769,508	1,550,996	1,400,550	1,254,689
Total assets	2,860,194	2,481,738	2,161,303	1,951,470	1,802,613
Long-term debt, including current portion	1,427,319	911,718	633,389	584,387	662,379
Total stockholders' equity	1,101,942	1,299,840	1,293,576	1,138,914	969,772

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- (1) Includes a non-cash gain of approximately \$21.5 million in FY 2011 related to our additional investment in Hardy Way (see Note 3 of Notes to Consolidated Financial Statements). Also includes net gain related to specific litigation of \$15.7 million in FY 2010, expenses related to specific litigation of \$0.1 million in FY 2009.
- (2) During FY 2013, FY 2012, FY 2011, FY 2010 and FY 2009, the Company made two, two, three (including the purchase of Zoo York from our IPH Untld joint venture, effectively increasing our ownership in the Zoo York brand from 51% to 100%, and our additional investment in Hardy Way, which increased our ownership from 50% to 85%), one, and one acquisitions (including investments in joint ventures that are consolidated in our financial statements), respectively. See Note 3 of Notes to Consolidated Financial Statements for information about the Company's 2013 acquisitions and investments through its joint ventures.
- (3) Includes a net gain related to specific litigation of \$15.7 million and a write down of auction rate securities of \$13.0 million in the fourth fiscal quarter of 2010.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. This Annual Report on Form 10-K, including this Item 7, includes forward-looking statements based on the Company's current expectations, assumptions, estimates and projections about its business and its industry. These statements include those relating to future events, performance and/or achievements, and include those relating to, among other things, the Company's future revenues, expenses and profitability, the future development and expected growth of the Company's business, its projected capital expenditures, future outcomes of litigation and/or regulatory proceedings, competition, expectations regarding the retail sales environment, continued market acceptance of the Company's current brands and its ability to market and license brands it acquires, the Company's ability to continue identifying, pursuing and making acquisitions, the ability of the Company to obtain financing for acquisitions, the ability of the Company's current licensees to continue executing their business plans with respect to their product lines and the ability to pay contractually obligated royalties, and the Company's ability to continue sourcing licensees that can design, distribute, manufacture and sell their own product lines.

These statements are only predictions and are not guarantees of future performance. They are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control and difficult to predict and could cause its actual results to differ materially from those expressed or forecasted in, or implied by, the forward-looking statements. In evaluating these forward-looking statements, the risks and uncertainties described in Item 1A. Risk Factors above and elsewhere in this report and in the Company's other SEC filings should be carefully considered.

Words such as may, should, will, could, estimate, predict, potential, continue, anticipate, believe, plan, expect, future of these terms or other comparable expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made.

Overview

We are a brand management company engaged in licensing, marketing and providing trend direction for a diversified and growing consumer and entertainment brand portfolio. Our brands are sold across every major segment of retail distribution, from luxury to mass and, in the case of our Peanuts brand, through various media outlets, including television, movies, web-based and mobile content. As of December 31, 2013, we and our joint ventures owned the following iconic consumer brands: Candie's, Bongo, Badgley Mischka, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific/OP, Danskin/Danskin Now, Rocawear, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly, Ecko Untld/Marc Ecko, Zoo York, Sharper Image, Umbro and Lee Cooper. In addition, Scion LLC, a joint venture in which we have a 50% controlling investment, owns the

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Artful Dodger brand and a 50% interest in the Billionaire Boys Club and Ice Cream brands; Hardy Way, a joint venture in which we have an 85% controlling investment, owns the Ed Hardy brands (see Note 3 of Notes to Consolidated Financial Statements); MG Icon, a joint venture in which we have a 50% investment, owns the Material Girl and Truth or Dare brands; Peanuts Holdings, a joint venture in which we have an 80% controlling investment, owns, through its wholly-owned subsidiary Peanuts Worldwide, the Peanuts brands and characters; Icon Modern Amusement, a joint venture in which we have a 51% investment, owns the Modern Amusement brand; and Alberta ULC, a joint venture in which we have a 51% controlling interest, owns the Buffalo® brand. We license our brands worldwide through over 1,000 direct-to-retail and wholesale licenses for use across a wide range of product categories, including sportswear, fashion accessories, footwear, entertainment, home products and décor, and beauty and fragrance. Our business model allows us to focus on our core competencies of marketing and managing brands without many of the risks and investment requirements associated with a more traditional operating company. Our licensing agreements with leading retail and wholesale licensees throughout the world provide us with a predictable stream of guaranteed minimum royalties.

Our growth strategy is focused on increasing licensing revenue from our existing portfolio of brands through adding new product categories, expanding the retail penetration of our existing brands and optimizing the sales of our licensees. We will also seek to continue the international expansion of our brands by partnering with leading licensees and/or joint venture partners throughout the world. Finally, we believe we will continue to acquire iconic consumer brands with applicability to a wide range of merchandise categories and an ability to further diversify our brand portfolio.

Summary of operating results:

The Company had net income of \$142.6 million for FY 2013 as compared to net income of \$123.5 million for FY 2012.

The Company's operating income was \$257.4 million in FY 2013, compared to an operating income of \$215.5 million in FY 2012.

Highlights of 2013

Acquisition of the Lee Cooper brand

51% investment in the Buffalo brand

Formation of four international joint ventures :

Iconix Canada

Iconix Australia

Iconix Southeast Asia

Iconix Israel

Revenue growth of 22%, from \$353.8 million in FY 2012 to \$432.6 million in FY 2013

Repurchase of 15.8 million shares of our common stock for \$436.4 million

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Completion of a secondary issuance of our Senior Secured Notes for \$275.0 million

Completion of issuance of 1.50% Convertible Notes for \$400.0 million

FY 2013 Compared to FY 2012

Licensing and Other Revenue. Licensing and other revenue for FY 2013 totaled \$432.6 million, a 22% increase as compared to \$353.8 million for FY 2012, driven by an aggregate increase of \$107.1 million of

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revenue primarily related to (i) recently completed acquisitions (i.e. the acquisition of the Umbro brand in November 2012; the acquisition of the Buffalo brand in February 2013 and the acquisition of the Lee Cooper brand in February 2013; the acquisition of Modern Amusement brand in December 2012 - see Note 3 of Notes to Consolidated Financial Statements for descriptions of these transactions) and (ii) the revenue realized on the formation of our Iconix Australia, Iconix Canada, Iconix Southeast Asia, Iconix Israel and the Umbro Korea transactions as compared to our Iconix India and OP Japan transactions in FY 2012. This aggregate increase was partially offset by general weakness in revenue related to our OP brand at Wal-Mart and our men's brands (particularly Ed Hardy and Rocawear), a decrease in revenue related to the sale of our London Fog outerwear in FY 2012, as well as a decrease in revenue related to our Peanuts brand partly due to weakness in the Japanese yen.

Operating Expenses. SG&A totaled \$175.2 million for FY 2013 compared to \$138.4 million for FY 2012. After excluding SG&A totaling \$18.2 million in FY 2013 for which there is no comparable SG&A in FY 2012 (i.e. the acquisition of Umbro in November 2012; the acquisition of Buffalo in February 2013 and the acquisition of Lee Cooper in February 2013; the acquisition of Modern Amusement in December 2012 - see Note 3 of Notes to Consolidated Financial Statements for descriptions of these transactions), comparable SG&A increased approximately \$18.6 million. This increase in comparable SG&A was driven by (i) an increase of \$11.3 million in compensation expense primarily due to the achievement of certain performance-based compensation as being deemed earned, (ii) an increase of \$6.3 million in professional fees primarily related to recently completed transactions as well as an un consummated transaction, (iii) and an increase of \$4.2 million in bad debt expense due to weakness in our men's brands. These increases were partially offset by a decrease of \$5.1 million in agent and talent costs related to the decrease in revenue from our Peanuts brand.

Operating Income. Operating income for FY 2013 increased to \$257.4 million, or approximately 59% of total revenue, compared to approximately \$215.5 million or approximately 61% of total revenue in FY 2012.

Other Expenses - Net. Other expenses net was approximately \$56.7 million in FY 2013 as compared to \$33.0 million in FY 2012. Interest expense increased approximately \$29.7 million for the following reasons: (i) interest related to our Senior Secured Notes (issued November 2012 and June 2013) was approximately \$29.1 million, for which there is no comparable expense in FY 2012, (ii) interest related to our 1.50% Convertible Notes (issued March 2013) was approximately \$17.3 million, for which there is no comparable expense in FY 2012 and (iii) an increase in the amortization of our deferred financing fees of \$1.6 million as a result of our recently completed financings; partially offset by: (i) \$11.3 million of interest expense in FY 2012 related to our 1.875% convertible notes which were paid off in June 2012, (ii) interest expense related to our Ecko Note decreased approximately \$3.0 million primarily related to the early extinguishment of the Ecko Note in May 2013, (iii) interest expense related to our asset-backed notes (repaid and extinguished in November 2012) was \$2.7 million and (iv) \$2.3 million of interest expense related to our revolver financing which we drew down in June 2012 and was paid off and extinguished in November 2012, for each of which there is no comparable expense in FY 2013. Interest and other income increased \$4.7 million from \$2.7 million in FY 2012 to \$7.4 million in FY 2013 due to a \$5.4 million gain in FY 2013 related to the sale of securities that had been written down to zero in FY 2010. Our equity earnings on joint ventures increased approximately \$1.2 million from approximately \$10.9 million in FY 2012 to \$12.1 million in FY 2013, primarily due to strong performance from our MG Icon joint venture, as well as strong aggregate earnings from our international joint ventures, partially offset by a gain realized by our Iconix China joint venture in FY 2012 related to the monetization of an investment.

Provision for Income Taxes. The effective income tax rate for FY 2013 is approximately 28.9% resulting in a \$58.1 million income tax expense, as compared to an effective income tax rate of 32.3% in FY 2012 which resulted in the \$59.0 million income tax expense. The decrease in our effective tax rate primarily relates to a greater portion of our income being generated and permanently reinvested in countries outside the U.S. that have lower statutory rates than the U.S.

Net Income. Our net income was approximately \$142.6 million in FY 2013, compared to net income of approximately \$123.5 million in FY 2012, as a result of the factors discussed above.

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Highlights of FY 2012

Acquisition of the Umbro brand

Formation of a new joint venture in India

Repurchase of 7.2 million shares of our common stock for \$125.3 million

Completion of securitized financing transaction including the issuance of \$600 million Senior Secured Notes

Payoff of the 1.875% Convertible Notes

FY 2012 Compared to FY 2011

Licensing and Other Revenue. Licensing and other revenue for FY 2012 totaled \$353.8 million, a 4% decrease as compared to \$369.8 million for FY 2011. After excluding revenue in FY 2012 totaling approximately \$18.3 million for which there is no comparable revenue in FY 2011 (i.e. Ed Hardy, which was consolidated beginning April 2011; Sharper Image, acquired November 2011; the Iconix India transaction in May 2012; and the acquisition of Umbro in November 2012 - see Note 3 of Notes to Consolidated Financial Statements for descriptions of these transactions), comparable revenue decreased approximately \$34.3 million. This decrease in comparable revenue was primarily related to weakness in our men's business related to Rocawear, Ed Hardy (which includes the comparable months of May through December and Ecko (mainly related to the footwear business) as well as the transition of the Royal Velvet brand to a new direct-to-retail license with J.C. Penney. This aggregate decrease was partially offset by an increase in revenues in FY 2012 as compared to FY 2011 from certain women's brands (including Mossimo, Rampage and Bongo), certain home brands (including Charisma, Fieldcrest and Cannon) and our Peanuts brand.

Operating Expenses. Selling, general and administrative expenses, herein referred to as SG&A, totaled \$138.4 million for FY 2012 compared to \$141.0 million for FY 2011. After excluding SG&A totaling \$2.8 million in FY 2012 for which there is no comparable SG&A in FY 2011 (i.e. Ed Hardy, which was consolidated beginning April 2011; and Sharper Image, acquired November 2011), comparable SG&A decreased approximately \$5.4 million. This decrease in comparable SG&A was primarily driven by (i) a decrease of \$2.7 million in advertising expense due to the timing of certain initiatives and efficiencies primarily related to our Peanuts brand; (ii) a decrease of \$2.0 million in rent expense due to a one-time charge in FY 2011 for the termination of a lease associated with the acquisition of Peanuts; (iii) a decrease in amortization expense of \$2.0 million as certain license agreements acquired with prior period acquisitions were fully amortized; (iv) a decrease of \$1.5 million in professional fees primarily due to the termination of certain consulting arrangements; (v) a decrease of \$1.0 million in compensation expense primarily due to a decrease in performance based compensation related to missing certain performance targets for FY 2012; and (vi) an aggregate decrease of \$1.6 million in other general overhead expenses as a result of certain cost-cutting initiatives. The aggregate of these decreases were partially offset by an aggregate increase of \$5.6 million due to: (i) an increase in bad debt expense due to an increase in our allowance for doubtful accounts primarily related to weakness in our men's brands and (ii) an increase in artist royalties related to the increase in revenue for our Peanuts brand.

Operating Income. Operating income for FY 2012 decreased to \$215.5 million, or approximately 61% of total revenue, compared to \$228.8 million or approximately 62% of total revenue in FY 2011.

Other Expenses - Net. Other expenses - net changed by approximately \$16.7 million from approximately \$16.2 million of other expenses - net in FY 2011 to approximately \$33.0 million of other expenses - net in FY 2012. This change is primarily due to a non-cash re-measurement gain of \$21.5 million FY 2011 related to the Ed Hardy transaction in April 2011 which is included in interest and other income, for which there is no comparable gain in FY 2012. After excluding the aforementioned gain in FY 2011 related to the Ed Hardy transaction, the remaining change in other expenses - net is primarily due to a decrease in interest expense of approximately

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\$4.2 million from \$50.8 million in FY 2011 to \$46.6 million in FY 2012. This decrease was mainly driven by \$11.3 million of interest expense in FY 2011 related to our 1.875% Convertible Notes for which there is no comparable expense in FY 2012 as the 1.875% Convertible Notes were paid off and retired in June 2012, as well as approximately \$4.9 million of interest expense in FY 2011 related to our term loan facility which was paid off and retired in FY 2011 and for which there is no comparable expense in FY 2012. This decrease in interest expense was partially offset by: (i) \$7.7 million of interest expense related to our 2.50% Convertible Notes (issued June 2011) for the period of January 2012 through May 2012 for which there is no comparable expense in FY 2011; (ii) \$2.4 million of interest expense related to our Senior Secured Notes, issued in FY 2012 for which there is no comparable expense in FY 2011; and (iii) \$1.7 million in interest expense in FY 2012 related to our Revolver (see Note 5 of Notes to Consolidated Financial Statements) for which there was no comparable expense in the FY 2011. Our equity earnings on joint ventures increased approximately \$0.5 million from \$10.4 million to \$10.9 million primarily due to strength in our MG Icon joint venture, partially offset by the following: (i) earnings in FY 2011 related to the Hardy Way joint venture through April 2011 prior to its consolidation with the Company following the transaction described above; (ii) a decrease in Iconix China's earnings primarily due to the FY 2011 gain related to the initial public offering of China Outfitters, a subsidiary of which Iconix China had a minority investment, for which there is no comparable gain in FY 2012; and (iii) a decrease in earnings from our Iconix Europe joint venture.

Provision for Income Taxes. The effective income tax rate for FY 2012 is approximately 32.3% resulting in the \$59.0 million income tax expense, as compared to an effective income tax rate of 33.5% in FY 2011 which resulted in the \$71.3 million income tax expense. This decrease in the effective income tax rate from FY 2011 to FY 2012 is primarily due to a significantly lower effective tax rate for income generated and reinvested outside the United States in FY 2012, specifically related to our Umbro brand, for which there was no comparable income in FY 2011.

Net Income. Our net income was approximately \$123.5 million in FY 2012, compared to net income of approximately \$141.2 million in FY 2011, as a result of the factors discussed above.

Liquidity and Capital Resources

Liquidity

Our principal capital requirements have been to fund acquisitions, working capital needs, share repurchases and, to a lesser extent, capital expenditures. We have historically relied on internally generated funds to finance our operations and our primary source of capital needs for acquisition has been the issuance of debt and equity securities. At December 31, 2013 and December 31, 2012, our cash totaled \$278.8 million and \$238.7 million, respectively, not including short-term restricted cash of \$58.9 million and \$16.4 million, respectively.

In March 2013, we issued our 1.50% Convertible Notes, the proceeds of which (including transaction fees) were approximately \$390.6 million. In connection with this transaction, we entered into the 1.50% Convertible Note Hedges and sold the 1.50% Convertible Note Warrants, the net cost of which was \$26.4 million. Further, in connection with this offering, we entered into a private transaction whereby we repurchased 2.96 million shares of our common stock from a third party for \$69.0 million.

In June 2013, we completed a second offering under Senior Secured Notes in the aggregate principal amount of \$275.0 million. We intend to use the net proceeds of \$267.8 million from this offering for general corporate purposes, including potential acquisitions and/or share repurchases.

We believe that cash from future operations and our currently available cash will be sufficient to satisfy our anticipated working capital requirements for the foreseeable future. We intend to continue financing future brand acquisitions through a combination of cash from operations, bank financing and the issuance of additional equity and/or debt securities. See Note 5 of Notes to Consolidated Financial Statements for a description of certain prior financings consummated by us.

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Changes in Working Capital

At December 31, 2013 and December 31, 2012 the working capital ratio (current assets to current liabilities) was 3.73 to 1 and 3.64 to 1, respectively.

Operating Activities

Net cash provided by operating activities increased approximately \$28.4 million, from \$204.4 million in FY 2012 to \$232.8 million in FY 2013. This increase is primarily due to an increase in our (i) net income for the reasons discussed above, (ii) an increase in distributions from our equity partners primarily related to our MG Icon and Iconix Latin America joint ventures, (iii) an increase in our stock-based compensation as more performance-based compensation earned out in FY 2013 as compared to FY 2012, (iv) an increase in the amortization of convertible notes discount as it relates to the 1.50% Convertible Notes which were issued in March 2013, (v) an increase in our provision for bad debts primarily related to weakness in certain men's brands, and (vi) aggregate changes in balance sheet items.

Investing Activities

Net cash used in investing activities in FY 2013 decreased approximately \$45.4 million, from \$238.4 million in FY 2012 to \$193.0 million in FY 2013. This decrease is primarily due to (i) our acquisition of a 51% controlling interest in the Buffalo brand for \$76.5 million, (ii) our acquisition of the Lee Cooper brand for \$66.7 million (excluding working capital acquired), (iii) our investment in Marcy Media for \$32.0 million, (iv) our purchase of a diffusion Rocawear brand for \$8.0 million, and (v) our investment in Complex Media for \$25.1 million. This increase was partially offset by (i) aggregate proceeds of \$12.2 million related to the Iconix Australia, Iconix Southeast Asia transactions and the sale of the London Fog outerwear category to one of our London Fog licensees versus aggregate proceeds of approximately \$4.5 million in FY 2012 for our sale of the Ed Hardy and Zoo York trademarks to Iconix Latin America and the Iconix India transaction, and (ii) our acquisition of the Umbro brand for \$225.0 million and our purchase of a 51% interest in the Modern Amusement brand, each of which occurred in FY 2012 for which there are no comparable transactions in FY 2013.

Financing Activities

Net cash provided by financing activities decreased \$105.4 million, from \$104.9 million in FY 2012 to \$0.5 million of net cash used in financing activities in FY 2013. The main drivers of this net decrease of cash provided by financing activities of \$105.4 million were (i) an increase in shares repurchased in the open market of \$311.1 million as part of our stock repurchase plan, from \$125.3 million in FY 2012 to \$436.4 million in FY 2013, (ii) an aggregate net cash received of \$729.1 million for our initial offering of our Senior Secured Notes and the drawdown of our Revolver in FY 2012 as compared to (a) \$364.2 million from our 1.50% Convertible Notes offering, net of the cost of hedges and sale of warrants related to this offering and (b) cash received of \$267.8 million from a secondary offering of our Senior Secured Notes, net of financing fees and original issue discount in FY 2012, partially offset by a decrease in the payment of long term debt from \$491.8 million in FY 2012 compared to \$95.1 million in FY 2013 primarily due to \$287.5 million of principal paid for the extinguishment of our 1.875% Convertible Notes in FY 2012, compared to \$57.0 million of principal paid in FY 2013 for the extinguishment of our Ecko Note and \$38.1 million of principal paid on our Senior Secured Notes, as well as our acquisition of the 49% non-controlling interest of IPH Unltd (owner of the Ecko brands and related assets) for \$45 million.

Obligations and commitments

Senior Secured Notes.

On November 29, 2012, Icon Brand Holdings, Icon DE Intermediate Holdings LLC, Icon DE Holdings LLC and Icon NY Holdings LLC, each a limited-purpose, bankruptcy remote, wholly-owned direct or indirect subsidiary of the Company, (collectively, the "Co-Issuers") issued \$600.0 million aggregate principal amount of

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Series 2012-1 4.229% Senior Secured Notes, Class A-2 (the 2012 Senior Secured Notes) in an offering exempt from registration under the Securities Act of 1933, as amended.

Simultaneously with the issuance of the 2012 Senior Secured Notes, the Co-Issuers also entered into a revolving financing facility of Series 2012-1 Variable Funding Senior Notes, Class A-1 (the Variable Funding Notes), which allows for the funding of up to \$100 million of Variable Funding Notes and certain other credit instruments, including letters of credit. The Variable Funding Notes were issued under the Indenture and allow for drawings on a revolving basis. Drawings and certain additional terms related to the Variable Funding Notes are governed by the Class A-1 Note Purchase Agreement dated November 29, 2012 (the Variable Funding Note Purchase Agreement), among the Co-Issuers, Iconix, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, as swingline lender and as administrative agent. The Variable Funding Notes will be governed, in part, by the Variable Funding Note Purchase Agreement and by certain generally applicable terms contained in the Indenture. Interest on the Variable Funding Notes will be payable at per annum rates equal to the CP Rate, Base Rate or Eurodollar Rate, as defined in the Variable Funding Note Purchase Agreement.

As of December 31, 2013, no amounts under the Variable Funding Notes have been drawn. There is a commitment fee on the unused portion of the Variable Funding Notes facility of 0.5% per annum. It is anticipated that any outstanding principal of and interest on the Variable Funding Notes will be repaid in full on or prior to January 2018. Following the anticipated repayment date, additional interest will accrue on the Variable Funding Notes equal to 5% per annum. The Variable Funding Notes and other credit instruments issued under the Variable Funding Note Purchase Agreement are secured by the collateral described below.

On June 21, 2013, the Co-Issuers issued \$275.0 million aggregate principal amount of Series 2013-1 4.352% Senior Secured Notes, Class A-2 (the 2013 Senior Secured Notes and, together with the 2012 Senior Secured Notes, the Senior Secured Notes) in an offering exempt from registration under the Securities Act of 1933, as amended.

The Senior Secured Notes and the Variable Funding Notes are referred to collectively as the Notes. The Notes were issued in securitization transactions pursuant to which substantially all of Iconix's United States and Canadian revenue-generating assets (the Securitized Assets), consisting principally of its intellectual property and license agreements for the use of its intellectual property, were transferred to and are currently held by the Co-Issuers. The Securitized Assets do not include revenue generating assets of (x) the Iconix subsidiaries that own the Badgley Mischka trademark, the Ecko Unltd trademark, the Mark Ecko trademark, the Umbro trademark and the Lee Cooper trademark, (y) the Iconix subsidiaries that own Iconix's other brands outside of the United States and Canada or (z) the joint ventures in which Iconix and certain of its subsidiaries have investments and which own the Artful Dodger trademark, the Modern Amusement trademark and the Buffalo trademark and a 50% interest in the Ice Cream trademark and the Billionaire Boys Club trademark.

