ICONIX BRAND GROUP, INC.
Form 10-K/A
November 25, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 2)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

OR

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

FOR THE TRANSITION PERIOD FROM TO

001-10593

(Commission File Number)

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**11-2481903**
(State or other jurisdiction of incorporation or organization)	**(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 x 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 x

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. x 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). x 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. x

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

Large accelerated filer x	Accelerated filer ¨
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 x

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, 2014 was approximately $2,062.5 million. As of November 20, 2015, 48,393,703 shares of the registrant s Common Stock, par value $.001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant s proxy statement for its annual meeting of stockholders to be held in 2015 and the Registrant s Amendment No. 1 on Form 10-K/A filed on April 30, 2015 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/A to the Company, Iconix, we, us, our, or similar pronouns refer to Iconix Brand Group, Inc. and its consolidated subsidiaries.

EXPLANATORY NOTE RESTATEMENT OF FINANCIAL INFORMATION

Iconix Brand Group, Inc. (the Company) is filing this Amendment No. 2 on Form 10-K/A (the Amended Filing) to amend certain parts of its Annual Reports on Form 10-K for the years ended (i) December 31, 2013, originally filed with the U.S. Securities and Exchange Commission (SEC) on February 27, 2014 (the Original 2013 Filing) and (ii) December 31, 2014, originally filed with the SEC on March 2, 2015 (the Original 2014 Filing, and, together with the Original 2013 Filing, the Original Filings).

Background and Effects of the Restatement

As previously announced, a special committee (the Special Committee) of the Board of Directors (Board) of the Company has conducted a review of the accounting treatment related to certain transactions. Based on the Special Committee s review and additional review by the Audit Committee (the Audit Committee) of the Board and the Company s current management team, on October 30, 2015, the Board, the Audit Committee and the Company s current management team concluded that the Company will restate its historical financial statements in respect of (i) the fourth quarter and 2013 fiscal year, (ii) the 2014 fiscal year and each quarterly period thereof and (iii) the first and second quarters of 2015 (the Restatement Periods) to correct certain errors in accounting. These restatements include the correction of errors regarding (i) the classification of contractually obligated expenses, retail support and other costs as selling, general and administrative expenses, as opposed to netting such expenses against licensing or other revenue, as applicable, (ii) inadequate support for revenue recognition relating to certain license agreements, and (iii) inadequate estimation of accruals related to retail support for certain license agreements. The Company will be filing Amended Forms 10-Q with respect to the first and second quarters of 2015 to address such errors in accounting. Additionally, this Amendment No. 2 on Form 10-K/A is revising segment disclosures with respect to the periods presented in this report.

Internal Control Over Financial Reporting

Management has reassessed its evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2014, based on the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of that reassessment, management identified a material weakness and, accordingly, has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2014. Management has restated its report on internal control over financial reporting as of December 31, 2014. For a description of the material weakness in internal control over financial reporting and actions taken, and to be taken, to address the material weakness, see Part II, Item 9A. Controls and Procedures of this 2014 Annual Report on Form 10-K/A. In addition, our auditors have restated their report on the Company s internal control over financial reporting and issued an adverse opinion.

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Items Amended in This Filing

This Amended Filing amends and restates the following items of the Company s Original Filing as of, and for the years ended December 31, 2014, 2013 and 2012.

Part II Item 6. Selected Financial Data

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

Part II Item 8. Financial Statements and Supplementary Data

Part II Item 9A. Controls and Procedures

Part IV Item 15. Exhibits and Financial Statement Schedules

Additionally, conforming changes occur throughout the document because of changes to the financial statements.

In accordance with applicable SEC rules, this Amended Filing includes certifications as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended from the Company s Principal Executive Officer and Principal Financial Officer dated as of the date of this Amended Filing.

Except for the items noted above, no other information included in the Original Filing is being amended by this Amended Filing. The Amended Filing speaks as of the date of the Original Filing and the Company has not updated the Original Filing to reflect events occurring subsequent to the date of the Original Filing. Accordingly, this Amended Filing should be read in conjunction with Iconix s filings made with the SEC subsequent to the date of the Original Filing.

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PART I

Item 1. Business

General

Iconix Brand Group is a brand management company and owner of a diversified portfolio of 35 global consumer brands across women s, men s, entertainment and home. The Company s business strategy is to maximize the value of its brands primarily through strategic licenses and joint venture partnerships around the world, as well as to grow the portfolio of brands through strategic acquisitions.

The Company s brand portfolio includes Candie®s, 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 ® /Mark Ecko Cut & Sew ® , Zoo York ® , Sharper Image ® , Umbro ® and Lee Cooper ® ; and interest in Artful Dodger ® , Material Girl ® , Peanuts ® , Ed Hardy ® , Truth or Dare ® , Billionaire Boys Club ® , Ice Cream ® , Modern Amusement ® , Buffalo ® , Nick Graham ® and Hydraulic ® .