The Notes were issued under a base indenture and related supplemental indentures (collectively, the Indenture) among the Co-Issuers and Citibank, N.A., as trustee (in such capacity, the Trustee) and securities intermediary. The Indenture allows the Co-Issuers to issue additional series of notes in the future subject to certain conditions.

While the Notes are outstanding, payments of interest are required to be made on the Senior Secured Notes on a quarterly basis. To the extent funds are available, principal payments in the amount of \$10.5 million and \$4.8 million are required to be made on the 2012 Senior Secured Notes and 2013 Senior Secured Notes, respectively, on a quarterly basis.

The legal final maturity date of the Senior Secured Notes is in January of 2043, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Senior Secured Notes will be repaid in January of 2020. If the Co-Issuers have not repaid or refinanced the Senior Secured Notes prior to the anticipated

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repayment date, additional interest will accrue on the Senior Secured Notes equal to the greater of (A) 5% per annum and (B) a per annum interest rate equal to the excess, if any, by which the sum of (i) the yield to maturity (adjusted to a quarterly bond-equivalent basis), on the anticipated repayment date of the United States treasury security having a term closest to 10 years plus (ii) 5% plus (iii) with respect to the 2012 Senior Secured Notes, 3.4%, or with respect to the 2013 Senior Secured Notes, 3.14%, exceeds the original interest rate. The Senior Secured Notes rank pari passu with the Variable Funding Notes.

Pursuant to the Indenture, the Notes are the joint and several obligations of the Co-Issuers only. The Notes are secured under the Indenture by a security interest in substantially all of the assets of the Co-Issuers (the Collateral), which includes, among other things, (i) intellectual property assets, including the U.S. and Canadian registered and applied for trademarks for the following brands and other related IP assets: Candie's, Bongo, Joe Boxer (excluding Canadian trademarks, none of which are owned by Iconix), Rampage, Mudd, London Fog (other than the trademark for outerwear products sold in the United States), Mossimo, Ocean Pacific and OP, Danskin and Danskin Now, Rocawear, Starter, Waverly, Fieldcrest, Royal Velvet, Cannon, Charisma, and Sharper Image; (ii) the rights (including the rights to receive payments) and obligations under all license agreements for use of those trademarks; (iii) the following equity interests in the following joint ventures: an 85% interest in Hardy Way LLC which owns the Ed Hardy brand, a 50% interest in MG Icon LLC which owns the Material Girl and Truth or Dare brands, a 100% interest in ZY Holdings LLC which owns the Zoo York brand, and an 80% interest in Peanuts Holdings LLC which owns the Peanuts brand and characters; and (iv) certain cash accounts established under the Indenture.

If the Company contributes a newly organized, limited purpose, bankruptcy remote entity (each an Additional IP Holder) and, together with the Co-Issuers, the Securitization Entities) to Icon Brand Holdings LLC or Icon DE Intermediate Holdings LLC, that Additional IP Holder will enter into a guarantee and collateral agreement in a form provided for in the Base Indenture pursuant to which such Additional IP Holder will guarantee the obligations of the Co-Issuers in respect of any Notes issued under the Base Indenture and the other related documents and pledge substantially all of its assets to secure those guarantee obligations pursuant to a guarantee and collateral agreement.

Neither the Company nor any subsidiary of the Company, other than the Securitization Entities, will guarantee or in any way be liable for the obligations of the Co-Issuers under the Indenture or the Notes.

The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments, including mandatory prepayments in the event of a change of control (as defined in the supplemental indentures) and the related payment of specified amounts, including specified make-whole payments in the case of the Senior Secured Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Company was in compliance with all covenants under the Notes during FY 2013 and FY 2012.

The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to (i) the failure to maintain a stated debt service coverage ratio, which tests the amount of net cash flow generated by the assets of the Co-Issuers against the amount of debt service obligations of the Co-Issuers (including any commitment fees and letter of credit fees with respect to the Variable Funding Notes, due and payable accrued interest, and due and payable scheduled principal payments on the Senior Secured Notes), (ii) certain manager termination events, (iii) the occurrence of an event of default and (iv) the failure to repay or refinance the Notes on the anticipated repayment date. If a rapid amortization event were to occur, Icon DE Intermediate Holdings LLC and Icon Brand Holdings LLC would be restricted from declaring or paying distributions on any of its limited liability company interests.

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The Company used approximately \$150.4 million of the proceeds received from the issuance of the 2012 Senior Secured Notes to repay amounts outstanding under its revolving credit facility (see below) and approximately \$20.9 million to pay the costs associated with the 2012 Senior Secured Notes financing transaction. In addition approximately \$218.3 million of the proceeds from the 2012 Senior Secured Notes were used for the Company's purchase of the Umbro brand. The Company used approximately \$7.2 million of the proceeds received from the issuance of the 2013 Senior Secured Notes to pay the costs associated with the 2013 Senior Secured Notes securitized financing transaction.

As of December 31, 2013, the total principal balance of the Notes is \$836.9 million, of which \$61.3 million is included in the current portion of long-term debt on consolidated balance sheet. As of December 31, 2013 and December 31, 2012, \$52.4 million and \$12.5 million, respectively is included in restricted cash on the consolidated balance sheet and represents short-term restricted cash consisting of collections on behalf of the Securitized Assets, restricted to the payment of principal, interest and other fees on a quarterly basis under the Senior Secured Notes.

1.50% Convertible Notes.

In March 2013, the Company completed the issuance of \$400.0 million principal amount of our 1.50% convertible senior subordinated notes due March 2018, herein referred to as our 1.50% Convertible Notes, in a private offering to certain institutional investors from which we received net proceeds, after transaction fees, of approximately \$390.6 million. The 1.50% Convertible Notes bear interest at an annual rate of 1.50%, payable semi-annually in arrears on March 15 and September 15 of each year, commencing as of September 15, 2013. At December 31, 2013, the net balance of the 1.50% Convertible Notes was \$323.4 million, which reflects the net debt carrying value in accordance with accounting for convertible debt instruments that may be settled in cash upon conversion. However, the principal amount owed to the 1.50% Convertible Note holders is \$400.0 million.

Concurrently with the sale of the 1.50% Convertible Notes, we purchased note hedges for approximately \$84.1 million and issued warrants to the hedge counterparties for proceeds of approximately \$57.7 million. These transactions will generally have the effect of increasing the conversion price of the 1.50% Convertible Notes (by 100% based on the price of our common stock at the time of the offering). As a result of these transactions, we recorded an increase to additional paid-in-capital of \$3.0 million. These note hedges and warrants are separate and legally distinct instruments that bind only us and the counterparties thereto and have no binding effect on the holders of the 1.50% Convertible Notes.

We utilized a portion of the proceeds of the 1.50% Convertible Notes as follows: approximately \$69.0 million was used to repurchase 2,964,000 shares of the Company in a private transaction with a third party, and approximately \$26.4 million was the net payment for the related convertible note hedge. There are no covenants for this debt obligation.

2.50% Convertible Notes.

In May 2011, the Company completed the issuance of \$300.0 million principal amount of our 2.50% convertible senior subordinated notes due June 2016, herein referred to as our 2.50% Convertible Notes, in a private offering to certain institutional investors from which we received net proceeds, after transaction fees, of approximately \$291.6 million. The 2.50% Convertible Notes bear interest at an annual rate of 2.50%, payable semi-annually in arrears on June 1 and December 1 of each year, commencing as of December 1, 2011. At December 31, 2012, the net balance of the 2.50% Convertible Notes was \$254.7 million, which reflects the net debt carrying value in accordance with accounting for convertible debt instruments that may be settled in cash upon conversion. However, the principal amount owed to the 2.50% Convertible Note holders is \$300.0 million.

Concurrently with the sale of the 2.50% Convertible Notes, we purchased note hedges for approximately \$58.7 million and issued warrants to the hedge counterparties for proceeds of approximately \$28.8 million. These

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transactions will generally have the effect of increasing the conversion price of the 2.50% Convertible Notes (by 100% based on the price of our common stock at the time of the offering). As a result of these transactions, we recorded a reduction to additional paid-in-capital of \$9.4 million. These note hedges and warrants are separate and legally distinct instruments that bind only us and the counterparties thereto and have no binding effect on the holders of the 2.50% Convertible Notes.

We utilized a portion of the proceeds of the 2.50% Convertible Notes as follows: approximately \$112.6 million was used to extinguish the outstanding obligation under a term loan facility, and approximately \$29.9 million was the net payment for the related convertible note hedge. There are no covenants for this debt obligation.

Ecko Note

In connection with the Ecko transaction in October 2009 (see Note 3), IPH Unltd issued a promissory note (Ecko Note) to a third party creditor (LF Centennial Limited, an affiliate of Li & Fung USA) for \$90.0 million, which bore interest at 7.50% per annum. IPH Unltd's obligations under the Ecko Note were secured by the Ecko portfolio of trademarks and related intellectual property assets and the Zoo York trademarks and related intellectual property assets owned by ZY Holdings (see Note 3).

On May 30, 2013, the Company paid \$52.7 million to extinguish the Ecko Note, representing total outstanding principal and accrued interest to date, to the holders of the Ecko Note in full satisfaction of its obligations under the Ecko Note.

The following is a summary of contractual cash obligations, including interest for the periods indicated that existed as of December 31, 2013:

	2014	2015	2016	2017 (000 s omitted)	2018	Thereafter	Total
Senior Secured Notes	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250	\$ 530,638	\$ 836,888
1.50% Convertible Notes					400,000		400,000
2.50% Convertible Notes			300,000				300,000
Operating leases	3,302	3,008	2,751	2,806	2,628	13,896	28,391
Employment contracts	5,633	4,648	51				10,332
Interest	47,915	45,301	38,312	32,573	24,959	98,211	287,271
Total contractual cash obligations	\$ 118,100	\$ 114,207	\$ 402,364	\$ 96,629	\$ 488,837	\$ 642,745	\$ 1,862,882

Other Factors

We continue to seek to expand and diversify the types of licensed products being produced under our various brands, as well as diversify the distribution channels within which licensed products are sold, in an effort to reduce dependence on any particular retailer, consumer or market sector. The success of our Company, however, remains largely dependent on our ability to build and maintain brand awareness and contract with and retain key licensees and on our licensees' ability to accurately predict upcoming trends within their respective customer bases and fulfill the product requirements of their particular distribution channels within the global marketplace. Unanticipated changes in consumer fashion preferences, slowdowns in the global economy, changes in the prices of supplies, consolidation of retail establishments, and other factors noted in Risk Factors, could adversely affect our licensees' ability to meet and/or exceed their contractual commitments to us and thereby adversely affect our future operating results.

Effects of Inflation

We do not believe that the relatively moderate rates of inflation experienced over the past few years in the United States, where we primarily compete, have had a significant effect on revenues or profitability. If there

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were an adverse change in the rate of inflation by less than 10%, the expected effect on net income would be immaterial.

New Accounting Standards

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. (ASU 2013-02). ASU 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. Adoption did not have an effect on our financial statements for FY 2013.

Critical Accounting Policies

Several of our accounting policies involve management judgments and estimates that could be significant. The policies with the greatest potential effect on our consolidated results of operations and financial position include the estimate of reserves to provide for collectability of accounts receivable. We estimate collectability considering historical, current and anticipated trends of our licensees related to deductions taken by customers and markdowns provided to retail customers to effectively flow goods through the retail channels, and the possibility of non-collection due to the financial position of our licensees and their retail customers. Due to our licensing model, we do not have any inventory risk and have reduced our operating risks, and can reasonably forecast revenues and plan expenditures based upon guaranteed royalty minimums and sales projections provided by our retail and other licensees.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We review all significant estimates affecting the financial statements on a recurring basis and record the effect of any adjustments when necessary.

In connection with our licensing model, we have entered into various trademark license agreements that provide revenues based on minimum royalties and additional revenues based on a percentage of defined sales. Minimum royalty revenue is recognized on a straight-line basis over each period, as defined, in each license agreement. Royalties exceeding the defined minimum amounts are recognized as income during the period corresponding to the licensee's sales.

We account for goodwill and indefinite lived intangible assets in accordance with FASB Codification ASC Topic 350 Intangibles Goodwill and Other. As prescribed under this guidance, goodwill is tested for impairment at least annually or earlier if an indicator of impairment exists. During the years FY 2013, FY 2012 and FY 2011, no write-downs from impairments were necessary. Our tests for impairment utilize discounted cash flow models to estimate the fair values of the individual assets. Assumptions critical to our fair value estimates are as follow: (i) discount rates used to derive the present value factors used in determining the fair value of the reporting units and trademarks; (ii) royalty rates used in our trademark valuations; (iii) projected average revenue growth rates used in the reporting unit and trademark models; and (iv) projected long-term growth rates used in the derivation of terminal year values. These tests factor in economic conditions and expectations of management and may change in the future based on period-specific facts and circumstances.

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Impairment losses are recognized for long-lived assets, including certain intangibles such as our trademarks, used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are not sufficient to recover the assets carrying amount. Impairment losses are measured by comparing the fair value of the assets to their carrying amount. Our trademarks are tested individually on an annual basis using management's projections, as well as a range of growth rates and assumptions depending on the business profile of the trademark. For the years FY 2013, FY 2012 and FY 2011 there was no impairment present for these long-lived assets. If future projections, growth rates or assumptions are not met by actual results, impairment could occur in the future.

We account for our stock-based compensation under ASC Topic 718 Compensation - Stock Compensation, which requires companies to measure and recognize compensation expense for all stock-based payments at fair value.

We account for income taxes in accordance with guidance under ASC Topic 740 Income Taxes. Under this guidance, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. In determining the need for a valuation allowance, management reviews both positive and negative evidence pursuant to the requirements of this guidance, including current and historical results of operations, the annual limitation on utilization of net operating loss carry forwards pursuant to Internal Revenue Code section 382, future income projections and the overall prospects of our business. Based upon management's assessment of all available evidence, including our completed transition into a licensing business, estimates of future profitability based on projected royalty revenues from our licensees, and the overall prospects of our business, management concluded that it is more likely than not that the net deferred income tax asset will be realized.

We adopted guidance under ASC Topic 740, beginning January 1, 2007, as it relates to uncertain tax positions. The implementation of this guidance did not have a significant impact on our financial position or results of operations. The total unrecognized tax benefit was \$1.1 million at the date of adoption. At December 31, 2013, the total unrecognized tax benefit was \$1.2 million. However, this unrecognized tax benefit is not recognized for accounting purposes because the related deferred tax asset has been fully reserved in prior years. We are continuing our practice of recognizing interest and penalties related to income tax matters in income tax expense. There was no accrual for interest and penalties related to uncertain tax positions for the year ended December 31, 2013. We file federal and state tax returns and we are generally no longer subject to tax examinations for fiscal years prior to 2009.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We limit exposure to foreign currency fluctuations by requiring the majority of our licenses to be denominated in U.S. dollars. Certain other licenses are denominated in Japanese Yen and the Euro. To mitigate interest rate risks, we have, from time to time, purchased derivative financial instruments such as forward contracts to convert certain portions of our revenue and cash received in foreign currencies to fixed exchange rates. If there were an adverse change in the exchange rate from Japanese Yen to U.S. dollars or the Euro to U.S. dollars of less than 10%, the expected effect on net income would be immaterial.

Moreover, in connection with the warrant transactions with the counterparties related to our 2.50% Convertible Notes and our 1.50% Convertible Notes, to the extent that the price of our common stock exceeds the strike price of the warrants, the warrant transactions could have a dilutive effect on our earnings per share.

The effect, if any, of these transactions and activities on the trading price of our common stock will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock.

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Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required to be submitted in response to this Item 8 are set forth after Part IV, Item 15 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

The Company, under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, herein referred to as the Exchange Act) as of the end of the period covered by this report. The purpose of disclosure controls is to ensure that information required to be disclosed in our reports filed with or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC filings and ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms.

The principal executive officer and principal financial officer also conducted an evaluation of internal control over financial reporting, herein referred to as internal control, to determine whether any changes in internal control occurred during the year ended December 31, 2013 that may have materially affected or which are reasonably likely to materially affect internal control. Based on that evaluation, there has been no change in the Company's internal control during the quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control.

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MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

February 27, 2014

To the Stockholders of Iconix Brand Group, Inc.

The management of Iconix Brand Group, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company and for the preparation, integrity, objectivity and fair presentation of the financial statements and other financial information presented in this report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and reflect the effects of certain judgments and estimates made by management.

In order to ensure that our internal control over financial reporting is effective, management regularly assesses such controls and did so most recently for our financial reporting as of December 31, 2013. This assessment was based on criteria for effective internal control over financial reporting described in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, referred to as COSO (1992). Our assessment included the documentation and understanding of our internal control over financial reporting. We have evaluated the design effectiveness and tested the operating effectiveness of internal controls to form our conclusion.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that pertain to maintaining records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets, providing reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, assuring that receipts and expenditures are being made in accordance with authorizations of our management and directors and providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on this assessment, the undersigned officers concluded that our internal controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC filings and that information required to be disclosed by us in these periodic filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that our internal controls are effective to provide reasonable assurance that our financial statements are fairly presented in conformity with generally accepted accounting principles.

The Audit Committee of our Board of Directors, which consists of independent, non-executive directors, meets regularly with management, the internal auditors and the independent accountants to review accounting, reporting, auditing and internal control matters. The committee has direct and private access to external auditors.

BDO USA, LLP, the independent registered public accounting firm who audits our financial statements, has audited our internal control over financial reporting as of December 31, 2013 and has expressed an unqualified opinion thereon.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Iconix Brand Group, Inc.

New York, New York

We have audited Iconix Brand Group, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Iconix Brand Group, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Iconix Brand Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Iconix Brand Group, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013 and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA LLP

New York, New York
February 27, 2014

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Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item concerning our directors, executive officers and certain corporate governance matters is incorporated by reference from our definitive proxy statement relating to our Annual Meeting of Stockholders to be held in 2014 (2014 Definitive Proxy Statement) to be filed with the SEC.

Code of Business Conduct

We have adopted a written code of business conduct that applies to our officers, directors and employees. Copies of our code of business conduct are available, without charge, upon written request directed to our corporate secretary at Iconix Brand Group, Inc., 1450 Broadway, New York, NY 10018.

Item 11. Executive Compensation.

The information required under this item is hereby incorporated by reference from our 2014 Definitive Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required under this item is hereby incorporated by reference from our 2014 Definitive Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required under this item is hereby incorporated by reference from our 2014 Definitive Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required under this item is hereby incorporated by reference from our 2014 Definitive Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents included as part of this Annual Report

1. The following consolidated financial statements are included in this Annual Report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - December 31, 2013 and 2012

Consolidated Income Statements for the years ended December 31, 2013, 2012 and 2011

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Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013, 2012 and 2011

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Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011

Notes to Consolidated Financial Statements

2. The following financial statement schedules are included in this Annual Report:

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule

Schedule for the years ended December 31, 2013, 2012 and 2011

Schedule II Valuation and qualifying accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. See the Index to Exhibits for a list of exhibits filed as part of this Annual Report.

(b) See Item (a) 3 above.

(c) See Item (a) 2 above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICONIX BRAND GROUP, INC.

Date: February 27, 2014

By: /s/ Neil Cole
Neil Cole,
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Neil Cole	Chairman of the Board, President and Chief Executive Officer	February 27, 2014
Neil Cole	(Principal Executive Officer)	
/s/ Warren Clamen	Chief Financial Officer (Principal Financial and Accounting Officer)	February 27, 2014
Warren Clamen		
/s/ Barry Emanuel	Director	February 27, 2014
Barry Emanuel		
/s/ Drew Cohen	Director	February 27, 2014
Drew Cohen		
/s/ F. Peter Cuneo	Director	February 27, 2014
F. Peter Cuneo		
/s/ Mark Friedman	Director	February 27, 2014
Mark Friedman		
/s/ James A. Marcum	Director	February 27, 2014
James A. Marcum		

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Index to Exhibits

Exhibit	Description
Numbers	
2.1	Asset Purchase dated October 29, 2004 by and among B.E.M. Enterprise, Ltd., Escada (USA) Inc., the Company and Badgley Mischka Licensing LLC (1)
2.2	Asset Purchase Agreement dated July 22, 2005 by and among the Company, Joe Boxer Company, LLC, Joe Boxer Licensing, LLC, JBC Canada Holdings, LLC, Joe Boxer Canada, LP, and William Sweedler, David Sweedler, Alan Rummelsburg, Joseph Sweedler and Arnold Suresky (2)
2.3	Asset Purchase Agreement dated September 16, 2005 by and among the Company, Rampage Licensing, LLC, Rampage.com, LLC, Rampage Clothing Company, Larry Hansel, Bridgette Hansel Andrews, Michelle Hansel, Paul Buxbaum and David Ellis (3)
2.4	Merger Agreement dated as of March 31, 2006 by and among the Company, Moss Acquisition Corp., Mossimo, Inc., and Mossimo Giannulli (4)
2.5	Asset Purchase Agreement dated as of March 31, 2006, between the Company and Mudd (USA) LLC (5)
2.6	Amendment dated April 11, 2006 to Asset Purchase Agreement dated as of March 31, 2006 between the Company and Mudd (USA), LLC. (6)
2.7	Asset Purchase Agreement, dated as of August 21, 2006, between the Company and London Fog Group, Inc. (7)
2.8	Asset Purchase Agreement, dated as of October 31, 2006, between the Company, The Warnaco Group, Inc., and Ocean Pacific Apparel Corp. (including the forms of the Note and the Registration Rights Agreement) (27)+
2.9	Assets Purchase Agreement dated as of February 21, 2007 by and among the Company, Danskin, Inc. and Danskin Now, Inc. (28)+**
2.10	Asset Purchase Agreement dated March 6, 2007 by and among the Company, Rocawear Licensing LLC, Arnold Bize, Shawn Carter and Naum Chernyavsky (29)+
2.11	Purchase and Sale Agreement, dated September 6, 2007, by and among the Company, Official Pillowtex LLC and the Sellers of interests in Official Pillowtex, LLC (the Sellers) (32)+
2.12	Asset Purchase Agreement dated November 15, 2007 by and among the Company, Exeter Brands Group LLC and NIKE, Inc. (34)+
2.13	Asset Purchase Agreement by and among NexCen Brands, Inc., NexCen Fixed Asset Company, LLC, NexCen Brand Management, Inc., WV IP Holdings, LLC and the Company dated September 29, 2008 (39)+
2.14	Contribution and Sale Agreement dated October 26, 2009 by and among the Company, IP Holder LLC, now known as IP Holdings Unltd LLC, Seth Gerszberg, Suchman LLC, Yakira, L.L.C., Ecko.Complex, LLC, Zoo York LLC and Zoo York THC LLC. + (46)
2.15	Membership Interest Purchase Agreement dated as of March 9, 2010 by and between the Company and Purim LLC (50)+
2.16	Purchase Agreement dated as of April 26, 2010 by and among the Company, United Features Syndicate, Inc. and The E.W. Scripps Company (51)+
2.17	Asset Purchase Agreement dated April 26, 2011 by and among Hardy Way LLC, Nervous Tattoo, Inc. and Audigier Brand Management Group, LLC (53)+

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Numbers	Description
2.18	Asset Purchase Agreement dated October 26, 2011 by and between the Company and Sharper Image Acquisition LLC (58) +
2.19	Asset Purchase Agreement dated October 24, 2012 by and among Iconix Brand Group, Inc., Umbro IP Holdings LLC, Iconix Luxembourg Holdings SÀRL, Umbro International Limited, Nike Global Services Pte. Ltd. and NIKE, Inc (60) +
3.1	Certificate of Incorporation, as amended (8)
3.2	Restated and Amended By-Laws (9)
3.3	Restated and Amended By-Laws (61)
3.4	Restated and Amended By-Laws (62)
4.1	Rights Agreement dated January 26, 2000 between the Company and Continental Stock Transfer and Trust Company (10)
4.2	Fifth Amended and Restated Indenture dated of August 28, 2006 by and between IP Holdings LLC, as issuer, and Wilmington Trust Company as Trustee (7)
4.3	Indenture, dated June 20, 2007 between the Company and The Bank of New York (31)
4.4	Registration Rights Agreement, dated June 20, 2007, by and among the Company, Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Lehman Brothers Inc. (31)
4.5	Indenture, dated May 23, 2011, between the Company and The Bank of New York Mellon Trust, N.A. (54)
4.6	Global Note (54)
4.7	Base Indenture dated November 29, 2012 (63)
4.8	Supplemental Indenture dated November 29, 2012 (63)
4.9	Supplemental Indenture Series 2013-1 Supplement dated as of June 21, 2013 (66)
4.10	Indenture 1.50% Convertible Senior Subordinated Notes Due 2018 dated as of March 18, 2013 (67)
4.11	Global Note (67)
10.1	1997 Stock Option Plan of the Company (12)*
10.2	2000 Stock Option Plan of the Company (13)*
10.3	2001 Stock Option Plan of the Company (14)*
10.4	2002 Stock Option Plan of the Company (15)*
10.5	Non-Employee Director Stock Incentive Plan (16)*
10.6	401(K) Savings Plan of the Company (17)
10.7	Employment Agreement between Neil Cole and the Company dated January 28, 2008 (9)*
10.8	Membership Interest Purchase Agreement dated as of May 4, 2009 by and among the Company, Donald Edward Hardy and Francesca Passalacqua, trustees of the Hardy/Passalacqua Family Revocable Trust and Donald Edward Hardy. + (47)
10.9	2009 Equity Incentive Plan*(49)
10.15	Option Agreement of Neil Cole dated November 29, 1999 (17)*
10.16	The Company s 2006 Equity Incentive Plan and forms of options granted thereunder (37)*
10.17	Restricted Stock Agreement dated September 22, 2006 between the Company and Andrew Tarshis (24)*

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Exhibit

Numbers	Description
10.18	Restricted Stock Agreement dated September 22, 2006 between the Company and Deborah Sorell Stehr (24)*
10.19	Form of Restricted Stock Agreement for officers under the Company s 2006 Equity Incentive Plan (25)*
10.20	Form of Restricted Stock Agreement for Directors under the Company s 2006 Equity Incentive Plan (25)*
10.21	8% Senior Subordinated Note due 2012 of the Company payable to Sweet Sportswear, LLC (20)
10.22	Letter Agreement dated October 29, 2004 among UCC Funding Corporation, Content Holdings, Inc., the Company and Badgley Mischka Licensing LLC (1)
10.23	Form of Option Agreement under the Company s 1997 Stock Option Plan (18)*
10.24	Form of Option Agreement under the Company s 2000 Stock Option Plan (18)*
10.25	Form of Option Agreement under the Company s 2001 Stock Option Plan (18)*
10.26	Form of Option Agreement under the Company s 2002 Stock Option Plan (18)*
10.27	Agreement dated June 2, 2006 among the Company, UCC Consulting, Content Holdings, James Haran and Robert D Loren (44)
10.28	Common Stock Purchase Warrant issued to UCC Consulting Corporation (45)
10.29	Purchase and Sale Agreement dated June 2, 2006 by and among the Company, Content Holdings, Robert D Loren, Seth Burroughs and Catherine Twist (44)
10.30	Loan and Security Agreement dated as of October 31, 2006 among Mossimo Holdings LLC, Mossimo Management LLC, and Merrill Lynch Mortgage Capital Inc., as agent and lender (11)+
10.31	Guaranty dated as of October 31, 2006 by the Company in favor of Merrill Lynch Mortgage Capital Inc., as agent (11)
10.32	Registration Rights Agreement dated as of March 9, 2007 by and between the Company and Danskin, Inc. (28)
10.33	Registration Rights Agreement dated March 30, 2007 by and between the Company and Rocawear Licensing LLC (29)
10.34	Amended and Restated Credit Agreement dated as of May 2, 2007 by and among the Company, Lehman Brothers Inc. as Arranger, and Lehman Commercial Paper Inc., as Lender, as Syndication Agent and as Administrative Agent (30)+
10.35	Guarantee and Collateral Agreement made by the Company and certain of its subsidiaries in favor of Lehman Commercial Paper Inc., as Administrative Agent (30)+
10.36	Purchase Agreement, dated June 14, 2007, by and among the Company, Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Lehman Brothers Inc. (31)
10.37	Letter Agreement Confirming OTC Convertible Note Hedge, dated June 19, 2007 among the Company, Merrill Lynch International and, solely in its capacity as agent thereunder, Merrill Lynch, Pierce, Fenner & Smith Incorporated (31)
10.38	Letter Agreement, Confirming OTC Convertible Note Hedge, dated June 19, 2007, among the Company, Lehman Brothers - OTC Derivatives Inc. and, solely in its capacity as agent thereunder, Lehman Brothers (31)

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Numbers	Description
10.39	Letter Agreement, Confirming OTC Warrant transaction, dated June 19, 2007, among the Company, Merrill Lynch International and, solely in its capacity as agent thereunder, Merrill Lynch, Pierce, Fenner & Smith Incorporated (31)
10.40	Letter Agreement, Confirming OTC Warrant Transaction, dated June 19, 2007, among the Company, Lehman Brothers OTC Derivatives Inc. and, solely in its capacity as agent thereunder, Lehman Brothers (31)
10.41	Escrow Agreement dated September 6, 2007 by and between the Company, Ben Kraner, on behalf of the Sellers, as each Seller's authorized attorney-in-fact, and U.S. Bank National Association, as escrow agent (32)
10.42	Note and Security Agreement dated November 7, 2007 made by Artful Holdings, LLC in favor of the Company (33)
10.43	Restricted Stock Grant Agreement dated February 19, 2008 between the Company and Neil Cole (42)*
10.44	Restricted Stock Performance Unit Agreement dated February 19, 2008 between the Company and Neil Cole (42)*
10.45	Lease dated as of November 12, 2007 with respect to the Company's Executive Offices (42)
10.46	Iconix Brand Group, Inc. Executive Incentive Bonus Plan (35)
10.47	Transition Services Agreement between the Company and David Conn (38)
10.48	Employment Agreement dated November 11, 2008 between the Company and Andrew Tarshis (40)*
10.49	Employment Agreement dated November 11, 2008 between the Company and Warren Clamen (40)*
10.50	Agreement dated May 2008 between the Company and Neil Cole.(36)*
10.51	Agreement dated December 24, 2008 between the Company and Neil Cole (41)*
10.52	Form of restricted stock agreement under the 2009 Equity Incentive Plan* (48)
10.53	Form of stock option agreement under the 2009 Equity Incentive Plan* (48)
10.54	Restricted Stock Performance Unit Agreement with Neil Cole dated September 23, 2009* (48)
10.55	Restricted Stock Agreement with Warren Clamen dated September 22, 2009* (48)
10.56	Restricted Stock Agreement with Andrew Tarshis dated September 22, 2009* (48)
10.57	Employment Agreement dated November 17, 2009 between the Company and Yehuda Shmidman * (52)
10.58	Employment Agreement dated February 26, 2009 between the Company and David Blumberg* (52)
10.59	Restricted Stock Agreement with David Blumberg dated September 22, 2009* (52)
10.60	Lease dated as of December 30, 1994, including amendments dated November 30, 1996, September 26, 2003, and December 23, 2004, with respect to the Company's office at 200 Madison Avenue (43)
10.61	Purchase Agreement, dated May 17, 2011, among Iconix Brand Group, Inc., Barclays Capital Inc. and Goldman, Sachs & Co. (54)

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Numbers	Description
10.62	Confirmation of OTC Convertible Note Hedge, dated May 17, 2011, between the Company Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC (54)
10.63	Confirmation of OTC Convertible Note Hedge, dated May 17, 2011, between the Company and Goldman, Sachs & Co. (54)
10.64	Confirmation of OTC Warrant Transaction, dated May 17, 2011, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC (54)
10.65	Confirmation of OTC Warrant Transaction, dated May 17, 2011, between the Company and Goldman, Sachs & Co. (54)
10.66	Confirmation of Additional OTC Convertible Note Hedge, dated May 18, 2011, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC (54)
10.67	Confirmation of Additional OTC Convertible Note Hedge, dated May 18, 2011, between the Company and Goldman, Sachs & Co. (54)
10.68	Confirmation of Additional OTC Warrant Transaction, dated May 18, 2011, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC (54)
10.69	Confirmation of Additional OTC Warrant Transaction, dated May 18, 2011, between the Company and Goldman, Sachs & Co. (54)
10.70	Amendment to Employment Agreement between Neil Cole and the Company dated June 17, 2011 (55)*
10.71	Restricted Stock Agreement dated June 17, 2011 between the Company and Neil Cole (56)*
10.72	Restricted Stock Performance Unit Agreement dated June 17, 2011 between the Company and Neil Cole (56)*
10.73	Employment Agreement dated October 7, 2011 between the Company and Warren Clamen (57)*
10.74	Employment Agreement dated October 7, 2011 between the Company and Andrew Tarshis (57)*
10.75	Revolving Credit Agreement dated as of November 22, 2011 among the Company, as Borrower, and the several banks and other financial institutions or entities from time to time parties thereto, Barclays Capital, the investment banking division of Barclays Bank PLC, Goldman Sachs Bank USA and GE Capital Markets, Inc., as Joint Lead Arrangers and Joint Bookrunners, Goldman Sachs Bank USA and GE Capital Markets, Inc., as Syndication Agents, Barclays Bank PLC, as Documentation Agent, and Barclays Bank PLC, as Administrative Agent (59)
10.76	Guarantee and Collateral Agreement dated as of November 22, 2011 made by the Company and certain of its Subsidiaries in favor of Barclays Bank PLC, as Administrative Agent (59)
10.77	Employment Agreement dated March 5, 2012 between the Company and David Blumberg (64)*
10.78	Class A-1 Note Purchase Agreement dated November 29, 2012 by and among Registrant, Co-Issuers, Certain Conduit Investors, Certain Financial Institutions, Certain Funding Agents, Barclays Bank PLC, as L/C Provider, Barclays Bank PLC as Swingline Lender and Barclays Bank PLC, as Administrative Agent (63)
10.79	Management Agreement dated November 29, 2012 by and among the Co-Issuers, Registrant and Citibank, N.A., as trustee (63)
10.80	Amendment to Employment Agreement entered into February 15, 2013 to be effective February 1, 2013 between the Company and David Blumberg (65)*

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Numbers	Description
10.81	PSU Agreement dated February 15, 2013 between Iconix Brand Group, Inc. and David Blumberg. (65)*
10.82	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Executive)* (21)
10.83	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-Executive)* (21)
10.84	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-employee Director)* (21)
10.85	Purchase Agreement, dated March 12, 2013, between Iconix Brand Group, Inc. and Barclays Capital Inc. (67)
10.86	Confirmation of OTC Convertible Note Hedge, dated March 13, 2013, between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC (67)
10.87	Confirmation of Additional OTC Convertible Note Hedge, dated March 13, 2013, between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC (67)
10.88	Confirmation of OTC Warrant Transaction, dated March 13, 2013, between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC (67)
10.89	Confirmation of Additional OTC Warrant Transaction, dated March 13, 2013, between Iconix Brand Group, Inc. and Barclays Capital Inc., acting as agent for Barclays Bank PLC (67)
10.90	Employment Agreement dated as of August 19, 2013 between the Company and Jason Schaefer. (68)*
10.91	Amended and Restated 2009 Equity Incentive Plan (19)*
21	Subsidiaries of the Company ++
23	Consent of BDO USA, LLP ++
31.1	Certification of Chief Executive Officer Pursuant To Rule 13a-14 Or 15d-14 Of The Securities Exchange Act Of 1934, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002 ++
31.2	Certification of Principal Financial Officer Pursuant To Rule 13a-14 Or 15d-14 Of The Securities Exchange Act Of 1934, As Adopted Pursuant To Section 302 Of The Sarbanes-Oxley Act of 2002 ++
32.1	Certification of Chief Executive Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act of 2002 ++
32.2	Certification of Principal Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 ++
99.1	Note Purchase Agreement by and among IP Holdings LLC, the Company and Mica Funding, LLC, dated April 11, 2006 (26)+
99.2	Note Purchase Agreement by and among IP Holdings LLC, the Company and Mica Funding, LLC, dated August 28, 2006 (7)+
99.3	Agreement for Creative Director Services dated as of October 31, 2006 by and among the Company, Mossimo, Inc. and Mossimo Giannulli (11)
101.INS	XBRL Instance Document ++
101.SCH	XBRL Schema Document ++
101.CAL	XBRL Calculation Linkbase Document ++

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Exhibit

Numbers	Description
101.DEF	XBRL Definition Linkbase Document ++
101.LAB	XBRL Label Linkbase Document ++
101.PRE	XBRL Presentation Linkbase Document ++

- (1) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2004 and incorporated by reference herein.
- (2) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated July 22, 2005 and incorporated by reference herein.
- (3) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated September 16, 2005 and incorporated by reference herein.
- (4) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 31, 2006 (SEC accession No. 0000950117-06-001668) and incorporated by reference herein.
- (5) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 31, 2006 (SEC accession No. 0000950117-06-001669) and incorporated by reference herein.
- (6) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 and incorporated by reference herein.
- (7) Filed as an exhibit filed to the Company's Current Report on Form 8-K for the event dated August 28, 2006 and incorporated by reference herein.
- (8) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 and incorporated by reference herein.
- (9) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated January 28, 2008 and incorporated by reference herein.
- (10) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated January 26, 2000 and incorporated by reference herein.
- (11) Filed as an exhibit to the Company's Current Report on form 8-K for the event dated October 31, 2006 (SEC accession no. 0001144204-06-045497) and incorporated by reference herein.

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- (12) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 1997 and incorporated by reference herein.
- (13) Filed as Exhibit A to the Company's definitive Proxy Statement dated July 18, 2000 as filed on Schedule 14A and incorporated by reference herein.
- (14) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended January 31, 2002 and incorporated by reference herein.
- (15) Filed as Exhibit B to the Company's definitive proxy statement dated May 28, 2002 as filed on Schedule 14A and incorporated by reference herein.
- (16) Filed as Appendix B to the Company's definitive Proxy Statement dated July 2, 2001 as filed on Schedule 14A and incorporated by reference herein.
- (17) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended January 31, 2003 and incorporated by reference herein.
- (18) Filed as an exhibit to the Company's Transition Report on Form 10-K for the transition period from February 1, 2004 to December 31, 2004 and incorporated by reference herein.
- (19) Filed as Annex A to the Company's definitive Proxy Statement on Schedule 14A filed with the SEC on July 6, 2012.

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- (20) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2002 and incorporated by reference herein.
- (21) Filed as an exhibit to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2012 and incorporated by reference herein.
- (22) Intentionally omitted.
- (23) Intentionally omitted.
- (24) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated September 22, 2006 and incorporated by reference herein.
- (25) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated by reference herein.
- (26) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated April 11, 2006 and incorporated by reference herein.
- (27) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 31, 2006 (SEC accession no. 0001144204-06-0455507) and incorporated by reference herein.
- (28) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 9, 2007 and incorporated by reference herein.
- (29) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 30, 2007 and incorporated by reference herein.
- (30) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated May 1, 2007 and incorporated by reference herein.
- (31) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 14, 2007 and incorporated by reference herein.
- (32) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 3, 2007 and incorporated by reference herein.
- (33) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 7, 2007 and incorporated by reference herein.
- (34) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated December 17, 2007 and incorporated by reference herein.

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- (35) Filed as Annex B to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 7, 2008 and incorporated by reference herein.
- (36) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 and incorporated by reference herein.
- (37) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated July 31, 2008 and incorporated by reference herein.
- (38) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated August 13, 2008 and incorporated by reference herein.
- (39) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated September 29, 2008 and incorporated by reference herein.
- (40) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 11, 2008 and incorporated by reference herein.
- (41) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated December 24, 2008 and incorporated by reference herein.

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- (42) Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2007 and incorporated by reference herein.
- (43) Filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2010 and incorporated by reference herein.
- (44) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 2, 2006 and incorporated by reference herein.
- (45) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 and incorporated by reference herein.
- (46) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 30, 2009 and incorporated herein by reference.
- (47) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated May 4, 2009 and incorporated herein by reference.
- (48) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and incorporated herein by reference.
- (49) Filed as Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on June 29, 2009 and incorporated by reference herein.
- (50) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 9, 2010 and incorporated by reference herein.
- (51) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated April 26, 2010 and incorporated by reference herein.
- (52) Filed as an exhibit to the Company's Report on Form 10-K for the year ended December 31, 2009 and incorporated by reference herein.
- (53) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated April 26, 2011 and incorporated by reference herein.
- (54) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated May 17, 2011 and incorporated by reference herein.
- (55) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 17, 2011 and incorporated by reference herein.
- (56) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 and incorporated herein by reference.

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- (57) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 7, 2011 and incorporated by reference herein.
- (58) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated October 26, 2011 and incorporated by reference herein.
- (59) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 22, 2011 and incorporated by reference herein.
- (60) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 30, 2012 and incorporated by reference herein.
- (61) Filed as an exhibit to the Company's Current Report on Form 8-K filed on February 22, 2012 and incorporated by reference herein.
- (62) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated August 6, 2012 and incorporated by reference herein.
- (63) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated November 29, 2012 and incorporated by reference herein.

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(64) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 5, 2012 and incorporated by reference herein.

(65) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated February 15, 2013 and incorporated by reference herein.

(66) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 21, 2013

(67) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 12, 2013

(68) Filed as an exhibit to the Company's Quarterly Report Form 10-Q for the quarter ended September 30, 2013

* Denotes management compensation plan or arrangement

+ Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Iconix Brand Group, Inc. hereby undertakes to furnish supplementally to the Securities and Exchange Commission copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

** Portions of this document have been omitted and were filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment, which was granted under Rule 24b-2 of the Securities Exchange Act of 1934.

++ Filed herewith.

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Annual Report on Form 10-K

Item 8, 15(a)(1) and (2), (c) and (d)

List of Financial Statements and Financial Statement Schedule

Year ended December 31, 2013

Iconix Brand Group, Inc. and Subsidiaries

Form 10-K

Index to Consolidated Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Iconix Brand Group Inc. and subsidiaries are included in Item 15:

<u>Report of Independent Registered Public Accounting Firm</u>	61
<u>Consolidated Balance Sheets - December 31, 2013 and 2012</u>	62
<u>Consolidated Income Statements for the years ended December 31, 2013, 2012 and 2011</u>	63
<u>Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011</u>	64
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013, 2012 and 2011</u>	65
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011</u>	66
<u>Notes to Consolidated Financial Statements</u>	68

The following consolidated financial statement schedule of Iconix Brand Group, Inc. and subsidiaries is included in Item 15(d):

<u>Report of Independent Registered Public Accounting Firm on Financial Statement Schedule</u>	106
<u>Schedule II Valuation and qualifying accounts</u>	107

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Iconix Brand Group, Inc.

New York, New York

We have audited the accompanying consolidated balance sheets of Iconix Brand Group, Inc. and Subsidiaries as of December 31, 2013 and 2012 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Iconix Brand Group, Inc. and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Iconix Brand Group, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued (1992) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

February 27, 2014
New York, New York

Table of Contents**Iconix Brand Group, Inc. and Subsidiaries****Consolidated Balance Sheets**

(in thousands, except par value)

	December 31, 2013	December 31, 2012
Assets		
Current Assets:		
Cash and cash equivalents	\$ 278,789	\$ 238,672
Restricted cash - current	58,858	16,362
Accounts receivable, net	101,190	85,249
Deferred income tax assets	4,160	3,497
Other assets - current	33,631	22,571
Total Current Assets	476,628	366,351
Property and equipment:		
Furniture, fixtures and equipment	21,197	19,734
Less: Accumulated depreciation	(12,360)	(9,644)
	8,837	10,090
Other Assets:		
Other assets	23,630	24,082
Trademarks and other intangibles, net	1,955,644	1,769,508
Deferred financing costs, net	25,103	21,250
Investments and joint ventures	139,376	64,770
Goodwill	230,976	225,687
	2,374,729	2,105,297
Total Assets	\$ 2,860,194	\$ 2,481,738
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 30,482	\$ 33,405
Deferred revenue	29,126	9,055
Current portion of long-term debt	61,250	52,000
Other liabilities - current	7,000	6,150
Total current liabilities	127,858	100,610
Deferred income tax liability	260,605	206,912
Long-term debt, less current maturities	1,366,069	859,718
Deferred revenue, net of current portion	724	4,898
Other liabilities	2,996	9,760
Total Liabilities	1,758,252	1,181,898

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Commitments and contingencies

Stockholders' Equity		
Common stock, \$.001 par value shares authorized 150,000; shares issued 77,048 and 76,549, respectively	77	77
Additional paid-in capital	910,145	815,935
Retained earnings	657,877	529,829
Accumulated other comprehensive loss	16,486	
Less: Treasury stock - 25,920 and 9,941 shares at cost, respectively	(599,816)	(159,690)
Total Iconix Brand Group, Inc. Stockholders' Equity	984,769	1,186,151
Non-controlling interest	117,173	113,689
Total Stockholders' Equity	1,101,942	1,299,840
Total Liabilities and Stockholders' Equity	\$ 2,860,194	\$ 2,481,738

See accompanying notes to consolidated financial statements.

Table of Contents**Iconix Brand Group, Inc. and Subsidiaries****Consolidated Income Statements****(in thousands, except earnings per share data)**

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Licensing and other revenue	\$ 432,626	\$ 353,818	\$ 369,845
Selling, general and administrative expenses	175,215	138,368	141,079
Operating income	257,411	215,450	228,766
Other expenses (income):			
Interest expense	76,321	46,576	50,754
Interest and other income	(7,443)	(2,711)	(24,162)
Equity earnings on joint ventures	(12,129)	(10,887)	(10,353)
Other expenses - net	56,749	32,978	16,239
Income before income taxes	200,662	182,472	212,527
Provision for income taxes	58,075	58,963	71,286
Net income	\$ 142,587	\$ 123,509	\$ 141,241
Less: Net income attributable to non-controlling interest	\$ 14,539	\$ 14,101	\$ 15,136
Net income attributable to Iconix Brand Group, Inc.	\$ 128,048	\$ 109,408	\$ 126,105
Earnings per share:			
Basic	\$ 2.28	\$ 1.57	\$ 1.72
Diluted	\$ 2.11	\$ 1.52	\$ 1.67
Weighted average number of common shares outstanding:			
Basic	56,281	69,689	73,111
Diluted	60,734	71,957	75,495

See accompanying notes to consolidated financial statements.