The Company looks to monetize the Intellectual Property (herein referred to as IP) related to its brands throughout the world and in all relevant categories by licensing directly with leading retailers (herein referred to as direct to retail), through consortia of wholesale licensees, through joint ventures in specific territories and via other activity such as corporate sponsorships and content as well as the sale of IP for specific categories or territories. Products bearing the Company s brands are sold across a variety of distribution channels from the mass tier to the luxury market and, in the case of the Peanuts brand, through various media outlets, including television, movies, digital and mobile content. The licensees are responsible for designing, manufacturing and distributing the licensed products. The Company supports its brands with advertising and promotional campaigns designed to increase brand awareness. Additionally the Company provides its licensees with coordinated trend direction to enhance product appeal and help build and maintain brand integrity.

Globally, the Company has over 50 direct-to-retail licenses and more than 1,100 total licenses. Licensees are selected based upon the Company s belief that such licensees 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. This licensing strategy is designed to permit the Company to operate its licensing business, leverage its core competencies of marketing and brand management with minimal working capital, and without inventory, production or distribution costs or risks, and maintain high margins. The vast majority of the Company s licensing agreements include minimum guaranteed royalty revenue which provides the Company with greater visibility into future cash flows. As of January 1, 2015, the Company had over $800 million of aggregate guaranteed royalty revenue over the terms of its existing contracts excluding renewals.

A key initiative in the Company s global brand expansion plans has been the formation of international joint ventures. The strategy in forming international joint ventures is to partner with best-in-class, local partners to bring the Company s brands to market more quickly and efficiently, generating greater short- and long-term value from its IP, than the Company believes is possible if it were to build-out wholly-owned operations ourselves across a multitude of regional or local offices. 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, Iconix Israel and Iconix Middle East.

The Company also plans to continue to build and maintain 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 effectively screen a wide pool of consumer brand candidates and other asset light businesses, strategically evaluate acquisition targets and complete due diligence for potential acquisitions efficiently.

The Company s primary goal of maximizing the value of its IP also includes, in certain instances, the sale to third parties of a brand s trademark in specific territories or categories. As such, the Company evaluates potential offers to acquire some or all of a brand s IP by comparing whether the offer is more valuable than the Company s estimate of the current and potential revenue streams to be earned via the Company s traditional licensing model. Further, as part of the Company s evaluation process it also considers whether or not the buyer s future development of the brand may help to expand the brand s overall recognition and global revenue potential.

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/ Danskin Now
March 2007	Rocawear/ Roc Nation
October 2007	Official-Pillowtex brands (Cannon, Royal Velvet, Fieldcrest and Charisma)
December 2007	Starter
October 2008	Waverly
October 2009, July 2011	Zoo York(1)
October 2011	Sharper Image
November 2012	Umbro
February 2013	Lee Cooper(2)
October 2009, May 2013	Ecko Unltd/ Marc Ecko Cut & Sew(3)

1 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%.

2 In March 2014 the Company sold 50% of its Lee Cooper marks in the United States to its newly formed joint venture, LC Partners.

3 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%.

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In addition to the acquisitions above, the Company has acquired ownership interests in the following brands through its investments in joint ventures as of December 31, 2014:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix s Interest
November 2007	Artful Dodger	Scion	50%
May 2009, April 2011	Ed Hardy(1)	Hardy Way	85%
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%
October 2014	Nick Graham	NGX	51%
December 2014	Hydraulic	Hydraulic IP Holdings	51%

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

Through December 31, 2014, the Company formed the following joint ventures to develop and market its 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 2009	Iconix Europe(1)	51%
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%
December 2014	Iconix Middle East	50%

(1) In January 2014 the Company purchased an additional 1% of the equity interest in Iconix Europe from its partner, increasing its effective ownership from 50% to 51%.

Corporate 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) 730-0030. 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 owns a diversified portfolio of 35 iconic brands across women s, men s, home and entertainment. The Company s objective is to grow its existing portfolio organically, both domestically and internationally, and acquire new brands, both of which leverages its brand management expertise, platform and infrastructure, and where third parties offer similar leverage of their relationships and infrastructures, enter into joint ventures or other partnerships. 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 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 its heritage and authenticity, while simultaneously working to keep its brands relevant to today s consumer.

Brands Wholly-Owned by Iconix:

Women s Brands

Candie s. Candie s is known primarily as a junior lifestyle brand, with products in the footwear, apparel and accessories categories, and the brand has achieved high recognition for its flirty and fun image and affiliations with celebrity spokespeople. Candie s was established as a brand in 1977 and is 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. 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. The brand is licensed in Latin America, Southeast Asia, India and Korea and is sold through more than 700 Candie s retail locations in China.

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. 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. Bongo is a highly visible brand across Kmart/Sears, with strong presence across women s apparel, accessories and footwear. 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. The Bongo brand is also licensed in Latin America.