Table of Contents**Iconix Brand Group, Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income****(in thousands)**

	Year Ended December 31,		
	2013	2012	2011
Net income	\$ 142,587	\$ 123,509	\$ 141,241
Other comprehensive income (loss):			
Foreign currency translation	16,486		
Change in fair value of cash flow hedge		483	(483)
Total other comprehensive income (loss)	16,486	483	(483)
Comprehensive income	\$ 159,073	\$ 123,992	\$ 140,758
Less: comprehensive income attributable to non-controlling interest	14,539	14,101	15,136
Comprehensive income attributable to Iconix Brand Group, Inc.	\$ 144,534	\$ 109,891	\$ 125,622

See accompanying notes to consolidated financial statements.

Table of Contents**Iconix Brand Group, Inc. and Subsidiaries****Consolidated Statements of Stockholders' Equity**

(in thousands)

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss		Treasury Stock	Non-Controlling Interest	Total
	Shares	Amount	Additional Paid-In Capital						
Balance at January 1, 2011	74,364	\$ 74	\$ 752,803	\$ 294,316	\$	\$ (10,831)	\$	102,552	\$ 1,138,914
Shares issued on exercise of stock options and warrants	968	1	3,311						3,312
Shares issued on vesting of restricted stock	351	1							1
Shares issued for earn-out on acquisition	144		2,776						2,776
Tax benefit of stock option exercises			4,940						4,940
Compensation expense in connection with restricted stock and stock options			11,742						11,742
Shares repurchased on the open market						(19,138)			(19,138)
Cost of shares repurchased on vesting of restricted stock and exercise of stock options						(3,185)			(3,185)
Equity portion of convertible notes			35,996						35,996
Net cost of hedge on convertible notes			(9,375)						(9,375)
Net income				126,105				15,136	141,241
Change in fair value of cash flow hedge					(483)				(483)
Distributions to joint ventures								(11,895)	(11,895)
Distribution of capital proceeds								(18,000)	(18,000)
Non-controlling interest of acquired companies								16,730	16,730
Balance at January 1, 2012	75,827	\$ 76	\$ 802,193	\$ 420,421	\$ (483)	\$ (33,154)	\$	104,523	\$ 1,293,576
Shares issued on exercise of stock options and warrants	267	1	756						757
Shares issued on vesting of restricted stock	311								
Shares issued for earn-out on acquisition	144								
Tax benefit of stock option exercises			1,495						1,495
Compensation expense in connection with restricted stock and stock options			11,491						11,491
Shares repurchased on the open market						(125,341)			(125,341)
Cost of shares repurchased on vesting of restricted stock and exercise of stock options						(1,195)			(1,195)
Net income				109,408				14,101	123,509
Change in fair value of cash flow hedge					483				483
Distributions to joint ventures								(9,039)	(9,039)
Non-controlling interest of acquired companies								4,104	4,104
Balance at January 1, 2013	76,549	\$ 77	\$ 815,935	\$ 529,829	\$	\$ (159,690)	\$	113,689	\$ 1,299,840
Shares issued on exercise of stock options and warrants	131		353						353
Shares issued on vesting of restricted stock	368								
Tax benefit of stock option exercises			1,193						1,193
Purchase of minority interest in consolidated joint venture			17,246						17,246
Compensation expense in connection with restricted stock and stock options			20,018						20,018
Shares repurchased on the open market						(436,419)			(436,419)
Cost of shares repurchased on vesting of restricted stock and exercise of stock options						(3,707)			(3,707)
Equity portion of convertible notes			52,362						52,362
Net cost of hedge on convertible notes			3,038						3,038

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Net income				128,048				14,539	142,587
Foreign currency translation							16,486		16,486
Distributions to joint ventures								8,290	8,290
Non-controlling interest of acquired companies								(2,765)	(2,765)

Balance at December 31, 2013	77,048	\$	77	\$	910,145	\$	657,877	\$	16,486	\$	(599,816)	\$	117,173	\$	1,101,942
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See accompanying notes to consolidated financial statements.

Table of Contents**Iconix Brand Group, Inc. and Subsidiaries****Consolidated Statements of Cash Flows (in thousands)**

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash flows from operating activities:			
Net income	\$ 142,587	\$ 123,509	\$ 141,241
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	2,702	2,784	2,450
Amortization of trademarks and other intangibles	7,428	5,528	6,988
Amortization of deferred financing costs	4,816	3,263	4,309
Amortization of convertible note discount	24,838	20,099	23,057
Stock-based compensation expense	20,018	11,491	11,742
Non-cash gain on re-measurement of equity investment			(21,465)
Provision for doubtful accounts	9,718	5,362	1,948
Earnings on equity investments in joint ventures	(12,129)	(10,887)	(10,353)
Distributions from equity investments	13,116	2,265	3,779
Gain on sale of securities	(5,395)		
Deferred income tax provision	31,416	24,385	27,737
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts receivable	(6,683)	(10,942)	(17,252)
Other assets - current	(10,508)	5,891	16,868
Other assets	256	11,889	12,298
Deferred revenue	6,102	(3,745)	(10,168)
Accounts payable and accrued expenses	4,507	13,542	(11,791)
Net cash provided by operating activities	232,789	204,434	181,388
Cash flows used in investing activities:			
Purchases of property and equipment	(1,209)	(1,595)	(3,242)
Acquisition of interest in Buffalo	(76,500)		
Acquisition of Lee Cooper	(66,667)		
Acquisition of interest in Complex Media	(25,120)		
Acquisition of interest in Marcy Media	(32,000)		
Acquisition of trademarks of Rocawear diffusion brand	(8,000)		
Acquisition of Umbro		(225,000)	
Acquisition of interest in Modern Amusement		(5,000)	
Acquisition of Sharper Image			(65,600)
Acquisition of interest in Hardy Way			(62,000)
Proceeds from sale of securities	5,395		
Additional investments in joint ventures	(744)	(6,870)	
Earn-out payment on acquisitions		(3,771)	
Proceeds from sale of trademarks	12,229	4,490	
Additions to trademarks	(372)	(633)	(568)
Net cash used in investing activities	(192,987)	(238,379)	(131,410)
Cash flows (used in) provided by financing activities:			
Shares repurchased on the open market	(436,419)	(125,341)	(19,138)
Proceeds from long-term debt	662,188	750,000	292,500
Proceeds from sale of warrants	57,707		28,800
Payment for purchase of convertible note hedge	(84,106)		(58,740)
Payment of long-term debt	(95,113)	(491,765)	(211,784)
Deferred financing costs	(3,838)	(20,941)	(3,381)
Distributions to non-controlling interests	(8,290)	(9,039)	(11,895)
Payment of note payable to Purim	(3,000)	(4,000)	(4,000)
Acquisition of interest in IPH Unltd	(45,000)		
Acquisition of Zoo York - net			(18,000)
Non-controlling interest contribution			1,800
Excess tax benefit from share-based payment arrangements	1,193	1,495	4,940

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Shares repurchased on vesting of restricted stock and exercise of stock options	(3,707)	(1,195)	(3,185)
Proceeds from exercise of stock options and warrants	353	757	3,312
Restricted cash - current	(42,496)	(2,291)	(10,771)
Restricted cash - non-current		7,220	8,646
Net cash provided by (used in) financing activities	(528)	104,900	(896)
Effect of exchange rate changes on cash	843		
Net increase in cash and cash equivalents	40,117	70,955	49,082
Cash and cash equivalents, beginning of year	238,672	167,717	118,635
Cash and cash equivalents, end of year	\$ 278,789	\$ 238,672	\$ 167,717

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	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Supplemental disclosure of cash flow information:			
Cash paid during the year:			
Income taxes	\$ 20,054	\$ 14,847	\$ 40,194
Interest	\$ 40,410	\$ 16,043	\$ 22,969
Non-cash investing activities:			
Sale of trademarks for note receivable	\$ 8,294	\$ 4,000	\$
Acquisitions:			
Common stock issued	\$	\$ 2,221	\$ 3,210

See accompanying notes to consolidated financial statements.

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Iconix Brand Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Information as of and for the Years Ended December 31, 2013, 2012 and 2011

(dollars are in thousands (unless otherwise noted), except per share data)

The Company

Iconix Brand Group, Inc. (the Company) is in the business of licensing and marketing intellectual property. The Company, through its wholly-owned subsidiaries, currently owns the following brands: Candie[®], Bongo[®], Badgley Mischka[®], Joe Boxer[®], Rampage[®], Mudd[®], London Fog[®], Mossimo[®], Ocean Pacific/OP[®], Danskin[®], Rocawear[®]/Roc Nation[®], Cannon[®], Royal Velvet[®], Fieldcrest[®], Charisma[®], Starter[®], Waverly[®], Ecko Unltd[®]/Mark Ecko[®], Zoo York[®], Sharper Image[®], Umbro[®] and Lee Cooper[®], which it licenses to third parties for use in connection with a variety of apparel, fashion accessories, footwear, beauty and fragrance, home products and décor and electronics. In addition, Scion LLC (Scion), a joint venture in which the Company has a 50% investment, owns the Artful Dodge[®] brand and owns a 50% interest in the Billionaire Boys Club[®]/BBC[®] and Ice Cream[®] brands; Hardy Way LLC (Hardy Way), a joint venture in which the Company has an 85% investment, owns the Ed Hardy[®] brands; MG Icon LLC (MG Icon), a joint venture in which the Company has a 50% investment, owns the Material Girl[®] and Truth or Dare[®] brands; Peanuts Holdings LLC (Peanuts Holdings), a joint venture in which the Company has an 80% investment, owns, through its wholly-owned subsidiary Peanuts Worldwide LLC (Peanuts Worldwide), the Peanuts[®] brands; Icon Modern Amusement LLC (Icon Modern Amusement), a joint venture in which the Company has a 51% investment, owns the Modern Amusement[®] brand; and 1724982 Alberta ULC (Alberta ULC), a joint venture in which we have a 51% controlling interest, owns the Buffalo[®] brand. The Company's brands are sold across a variety of distribution channels through direct-to-retail and wholesale licenses, from the mass tier to the luxury market and, in the case of our Peanuts brand, through various media outlets, including television, movies, web-based and mobile content. The Company supports its brands with innovative advertising and promotional campaigns designed to increase brand awareness, and provides its licensees with coordinated trend direction to enhance product appeal and help maintain and build brand integrity.

The Company's business strategy, as a licensing and marketing company, is to maximize the value of its intellectual property by entering into strategic licenses with licensees who have been selected based upon the Company's belief that they will be able to produce and sell quality products in the categories of their specific expertise. This licensing strategy is designed to permit the Company to operate its licensing business with minimal working capital, no inventory, production or distribution costs or risks, and utilizing a group of core employees. Further, the Company also seeks to monetize its trademarks internationally through licenses, partnerships, and other arrangements, such as joint ventures.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and, in accordance with U.S. GAAP and accounting for variable interest entities and majority owned subsidiaries, the Company consolidates five joint ventures (Scion, Peanuts Holdings, Hardy Way, Icon Modern Amusement, and Alberta ULC; see Note 3 for explanation). All significant intercompany transactions and balances have been eliminated in consolidation. The Company uses either the equity method or the cost method of accounting, depending on a variety of factors as set forth in Accounting Standards Codification (ASC) 323 - Investments (ASC 323) and ASC 810 - Consolidation (ASC 810), to account for those investments and joint ventures which are not required to be consolidated under U.S. GAAP.

Business Combinations, Joint Ventures and Investments

The purchase method of accounting requires that the total purchase price of an acquisition be allocated to the assets acquired and liabilities assumed based on their fair values on the date of the business acquisition. The

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results of operations from the acquired businesses are included in the accompanying consolidated statements of income from the acquisition date. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Since January 1, 2011 the Company has acquired ownership interest in various brands through its investments in joint ventures. The chart below illustrates the Company's ownership interest in these joint ventures as of December 31, 2013:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix's Investment
April 2011 ⁽¹⁾	Ed Hardy	Hardy Way	85%
December 2012	Modern Amusement	Icon Modern Amusement	51%
February 2013	Buffalo	Alberta ULC	51%

(1) In May 2009 the Company purchased a 50% in Hardy Way. In April 2011, the Company acquired an additional interest in Hardy Way to bring its total ownership interest in Hardy Way to 85%. See Note 3 for additional details on this transaction.

Further, since January 1, 2011 the Company established the following joint ventures to develop and market the Company's brands in specific international markets:

Date Created	Investment / Joint Venture	Iconix's Investment
May 2012	Iconix India	50%
June 2013	Iconix Australia	50%
September 2013	Iconix Canada	50%
October 2013	Iconix Southeast Asia	50%
December 2013	Iconix Israel	50%

For further information on the Company's accounting for joint ventures and investments, see Note 3.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews all significant estimates affecting the financial statements on a recurring basis and records the effect of any adjustments when necessary.

Cash and Cash Equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

Restricted Cash - current

Restricted cash - current consists of actual cash deposits held in accounts primarily for debt service, as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase, the restrictions on all of which lapse every three months or less.

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Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of short-term cash investments and accounts receivable. The Company places its cash in investment-grade, short-term instruments with high quality financial institutions. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The allowance for non-collection of accounts receivable is based upon the expected collectability of all accounts receivable.

For the year ended December 31, 2013 (FY 2013), one licensee accounted for 13% of the Company's revenue, as compared to one licensee which accounted for 17% of the Company's revenue for the year ended December 31, 2012 (FY 2012), and two licensees which accounted for 17% and 10%, respectively, of the Company's revenue for the year ended December 31, 2011 (FY 2011).

Accounts Receivable

Accounts receivable are reported at amounts the Company expects to be collected, net of provision for doubtful accounts, based on the Company's ongoing discussions with its licensees, and its evaluation of each licensee's payment history and account aging. As of December 31, 2013 and 2012, the Company's provision for doubtful accounts was \$12.1 million and \$12.0 million, respectively.

As of December 31, 2013 and December 31, 2012, no licensee accounted for 10% or more of the Company's accounts receivable (which includes long-term accounts receivables included in other assets on the Company's consolidated balance sheets).

Derivatives

The Company's objective for holding any derivative financial instruments is to manage interest rate risks. The Company does not use financial instruments for trading or other speculative purposes. However, from time to time the Company uses derivative financial instruments to hedge the variability of anticipated cash flows of a forecasted transaction (a cash flow hedge). The Company's strategy related to derivative financial instruments has been to use foreign currency forward contracts to hedge a portion of anticipated future short-term license revenues to offset the effects of changes in foreign currency exchange rates (primarily between the U.S. dollar and the Japanese Yen).

The Company's foreign currency forward contracts are highly effective hedges because all the critical terms of the derivative instruments match those of the hedged item. On the date the qualifying derivative contract is entered into, the Company designates the derivative as a cash flow hedge. Changes in derivative fair values that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the associated hedged transactions impact the income statement, at which time the deferred gains and losses are reclassified to either interest expense or interest and other income. Any ineffective portion of a hedging derivative's changes in fair value will be immediately recognized in either interest expense or interest and other income. The fair values of the derivatives, which are based on quoted market prices, are reported as other assets or other liabilities, as appropriate.

Restricted Stock

Compensation cost for restricted stock is measured using the quoted market price of the Company's common stock at the date the common stock is granted. For restricted stock where restrictions lapse with the passage of time (time-based restricted stock), compensation cost is recognized over the period between the issue date and the date that restrictions lapse. Time-based restricted stock is included in total common shares outstanding upon the lapse of any restrictions. For restricted stock where restrictions are based on performance

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measures (performance-based restricted stock), restrictions lapse when those performance measures have been deemed earned. Performance-based restricted stock is included in total common shares outstanding upon the lapse of any restrictions. Performance-based restricted stock is included in total diluted shares outstanding when the performance measures have been deemed earned but not issued.

Stock Options

Compensation cost for stock options, in accordance with accounting for share-based payment under U.S. GAAP, is calculated using the Black-Scholes valuation model based on awards ultimately expected to vest, reduced for estimated forfeitures, and expensed on a straight-line basis over the requisite service period of the grant. Forfeitures are estimated at the time of grant based on the Company's historical forfeiture experience and will be revised in subsequent periods if actual forfeitures differ from those estimates. The Company will use alternative models if grants have characteristics that cannot be reasonably estimated using this model.

Treasury Stock

Treasury stock is recorded at acquisition cost. Gains and losses on disposition are recorded as increases or decreases to additional paid-in capital with losses in excess of previously recorded gains charged directly to retained earnings.

Deferred Financing Costs

The Company incurred costs (primarily professional fees and placement agent fees) in connection with borrowings under senior secured notes and convertible bond offerings. These costs have been deferred and are being amortized using the effective interest method over the life of the related debt.

Property, Equipment, Depreciation and Amortization

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are determined by the straight line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized by the straight-line method over the initial term of the related lease or estimated useful life, whichever is less.

Operating Leases

Total rent payments under operating leases that include scheduled payment increases and rent holidays are amortized on a straight-line basis over the term of the lease. Landlord allowances are amortized by the straight-line method over the term of the lease as a reduction of rent expense.

Long-Lived Assets

If circumstances mandate, the Company evaluates the recoverability of its long-lived assets, other than goodwill and other indefinite life intangibles (discussed below), by comparing estimated future undiscounted cash flows with the assets' carrying value to determine whether a write-down to market value, based on discounted cash flow, is necessary.

Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations accounted for under the purchase method of accounting. On an annual basis and as needed, the Company tests goodwill and indefinite life trademarks for impairment through the use of discounted cash flow models. Other intangibles with determinable lives, including certain trademarks, license agreements and

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non-compete agreements, are evaluated for the possibility of impairment when certain indicators are present, and are otherwise amortized on a straight-line basis over the estimated useful lives of the assets (currently ranging from 1 to 15 years).

The changes in the carrying amount of goodwill for FY 2013 and FY 2012 are as follows:

	FY 2013	FY 2012
	(in 000 s)	
Beginning balance	\$ 225,687	\$ 223,269
Acquisitions	5,117	2,300
Net adjustments to purchase price of prior period acquisitions	172	118
Ending balance	\$ 230,976	\$ 225,687

In February 2013, the Company completed the acquisition of a 51% interest in the Buffalo brand and related assets. In allocating the purchase price of this acquisition, \$4.1 million was allocated to goodwill. Also in February 2013, the Company completed the acquisition of the Lee Cooper brand and related assets. In allocating the purchase price of this acquisition, \$1.1 million was allocated to goodwill. In November 2012, the Company completed the acquisition of the Umbro brand and related assets. In allocating the purchase price of this acquisition, \$2.3 million was allocated to goodwill. The goodwill allocated in all the aforementioned transactions is deductible for income tax purposes. See Note 3 for details of these transactions.

The Company operates as a single integrated business, and as such has one operating segment which is also used as the reporting unit for purposes of evaluating goodwill impairment. The fair value of the reporting unit is determined using discounted cash flow analysis and estimates of sales proceeds with consideration of market participant data. As part of this analysis, the Company considers its market capitalization in comparison to its book value. The annual evaluation of goodwill is performed as of October 1, the beginning of the Company's fourth fiscal quarter.

Revenue Recognition

The Company has entered into various trademark license agreements that provide revenues based on minimum royalties and additional revenues based on a percentage of defined sales. Minimum royalty revenue is recognized on a straight-line basis over each period, as defined, in each license agreement. Royalties exceeding the defined minimum amounts are recognized as revenue during the period corresponding to the licensee's sales. Revenue is not recognized unless collectability is reasonably assured.

Taxes on Income

The Company uses the asset and liability approach of accounting for income taxes and provides deferred income taxes for temporary differences that will result in taxable or deductible amounts in future years based on the reporting of certain costs in different periods for financial statement and income tax purposes. Valuation allowances are recorded when uncertainty regarding their realizability exists.

Earnings Per Share

Basic earnings per share includes no dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect, in periods in which they have a dilutive effect, the effect of common shares issuable upon exercise of stock options, warrants and restricted stock. The difference between reported basic and diluted weighted-average common shares results from the assumption that all dilutive stock options, warrants, convertible debt and restricted stock outstanding were exercised into common stock.

Table of Contents**Advertising Campaign Costs**

All costs associated with production for the Company's national advertising campaigns are expensed during the periods when the activities take place. All other advertising costs such as print and online media are expensed when the advertisement occurs. Advertising expenses for FY 2013, FY 2012 and FY 2011 amounted to \$25.8 million, \$21.4 million, and \$23.5 million, respectively.

Comprehensive Income

Comprehensive income includes certain gains and losses that, under U.S. GAAP, are excluded from net income as such amounts are recorded directly as an adjustment to stockholders' equity. The Company's comprehensive income is primarily comprised of net income, foreign currency translation and the change in fair value of its marketable securities and cash flow hedge.

New Accounting Standards

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. ASU 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012 are reflected herein.

Presentation of Prior Year Data

Certain reclassifications have been made to conform prior year data to the current presentation.

2. Trademarks and Other Intangibles, net

Trademarks and other intangibles, net consist of the following:

	Estimated Lives in Years	December 31, 2013		December 31, 2012	
		Gross Carrying Amount	Accumulated Amortization (000 s omitted)	Gross Carrying Amount	Accumulated Amortization
Indefinite life trademarks and copyrights	Indefinite	\$ 1,939,534	\$	\$ 1,750,201	\$
Definite life trademarks	10-15	19,622	9,531	19,603	8,077
Non-compete agreements	2-15	940	215	10,475	10,475
Licensing contracts	1-9	23,979	18,685	20,636	12,855
		\$ 1,984,075	\$ 28,431	\$ 1,800,915	\$ 31,407
Trademarks and other intangibles, net			\$ 1,955,644		\$ 1,769,508

In February 2013, the Company completed the acquisition of a 51% interest in the Buffalo brand, including trademarks and related assets. As a result of this transaction, the Company increased its indefinite life trademarks by \$142.6 million, its licensing agreements by \$2.4 million and its non-compete agreements by \$0.9 million. Also in February 2013, the Company completed the acquisition of the Lee Cooper brand, including trademarks and related assets. As a result of this transaction, the Company increased its indefinite life trademarks by \$69.3 million and its licensing agreements by \$0.9 million. See Note 3 for further explanation of these transactions.

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In November 2012, the Company completed the acquisition of Umbro, including trademarks and other related assets. As a result of this transaction, the Company increased its indefinite life trademarks by \$220.5 million and its licensing agreements by \$2.2 million. In December 2012 the Company completed the acquisition of Modern Amusement which increased its indefinite life trademarks by \$9.8 million. See Note 3 for further explanation of these transactions.

Amortization expense for intangible assets for FY 2013, FY 2012 and FY 2011 was \$7.4 million, \$5.5 million and \$7.0 million, respectively.

The trademarks of Candie's, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific, Danskin, Rocawear, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly, Ecko, Zoo York, Peanuts, Ed Hardy, Sharper Image, Umbro, Modern Amusement, Buffalo and Lee Cooper have been determined to have an indefinite useful life and accordingly, consistent with ASC Topic 350, no amortization has been recorded in the Company's consolidated income statements. Instead, each of these intangible assets are tested for impairment annually and as needed on an individual basis as separate single units of accounting, with any related impairment charge recorded to the statement of operations at the time of determining such impairment. The annual evaluation of the Company's indefinite lived trademarks is performed as of October 1, the beginning of the Company's fourth fiscal quarter. Consistent with ASC Topic 350, there was no impairment of the indefinite-lived trademarks during FY 2013, FY 2012 or FY 2011. Further, as it relates to the Company's definite-lived trademarks, and consistent with ASC Topic 360, there was no impairment of the definite-lived trademarks during FY 2013, FY 2012 or FY 2011.