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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, bridal, footwear, handbags and other accessories. In 2013, Badgley Mischka launched a more accessible diffusion line called Belle Badgley Mischka sold exclusively at Dillards and Lord and Taylor. 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, Brooke Shields and Rumer Willis. Badgley Mischka products are distributed internationally, primarily by our licensees based in the United States and, also, through 12 Badgley Mischka retail locations in China. The brand is also licensed in Europe, the Middle East, Korea and Canada.

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, already present across Kmart stores, into all Sears stores. In 2013, Joe Boxer launched a clever musical ad campaign across national TV and social media campaigns around Ring in the Holidays that invited people to Kmart to buy their Joe Boxer during the Christmas Season. The brand is also licensed in Europe, Latin America, and Southeast Asia.

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 and Belk Stores, with the largest retail categories being sportswear, footwear, intimate apparel and swimwear. 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. The brand is also licensed in Latin America, South Korea and Canada.

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 launched at Kohl s in July 2009 and is currently sold in all Kohl s stores in numerous categories. The brand is also licensed in Latin America and Japan.

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 including Macy s and Dillards Department Store. Further, the Company has a direct-to-retail license agreement for London Fog with Hudson s Bay Corporation in Canada, covering outerwear, apparel, accessories and lifestyle products. In recent years, the celebrity spokespeople for the brand have been Christina Hendricks and Nicole Scherzinger. Currently, the London Fog spokespersons are Neil Patrick Harris and David Burtka. The brand is also licensed in Latin America, Europe, India and Korea and is sold through more than 60 London Fog retail locations in China.

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 license in the United States and Canada, 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 chain-wide. The brand is also licensed on a direct-to-retail basis to Falabella Retail S.A. in Latin America and to wholesale licensees in Europe, Latin America, Southeast Asia, Australia, India, Canada and Japan.

Ocean Pacific/OP. (58% Women s, 42% Men s) 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 and 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 as a direct-to-retail license in the United States, Canada, parts of Latin America and the Middle East, with products that include apparel, footwear and swim for men, women and children. OP is distributed via a direct-to-retail license with Sports Direct in Europe. Celebrity endorsers for the brand include Ashley Tisdale, Sarah Hyland and Matt Lanter. The brand is also licensed via wholesalers in certain parts of Latin America and Europe.

Danskin/Danskin Now. Danskin 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. Danskin has maintained a legacy of health, strength and female empowerment in its core values. In 2014, Danskin enlisted Giuliana Rancic to remain the face of its marketing campaign to authentically represent these attributes. The primary license for the Danskin brand is a direct-to-retail license with Wal-Mart for Danskin Now in the United States, Canada and parts of Latin America covering a wide range of women s and girl s apparel, footwear, accessories and fitness equipment in every store. 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 by wholesale licensees in the United States. In 2014, the brand re-launched its e-commerce site, blog, and expanded its social media efforts. Sustaining its heritage with dance, Danskin formed a new partnership with the School of American Ballet and continued its support of the New York City Ballet.The Danskin brand is also licensed in Latin America and Europe.

Men s Brands:

Rocawear/Roc Nation. Rocawear is a leading youth culture brand established by Shawn Jay-Z Carter and his partners in 1999. The Company acquired the Rocawear brand in March 2007. In July 2013, the Company acquired the global rights to the Roc Nation name, a higher-end halo brand of Rocawear, to use and register as a trademark for apparel, footwear and related categories. The Roc Nation brand is a higher-end halo brand of Rocawear associated with the Roc Nation entertainment and talent agency currently licensed in the U.S. The Rocawear brands are 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 nationwide. The 2014 Rocawear spokesperson, featured in print and online, was Grammy award nominee Fabolous. The brand is also licensed in Europe, Latin America, Southeast Asia, the Middle East, Canada, and Japan.

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. The Starter brand has been worn by some of the greatest athletes in MLB, NBA, NFL and NHL. The 2014 spokespeople for the brand included Kevin Love and Eric Decker. Most recently, the Company has partnered with all the professional sports leagues and many NCAA universities throughout the U.S. and re-launched the iconic Starter satin jacket, sold through various specialty stores, sporting goods stores and online. In addition, the brand is licensed in Europe, Latin America, the Middle East, Australia, South Korea, Africa, Canada, and Japan.

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 kid s apparel and footwear. The Company acquired a 51% interest in the Zoo York brand as part of the Ecko Untld. acquisition in 2009, and the Company increased its ownership to 100% of Zoo York in 2011. In the U.S., the brand has wholesale licensees for men s and boy s apparel, footwear, socks and accessories. Zoo York is currently distributed in department stores including Kohl s, JCPenney, and Stage Stores. Celebrity spokespeople for the brand include professional skateboarders Chaz Ortiz and Brandon Wesgate. With the permission of the NY Yankees, Zoo York unveiled a controversial and highly viewed video of the skate team riding in an empty Yankee Stadium. The brand is also licensed in Canada, Europe, Latin America, Australia, Africa, and Southeast Asia.