3. Acquisitions, Joint Ventures and Investments**Acquisitions*****Lee Cooper***

In February 2013, the Company, through its wholly-owned subsidiary Iconix Luxembourg Holdings SÀRL, acquired the Lee Cooper brand for approximately \$72.7 million, of which the Company paid \$66.7 million in cash (funded entirely from cash on hand) and assumed liabilities of approximately \$6.0 million. Founded in 1908, Lee Cooper is an iconic British denim brand that has expanded into multiple lifestyle categories including men's and women's casual wear, footwear and accessories.

The cash paid to the Sellers and the estimated fair value of the assets acquired is allocated as follows:

	(000's omitted)
Cash paid to sellers by the Company	\$ 72,735
Trademarks	\$ 69,250
License agreements	850
Goodwill	1,058
Working capital	1,577
	\$ 72,735

The acquisition of Lee Cooper resulted in \$10.7 million of licensing and other revenue and \$6.7 million of operating income, which is included in the Company's consolidated income statement for FY 2013.

Umbro

On November 30, 2012, the Company completed its acquisition from NIKE, Inc., an Oregon corporation (Parent) through its direct and indirect wholly-owned subsidiaries, Umbro International Limited, a company incorporated in England (Seller) and Nike Global Services Pte. Ltd. a company incorporated in Singapore (the International Subsidiary), of all of Parent's, Seller's and International Subsidiary's intellectual property rights

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and licenses and certain other related assets relating principally or exclusively to the Umbro brand name pursuant to an asset purchase agreement entered into on October 24, 2012 among the Company, Umbro IP Holdings LLC (US Buyer), Iconix Luxembourg Holdings SÀRL, a Société à responsabilité limitée registered in The Grand Duchy of Luxembourg (Global Buyer), Seller, International Subsidiary and Parent.

In accordance with the terms of the asset purchase agreement, at the closing, the Company paid the Seller \$225.0 million in cash, of which approximately \$6.8 million was released from an escrow account entered into at the time the asset purchase agreement was signed.

The cash paid to the Sellers and the estimated fair value of the assets acquired is allocated as follows:

	(000 s omitted)
Cash paid to sellers by the Company	\$ 225,000
Trademarks	\$ 220,500
License agreements	2,200
Goodwill	2,300
	\$ 225,000

In December 2013, the Company sold its Umbro trademarks in South Korea to a licensee for \$10.0 million. As a result of this transaction, the Company recorded a gain of \$10.0 million, which is included in licensing and other revenue on the consolidated income statement in FY 2013

Joint Ventures***Buffalo Brand Joint Venture***

In February 2013, Iconix CA Holdings, LLC (ICA Holdings), a Delaware limited liability company and a wholly-owned subsidiary of the Company, formed a joint venture with Buffalo International ULC (BII). The name of the joint venture is 1724982 Alberta ULC (Alberta ULC), an Alberta, Canada unlimited liability company. The Company, through ICA Holdings, paid \$76.5 million, which was funded entirely from cash on hand, in exchange for a 51% controlling ownership of Alberta ULC which consists of a combination of equity and a promissory note. BII owns the remaining 49% interest in Alberta ULC. Alberta ULC owns the intellectual property rights, licenses and other assets relating principally to the Buffalo David Bitton brand (the Buffalo brand). Concurrently, Alberta ULC and BII entered into a license agreement pursuant to which Alberta ULC licensed the Buffalo brand to BII as licensee in certain categories and geographies. Additionally, ICA Holdings and BII entered into a shareholder agreement with respect to their ownership of Alberta ULC.

The following table is a reconciliation of cash paid to sellers and the fair value of the sellers' non-controlling interest:

Cash paid to sellers	\$ 76,500
Fair value of 49% non-controlling interest to sellers	59,489
	\$ 135,989

The estimated fair value of the assets acquired is allocated as follows:

Trademarks	\$ 142,600
License agreements	2,400
Non-compete agreement	940
Goodwill	4,060

Deferred tax liability	(14,011)
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\$ 135,989

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ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. The Company owns a 51% membership interest in Alberta ULC compared to the minority owner's 49% membership interest. Further, the Company believes that the voting and veto rights of the minority shareholder are merely protective in nature and do not provide them with substantive participating rights in Alberta ULC. As such, Alberta ULC is subject to consolidation with the Company, which is reflected in the consolidated financial statements.

In accordance with ASC Topic 810, the Company recognizes the non-controlling interest of Alberta ULC as equity in consolidated financial statements and separate from the parent's equity. As such, the amount of net income attributable to the non-controlling interest for FY 2013 is approximately \$9.0 million, which has been included in net income attributable to non-controlling interest in the consolidated income statement.

As of December 31, 2013, the impact of consolidating Alberta ULC on the Company's consolidated balance sheet has increased current assets by \$14.8 million, non-current assets by \$149.4 million, current liabilities by \$0.4 million and total liabilities by \$0.4 million. For FY 2013, the impact of consolidating Alberta ULC on the Company's consolidated income statement has increased licensing and other revenue by \$22.9 million and operating income by \$18.5 million.

Iconix Israel Joint Venture

In November 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in the State of Israel and the geographical regions of the West Bank and the Gaza Strip (together, the Israel Territory) to Iconix Israel LLC (Iconix Israel), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix Israel. Shortly thereafter, M.G.S. Sports Trading Limited (MGS) purchased a 50% interest in Iconix Israel for approximately \$3.3 million. MGS paid \$1.0 million upon the closing of the transaction and committed to pay an additional \$2.3 million over the 36-month period following closing. As a result of this transaction, the Company recorded a gain of \$2.3 million, which was included in licensing and other revenue in FY 2013. As of December 31, 2013, of the \$2.3 million remaining due to the Company from MGS, approximately \$0.8 million is included in other assets—current and \$1.5 million is included in other assets on the consolidated balance sheet.

Pursuant to the Iconix Israel amended and restated operating agreement, for a period following the second anniversary of the closing of this transaction (i.e. November 2013), the Company has a call option to purchase from MGS 5% of the equity interests held by MGS in Iconix Israel.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and MGS, that Iconix Israel is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

Iconix Southeast Asia Joint Venture

In October 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Indonesia, Thailand, Malaysia, Philippines, Singapore, Vietnam, Cambodia, Laos, Brunei, Myanmar and East Timor (together, the Southeast Asia Territory) to Lion Network Limited (Iconix SE Asia), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix SE Asia. Shortly thereafter, LF Asia Limited (LF Asia), an affiliate of Li & Fung Limited, purchased a 50% interest in Iconix SE Asia for \$12.0 million. LF Asia paid \$7.5 million upon the closing of the transaction and committed to pay an additional \$4.5 million over the 24-month period following closing. The Company may earn an additional \$2.0 million based on certain criteria relating to the achievement of Iconix SE Asia revenue targets through the year ending December 31, 2014.

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As a result of this transaction, the Company recorded a gain of \$4.7 million, which was included in licensing and other revenue in FY 2013. As of December 31, 2013, of the \$4.5 million remaining due to the Company from LF Asia, \$3.5 million is included in other assets - current and \$1.0 million is included in other assets on the consolidated balance sheet.

Pursuant to the Iconix SE Asia shareholders' agreement, for a period following the second anniversary of the closing of this transaction, the Company has a call option to purchase from LF Asia 5% of the equity interests held by LF Asia in Iconix SE Asia for a calculated amount as defined in the Iconix SE Asia shareholders agreement. Further, following the fifth anniversary and again following the eighth anniversary of the closing of this transaction (i.e. October 2013), the Company has a call option to purchase from LF Asia all of the remaining equity interests held by LF Asia in Iconix SE Asia, and LF Asia has a put option to initiate the Company's purchase from LF Asia all of the remaining equity interests held by LF Asia in Iconix SE Asia, each for a calculated amount as defined in the Iconix SE Asia shareholders agreement.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and LF Asia, that Iconix SE Asia is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

Iconix Canada Joint Venture

In June 2013, the Company contributed substantially all economic rights to its brands in Canada to Iconix Canada L.P. and ICO Brands L.P. (together with general partner 8560854 Canada, Inc., Iconix Canada), each then a newly formed joint ventures with BII and its subsidiaries. In consideration for its aggregate 50% interest in Iconix Canada, BII agreed to pay \$17.7 million in cash to the Company, of which approximately \$8.8 million was paid upon closing of this transaction in June 2013, the remaining \$8.8 million of which is a note payable to the Company to be paid over three years from the date of closing, with final payment in June 2016. Of the \$8.8 million note receivable, approximately \$3.0 million is included in other assets - current, the remaining \$5.8 million of which is included in other assets on the consolidated balance sheet at December 31, 2013. As a result of this transaction, the Company recognized a gain of approximately \$9.8 million which is included in licensing and other revenue on the consolidated income statement for FY 2013.

Pursuant to the limited partnership agreements between the Company and BII and its subsidiaries, between the second and third anniversaries of June 2013, the Company has a call option to purchase from BII and its subsidiaries 5% of the equity interests held by BII and its subsidiaries in Iconix Canada.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and BII, that Iconix Canada is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

Iconix Australia Joint Venture

In September 2013, the Company formed Iconix Australia, LLC (Iconix Australia), a Delaware limited liability company and a wholly-owned subsidiary of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in Australia and New Zealand (the Australia territory) through an exclusive, royalty-free perpetual master license agreement with Iconix Australia. Shortly thereafter Pac Brands USA, Inc. (Pac Brands) purchased a 50% interest in Iconix Australia for \$7.2 million in cash, all of which was received upon closing of this transaction in September 2013. As a result of this transaction, the Company recorded a gain of \$5.1 million, which is included in licensing and other revenue in the FY 2013.

Following the second anniversary of the closing of this transaction and for a period of six months thereafter, the Company may exercise a call option to purchase a 5% interest in Iconix Australia from Pac Brands for a

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calculated amount as defined in the Iconix Australia operating agreement. Subsequent to the earlier of any exercise of the call option by the Company and six months following the second anniversary of the closing of this transaction, Pac Brands may exercise a put option to initiate the purchase of all of Pac Brands ownership interest in Iconix Australia by the Company for a calculated amount as defined in the Iconix Australia operating agreement.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Pac Brands, that Iconix Australia is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

Iconix India Joint Venture

In May 2012, the Company contributed substantially all rights to its wholly-owned and controlled brands in India to Imaginative Brand Developers Private Limited, now known as Iconix Lifestyle India Private Limited (*Iconix India*), a then newly formed subsidiary of the Company. Shortly thereafter, Reliance Brands Limited (*Reliance*), an affiliate of the Reliance Group, purchased a 50% interest in Iconix India for \$6.0 million. Reliance paid \$2.0 million upon the closing of the transaction and committed to pay an additional \$4.0 million over the 48-month period following closing. As a result of this transaction, the Company recorded a gain of \$5.6 million, which was included in licensing and other revenue in FY 2012. As of December 31, 2013, of the \$4.0 million remaining due to the Company from Reliance, \$1.0 million is included in other assets – current and \$3.0 million is included in other assets on the consolidated balance sheet. Additionally, pursuant to the terms of the transaction, the Company and Reliance each agreed to contribute 100 million rupees (approximately \$2.0 million) to Iconix India as working capital, of which 25 million rupees (approximately \$0.5 million) was contributed at closing, with the balance to be contributed based on the capital requirements of Iconix India as agreed upon by the Company and Reliance.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Reliance, that Iconix India is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

Modern Amusement

In December 2012, the Company entered into an interest purchase and management agreement with Dirty Bird Productions, Inc., a California corporation, in which the Company effectively purchased a 51% interest in the Modern Amusement trademarks and related assets for \$5.0 million, which was funded entirely from cash on the balance sheet. To acquire its 51% interest in the trademark, the Company formed a new joint venture company, Icon Modern Amusement LLC (*Icon MA*), a Delaware limited liability company. ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. The Company owns a 51% membership interest in Icon MA compared to the minority owner's 49% membership interest. Further, the Company believes that the voting and veto rights of the minority shareholder are merely protective in nature and do not provide them with substantive participating rights in Icon MA. As such, Icon MA is subject to consolidation with the Company, which is reflected in the consolidated financial statements.

Iconix China

In September 2008, the Company and Novel Fashions Holdings Limited (*Novel*) formed a joint venture (*Iconix China*) to develop and market the Company's brands in the People's Republic of China, Hong Kong, Macau and Taiwan (the *China Territory*). Pursuant to the terms of this transaction, the Company contributed to Iconix China substantially all rights to its brands in the China Territory and committed to contribute \$5.0 million, and Novel committed to contribute \$20 million to Iconix China. Upon closing of the transaction, the Company

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contributed \$2.0 million and Novel contributed \$8.0 million. In September 2009, the parties amended the terms of the transaction to eliminate the obligation of the Company to make any additional contributions and to reduce Novel's remaining contribution commitment to \$9.0 million, \$4.0 million of which was contributed in July 2010, \$3.0 million of which was contributed in May 2011, and \$2.0 million of which was contributed in June 2012.

In December 2012, China Outfitters Holdings Limited (China Outfitters), a Hong Kong company and joint venture partner with Iconix China for the London Fog brand, purchased the Artful Dodger and Zoo York brands for the China Territory from Iconix China. As a result of this transaction, Iconix China recorded a net gain of approximately \$7.4 million, representing the difference of the \$8.0 million received from China Outfitters and the cost basis of \$0.6 million for the Artful Dodger and Zoo York trademarks in the China Territory. The Company's 50% share of the net gain of \$7.4 million recognized by Iconix China in this transaction, amounting to approximately \$3.7 million, is included in equity earnings on joint ventures in the Company's consolidated income statement for FY 2012.

In December 2011, China Outfitters, completed an initial public offering on the Hong Kong Stock Exchange. As a result of this public offering, Iconix China's investment in its joint venture with China Outfitters, which had a cost basis of approximately \$2.6 million, was replaced with common stock of the newly formed public company, China Outfitters, the fair value of which was approximately \$15.3 million, and in accordance with ASC Topic 845 a net gain of approximately \$12.7 million was recognized by Iconix China at the time of the public offering to reflect the exchange of the original investment for the fair value of the China Outfitters common stock received through the public offering. The Company's 50% share of the net gain of \$12.7 million recognized by Iconix China in this transaction, amounting to approximately \$6.4 million, is included in equity earnings on joint ventures in the Company's consolidated income statement for FY 2011.

As of December 31, 2013, the Company has not received any income distributions from Iconix China.

At inception, the Company determined that, in accordance with ASC Topic 810, based on the corporate structure, voting rights and contributions of the Company and Novel, Iconix China is a variable interest entity and not subject to consolidation, as, under ASC Topic 810, the Company is not the primary beneficiary of Iconix China. The Company has recorded its investment under the equity method of accounting.

Scion

Scion is a brand management and licensing company formed by the Company with Shawn Jay-Z Carter in March 2007 to buy, create and develop brands across a spectrum of consumer product categories. On November 7, 2007, Scion, through its wholly-owned subsidiary Artful Holdings LLC, purchased Artful Dodger, an urban apparel brand for a purchase price of \$15.0 million. At inception, the Company determined that it would consolidate Scion since, under ASC Topic 810, it is the primary beneficiary of the variable interest entity.

In March 2009, the Company, through its investment in Scion, effectively acquired a 16.6% interest in one of its licensees, Roc Apparel Group LLC (RAG) for \$1. The Company has determined that this entity is a variable interest entity as defined by ASC Topic 810. However, the Company is not the primary beneficiary of this entity. The investment in this entity is accounted for under the cost method of accounting. As part of the transaction, the Company and its Scion partner each contributed approximately \$2.1 million to Scion, totaling approximately \$4.1 million, which was deposited as cash collateral under the terms of RAG's financing agreements. In June 2010, approximately \$3.3 million of the collateral was released to Scion and distributed to the Scion members equally; as of December 31, 2011 the remaining \$0.8 million was included in short-term restricted cash on the Company's consolidated balance sheet. In January 2012, the Company and its Scion partner each contributed \$1.1 million, totaling \$2.2 million, to Scion, which was deposited as additional cash collateral under the new terms of RAG's financing agreements. In January 2013, the Company contributed an additional \$2.6 million to the cash collateral pool under RAG's financing agreements. The aggregate \$5.6 million of cash collateral, which is owned by Scion, is included as short-term restricted cash in the Company's consolidated balance sheet as of December 31, 2013. Subsequent to FY 2013, in January 2014 the Company contributed an additional \$3.0 million to the cash collateral pool under RAG's financing agreements.

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In May 2012, Scion, through a newly formed subsidiary, Scion BBC LLC, purchased a 50% interest in BBC Ice Cream LLC, owner of the Billionaire Boys Club and Ice Cream brands for approximately \$3.5 million. The purchase price for the transaction was funded by the Company through a cash contribution to Scion. In addition, pursuant to the terms of an amendment to the Scion operating agreement, signed in March 2012, the Company has agreed to commit an additional \$6.5 million to Scion to fund investments and acquisitions mutually agreed upon by the Company and its Scion partner, Jay-Z.

In accordance with ASC Topic 810, the Company recognizes the non-controlling interest of Scion as equity in the consolidated financial statements and separate from the parent's equity.

As of December 31, 2013 and December 31, 2012, the carrying value of the consolidated assets that are collateral for the variable interest entity's obligations total \$9.5 million and \$10.6 million, respectively, which is comprised of the Artful Dodger trademark.

Hardy Way

In May 2009, the Company acquired a 50% interest in Hardy Way, the owner of the Ed Hardy brands and trademarks, for \$17.0 million, comprised of \$9.0 million in cash and 588,688 shares of the Company's common stock valued at \$8.0 million as of the closing. In addition, the sellers of the 50% interest received an additional \$1.0 million in shares of the Company's common stock pursuant to an earn-out based on royalties received by Hardy Way for 2009.

On April 26, 2011, Hardy Way acquired substantially all of the licensing rights to the Ed Hardy brands and trademarks from its licensee, Nervous Tattoo, Inc. ("NT") pursuant to an asset purchase agreement by and among Hardy Way, NT and Audigier Brand Management Group, LLC ("ABMG" , and together with NT, the "Sellers"). Immediately prior to the closing of the transactions contemplated by the asset purchase agreement, the Company contributed \$62.0 million to Hardy Way, thereby increasing the Company's ownership interests in Hardy Way from 50% to 85% of the outstanding membership interests. As a result of this transaction, the Company recorded a non-cash pre-tax re-measurement gain of approximately \$21.5 million, representing the increase in fair value of its original 50% investment in Hardy Way. This re-measurement gain is included in interest and other income in the Prior Year Nine Months. Hardy Way paid \$55.0 million in cash for the assets described above. In addition, the Sellers were entitled to receive up to an additional \$7.0 million in cash pursuant to an earn-out based on royalties received by Hardy Way through June 30, 2013, which Hardy Way prepaid to the Sellers in an escrow account. The Company has accounted for this contingent consideration in accordance with ASC Topic 805. Further, as part of this transaction, the Sellers, as a licensee of Hardy Way for various men's and women's apparel categories, prepaid royalties to Hardy Way in the amount of \$7.0 million, representing guaranteed minimum royalties for two years.

Prior to the April 26, 2011 transaction described above, based on the corporate structure, voting rights and contributions of the Company and Hardy Way, Hardy Way was not subject to consolidation. This conclusion was based on the Company's determination that the entity met the criteria to be considered a business, and therefore was not subject to consolidation due to the business scope exception of ASC Topic 810. As such, the Company had recorded its investment under the equity method of accounting.

In accordance with ASC Topic 810, the Company recognizes the non-controlling interest of Hardy Way as equity in the consolidated financial statements and separate from the parent's equity.

On December 23, 2011, the Company entered into an agreement with NT to terminate the above mentioned license, and as such all prepaid royalties were recognized as earned and are included in the Company's consolidated income statement for FY 2011. As part of this agreement, \$2.0 million of the original \$7.0 million contingent consideration was released back to the Company and the contingency provision relating to the remaining \$5.0 million was amended and considered earned by NT. In accordance with ASC Topic 810, the \$2.0

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million of contingent consideration released back to the Company is included in the Company's consolidated income statement for FY 2011. During the first quarter of FY 2012, the Company signed a new licensee to replace the core categories covered by the terminated NT license.

IPH Unltd

In October 2009, the Company consummated, through IPH Unltd, a then newly formed subsidiary of the Company, a transaction with the sellers of the Ecko portfolio of brands, including Ecko and Zoo York (the Ecko Assets), pursuant to which the sellers sold and/or contributed the Ecko Assets to IPH Unltd in exchange for a 49% membership interest in IPH Unltd and \$63.5 million in cash which had been contributed to IPH Unltd by the Company. As a result of this transaction, the Company owned a 51% controlling membership interest in IPH Unltd. In addition, as part of this transaction, IPH Unltd borrowed \$90.0 million from a third party to repay certain indebtedness of the sellers.

On July 27, 2011 the Company, through its newly formed wholly owned subsidiary ZY Holdings LLC (ZY Holdings), acquired the Zoo York trademark and related assets from IPH Unltd for a net purchase price of \$18.0 million, effectively increasing its ownership in the Zoo York assets from 51% to 100%. In accordance with ASC Topic 810, no gain was recognized on this transaction as the Company retained a controlling interest in the Zoo York assets before and after the increase in its ownership interest.

ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. Prior to May 17, 2013, the Company owned a 51% membership interest in IPH Unltd compared to the minority owner's 49% membership interest. Further, the Company believed that the voting and veto rights of the minority shareholder were merely protective in nature and did not provide them with substantive participating rights in IPH Unltd. As such, prior to May 17, 2013, IPH Unltd was subject to consolidation with the Company, which is reflected in the consolidated financial statements.

In accordance with ASC Topic 810, prior to May 17, 2013, the Company recognized the non-controlling interest of IPH Unltd as equity in the consolidated financial statements and separate from the parent's equity.

On May 17, 2013 the Company purchased the remaining 49% minority interest in IPH Unltd for \$45.0 million in cash, increasing its ownership in IPH Unltd from 51% to 100%. In accordance with ASC Topic 810, no gain was recognized on this transaction as the Company retained a controlling interest in IPH Unltd before and after the increase in its ownership interest.

On May 30, 2013, the Company paid to the holders of the Ecko Note (see Note 5) approximately \$52.7 million, representing total outstanding principal and accrued interest to date. This Ecko Note was issued by IPH Unltd in connection with the Company's original acquisition of a 51% interest in the Ecko and Zoo York brands and related assets in October 2009.

Iconix Latin America

In December 2008, the Company contributed substantially all rights to its brands in Mexico, Central America, South America, and the Caribbean (the Latin America Territory) to Iconix Latin America LLC (Iconix Latin America), a then newly formed subsidiary of the Company. On December 29, 2008, New Brands America LLC (New Brands), an affiliate of the Falic Group, purchased a 50% interest in Iconix Latin America. In consideration for its 50% interest in Iconix Latin America, New Brands agreed to pay \$6.0 million to the Company. New Brands paid \$1.0 million upon closing of this transaction and committed to pay an additional \$5.0 million over the 30-month period following closing. As of December 31, 2011 this obligation was paid in full.

During FY 2011, the Company contributed to Iconix Latin America its share of the rights to revenues from IPH Unltd (see below) from the exploitation of the Ecko brands in the Latin America Territory. Also in FY 2011,

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the Company contributed to Iconix Latin America its rights to the Ed Hardy brands for the Latin America Territory. During FY 2012, the Company contributed to Iconix Latin America the rights to the Zoo York and Sharper Image brands for the Latin America Territory. In aggregate consideration for these contributions, New Brands agreed to pay an aggregate of approximately \$5.7 million to the Company. As of December 31, 2013, the balance owed to the Company under this obligation is approximately \$1.7 million, \$1.2 million of which is included in other assets current and \$0.5 million of which is included in other assets on the Company's consolidated balance sheet. The Company has recorded the consideration associated with these transactions as other liabilities, which will be recognized over a period of three years.

Based on the corporate structure, voting rights and contributions of the Company and New Brands, Iconix Latin America is not subject to consolidation. This conclusion was based on the Company's determination that the entity met the criteria to be considered a business, and therefore was not subject to consolidation due to the business scope exception of ASC Topic 810. As such, the Company has recorded its investment under the equity method of accounting.

Iconix Europe

In December 2009, the Company contributed substantially all rights to its brands in the European Territory (defined as all member states and candidate states of the European Union and certain other European countries) to Iconix Europe LLC, a then newly formed wholly-owned subsidiary of the Company (Iconix Europe). Also in December 2009 and shortly after the formation of Iconix Europe, an investment group led by The Licensing Company and Albion Equity Partners LLC purchased a 50% interest in Iconix Europe through Brand Investments Vehicles Group 3 Limited (BIV), to assist the Company in developing, exploiting, marketing and licensing the Company's brands in the European Territory. In consideration for its 50% interest in Iconix Europe, BIV agreed to pay \$4.0 million, of which \$3.0 million was paid upon closing of this transaction in December 2009 and the remaining \$1.0 million of which was paid in January 2011. As a result of this transaction, the Company recognized a gain of approximately \$7.0 million for 2009 which is included in licensing and other revenue on the consolidated income statement in 2009. Pursuant to the terms of the Iconix Europe operating agreement and subject to certain conditions, the Company is entitled to recognize a preferred profit distribution from Iconix Europe of at least \$6.0 million, after which all profits and losses are recognized 50/50 in accordance with each principal's membership interest percentage.

At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and BIV, that Iconix Europe is not a variable interest entity and not subject to consolidation. The Company has recorded its investment under the equity method of accounting.

MG Icon

In March 2010, the Company acquired a 50% interest in MG Icon, the owner of the Material Girl and Truth or Dare brands and trademarks and other rights associated with the artist, performer and celebrity known as Madonna, from Purim LLC (Purim) for \$20.0 million, \$4.0 million of which was paid at closing and another \$11.0 million of which was paid through December 31, 2013. In connection with the launch of Truth or Dare brand and based on certain qualitative criteria, Purim is entitled to an additional \$2.0 million all of which was paid through December 31, 2013. In addition, Purim may be entitled to receive additional consideration based on certain qualitative criteria. As of December 31, 2013 the remaining \$7.0 million owed to Purim is included in other current liabilities on the Company's consolidated balance sheet.

At inception, the Company determined, in accordance with ASC Topic 810, based on the corporate structure, voting rights and contributions of the Company and Purim, MG Icon is a variable interest entity and not subject to consolidation, as, under ASC Topic 810, the Company is not the primary beneficiary of MG Icon. The Company has recorded its investment under the equity method of accounting.

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Pursuant to the terms of the MG Icon operating agreement and subject to certain conditions, the Company is entitled to recognize a preferred profit distribution from MG Icon of at least \$23.0 million, after which all profits and losses are recognized 50/50 in accordance with each principal's membership interest percentage.

Peanuts Holdings

On June 3, 2010 (the *Peanuts Closing Date*), the Company consummated an interest purchase agreement with United Feature Syndicate, Inc. (*UFS*) and The E.W. Scripps Company (the *Parent*) (Parent and UFS, collectively, the *Sellers*), pursuant to which it purchased all of the issued and outstanding interests (*Interests*) of Peanuts Worldwide, a then newly formed Delaware limited liability company, to which, prior to the closing of this acquisition, copyrights and trademarks associated with the Peanuts characters and certain other assets were contributed by UFS. On the Peanuts Closing Date, the Company also assigned its right to buy all of the Interests to Peanuts Holdings, a newly formed Delaware limited liability company and joint venture owned 80% by Icon Entertainment LLC (*IE*), a wholly-owned subsidiary of the Company, and 20% by Beagle Scout LLC, a Delaware limited liability company (*Beagle*) owned by certain Schulz family trusts.

Further, on the Closing Date, IE and Beagle entered into an operating agreement with respect to Peanuts Holdings (the *Peanuts Operating Agreement*). Pursuant to the Peanuts Operating Agreement, the Company, through IE, and Beagle made capital contributions of \$141.0 million and \$34.0 million, respectively, in connection with the acquisition of Peanuts Worldwide. The Interests were then purchased for \$172.1 million in cash, as adjusted for acquired working capital.

In connection with the Peanuts Operating Agreement, the Company through IE, loaned \$17.5 million to Beagle (the *Beagle Note*), the proceeds of which were used to fund Beagle's capital contribution to Peanuts Holdings in connection with the acquisition of Peanuts Worldwide. The Beagle Note bears interest at 6% per annum, with minimum principal payable in equal annual installments of approximately \$2.2 million on June 3, with any remaining unpaid principal balance and accrued interest to be due on June 3, 2015, the Beagle Note maturity date. Principal may be prepaid at any time. The Beagle Note is secured by the membership interest in Peanuts Holdings owned by Beagle. As of December 31, 2013, the current portion of approximately \$2.2 million is included in other assets current in the consolidated balance sheet and the long term portion of \$3.8 million is included in other assets.

ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. The Company owns an 80% membership interest in Peanuts Holdings, compared to the non-controlling owner's 20% membership interest. As such, Peanuts Holdings is subject to consolidation with the Company, which is reflected in the Company's consolidated financial statements as of December 31, 2013.

In accordance with ASC Topic 810, the Company recognizes the non-controlling interest of Peanuts Holdings as equity in the consolidated financial statements and separate from the parent's equity.

Investments

Marcy Media LLC

In July 2013, the Company purchased a 10% minority interest in Marcy Media LLC (*Marcy Media*), a multi-media portfolio company which owns a 50% interest in Roc Nation LLC, an entertainment and talent management company, for \$32.0 million. At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company that Marcy Media is not a variable interest entity and not subject to consolidation. As the Company does not have significant influence over Marcy Media, its investment has been recorded under the cost method of accounting.

Also in July 2013, the Company acquired the global rights to the *Roc Nation* name, a diffusion brand of Rocawear, to use and register as a trademark for apparel, footwear and related categories for \$8.0 million.

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Complex Media Inc.

In September 2013, the Company purchased convertible preferred shares which, on an as converted basis as of the closing date, equals an approximate 14.4% minority interest in Complex Media Inc. (Complex Media), a multi-media lifestyle company which, among other things, owns Complex magazine and its online counterpart, Complex.com, for \$25.0 million. At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company that Complex Media is not a variable interest entity and not subject to consolidation. As the Company does not have significant influence over Complex Media, its investment has been recorded under the cost method of accounting.

Unaudited Pro Forma Information

Unaudited pro forma information for the transactions completed in FY 2013 and FY 2012 is not presented, as such pro forma disclosure is not required with respect to such transactions because the effects of such transactions, each by themselves or in the aggregate, are considered immaterial to the Company.

Acquisition Expenses

During FY 2013, FY 2012 and FY 2011, pretax charges aggregating approximately \$4.0 million, \$0.5 million and \$0.4 million, respectively, were recorded for legal expenses and other transaction costs related to the acquisitions described above, as well as unconsummated transactions under consideration during FY 2013. These charges, which were expensed in accordance with the accounting guidance for business combinations, are included in selling, general and administrative costs in the Company's consolidated income statements.

4. Fair Value Measurements

ASC Topic 820 Fair Value Measurements, which the Company adopted on January 1, 2008, establishes a framework for measuring fair value and requires expanded disclosures about fair value measurement. While ASC 820 does not require any new fair value measurements in its application to other accounting pronouncements, it does emphasize that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 established the following fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs):

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets

Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs

Level 3: Unobservable inputs for which there is little or no market data and which requires the owner of the assets or liabilities to develop its own assumptions about how market participants would price these assets or liabilities

The valuation techniques that may be used to measure fair value are as follows:

(A) Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

(B) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models and excess earnings method

(C) Cost approach - Based on the amount that would currently be required to replace the service capacity of an asset (replacement cost)

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To determine the fair value of certain financial instruments, the Company relies on Level 2 inputs generated by market transactions of similar instruments where available, and Level 3 inputs using an income approach when Level 1 and Level 2 inputs are not available. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and financial liabilities and their placement within the fair value hierarchy.

Hedge Instruments

On March 26, 2011, the Company purchased hedge instruments from JP Morgan Chase Bank N.A. (JPMC) to mitigate the income statement risk and cash flow risk of revenue and receivables from licenses denominated in Japanese Yen. These hedge instruments are foreign exchange forward contracts that set the foreign exchange rate from Japanese Yen to U.S. Dollars for the Company's forecasted Japanese Yen denominated revenue (Income Statement Hedge) and receivable (Balance Sheet Hedge). Based on management's assessment, the Income Statement Hedge qualifies for hedge accounting under ASC Topic 815. On a quarterly basis, the value of the Income Statement Hedge was adjusted to reflect its current fair value, with any adjustment flowing through other comprehensive income. The fair value of this instrument was obtained by comparing the characteristics of the Income Statement Hedge with similarly traded instruments, and was therefore classified as Level 2 in the fair value hierarchy. As of March 31, 2012, the Income Statement Hedge and the Balance Sheet Hedge expired by their respective terms, and, as of December 31, 2013 the Company had no other hedge instruments other than the 2.50% Convertible Note Hedges and 1.50% Convertible Note Hedges (see Note 5).

Financial Instruments

As of December 31, 2013 and December 31, 2012, the fair values of cash, receivables and accounts payable approximated their carrying values due to the short-term nature of these instruments. The fair value of notes receivables and note payable from and to our joint venture partners approximate their carrying values, and the fair value of our cost basis investments approximate their carrying values. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on Level One and Level Three inputs including broker quotes or quoted market prices or rates for the same or similar instruments and the related carrying amounts are as follows:

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	\$ 1,427,319	\$ 1,786,232	\$ 911,718	\$ 979,827

Financial instruments expose the Company to counterparty credit risk for nonperformance and to market risk for changes in interest. The Company manages exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor the amount of credit exposure. The Company's financial instrument counterparties are investment or commercial banks with significant experience with such instruments.

Non-Financial Assets and Liabilities

The Company accounts for non-recurring adjustments to the fair values of its non-financial assets and liabilities under ASC Topic 820 using a market participant approach. The Company uses a discounted cash flow model with Level 3 inputs to measure the fair value of its non-financial assets and liabilities. The Company also adopted the provisions of ASC 820 as it relates to purchase accounting for its acquisitions. The Company has goodwill, which is tested for impairment at least annually, as required by ASC Topic 350. Further, in accordance with ASC Topic 350, the Company's indefinite-lived trademarks are tested for impairment at least annually, on

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an individual basis as separate single units of accounting. Similarly, consistent with ASC Topic 360 as it relates to accounting for the impairment or disposal of long-lived assets, the Company assesses whether or not there is impairment of the Company's definite-lived trademarks. There was no impairment, and therefore no write-down, of any of the Company's long-lived assets during FY 2013 or FY 2012.

5. Debt Arrangements

The Company's net carrying amount of debt is comprised of the following:

	December 31,	
	2013	2012
	(000's omitted)	
Senior Secured Notes	\$ 836,888	\$ 600,000
1.50% Convertible Notes	323,418	
2.50% Convertible Notes	267,013	254,718
Ecko Note		57,000
Total	\$ 1,427,319	\$ 911,718

Senior Secured Notes

On November 29, 2012, Icon Brand Holdings, Icon DE Intermediate Holdings LLC, Icon DE Holdings LLC and Icon NY Holdings LLC, each a limited-purpose, bankruptcy remote, wholly-owned direct or indirect subsidiary of the Company, (collectively, the "Co-Issuers") issued \$600.0 million aggregate principal amount of Series 2012-1 4.229% Senior Secured Notes, Class A-2 (the "2012 Senior Secured Notes") in an offering exempt from registration under the Securities Act of 1933, as amended.

Simultaneously with the issuance of the 2012 Senior Secured Notes, the Co-Issuers also entered into a revolving financing facility of Series 2012-1 Variable Funding Senior Notes, Class A-1 (the "Variable Funding Notes"), which allows for the funding of up to \$100 million of Variable Funding Notes and certain other credit instruments, including letters of credit. The Variable Funding Notes were issued under the Indenture and allow for drawings on a revolving basis. Drawings and certain additional terms related to the Variable Funding Notes are governed by the Class A-1 Note Purchase Agreement dated November 29, 2012 (the "Variable Funding Note Purchase Agreement"), among the Co-Issuers, Iconix, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, as swingline lender and as administrative agent. The Variable Funding Notes will be governed, in part, by the Variable Funding Note Purchase Agreement and by certain generally applicable terms contained in the Indenture. Interest on the Variable Funding Notes will be payable at per annum rates equal to the CP Rate, Base Rate or Eurodollar Rate, as defined in the Variable Funding Note Purchase Agreement.

As of December 31, 2013, no amounts under the Variable Funding Notes have been drawn. There is a commitment fee on the unused portion of the Variable Funding Notes facility of 0.5% per annum. It is anticipated that any outstanding principal of and interest on the Variable Funding Notes will be repaid in full on or prior to January 2018. Following the anticipated repayment date, additional interest will accrue on the Variable Funding Notes equal to 5% per annum. The Variable Funding Notes and other credit instruments issued under the Variable Funding Note Purchase Agreement are secured by the collateral described below.

On June 21, 2013, the Co-Issuers issued \$275.0 million aggregate principal amount of Series 2013-1 4.352% Senior Secured Notes, Class A-2 (the "2013 Senior Secured Notes" and, together with the 2012 Senior Secured Notes, the "Senior Secured Notes") in an offering exempt from registration under the Securities Act of 1933, as amended.

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The Senior Secured Notes and the Variable Funding Notes are referred to collectively as the Notes. The Notes were issued in securitization transactions pursuant to which substantially all of Iconix's United States and Canadian revenue-generating assets (the Securitized Assets), consisting principally of its intellectual property and license agreements for the use of its intellectual property, were transferred to and are currently held by the Co-Issuers. The Securitized Assets do not include revenue generating assets of (x) the Iconix subsidiaries that own the Badgley Mischka trademark, the Ecko Unltd trademark, the Mark Ecko trademark, the Umbro trademark and the Lee Cooper trademark, (y) the Iconix subsidiaries that own Iconix's other brands outside of the United States and Canada or (z) the joint ventures in which Iconix and certain of its subsidiaries have investments and which own the Artful Dodger trademark, the Modern Amusement trademark and the Buffalo trademark and a 50% interest in the Ice Cream trademark and the Billionaire Boys Club trademark.

The Notes were issued under a base indenture and related supplemental indentures (collectively, the Indenture) among the Co-Issuers and Citibank, N.A., as trustee (in such capacity, the Trustee) and securities intermediary. The Indenture allows the Co-Issuers to issue additional series of notes in the future subject to certain conditions.

While the Notes are outstanding, payments of interest are required to be made on the Senior Secured Notes on a quarterly basis. To the extent funds are available, principal payments in the amount of \$10.5 million and \$4.8 million are required to be made on the 2012 Senior Secured Notes and 2013 Senior Secured Notes, respectively, on a quarterly basis.

The legal final maturity date of the Senior Secured Notes is in January of 2043, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Senior Secured Notes will be repaid in January of 2020. If the Co-Issuers have not repaid or refinanced the Senior Secured Notes prior to the anticipated repayment date, additional interest will accrue on the Senior Secured Notes equal to the greater of (A) 5% per annum and (B) a per annum interest rate equal to the excess, if any, by which the sum of (i) the yield to maturity (adjusted to a quarterly bond-equivalent basis), on the anticipated repayment date of the United States treasury security having a term closest to 10 years plus (ii) 5% plus (iii) with respect to the 2012 Senior Secured Notes, 3.4%, or with respect to the 2013 Senior Secured Notes, 3.14%, exceeds the original interest rate. The Senior Secured Notes rank pari passu with the Variable Funding Notes.

Pursuant to the Indenture, the Notes are the joint and several obligations of the Co-Issuers only. The Notes are secured under the Indenture by a security interest in substantially all of the assets of the Co-Issuers (the Collateral), which includes, among other things, (i) intellectual property assets, including the U.S. and Canadian registered and applied for trademarks for the following brands and other related IP assets: Candie's, Bongo, Joe Boxer (excluding Canadian trademarks, none of which are owned by Iconix), Rampage, Mudd, London Fog (other than the trademark for outerwear products sold in the United States), Mossimo, Ocean Pacific and OP, Danskin and Danskin Now, Rocawear, Starter, Waverly, Fieldcrest, Royal Velvet, Cannon, Charisma, and Sharper Image; (ii) the rights (including the rights to receive payments) and obligations under all license agreements for use of those trademarks; (iii) the following equity interests in the following joint ventures: an 85% interest in Hardy Way LLC which owns the Ed Hardy brand, a 50% interest in MG Icon LLC which owns the Material Girl and Truth or Dare brands, a 100% interest in ZY Holdings LLC which owns the Zoo York brand, and an 80% interest in Peanuts Holdings LLC which owns the Peanuts brand and characters; and (iv) certain cash accounts established under the Indenture.

If the Company contributes a newly organized, limited purpose, bankruptcy remote entity (each an Additional IP Holder) and, together with the Co-Issuers, the Securitization Entities) to Icon Brand Holdings LLC or Icon DE Intermediate Holdings LLC, that Additional IP Holder will enter into a guarantee and collateral agreement in a form provided for in the Base Indenture pursuant to which such Additional IP Holder will guarantee the obligations of the Co-Issuers in respect of any Notes issued under the Base Indenture and the other related documents and pledge substantially all of its assets to secure those guarantee obligations pursuant to a guarantee and collateral agreement.

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Neither the Company nor any subsidiary of the Company, other than the Securitization Entities, will guarantee or in any way be liable for the obligations of the Co-Issuers under the Indenture or the Notes.

The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments, including mandatory prepayments in the event of a change of control (as defined in the supplemental indentures) and the related payment of specified amounts, including specified make-whole payments in the case of the Senior Secured Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Company has been compliant with all covenants under the Notes during FY 2013 and FY 2012.

The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to (i) the failure to maintain a stated debt service coverage ratio, which tests the amount of net cash flow generated by the assets of the Co-Issuers against the amount of debt service obligations of the Co-Issuers (including any commitment fees and letter of credit fees with respect to the Variable Funding Notes, due and payable accrued interest, and due and payable scheduled principal payments on the Senior Secured Notes), (ii) certain manager termination events, (iii) the occurrence of an event of default and (iv) the failure to repay or refinance the Notes on the anticipated repayment date. If a rapid amortization event were to occur, Icon DE Intermediate Holdings LLC and Icon Brand Holdings LLC would be restricted from declaring or paying distributions on any of its limited liability company interests.

The Company used approximately \$150.4 million of the proceeds received from the issuance of the 2012 Senior Secured Notes to repay amounts outstanding under its revolving credit facility (see below) and approximately \$20.9 million to pay the costs associated with the 2012 Senior Secured Notes financing transaction. In addition approximately \$218.3 million of the proceeds from the 2012 Senior Secured Notes were used for the Company's purchase of the Umbro brand. The Company used approximately \$7.2 million of the proceeds received from the issuance of the 2013 Senior Secured Notes to pay the costs associated with the 2013 Senior Secured Notes securitized financing transaction.

As of December 31, 2013, the total principal balance of the Notes is \$836.9 million, of which \$61.3 million is included in the current portion of long-term debt on consolidated balance sheet. As of December 31, 2013 and December 31, 2012, \$52.4 million and \$12.5 million, respectively is included in restricted cash on the consolidated balance sheet and represents short-term restricted cash consisting of collections on behalf of the Securitized Assets, restricted to the payment of principal, interest and other fees on a quarterly basis under the Senior Secured Notes.

1.50% Convertible Notes

On March 18, 2013, the Company completed the issuance of \$400.0 million principal amount of the Company's 1.50% convertible senior subordinated notes due March 15, 2018 (1.50% Convertible Notes) in a private offering to certain institutional investors. The net proceeds received by the Company from the offering, excluding the net cost of hedges and sale of warrants (described below) and including transaction fees, were approximately \$390.6 million.

The 1.50% Convertible Notes bear interest at an annual rate of 1.50%, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2013. However, the Company recognizes an effective interest rate of 6.50% on the carrying amount of the 1.50% Convertible Notes. The effective rate is based on the rate for a similar instrument that does not have a conversion feature. The 1.50% Convertible Notes will be convertible into cash and, if applicable, shares of the Company's common stock based on a conversion rate of 32.4052 shares of the Company's common stock, subject to customary adjustments, per \$1,000 principal

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amount of the 1.50% Convertible Notes (which is equal to an initial conversion price of approximately \$30.86 per share) only under the following circumstances: (1) during any fiscal quarter beginning after December 15, 2017 (and only during such fiscal quarter), if the closing price of the Company's common stock for at least 20 trading days in the 30 consecutive trading days ending on and including the last trading day of the immediately preceding fiscal quarter is more than 130% of the conversion price per share, which is \$1,000 divided by the then applicable conversion rate; (2) during the five consecutive business day period immediately following any five consecutive trading day period in which the trading price per \$1,000 principal amount of the 1.50% Convertible Notes for each day of that period was less than 98% of the product of (a) the closing price of the Company's common stock for each day in that period and (b) the conversion rate per \$1,000 principal amount of the 1.50% Convertible Notes; (3) if specified distributions to holders of the Company's common stock are made, as set forth in the indenture governing the 1.50% Convertible Notes (1.50% Indenture); (4) if a change of control or other fundamental change, each as defined in the 1.50% Indenture, occurs; and (5) during the 90 day period prior to maturity of the 1.50% Convertible Notes. If the holders of the 1.50% Convertible Notes exercise the conversion provisions under the circumstances set forth, the Company will need to remit the lower of the principal balance of the 1.50% Convertible Notes or their conversion value to the holders in cash. As such, the Company would be required to classify the entire amount outstanding of the 1.50% Convertible Notes as a current liability in the following quarter. The evaluation of the classification of amounts outstanding associated with the 1.50% Convertible Notes will occur every quarter.

Upon conversion, a holder will receive an amount in cash equal to the lesser of (a) the principal amount of the 1.50% Convertible Note or (b) the conversion value, determined in the manner set forth in the 1.50% Indenture. If the conversion value exceeds the principal amount of the 1.50% Convertible Notes on the conversion date, the Company will also deliver, at its election, cash or the Company's common stock or a combination of cash and the Company's common stock for the conversion value in excess of the principal amount. In the event of a change of control or other fundamental change, the holders of the 1.50% Convertible Notes may require the Company to purchase all or a portion of their 1.50% Convertible Notes at a purchase price equal to 100% of the principal amount of the 1.50% Convertible Notes, plus accrued and unpaid interest, if any. If a specified accounting change occurs, the Company may, at its option, redeem the 1.50% Convertible Notes in whole for cash, at a price equal to 102% of the principal amount of the 1.50% Convertible Notes, plus accrued and unpaid interest, if any. Holders of the 1.50% Convertible Notes who convert their 1.50% Convertible Notes in connection with a fundamental change or in connection with a redemption upon the occurrence of a specified accounting change may be entitled to a make-whole premium in the form of an increase in the conversion rate.

Pursuant to guidance issued under ASC Topic 815, the 1.50% Convertible Notes are accounted for as convertible debt in the accompanying consolidated balance sheet and the embedded conversion option in the 1.50% Convertible Notes has not been accounted for as a separate derivative. For a discussion of the effects of the 1.50% Convertible Notes and the 1.50% Convertible Notes Hedges and Sold Warrants defined and discussed below on earnings per share, see Note 7.