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Umbro. Founded in 1924, Umbro is a global football (soccer) brand. The brand combines its British heritage with a modern football lifestyle to create iconic sports apparel and footwear with strong global awareness and distribution. The Company acquired the Umbro brand in November 2012. In the U.S. the Company has a direct-to-retail license with Dick s Sporting Goods and wholesale licenses for apparel, footwear and accessories for distribution in Department stores. In October 2013, the Company entered into a sponsorship agreement with the Everton Football Club of the English Premier League to supply team kits (i.e. uniforms) through the 2018/2019 season. The Company and its licensees sponsor hundreds of national and league teams across Europe, Latin America and Asia. Umbro products are sold globally through a strong network of licensees in the U.S., Europe, Latin America, Southeast Asia, Middle East, Africa, Canada, and Australia.

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. The Company acquired the Lee Cooper brand in February 2013. Lee Cooper has a wide range of direct-to-retail licenses including, Sports Direct in the UK and with Big W in Australia and over 35 international licensees: the brand is sold in over 80 countries. Lee Cooper continues to execute a global marketing campaign, The Makers, which glorifies the authenticity and tradition of the brand.

Home Brands:

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 various regional department stores. 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, Europe, Southeast Asia, Middle East, India, and Australia.

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 has been licensed in Europe, Latin America, the Middle East and Australia.

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 Europe, Latin America, Canada, the Middle East and Australia.

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 Wholesale Corporation, (herein referred to as Costco), for certain Charisma products to be sold in Costco stores 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. Celebrity spokespeople for the brand have included Kellan Lutz, Eddie Cibrian, and Scott Foley. Charisma is licensed in Europe, Korea, Canada and Australia.

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 Walmart for the Waverly Inspirations Collection covering fabrics and craft. Waverly also has wholesale licensees 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 well as interior design rooms and other specialty retailers. The Waverly brand is also licensed in Europe, Australia, the Middle East, Southeast Asia and Canada.

Sharper Image. Founded in 1977, Sharper Image is a lifestyle brand with unique product assortments across a host of categories including consumer electronics, home goods, luggage, eclectic gifts and kitchen accessories. The Company acquired the Sharper Image brand in October 2011. In the United States, Sharper Image s innovative products are broadly distributed through department/specialty stores, clubs, consumer electronics retailers, travel retail and TV shopping networks. Recent marketing campaigns for the brand have included world-renowned spokespersons Heidi Klum, Betty White and Megan Fox. The brand is also licensed in Canada, Mexico and Japan.

Subsequent Events:

Strawberry Shortcake. On February 2, 2015, the Company and certain of its wholly-owned subsidiaries entered into an agreement with American Greetings Corporation and its wholly-owned subsidiary, Those Characters From Cleveland, Inc. (collectively, AG), providing for the purchase of AG s Strawberry Shortcake brand and related intangible assets and licensed agreements. Iconix will pay $105.0 million in cash at closing and will assume all ordinary course contracts and related ordinary course obligations for the Strawberry Shortcake property arising after the closing. The acquisition is expected to close no later than March 31, 2015, subject to the satisfaction of customary closing conditions and the receipt of required consents.

The iconic Strawberry Shortcake character made her debut 35 years ago and today is a global brand with a diversified network of over 350 licensees. Strawberry Shortcake currently has a strong international business, with revenue outside of the U.S. representing approximately 50% of total sales. The two largest international markets are currently Brazil and France, where the brand is highly recognized as a local brand, marketed as Moranguinho in Brazil and Charlotte aux Fraises in France.

<u>Brands Acquired by Iconix with Equity Partners at Time of Acquisition</u>

Women s Brands:

MG Icon Material Girl, Truth or Dare

MG Icon, a joint venture in which the Company has a 50% interest, 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. Ambassadors for the Material Girl brand have included Zendaya, Rita Ora, and Kelly Osborne. Material Girl is sold in more than 35 branded retail locations in China. The brand is also licensed in Canada and Australia.

Buffalo Brand Joint Venture Buffalo by David Bitton

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 assets. Founded in 1985, Buffalo is a lifestyle brand consisting of denim, sportswear, active wear, and accessories. Buffalo is primarily sold through better department stores including Macy s, Dillard s and Lord & Taylor, and has 20 stand-alone retail stores, mainly in Canada, operated by Buffalo International ULC, our core licensee. Celebrities that have recently appeared in campaigns are Chandler Parsons, Eric Decker, Erin Heatherton, Adrian Grenier and Amber Arbucci. Additionally, the brand is licensed in Latin America.

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Hydraulic IP Holdings, LLC

In December 2014, the Company formed a joint venture with Top On International Group Limited in which the Company effectively purchased a 51% interest in the Hydraulic trademarks and related assets. Hydraulic was founded in New York in 1998 and is known for setting the blue jean standard in the denim market for junior s, women s and plus sizes. The brand differentiates itself from other denim by positioning itself with the theme that all denim was not created equally. Hydraulic is currently distributed in department stores, including a strong presence at Kohl s, and is licensed for women s and kid s apparel in the United States.