As of December 31, 2013 the amount of the 1.50% Convertible Notes accounted for as a liability was approximately \$323.4 million and is reflected on the consolidated balance sheet as follows:

	December 31, 2013
	(000's omitted)
Equity component carrying amount	\$ 49,931
Unamortized discount	76,582
Net debt carrying amount	\$ 323,418

For FY 2013, the Company recorded additional non-cash interest expense of approximately \$11.5 million, representing the difference between the stated interest rate on the 1.50% Convertible Notes and the rate for a similar instrument that does not have a conversion feature.

For FY 2013, cash interest expense relating to the 1.50% Convertible Notes was approximately \$4.7 million.

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The 1.50% Convertible Notes do not provide for any financial covenants.

On March 18, 2013, the Company used a portion of the proceeds from the 1.50% Convertible Notes to repurchase 2,964,000 shares of its common stock in a private transaction with a third party for \$69.0 million. See note 6 for further information on our stock repurchase program.

In connection with the sale of the 1.50% Convertible Notes, the Company entered into hedges for the 1.50% Convertible Notes (1.50% Convertible Note Hedges) with respect to its common stock with one entity (the 1.50% Counterparty). Pursuant to the agreements governing these 1.50% Convertible Note Hedges, the Company purchased call options (the 1.50% Purchased Call Options) from the 1.50% Counterparty covering up to approximately 13.0 million shares of the Company s common stock. These 1.50% Convertible Note Hedges are designed to offset the Company s exposure to potential dilution upon conversion of the 1.50% Convertible Notes in the event that the market value per share of the Company s common stock at the time of exercise is greater than the strike price of the 1.50% Purchased Call Options (which strike price corresponds to the initial conversion price of the 1.50% Convertible Notes and is simultaneously subject to certain customary adjustments). On March 13, 2013, the Company paid an aggregate amount of approximately \$84.1 million of the proceeds from the sale of the 1.50% Convertible Notes for the 1.50% Purchased Call Options, of which \$29.4 million was included in the balance of deferred income tax assets at March 13, 2013 and is being recognized over the term of the 1.50% Convertible Notes. As of December 31, 2013, the balance of deferred income tax assets related to this transaction was approximately \$24.8 million.

The Company also entered into separate warrant transactions with the 1.50% Counterparty whereby the Company, pursuant to the agreements governing these warrant transactions, sold to the 1.50% Counterparty warrants (the 1.50% Sold Warrants) to acquire up to 12.96 million shares of the Company s common stock at a strike price of \$35.5173 per share of the Company s common stock. The 1.50% Sold Warrants will become exercisable on June 18, 2018 and will expire by September 1, 2018. The Company received aggregate proceeds of approximately \$57.7 million from the sale of the 1.50% Sold Warrants on March 13, 2013.

Pursuant to guidance issued under ASC Topic 815 Derivatives and Hedging as it relates to accounting for derivative financial instruments indexed to, and potentially settled in, a company s own stock, the 1.50% Convertible Note Hedge and the proceeds received from the issuance of the 1.50% Sold Warrants were recorded as a charge and an increase, respectively, in additional paid-in capital in stockholders equity as separate equity transactions. As a result of these transactions, the Company recorded a net increase to additional paid-in-capital of \$3.0 million in March 2013.

The Company has evaluated the impact of adopting guidance issued under ASC Topic 815 regarding embedded features as it relates to the 1.50% Sold Warrants, and has determined it had no impact on the Company s results of operations and financial position through December 31, 2013, and will have no impact on the Company s results of operations and financial position in future fiscal periods.

As the 1.50% Convertible Note Hedge transactions and the warrant transactions were separate transactions entered into by the Company with the 1.50% Counterparty, they are not part of the terms of the 1.50% Convertible Notes and will not affect the holders rights under the 1.50% Convertible Notes. In addition, holders of the 1.50% Convertible Notes will not have any rights with respect to the 1.50% Purchased Call Options or the 1.50% Sold Warrants.

If the market value per share of the Company s common stock at the time of conversion of the 1.50% Convertible Notes is above the strike price of the 1.50% Purchased Call Options, the 1.50% Purchased Call Options entitle the Company to receive from the 1.50% Counterparties net shares of the Company s common stock, cash or a combination of shares of the Company s common stock and cash, depending on the consideration paid on the underlying 1.50% Convertible Notes, based on the excess of the then current market price of the Company s common stock over the strike price of the 1.50% Purchased Call Options. Additionally, if the market

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price of the Company's common stock at the time of exercise of the 1.50% Sold Warrants exceeds the strike price of the 1.50% Sold Warrants, the Company will owe the 1.50% Counterparty net shares of the Company's common stock or cash, not offset by the 1.50% Purchased Call Options, in an amount based on the excess of the then current market price of the Company's common stock over the strike price of the 1.50% Sold Warrants.

These transactions will generally have the effect of increasing the conversion price of the 1.50% Convertible Notes to \$35.5173 per share of the Company's common stock, representing a 52.5% percent premium based on the last reported sale price of the Company's common stock of \$23.29 per share on March 12, 2013.

Moreover, in connection with the warrant transactions with the 1.50% Counterparty, to the extent that the price of the Company's common stock exceeds the strike price of the 1.50% Sold Warrants, the warrant transactions could have a dilutive effect on the Company's earnings per share.

2.50% Convertible Notes

On May 23, 2011, the Company completed the issuance of \$300.0 million principal amount of the Company's 2.50% convertible senior subordinated notes due June 2016 (2.50% Convertible Notes) in a private offering to certain institutional investors. The net proceeds received by the Company from the offering, excluding the net cost of hedges and sale of warrants (described below) and including transaction fees, were approximately \$291.6 million.

The 2.50% Convertible Notes bear interest at an annual rate of 2.50%, payable semi-annually in arrears on June 1 and December 1 of each year, beginning December 1, 2011. However, the Company recognizes an effective interest rate of 7.25% on the carrying amount of the 2.50% Convertible Notes. The effective rate is based on the rate for a similar instrument that does not have a conversion feature. The 2.50% Convertible Notes will be convertible into cash and, if applicable, shares of the Company's common stock based on a conversion rate of 32.5169 shares of the Company's common stock, subject to customary adjustments, per \$1,000 principal amount of the 2.50% Convertible Notes (which is equal to an initial conversion price of approximately \$30.75 per share) only under the following circumstances: (1) during any fiscal quarter beginning after June 30, 2011 (and only during such fiscal quarter), if the closing price of the Company's common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is more than 130% of the conversion price per share, which is \$1,000 divided by the then applicable conversion rate; (2) during the five business day period immediately following any five consecutive trading day period in which the trading price per \$1,000 principal amount of the 2.50% Convertible Notes for each day of that period was less than 98% of the product of (a) the closing price of the Company's common stock for each day in that period and (b) the conversion rate per \$1,000 principal amount of the 2.50% Convertible Notes; (3) if specified distributions to holders of the Company's common stock are made, as set forth in the indenture governing the 2.50% Convertible Notes (2.50% Indenture); (4) if a change of control or other fundamental change, each as defined in the 2.50% Indenture, occurs; and (6) during the 90 day period prior to maturity of the 2.50% Convertible Notes. If the holders of the 2.50% Convertible Notes exercise the conversion provisions under the circumstances set forth, the Company will need to remit the lower of the principal balance of the 2.50% Convertible Notes or their conversion value to the holders in cash. As such, the Company would be required to classify the entire amount outstanding of the 2.50% Convertible Notes as a current liability in the following quarter. The evaluation of the classification of amounts outstanding associated with the 2.50% Convertible Notes will occur every quarter.

Upon conversion, a holder will receive an amount in cash equal to the lesser of (a) the principal amount of the 2.50% Convertible Note or (b) the conversion value, determined in the manner set forth in the 2.50% Indenture. If the conversion value exceeds the principal amount of the 2.50% Convertible Notes on the conversion date, the Company will also deliver, at its election, cash or the Company's common stock or a combination of cash and the Company's common stock for the conversion value in excess of the principal amount. In the event of a change of control or other fundamental change, the holders of the 2.50% Convertible

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Notes may require the Company to purchase all or a portion of their 2.50% Convertible Notes at a purchase price equal to 100% of the principal amount of the 2.50% Convertible Notes, plus accrued and unpaid interest, if any. If a specified accounting change occurs, the Company may, at its option, redeem the 2.50% Convertible Notes in whole for cash, at a price equal to 102% of the principal amount of the 2.50% Convertible Notes, plus accrued and unpaid interest, if any. Holders of the 2.50% Convertible Notes who convert their 2.50% Convertible Notes in connection with a fundamental change or in connection with a redemption upon the occurrence of a specified accounting change may be entitled to a make-whole premium in the form of an increase in the conversion rate.

Pursuant to guidance issued under ASC Topic 815, the 2.50% Convertible Notes are accounted for as convertible debt in the accompanying consolidated balance sheet and the embedded conversion option in the 2.50% Convertible Notes has not been accounted for as a separate derivative. For a discussion of the effects of the 2.50% Convertible Notes and the 2.50% Convertible Notes Hedges and Sold Warrants defined and discussed below on earnings per share, see Note 7.

As of December 31, 2013 and December 31, 2012, the amount of the 2.50% Convertible Notes accounted for as a liability was approximately \$267.0 million and \$254.7 million, respectively, and is reflected on the consolidated balance sheet as follows:

	December 31,	
	2013	2012
	(000 s omitted)	
Equity component carrying amount	\$ 35,996	\$ 35,996
Unamortized discount	32,987	45,282
Net debt carrying amount	\$ 267,013	\$ 254,718

For FY 2013, FY 2012 and FY 2011, the Company recorded additional non-cash interest expense of approximately \$11.1 million \$10.3 million and \$6.1 million, respectively, representing the difference between the stated interest rate on the 2.50% Convertible Notes and the rate for a similar instrument that does not have a conversion feature.

For FY 2013, FY 2012 and FY 2011, cash interest expense relating to the 2.50% Convertible Notes was approximately \$7.5 million, \$7.5 million and \$4.5 million, respectively.

The 2.50% Convertible Notes do not provide for any financial covenants.

In connection with the sale of the 2.50% Convertible Notes, the Company entered into hedges for the 2.50% Convertible Notes (2.50% Convertible Note Hedges) with respect to its common stock with two entities (the 2.50% Counterparties). Pursuant to the agreements governing these 2.50% Convertible Note Hedges, the Company purchased call options (the 2.50% Purchased Call Options) from the 2.50% Counterparties covering up to approximately 9.8 million shares of the Company s common stock. These 2.50% Convertible Note Hedges are designed to offset the Company s exposure to potential dilution upon conversion of the 2.50% Convertible Notes in the event that the market value per share of the Company s common stock at the time of exercise is greater than the strike price of the 2.50% Purchased Call Options (which strike price corresponds to the initial conversion price of the 2.50% Convertible Notes and is simultaneously subject to certain customary adjustments). On May 23, 2011, the Company paid an aggregate amount of approximately \$58.7 million of the proceeds from the sale of the 2.50% Convertible Notes for the 2.50% Purchased Call Options, of which \$20.6 million was included in the balance of deferred income tax assets at May 23, 2011 and is being recognized over the term of the 2.50% Convertible Notes. As of December 31, 2013, the balance of deferred income tax assets related to this transaction was approximately \$10.0 million.

The Company also entered into separate warrant transactions with the 2.50% Counterparties whereby the Company, pursuant to the agreements governing these warrant transactions, sold to the 2.50% Counterparties

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warrants (the 2.50% Sold Warrants) to acquire up to 9.76 million shares of the Company's common stock at a strike price of \$40.6175 per share of the Company's common stock. The 2.50% Sold Warrants will become exercisable on September 1, 2016 and will expire by the end of 2016. The Company received aggregate proceeds of approximately \$28.8 million from the sale of the 2.50% Sold Warrants on May 23, 2011.

Pursuant to guidance issued under ASC Topic 815 Derivatives and Hedging as it relates to accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, the 2.50% Convertible Note Hedge and the proceeds received from the issuance of the 2.50% Sold Warrants were recorded as a charge and an increase, respectively, in additional paid-in capital in stockholders' equity as separate equity transactions. As a result of these transactions, the Company recorded a net reduction to additional paid-in-capital of \$9.4 million in May 2011.

The Company has evaluated the impact of adopting guidance issued under ASC Topic 815 regarding embedded features as it relates to the 2.50% Sold Warrants, and has determined it had no impact on the Company's results of operations and financial position through December 31, 2013, and will have no impact on the Company's results of operations and financial position in future fiscal periods.

As the 2.50% Convertible Note Hedge transactions and the warrant transactions were separate transactions entered into by the Company with the 2.50% Counterparties, they are not part of the terms of the 2.50% Convertible Notes and will not affect the holders' rights under the 2.50% Convertible Notes. In addition, holders of the 2.50% Convertible Notes will not have any rights with respect to the 2.50% Purchased Call Options or the 2.50% Sold Warrants.

If the market value per share of the Company's common stock at the time of conversion of the 2.50% Convertible Notes is above the strike price of the 2.50% Purchased Call Options, the 2.50% Purchased Call Options entitle the Company to receive from the 2.50% Counterparties net shares of the Company's common stock, cash or a combination of shares of the Company's common stock and cash, depending on the consideration paid on the underlying 2.50% Convertible Notes, based on the excess of the then current market price of the Company's common stock over the strike price of the 2.50% Purchased Call Options. Additionally, if the market price of the Company's common stock at the time of exercise of the 2.50% Sold Warrants exceeds the strike price of the 2.50% Sold Warrants, the Company will owe the 2.50% Counterparties net shares of the Company's common stock or cash, not offset by the 2.50% Purchased Call Options, in an amount based on the excess of the then current market price of the Company's common stock over the strike price of the 2.50% Sold Warrants.

These transactions will generally have the effect of increasing the conversion price of the 2.50% Convertible Notes to \$40.6175 per share of the Company's common stock, representing a 75% percent premium based on the last reported sale price of the Company's common stock of \$23.21 per share on May 17, 2011.

Moreover, in connection with the warrant transactions with the 2.50% Counterparties, to the extent that the price of the Company's common stock exceeds the strike price of the 2.50% Sold Warrants, the warrant transactions could have a dilutive effect on the Company's earnings per share.

Ecko Note

In connection with the Ecko transaction in October 2009 (see Note 3), IPH Unltd issued a promissory note (Ecko Note) to a third party creditor (LF Centennial Limited, an affiliate of Li & Fung USA) for \$90.0 million, which bore interest at 7.50% per annum. IPH Unltd's obligations under the Ecko Note were secured by the Ecko portfolio of trademarks and related intellectual property assets and the Zoo York trademarks and related intellectual property assets owned by ZY Holdings (see Note 3).

On May 30, 2013, the Company paid \$52.7 million to extinguish the Ecko Note, representing total outstanding principal and accrued interest to date, to the holders of the Ecko Note in full satisfaction of its obligations under the Ecko Note.

Table of Contents***Asset-Backed Notes***

The financing for certain of the Company's acquisitions has been accomplished through private placements by its subsidiary, IP Holdings LLC (IP Holdings) of asset-backed notes (Asset-Backed Notes) secured by intellectual property assets (trade names, trademarks, license agreements and payments and proceeds with respect thereto relating to the Candie's, Bongo, Joe Boxer, Rampage, Mudd and London Fog brands) of IP Holdings. On November 27, 2012 (ABN Payoff Date), approximately \$11.0 million was paid to the trustee of the Asset-Backed Notes, for the benefit of the holders of the Asset-Backed Notes (ABN Holders), including outstanding principal of \$10.8 million and an early termination fee of \$0.2 million due to the ABN Holders as of the ABN Payoff Date. Through the ABN Payoff Date, the Company was in compliance with all material covenants set forth in the Asset-Backed Notes.

Revolving Credit Facility

On November 22, 2011, (the Revolver Closing Date), the Company entered into a Revolving Credit Agreement (the Revolver) with several banks and other financial institutions or entities from time to time parties thereto, Barclays Capital, the investment banking division of Barclays Bank PLC, Goldman Sachs Bank USA and GE Capital Markets, Inc., as the joint lead arrangers and joint bookrunners, Goldman Sachs Bank USA and GE Capital Markets, Inc., as the syndication agents, Barclays Bank PLC, as documentation agent, and Barclays Bank PLC, as the administrative agent (Administrative Agent). The Revolver provided to the Company a revolving line of credit in an aggregate principal amount of \$150.0 million, with a \$10.0 million sublimit for the issuance of letters of credit and a \$10.0 million swingline facility. Pursuant to a guarantee and collateral agreement, obligations of the Company under the Revolver were guaranteed by the following subsidiaries of the Company: Mossimo, Inc., a Delaware corporation (MI); Mossimo Holdings LLC, a Delaware corporation (MH); OP Holdings LLC, a Delaware limited liability company (OP Holdings); OP Holdings and Management Corporation, a Delaware corporation (OPHM); Studio IP Holdings LLC, a Delaware limited liability company (Studio IP Holdings); Studio IP Holdings and Management Corporation, a Delaware corporation (SHM); Official-Pillowtex LLC, a Delaware limited liability company (Official-Pillowtex); Pillowtex Holdings and Management LLC, a Delaware limited liability company (PHM); IE, owner of the Company's 80% member interest in Peanuts Holdings (see Note 3); SI (see Note 3); and Sharper Image Holdings and Management Corporation (SIHM) (collectively, the Revolver Subsidiaries). These guarantees were secured by a pledge to the Administrative Agent, on behalf of the lenders under the Revolver, of 100% of the capital stock owned by the Company in each of OPHM, SHM, PHM, IE, and SIHM; 80% of the capital stock of Peanuts Holdings (which is owned by the Company through IE); and certain trademarks and other intellectual properties related to the following brands: Ocean Pacific/OP, Danskin, Rocawear, Mossimo, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly and Sharper Image.

On June 28, 2012, the Company received \$150.0 million in cash proceeds from the Revolver.

On November 29, 2012 (Revolver Payoff Date), approximately \$150.4 million was paid to Barclays, to the benefit of the Revolver lenders (Revolver Lenders), including outstanding principal of \$150.0 million and accrued interest of \$0.4 million due to the Revolver Lenders as of the Revolver Payoff Date. Through the Revolver Payoff Date, the Company was in compliance with all material covenants set forth in the Revolver.

Interest expense for FY 2012 and FY 2011 was approximately \$1.8 million and \$0.1 million, respectively, and is included in interest expense on consolidated income statement.

1.875% Convertible Notes

On June 20, 2007, the Company completed the issuance of \$287.5 million principal amount of the Company's 1.875% convertible senior subordinated notes due June 2012 (1.875% Convertible Notes) in a private offering to certain institutional investors. The net proceeds received by the Company from the offering, excluding the net cost of hedges and sale of warrants associated with the 1.875% Convertible Notes, were approximately \$281.1 million.

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On June 29, 2012, the Company paid to Bank of New York Mellon, as trustee and under the terms of the 1.875% Convertible Notes indenture, for the benefit of the 1.875% Convertible Note holders and in full satisfaction of the Company's obligation under the 1.875% Convertible Notes, \$290.2 million, representing the total principal outstanding and accrued interest through June 30, 2012. No note holders elected for conversion of the 1.875% Convertible Notes to shares of the Company.

In connection with the sale of the 1.875% Convertible Notes, the Company entered into hedges for the 1.875% Convertible Notes (1.875% Convertible Note Hedges). Pursuant to the agreements governing these 1.875% Convertible Note Hedges, the Company purchased call options (the 1.875% Purchased Call Options) from the 1.875% Counterparties covering up to approximately 10.4 million shares of the Company's common stock. These 1.875% Convertible Note Hedges were designed to offset the Company's exposure to potential dilution upon conversion of the 1.875% Convertible Notes in the event that the market value per share of the Company's common stock at the time of exercise is greater than the strike price of the 1.875% Purchased Call Options (which strike price corresponds to the initial conversion price of the 1.875% Convertible Notes and is simultaneously subject to certain customary adjustments). On June 20, 2007, the Company paid an aggregate amount of approximately \$76.3 million of the proceeds from the sale of the 1.875% Convertible Notes for the 1.875% Purchased Call Options, of which \$26.7 million was included in the balance of deferred income tax assets at June 30, 2007 and was recognized over the term of the 1.875% Convertible Notes. As of June 30, 2012, the balance of deferred income tax assets related to this transaction was zero.

The Company also entered into separate warrant transactions with the 1.875% Counterparties whereby the Company, pursuant to the agreements governing these warrant transactions, sold to the 1.875% Counterparties warrants (the 1.875% Sold Warrants) to acquire up to 3.6 million shares of the Company's common stock of which 40% were sold to Lehman OTC, at a strike price of \$42.40 per share of the Company's common stock. The 1.875% Sold Warrants became exercisable on September 28, 2012 and expired on December 31, 2012. The Company received aggregate proceeds of approximately \$37.5 million from the sale of the 1.875% Sold Warrants on June 20, 2007.

As of December 31, 2012, the 1.875% Convertible Note Hedges, the 1.875% Purchased Call Options and 1.875% Sold Warrants had expired by their respective terms.

Debt Maturities

As of December 31, 2013, the Company's debt maturities on a calendar year basis are as follows:

	Total	2014	2015	2016 (000 s omitted)	2017	2018	Thereafter
Senior Secured Notes	\$ 836,888	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250	\$ 61,250	\$ 530,638
1.50% Convertible Notes ⁽¹⁾	323,418					323,418	
2.50% Convertible Notes ⁽²⁾	267,013			267,013			
Total	\$ 1,427,319	\$ 61,250	\$ 61,250	\$ 328,263	\$ 61,250	\$ 384,668	\$ 530,638

(1) Reflects the net debt carrying amount of the 1.50% Convertible Notes in the consolidated balance sheet as of December 31, 2013, in accordance with accounting for convertible notes. The principal amount owed to the holders of the 1.50% Convertible Notes is \$400.0 million.

(2) Reflects the net debt carrying amount of the 2.50% Convertible Notes in the consolidated balance sheet as of December 31, 2013, in accordance with accounting for convertible notes. The principal amount owed to the holders of the 2.50% Convertible Notes is \$300.0 million.

Table of Contents**6. Stockholders' Equity*****Stock Repurchase Program***

In October 2011, the Company's Board of Directors authorized a program to repurchase up to \$200 million of the Company's common stock over a period of approximately three years (the 2011 Program). In February 2013, the Company's Board of Directors authorized another program to repurchase up to \$300 million of the Company's common stock over a three year period (the February 2013 Program). This program was in addition to the 2011 Program, which was fully expended as of February 27, 2013. In July 2013, the Company's Board of Directors authorized a program to repurchase up to \$300 million of the Company's common stock over a period of approximately three years (July 2013 Program) and together with the 2011 Program and the February 2013 Program, the Repurchase Programs). The July 2013 Program was in addition to the February 2013 Program, which was fully expended on August 15, 2013. Subsequent to FY 2013, in February 2014, the Company's Board of Directors authorized another program to repurchase up to \$500 million of the Company's common stock over a three year period (the February 2014 Program). The February 2014 Program was in addition to the July 2013 Program.

The following table illustrates the activity under the Repurchase Programs, in the aggregate, for FY 2013, FY 2012 and FY 2011:

	# of shares repurchased as part of stock repurchase programs	cost of shares repurchased (in 000 s)
FY 2013	15,812,566	\$ 436,419
FY 2012	7,185,257	125,341
FY 2011	1,150,000	19,138
total, FY 2011 through FY 2013	24,147,823	\$ 580,898

As of December 31, 2013, \$219.1 million remained available for repurchase under the July 2013 Program.

2009 Equity Incentive Plan

On August 13, 2009, the Company's stockholders approved the Company's 2009 Equity Incentive Plan (2009 Plan). The 2009 Plan authorizes the granting of common stock options or other stock-based awards covering up to 3.0 million shares of the Company's common stock. All employees, directors, consultants and advisors of the Company, including those of the Company's subsidiaries, are eligible to be granted non-qualified stock options and other stock-based awards (as defined) under the 2009 Plan, and employees are also eligible to be granted incentive stock options (as defined) under the 2009 Plan. No new awards may be granted under the Plan after August 13, 2019.

On August 15, 2012, the Company's stockholders approved the Company's Amended and Restated 2009 Plan (Amended and Restated 2009 Plan), which, among other items and matters, increased the shares available under the 2009 Plan by an additional 4.0 million shares to a total of 7.0 million shares issuable under the Amended and Restated 2009 Plan and extended the 2009 Plan termination date through August 15, 2022.

Shares Reserved for Issuance

At December 31, 2013, 2,584,184 common shares were reserved for issuance under the Amended and Restated 2009 Plan. At December 31, 2013 there were no common shares available for issuance under any previous Company plan.

Table of Contents***Stock Options and Warrants***

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

There was no compensation expense related to stock option grants or warrant grants during FY 2013 or FY 2012. Compensation expense related to stock option grants or warrant grants during FY 2011 was approximately \$0.3 million.

Summaries of the Company's stock options, warrants (other than warrants issued related to our 1.50% Convertible Notes and 2.50% Convertible Notes) and performance related options activity, and related information for FY 2013, FY 2012 and FY 2011 are as follows:

	Options	Weighted Average Exercise Price
Outstanding at January 1, 2011	2,592,535	\$ 4.61
Granted	30,000	20.44
Canceled		
Exercised	(911,527)	3.61
Expired/Forfeited		
Outstanding at December 31, 2011	1,711,008	\$ 5.42
Granted		
Canceled		
Exercised	(266,858)	2.84
Expired/Forfeited		
Outstanding at December 31, 2012	1,444,150	\$ 5.90
Granted		
Canceled		
Exercised	(131,073)	2.70
Expired/Forfeited		
Outstanding at December 31, 2013	1,313,077	\$ 6.22
Exercisable at December 31, 2013	1,313,077	\$ 6.22

The weighted average contractual term (in years) of options outstanding and exercisable as of December 31, 2013, 2012 and 2011 were 1.41, 2.56, and 3.09 respectively.

The total fair value of options vested during FY 2011 was \$0.3 million. No options vested during FY 2013 and FY 2012. The weighted average grant date fair value per share of options granted during FY 2011 was \$8.85. There were no options granted during FY 2013 and FY 2012.

Cash received from option exercise under all share-based payment arrangements for FY 2013, FY 2012 and FY 2011 was \$0.4 million, \$0.8 million and \$3.3 million respectively. A tax benefit of approximately \$1.2 million, \$1.5 million and \$4.9 million for FY 2013, FY 2012 and FY 2011, respectively, was for share-based payment arrangements.

The aggregate intrinsic value is calculated as the difference between the market price of the Company's common stock as of December 31, 2013 and the exercise price of the underlying options. At December 31, 2013,

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2012 and 2011, the aggregate intrinsic value of options exercised was \$4.8 million, \$5.2 million and \$11.6 million, respectively. At December 31, 2013, 2012 and 2011 the aggregate intrinsic value of options outstanding and exercisable was \$44.0 million, \$23.7 million and \$18.6 million, respectively. There were no unamortized options as of December 31, 2013.

Warrants

	Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2011	253,900	\$ 17.01
Granted	0	0
Canceled	0	0
Exercised	(56,650)	8.72
Expired/Forfeited	0	0
Outstanding at December 31, 2011	197,250	\$ 19.39
Granted	0	0
Canceled	0	0
Exercised	0	0
Expired/Forfeited	(7,250)	8.72
Outstanding at December 31, 2012	190,000	\$ 19.80
Granted		
Canceled		
Exercised		
Expired/Forfeited		
Outstanding at December 31, 2013	190,000	\$ 19.80
Exercisable at December 31, 2013	190,000	\$ 19.80

All warrants issued in connection with acquisitions are recorded at fair market value using the Black Scholes model and are recorded as part of purchase accounting. Certain warrants are exercised using the cashless method.

The Company values other warrants issued to non-employees at the commitment date at the fair market value of the instruments issued, a measure which is more readily available than the fair market value of services rendered, using the Black Scholes model. The fair market value of the instruments issued is expensed over the vesting period.

The weighted average contractual term (in years) of warrants outstanding and exercisable as of December 31, 2013, 2012 and 2011 were 3.66, 4.66 and 5.48, respectively.

Warrants exercised during FY 2011 were exercised in cashless transactions. No warrants were exercised during FY 2013 and FY 2012.

Restricted stock

Compensation cost for restricted stock is measured as the excess, if any, of the quoted market price of the Company's stock at the date the common stock is issued over the amount the employee must pay to acquire the stock (which is generally zero). The compensation cost, net of projected forfeitures, is recognized over the period between the issue date and the date any restrictions lapse, with compensation cost for grants with a graded vesting schedule recognized on a straight-line basis over the requisite service period for each

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The following tables summarize information about unvested restricted stock transactions:

	FY 2013		FY 2012		FY 2011	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested, January 1	2,612,000	\$ 18.56	2,937,255	\$ 18.61	1,442,610	\$ 15.34
Granted	1,247,879	25.29	232,203	17.82	1,845,403	21.04
Vested	(892,591)	21.61	(546,947)	18.49	(350,758)	17.91
Forfeited/Canceled	(197,141)	19.60	(10,511)	19.62		
Non-vested, December 31	2,770,147	\$ 20.53	2,612,000	\$ 18.56	2,937,255	\$ 18.61

The Company has awarded time-based restricted shares of common stock to certain employees. The awards have restriction periods tied to employment and vest over a maximum period of 5 years. The cost of the time-based restricted stock awards, which is the fair market value on the date of grant net of estimated forfeitures, is expensed ratably over the vesting period. During FY 2013, FY 2012 and FY 2011, the Company awarded approximately 1.2 million, 0.2 million and 1.8 million restricted shares, respectively, with a fair market value of approximately \$31.6 million, \$4.1 million and \$38.8 million, respectively.

The Company has awarded performance-based restricted shares of common stock to certain employees. The awards have restriction periods tied to certain performance measures. The cost of the performance-based restricted stock awards, which is the fair market value on the date of grant net of estimated forfeitures, is expensed when the likelihood of those shares being earned is deemed probable.

Compensation expense related to restricted stock grants for FY 2013, FY 2012 and FY 2011 was approximately \$20.0 million, \$11.5 million and \$11.4 million, respectively. An additional amount of \$9.1 million is expected to be expensed evenly over a period of approximately three years. During FY 2013, FY 2012 and FY 2011, the Company withheld shares valued at \$3.7 million, \$1.2 million, and \$3.2 million, respectively, of its restricted common stock in connection with net share settlement of restricted stock grants and option exercises.

7. Earnings Per Share

Basic earnings per share includes no dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect, in periods in which they have a dilutive effect, the effect of restricted stock-based awards and common shares issuable upon exercise of stock options and warrants. The difference between basic and diluted weighted-average common shares results from the assumption that all dilutive stock options outstanding were exercised and all convertible notes have been converted into common stock.

As of December 31, 2013, of the total potentially dilutive shares related to restricted stock-based awards, stock options and warrants, less than 0.1 million were anti-dilutive, compared to 1.7 million as of December 31, 2012.

As of December 31, 2013 and 2012, none of the performance related restricted stock-based awards issued in connection with the Company's named executive officers were anti-dilutive.

As of December 31, 2013, certain performance related restricted stock-based awards were deemed to have met their respective performance targets. As such these performance related restricted stock-based awards are considered earned but not issued, and therefore have been included in this calculation.

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Warrants issued in connection with the Company's 1.50% Convertible Notes financing and 2.50% Convertible Notes financing were anti-dilutive and therefore not included in this calculation. The 1.50% Convertible Notes and the 2.50% Convertible Notes that would be subject to conversion to common stock were dilutive as of December 31, 2013 and therefore have been included in this calculation.

A reconciliation of weighted average shares used in calculating basic and diluted earnings per share follows:

	FY 2013	FY 2012	FY 2011
		(000 shares omitted)	
Basic	56,281	69,689	73,111
Effect of exercise of stock options	1,137	987	1,148
Effect of contingent common stock issuance		36	36
Effect of assumed vesting of performance related restricted stock-based awards	199		
Effect of assumed vesting of restricted stock	1,432	1,245	1,200
Effect of convertible notes subject to conversion	1,685		
Diluted	60,734	71,957	75,495

8. Commitments and Contingencies***Sweet Sportswear/Unzipped litigation***

On December 10, 2010, the Court entered a final judgment (the Judgment) in connection with the lawsuit filed by the Company in the Superior Court of California, Los Angeles County against Unzipped Apparel LLC's (Unzipped) former manager, supplier and distributor, Sweet Sportswear, LLC, Azteca Productions International, Inc. Apparel Distribution Services, LLC, and Hubert Guez, a principal of these entities and former member of the Company's board of directors (collectively referred to as the Guez defendants). In summary, the Judgment against the Guez defendants was for a combined liability to the Company of approximately \$50 million, exclusive of amounts owed as pre or post-judgment interest at the annual rate of 10% simple interest. The Judgment also dismissed all claims brought by the Guez defendants against the Company, its subsidiaries (Michael Caruso & Co., Inc. and Unzipped), and its Chairman of the Board and Chief Executive Officer, Neil Cole. In connection with the entry of the Judgment, the Company recognized a gross gain of \$26.0 million (gross of attorney's fees and other related expenses of \$10.3 million) in 2010, of which \$16.7 million was secured by the Sureties (defined below), with the remainder secured by assets owned by the Guez defendants.

In February 2011, the Company entered into a settlement agreement with certain persons (the Sureties) that had secured a portion of the Judgment, pursuant to which the Sureties paid the Company \$13.0 million in February 2011 and paid an additional \$3.7 million in April 2011 in full satisfaction of their obligations to the Company. The amounts paid by the Sureties reduced the obligations of certain of the Guez defendants (ADS and Hubert Guez) under the Judgments.

On April 26, 2011, the Company entered into an agreement settling the lawsuit described above, pursuant to which the Guez Defendants and certain sureties paid the Company an aggregate of \$27.7 million (including an aggregate of \$16.7 million previously paid in February and April 2011) in full satisfaction of their obligations to the Company.

Normal Course litigation

From time to time, the Company is also made a party to litigation incurred in the normal course of business. While any litigation has an element of uncertainty, the Company believes that the final outcome of any of these routine matters will not have a material effect on the Company's financial position or future liquidity.

Table of Contents**9. Related Party Transactions*****The Candie s Foundation***

The Candie s Foundation, a charitable foundation founded by Neil Cole for the purpose of raising national awareness about the consequences of teenage pregnancy, owed the Company less than \$0.1 million and \$0.6 million at December 31, 2013 and December 31, 2012, respectively. The Candie s Foundation intends to pay-off the entire borrowing from the Company during 2014, although additional advances will be made as and when necessary.

Travel

The Company recorded expenses of approximately \$90, \$155, and \$114 for FY 2013, FY 2012 and FY 2011, respectively, for the hire and use of aircraft solely for business purposes owned by a company in which the Company s chairman, chief executive officer and president is the sole owner. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties.

10. Operating Leases

Future net minimum lease payments under non-cancelable operating lease agreements as of December 31, 2013 are approximately as follows:

	(000 s omitted)
Year ending December 31, 2014	\$ 3,302
Year ending December 31, 2015	3,008
Year ending December 31, 2016	2,751
Year ending December 31, 2017	2,806
Year ending December 31, 2018	2,628
Thereafter	13,896
Totals	\$ 28,391

The leases require the Company to pay additional taxes on the properties, certain operating costs and contingent rents based on sales in excess of stated amounts.

Rent expense was approximately \$3.8 million, \$2.6 million, and \$4.6 million for FY 2013, FY 2012 and FY 2011, respectively. Contingent rent amounts have been immaterial for all periods.

11. Benefit and Incentive Compensation Plans and Other

The Company sponsors a 401(k) Savings Plan (the Savings Plan) which covers all eligible full-time employees. Participants may elect to make pretax contributions subject to applicable limits. At its discretion, the Company may contribute additional amounts to the Savings Plan. During FY 2013, FY 2012 and FY 2011, the Company made contributions to the Savings Plan of \$156, \$108 and \$93. Stock-based awards are provided to certain employees under the terms of the Company s Amended and Restated 2009 Plan. These plans are administered by the Compensation Committee of the Board of Directors.

With respect to performance-based restricted common stock units, the number of shares that ultimately vest and are received by the recipient is based upon various performance criteria. Though there is no guarantee that performance targets will be achieved, the Company estimates the fair value of performance-based restricted stock based on the closing stock price on the grant date. Over the performance period, the number of shares of common stock that will ultimately vest and be issued is adjusted upward or downward based upon the Company s estimation of achieving such performance targets. The ultimate number of shares delivered to recipients and the related compensation cost recognized as an expense will be based on the actual performance metrics as defined

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under the 2009 Amended and Restated Plan. Restricted common stock units are unit awards entitle the recipient to shares of common stock upon vesting annually over as much as 5 years for time-based awards or over five years for performance-based awards. The fair value of restricted common stock units is determined on the date of grant, based on the Company's closing stock price.

12. Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740. Under ASC Topic 740, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. In determining the need for a valuation allowance, management reviews both positive and negative evidence pursuant to the requirements of ASC Topic 740, including current and historical results of operations, future income projections and the overall prospects of the Company's business. Based upon management's assessment of all available evidence, including the Company's completed transition into a licensing business, estimates of future profitability based on projected royalty revenues from its licensees, and the overall prospects of the Company's business, management is of the opinion that the Company will be able to utilize the deferred tax assets in the foreseeable future, and as such do not anticipate requiring a further valuation allowance. At December 31, 2013, the Company has a valuation allowance of approximately \$11.2 million to offset state and local tax net operating loss carryforwards (NOL) which the Company believes are unlikely to be utilized in the foreseeable future. The valuation allowance increased by approximately \$0.4 million during FY 2013 and decreased \$1.6 million during FY 2012 for the State NOLs.

At December 31, 2013 the Company had utilized all available federal NOLs. As of December 31, 2013, the Company has approximately \$5.8 million in state NOLs and approximately \$5.4 million in local NOLs.

Pre-tax book income for FY 2013, FY 2012 and FY 2011 were as follows:

	FY 2013	FY 2012	FY 2011
Domestic	\$ 149,988	\$ 178,451	\$ 212,527
Foreign	50,674	4,021	
Total pre-tax income	\$ 200,662	\$ 182,472	\$ 212,527

The income tax provision (benefit) for federal, and state and local income taxes in the consolidated income statements consists of the following:

	Year Ended December 31, 2013	Year Ended December 31, 2012 (000's omitted)	Year Ended December 31, 2011
Current:			
Federal	\$ 8,817	\$ 31,109	\$ 40,315
State and local	1,524	575	512
Foreign	16,318	2,894	2,722
Total current	26,659	34,578	43,549
Deferred:			
Federal	30,350	25,040	28,066
State and local	630	(655)	(329)
Foreign	436		
Total deferred	31,416	24,385	27,737
Total provision	\$ 58,075	\$ 58,963	\$ 71,286

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The Company has not provided U.S. taxes on the undistributed earnings from its foreign subsidiaries as these earnings are considered indefinitely reinvested. As of December 31, 2013, the amount of indefinitely reinvested foreign earnings was \$46.2 million. If these earnings were repatriated to the U.S. in the future, an additional tax provision would be required. Due to complexities in the US law and certain assumptions that would be required, determination of the U.S. tax liability on the undistributed earnings is not practicable.

The significant components of net deferred tax assets of the Company consist of the following:

	December 31,	
	2013	2012
	(000 s omitted)	
State net operating loss carryforwards	\$ 11,205	\$ 10,756
Receivable reserves	4,282	3,540
Hedging transaction	34,957	14,047
Intangibles	3,350	2,216
Capital loss		817
Equity compensation	14,757	14,983
Accrued compensation and other		129
Total deferred tax assets	68,551	46,488
Valuation allowance	(11,205)	(10,756)
Net deferred tax assets	57,346	35,732
Trademarks, goodwill and other intangibles	(213,720)	(163,252)
Depreciation	(1,404)	(1,828)
Difference in cost basis of acquired intangibles	(49,000)	(49,000)
Convertible notes	(37,251)	(16,195)
Investment in joint ventures	(10,740)	(7,176)
Other accruals	(1,676)	(1,696)
Total deferred tax liabilities	(313,791)	(239,147)
Total net deferred tax liabilities	\$ (256,445)	\$ (203,415)
Balance Sheet detail on total net deferred tax assets (liabilities):		
Current portion of net deferred tax assets	\$ 4,160	\$ 3,497
Non-current portion of net deferred tax liabilities	\$ (260,605)	\$ (206,912)

The following is a rate reconciliation between the amount of income tax provision at the Federal rate of 35% and provision for (benefit from) taxes on operating profit (loss):

	Year ended December, 31		
	2013	2012	2011
	(000 s omitted)		
Income tax provision computed at the federal rate of 35%	\$ 70,232	\$ 63,865	\$ 74,384
Increase (reduction) in income taxes resulting from:			
State and local income taxes (benefit), net of federal income tax	991	(53)	113
Increase in valuation allowance			
Non-controlling interest	(5,940)	(4,535)	(5,048)
Non-deductible executive compensation	727	266	1,855
Foreign Earnings (rate differential)	(8,209)	(1,013)	
Other, net	274	433	(18)

Total	\$ 58,075	\$ 58,963	\$ 71,286
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With the exception of our Buffalo brand joint venture, the Company is not responsible for the income taxes related to the non-controlling interest's share of the joint venture's earnings. Therefore, the tax liability associated with the non-controlling interest share of the joint venture's earnings is not reported in our income tax expense, even though the joint venture's entire income is consolidated in our reported income before income tax expense. As such, the joint venture earnings have the effect of lowering our effective tax rate. This effect is more pronounced in periods in which joint venture earnings are higher relative to our other earnings. Since the Buffalo brand joint venture is a taxable entity in Canada, the Company is required to report its tax liability, including taxes attributable to the non-controlling interest, in its income statement.

Effective January 1, 2007, the Company adopted guidance under ASC Topic 740-10 which clarifies the accounting and disclosure for uncertainty in income taxes. The adoption of this interpretation did not have a material impact on our financial statements. The Company files income tax returns in the U.S. federal and various state and local jurisdictions. For federal income tax purposes, the 2011 through 2013 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. For state tax purposes, our 2010 through 2013 tax years remain open for examination by the tax authorities under a four year statute of limitations.

At December 31, 2013, the total unrecognized tax benefit was approximately \$1.1 million. However, the liability is not recognized for accounting purposes because the related deferred tax asset has been fully reserved in prior years. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	FY 2013	FY 2012 (000 s omitted)	FY 2011
Uncertain tax positions at January 1	\$ 1,180	\$ 1,180	\$ 1,180
Increases during the year			
Decreases during the year			
Uncertain tax positions at December 31	\$ 1,180	\$ 1,180	\$ 1,180

The Company is continuing its practice of recognizing interest and penalties to income tax matters in income tax expense. There was no accrual for interest and penalties related to uncertain tax positions for FY 2013, FY 2012 and FY 2011. The Company does not believe there will be a material change in its unrecognized tax positions over the next twelve months. All of the unrecognized tax benefits, if recognized, would be offset by the valuation allowance.

13. Segment and Geographic Data

The Company has one reportable segment, licensing and commission revenue generated from its brands. The geographic regions consist of the United States, Japan and Other (which principally represents Canada and Europe). Revenues attributed to each region are based on the location in which licensees are located.

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The net revenues by type of license and information by geographic region are as follows:

	FY 2013	FY 2012 (000 s omitted)	FY 2011
Licensing and other revenue by category:			
Direct-to-retail license	\$ 147,846	\$ 150,245	\$ 139,681
Wholesale license	225,186	165,083	203,519
Entertainment and other	59,594	38,490	26,645
	\$ 432,626	\$ 353,818	\$ 369,845
Licensing and other revenue by geographic region:			
United States	\$ 292,619	\$ 273,903	\$ 302,629
Japan	29,734	36,432	31,461
Other ⁽¹⁾	110,273	43,483	35,756
	\$ 432,626	\$ 353,818	\$ 369,845

(1) No single country represented 10% of the Company's revenues in the periods presented within Other on this table.

14. Unaudited Consolidated Interim Financial Information

Unaudited interim consolidated financial information FY 2013 and FY 2012 is summarized as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in 000 s except per share data)			
FY 2013⁽¹⁾				
Licensing and other revenue	\$ 105,062	\$ 115,125	\$ 107,175	\$ 105,264
Operating income	66,236	71,514	61,470	58,191
Net income attributable to Iconix Brand Group, Inc.	34,189	38,716	28,997	26,146
Basic earnings per share	\$ 0.53	\$ 0.69	\$ 0.54	\$ 0.51
Diluted earnings per share	0.51	0.66	0.50	0.44
FY 2012⁽²⁾				
Licensing and other revenue	\$ 88,451	\$ 93,646	\$ 86,590	\$ 85,131
Operating income	57,552	59,005	53,564	45,329
Net income attributable to Iconix Brand Group, Inc.	27,599	28,585	27,131	26,093
Basic earnings per share	\$ 0.38	\$ 0.41	\$ 0.40	\$ 0.38
Diluted earnings per share	0.37	0.40	0.38	0.37

(1) *FY 2013*: licensing and other revenue includes a net gain of approximately \$9.8 million related to the Iconix Canada transaction in the second quarter, a net gain of approximately \$5.1 million related to the Iconix Australia transaction in the third quarter, and net gains of \$4.7 million, \$2.3 million, and \$10.0 million related to the Iconix SE Asia, Iconix Israel and Umbro Korea transactions, respectively, in the fourth quarter. See Note 3 for a description of these transactions.

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- (2) FY 2012: licensing and other revenue includes a net gain of approximately \$5.6 million related to the Iconix India transaction in the second quarter, and a net gain of approximately \$6.5 million related to the OP Japan transaction in the fourth quarter. Net income attributable to Iconix Brand Group, Inc. includes a net gain of \$3.7 million in the fourth quarter, representing our 50% interest in a \$7.4 million net gain related to an investment through the Iconix China joint venture. See Note 3 for a description of these transactions.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Iconix Brand Group, Inc.

New York, New York

The audits referred to in our report dated February 27, 2014, relating to the consolidated financial statements of Iconix Brand Group, Inc. and Subsidiaries, which is contained in Item 8 of this Form 10-K also included the audit of the financial statement schedule listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based upon our audits.

In our opinion the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA LLP

February 27, 2014
New York, New York

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(In thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Reserves and allowances deducted from asset accounts:				
Accounts Receivables (a):				
Year ended December 31, 2013	\$ 11,994	\$ 9,718	\$ (9,572)	\$ 12,140
Year ended December 31, 2012	\$ 6,632	\$ 5,362	\$	\$ 11,994
Year ended December 31, 2011	\$ 6,165	\$ 467	\$	\$ 6,632

(a) These amounts include reserves for bad debts.