Men s Brands:

Scion- Artful Dodger, Billionaire Boys Club/BBC, Ice Cream

Scion, a joint venture in which the Company has a 50% interest, 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 (BBC) and Ice Cream brands. BBC and Ice Cream are licensed for distribution in high end boutiques and department stores. Pharell Williams, the iconic singer-songwriter, rapper, record producer, and fashion designer is the founder and an equity partner in these brands. The brands have been worn by celebrities such as Justin Bieber, Miley Cyrus, Beyoncé, Rihanna, and Jay Z. BBC and Ice Cream, is also licensed in Europe, the Middle East, Australia and Japan.

Hardy Way- Ed Hardy

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 for men s, women s, and kid s apparel, footwear and accessories. Distribution in the United States, includes mass department stores, such as Walmart and Kmart. Celebrities that have worn the brand include Shakira, Lil Wayne, Madonna, Dwight Howard, Jessica Alba and Eva Longoria. In China, the brand is sold through 52 Ed Hardy retail locations. The brand is also licensed in Latin America, Southeast Asia, Canada and India.

IPH Unltd- Ecko Unltd, Marc Ecko Cut & Sew

In October 2009, the Company, through the then newly formed joint venture company IPH Unltd, acquired a 51% controlling stake in the Ecko portfolio of brands. 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 brands are marketed and sold to consumers in the youth culture lifestyle categories, including active-athletic, streetwear, collegiate/preppy and denim fashion. Licenses for Ecko Unltd products in the United States cover a variety of categories, including men s, and kids apparel, outerwear, underwear, fragrance and electronics. Ecko Unltd products are sold primarily through department and specialty stores including Dillard s and JCPenney. Ecko Unltd brand ambassadors include Manny Santiago- Pro Skateboarder and Miguel Cotto. Marc Ecko Cut & Sew is the halo brand. The brand is licensed in men s apparel, outerwear, underwear, fragrance and accessories. It is distributed in boutiques, specialty stores and Dillard s Department Store. The Ecko brands are also licensed to wholesale licensees in Europe, Southeast Asia, Latin America, Australia, Canada, and Africa.

Icon Modern Amusement Modern Amusement

In December 2012, the Company entered into an interest purchase and management agreement with Dirty Bird Productions, Inc, in which the Company 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 has a direct-to-retail license in the U.S. with PacSun who distributes men s and has plans to extend into women s apparel and footwear. The brand is also licensed in Australia.

NGX, LLC Nick Graham

In October 2014, the Company formed a joint venture with NGO, LLC (Nick Graham) in which the Company purchased a 51% interest in the Nick Graham trademarks and related assets. Founded in 2013, Nick Graham is a men s lifestyle brand which launched sets of dress shirts and ties sold at multiple levels of retail including Macy s, JCPenney, Kohl s, and Target. Nick Graham, a businessman, marketer and entrepreneur, is the founder of the Joe Boxer brand and operates the core licensee for the distribution of dress shirts and ties.

Entertainment:

Peanuts Worldwide Peanuts, Charlie Brown, Snoopy

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 brand 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., Target, Uniqlo, Zara, Benetton, J+J and Nestle. In October 2012, the Company entered into an agreement with Twentieth Century Fox Animation to produce The Peanuts Movie, an animated movie featuring the iconic Peanuts characters, which is scheduled for an international release commencing in November 2015. The Peanuts brand is licensed in over 100 countries.

Subsequent Events:

Pony International, LLC

On February 2, 2015, the Company through its newly-formed subsidiary, US Pony Holdings, LLC, acquired the North American rights to the Pony brand. These rights include the rights in the United States obtained from Pony, Inc. and Pony International, LLC (collectively, referred to as US Pony Seller), and the rights in Mexico and Canada obtained from Super Jumbo Holdings Limited (referred to as Non-US Pony seller and, together with US Pony Seller, the Pony sellers). The purchase price was $37.0 million. US Pony Holdings, LLC is owned 75% by the Company and 25% by its partner, Anthony L&S Athletics, LLC. Additionally, the Company received an option to purchase, until February 28, 2015, from the Pony Sellers and their affiliates certain IP related assets and trademarks related to the Pony brand in Europe, the Middle East and Africa. The Company also received a 90-day option, expiring May 29, 2015, to purchase from the Pony Sellers and their affiliates certain IP related assets and trademarks related to the Pony brand in Latin America.

Formed in 1972 in New York City, PONY became one of the top athletic footwear brands worldwide in the 1990s appearing on professional athletes in the World Cup, NBA, NFL, MLB and Boxing. Leveraging this legacy success, the Company expects to utilize a multi-tier strategy, similar to Starter and Danskin, to deliver function and fashion for men and women at accessible price points.

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International Joint Ventures

The Company s primary purpose in forming international joint ventures is to bring its brands to market more quickly and efficiently, generating greater short- and long-term value from its IP than the Company believes is possible if it were to build-out wholly-owned operations on its own across a multitude of regional or local offices. The success from the company s first two international joint ventures demonstrate how this approach has enabled its brands to increase licensed revenue, market share and profitability beyond what the Company believes it could have achieved on its own. As an example, in China at the formation of the Iconix China joint venture, the Company s brands had minimal presence. Today, the Company s brands have more than 900 stores, shops-in-shops and counters across China. Similarly, in Latin America, revenue for the Company s brands increased 77% by the end of year two of the joint venture and grew 349% by the end of year five of the joint venture. When the Latin American joint venture was formed in December 2008, the Company had 16 licenses and one direct-to-retail agreement. Today, the Company has 53 licenses and six direct-to-retail licenses with retailers including Falabella, Suburbia and Walmart.

To get best-in-class local partners to invest in and represent the Company s brands in their respective territories, the Company offers its partner the ability to buy equity interests in the IP. These equity interests provide the Company s partners with the necessary incentive to devote management time and resources to the brands. By leveraging the partners local market expertise, retail relationships, wholesale networks, business contacts and staff, including hundreds of employees across numerous cities worldwide, the Company has significantly grown licensing royalties in key global markets, collected monies owed by licensees more effectively and maintained stricter enforcement against counterfeit products.

Since 2008, the formation and administration of international joint ventures have been a central and ongoing component of our business, and 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, Iconix Israel and Iconix Middle East. As these businesses in each territory reach sufficient scale to support the Company s full business structure of brand management, marketing, licensing, acquisitions and finance, the Company may consider acquiring control or full ownership of the joint ventures, where possible, as was the case in Latin America in 2014.

Iconix China

In September 2008, the Company and Novel Fashions Holdings Limited, (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 Greater China). 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 Greater China, and brand management support. Pursuant to the terms of this transaction, the Company contributed to Iconix China substantially all rights to its brands in Greater China and contributed $2.0 million, and Novel contributed $17 million to Iconix China.

To date, the brands that Iconix China has successfully placed include Candie s and Marc Ecko Cut & Sew with Shanghai La Chapelle Fashion Co. Ltd (HK 6116); London Fog with China Outfitters (HK1146); Material Girl with Ningbo Peacebird; Ed Hardy with Landmark International; Ecko Unltd. with Xi Ha Clothing; Badgley Mischka with Eve NY; Joe Boxer with Northeast Socks; and Royal Velvet with Qingdao Hongfang. These brands are collectively sold through more than 850 branded retail locations.

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 formed a joint venture partnership, (Iconix Latin America), with New Brands, an affiliate of the Falic Group, to develop, exploit, market and license the Latin American territory comprising of Mexico, Central America, South America and the Caribbean. In February 2014, the Company purchased from New Brands its 50% interest in Iconix Latin America for $42.0 million. Today, Iconix Latin America has over 50 licenses with key direct-to-retail licenses with Falabella, Walmart and Suburbia.

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, to Iconix Europe, a then newly formed wholly-owned subsidiary of the Company. Shortly thereafter, an investment group led by Albion Equity Partners LLC, purchased a 50% interest in Iconix Europe for $4 million 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.

In January 2014, the Company consented to the purchase of BIV s 50% ownership interest in Iconix Europe by LF Asia Limited (LF Asia), an affiliate of Li & Fung Limited, in exchange for $1.5 million from LF Asia. In addition, the Company acquired an additional 1% equity interest in Iconix Europe from LF Asia thereby increasing the Company s ownership in Iconix Europe to a controlling 51% interest. LF Asia, our joint venture partner in Iconix SE Asia, had recently acquired several licensing companies including The Licensing Company in Europe.

Li & Fung is an investment holding company principally engaged in managing the supply chain for retailers and brands worldwide from over 300 offices and distribution centers in more than 40 countries generating $19 billion of revenue in 2013. Its subsidiary, LF Asia, is principally engaged in the licensing and wholesale business of global brands.

Iconix Europe has multiple direct-to-retail partnerships including OP with Sports Direct, one of UK s leading sports retailers and Danskin with Go Sport as well as a wide range of licenses in multiple territories for key brands such as Ecko Unltd., Mossimo, Rocawear and Starter.

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 (Iconix India), a then newly formed subsidiary of the Company. Shortly thereafter, Reliance Brands Limited (Reliance), purchased a 50% interest in Iconix India for $6.0 million. Reliance is an affiliate of Reliance Industries Limited, one of India s largest private sector enterprises.

Iconix India has signed many long term licensing partnerships and strong direct-to-retail licenses including licenses for Mossimo, London Fog, Umbro and Cannon and licenses with some of the largest companies in India including Future Group, Arvind and Kapsons.

Iconix Canada

In June 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Canada into two entities: Ico Brands L.P. (Ico Brand) and Iconix Canada L.P. (Ico Canada) and together with Ico Brand, collectively Iconix Canada). Shortly thereafter, through their acquisitions of limited partnership and general partnership interests, Buffalo International ULC and its affiliates (BIU) purchased a 50% interest in Iconix Canada for an aggregate of $17.8 million.

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Buffalo International ULC (BIU) is based in Montreal, Canada and its management team has extensive experience working in the apparel industry. Since founding the Buffalo brand in 1985, the management team has established over 3,000 points of distribution for the brand including 20 branded, standalone stores. In February 2013 the Company acquired a controlling interest in the Buffalo by David Bitton brand and extended that relationship through Iconix Canada.

Iconix Canada has many direct-to-retail licenses including OP, Starter and Danskin Now at Walmart, and London Fog at The Bay as well as a wide range of licenses for key brands such as Ecko Unltd. Wholesale licenses are present for virtually all other brands including larger licenses for Charisma, Danskin, Ecko Unltd. and Umbro, which sponsors the Canadian National Soccer team.

Iconix Australia

In September 2013, the Company contributed substantially all rights to its wholly-owned and controlled brands in Australia and New Zealand (the Australia Territory) to Iconix Australia, LLC (Iconix Australia), a then newly formed, Delaware limited liability company and a wholly-owned subsidiary of the Company, through an exclusive, royalty-free perpetual master license agreement with Iconix Australia. Shortly thereafter, Pac Brands USA, Inc. (Pac Brands USA) purchased a 50% interest in Iconix Australia for $7.2 million from the Company to assist the Company in developing, exploiting, marketing and licensing the Company s brands in the Australia Territory.

Pac Brands USA, Inc., a wholly-owned subsidiary of Pacific Brands LLC, is a consumer products company, headquartered in Melbourne, Australia. Pac Brands has approximately 3,500 employees who are responsible for manufacturing, selling and marketing a diverse portfolio of brands throughout Australia and New Zealand. In 2014, Pac Brands generated revenue of approximately $1 billion.

Iconix Australia has direct-to-retail licenses for Lee Cooper at Big W and Material Girl at Myer as well as licenses for key brands such as Fieldcrest, Mossimo, Starter, Umbro and Zoo York.

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 for approximately $3.4 million to assist the Company in developing, exploiting, marketing and licensing the Company s brands in the Israel Territory.

MGS, established in 1986 by Gideon Moliov, is the largest wholesale apparel company in Israel. MGS is one of Israel s leading companies in sports and fashion and they are a distributor and/or licensee for Adidas, Converse, Diadora, Superga and many other brands. MGS has over 1,500 employees and operates over 70 retail stores including Mega Sport, the largest sports chain in Israel.

MGS and its affiliated companies, have licenses for Umbro, OP and Ecko which they distribute through their vast wholesale network and through its Mega Sport stores. Iconix Israel also includes a license with Brill Fashion for Lee Cooper, operators of over 40 Lee Cooper branded retail stores.

Iconix Israel has licensed many key brands in the territory including Ecko Unltd., Lee Cooper, OP, Starter and Umbro.

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 for $12 million to assist the Company in developing, exploiting, marketing and licensing the Company s brands in the Southeast Asia Territory.

In June 2014, the Company amended Iconix SE Asia by contributing substantially all rights to its wholly-owned and controlled brands in the territory of South Korea, and the Company s Marc Ecko Cut & Sew, Ecko Unltd., Zoo York, Ed Hardy and Sharper Image brands in the European Union and Turkey, in each case, to Iconix SE Asia. In return, LF Asia agreed to pay the Company $15.9 million.

During September 2014, the Iconix SE Asia territory was further amended to include China, Macau, Hong Kong and Taiwan for the Umbro and Lee Cooper marks. In respect of its 50% interest in the joint venture, Global Brands Group Asia Limited f/k/a LF Asia (GBG), formerly, LF Asia, agreed to pay the Company $21.5 million.

Iconix Southeast Asia has licensed many key brands in the territory including Candie s, Cannon, Rocawear, Lee Cooper, Ecko Unltd., Ed Hardy and Umbro.

Iconix Middle East and North Africa

In December 2014, the Company contributed substantially all rights to its wholly-owned and controlled brands in the United Arab Emirates, Qatar, Kuwait, Bahrain, Saudi Arabia, Oman, Jordan, Egypt, Pakistan, Uganda, Yemen, Iraq, Azerbaijan, Kyrgyzstan, Uzbekistan, Lebanon, Tunisia, Libya, Algeria, Morocco, Cameroon, Gabon, Mauritania, Ivory Coast, Nigeria and Senegal (the MENA Territory) to Iconix MENA LTD (Iconix MENA), a then newly formed subsidiary of the Company through an exclusive, royalty-free perpetual master license agreement with Iconix MENA. Shortly thereafter, GBG, purchased a 50% interest in Iconix MENA for $18.8 million to assist the Company in developing, exploiting, marketing and licensing the Company s brands in the MENA Territory.

Iconix Middle East includes a direct-to-retail license with Landmark Group for Lee Cooper through the various retail stores that they own and licenses for Ecko, Rocawear, Cannon, Fieldcrest, Badgley Mischka and many more.

Other:

Diamond Icon, LLC

In March 2013, the Company, via Iconix Luxembourg Holdings SARL, entered into a joint venture agreement with Albion Agencies Ltd, an English limited company, in which the Company purchased a 51% interest in Diamond Icon Ltd, also an English limited company. Diamond Icon was established to design, develop and facilitate the supply of apparel, footwear and sports equipment for the Umbro brand; a service the wholesale licensees depended on that was previously provided by the former owner, Nike. The apparel, footwear and accessories developed by Diamond Icon for Umbro are distributed by wholesale licensees of the Umbro brand around the world.

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, 2014, 2013 and 2012 Bright Star s agency commissions represented less than 1% of the Company s revenues. As of December 31, 2014 this company ceased operations.

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Investments:

Marcy Media Holdings, LLC

In July 2013, the Company purchased a minority interest in Marcy Media Holdings, LLC (MM Holdings), resulting in the Company s indirect ownership of a 5% interest in Roc Nation, LLC. Founded in 2008, Roc Nation is a full-service entertainment company. Roc Nation Sports, a division of Roc Nation, launched in Spring 2013 and focuses on elevating premier professional athletes career on and off the field by executing marketing and endorsement deals, community outreach, charitable tie-ins, media relations and brand strategy. Roc Nation entertainment and talent agency represents Kevin Durant, Robinson Cano and many other influential athletes and artists.

Complex Media Inc.

In September 2013, the Company purchased convertible preferred shares, representing on an as-converted basis as of December 31, 2014, 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. Complex Media is one of the leading multi-media platforms for influential young male consumers focusing its content on style, music, sneakers, sports, games, gear and girls. At the center of the Complex Media platform in its flagship site- Complex.com- a consumer portal into the complex lifestyle of young men.

Licensing strategy

Through its licensing business model, the Company has substantially eliminated inventory risk and reduced the operating exposure associated with traditional operating companies, thereby improving its cash flows and operating margins. The Company enters 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 has over 1,100 licenses and has benefited from the model s scalability, which enables the Company to leverage its existing infrastructure to support new business. A key objective of the Company is to capitalize on its brand management expertise and relationships to build and maintain a diversified portfolio of consumer brands that generate increasing revenues.

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 presD NOWRAP VALIGN="bottom"> 3,852 1,612 5,464

Amortisation of consolidated subsidiaries stock discount

98 (98)

Dividends to hybrid securities

	(29,399)	(29,399)	(154,869)	(184,268)
Issuance of hybrid securities in consolidated subsidiaries				
		985,553	985,553	

December 31, 2013

4,030,077	498,407	176,502	29,957	13,112,690	17,847,633	5,029,136	22,876,769

January 1, 2014

4,030,077 498,407 176,502 29,957 13,112,690 17,847,633 5,029,136 22,876,769

Net income (loss)

1,213,980 1,213,980 (6,011) 1,207,969

Dividends

(8,042) (8,042)

Changes due to the Spin-off

(648,685) (68,106) (2,238,228) (110,405) (3,065,424) (286,564) (3,351,988)

Merger between Woori Bank and Woori Financial Holdings

1,880,798 178,058 (178,060) 1,880,796 (1,880,798) (2)

Merger between Indonesia Woori Bank and Saudara Bank

21,724 21,724 49,134 70,858

Changes in capital surplus of consolidated subsidiaries

(23) (23) 572 549

Issuance of capital stocks in consolidated subsidiaries

(17,110) (17,110) 17,391 281

Acquisition of treasury stock

(37,580) (37,580) (37,580)

Disposal of consolidated subsidiaries

(1,900,347) (1,900,347)

Gain (loss) on valuation of available-for-sale financial assets

86,537 86,537 (97,181) (10,644)

Changes in equity of joint ventures and associates

(2,974) (2,974) 1,370 (1,604)

Foreign currency translation of foreign operations

28,856 28,856 19,537 48,393

Cash flow hedge

(18,220) (18,220) (8,851) (27,071)

Remeasurement of the net defined benefit liability

(63,426) (764) (64,190) (683) (64,873)

Issuance of hybrid securities

159,618 159,618 159,618

Dividends to hybrid securities

(50,129) (50,129) (116,721) (166,850)

Redemption of hybrid securities in consolidated subsidiaries

(1) (1) (702,994) (702,995)

Changes in other equity

21 (13) 8 976 984

December 31, 2014

3,381,392	2,538,823	291,066	(2,393,138)	14,165,358	17,983,501	109,924	18,093,425

WOORI BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income (loss)	1,207,969	(713,435)
Adjustments:		
Income tax expense	(145,981)	622,656
Interest income	(10,285,933)	(12,837,884)
Interest expense	5,207,289	6,622,744
Dividend income	(135,127)	(151,494)
Impairment losses due to credit loss	1,202,152	2,706,389
Loss on available-for-sale financial assets	93,639	95,729
Share of losses of investments in joint ventures and associates	123,038	43,488
Loss on foreign exchange translation	82,077	55,228
Loss on transaction of derivatives / valuation of derivatives	22,253	121,713
Loss on fair value hedged items	87,476	13,505
Provisions	81,073	85,732
Retirement benefits	132,768	167,910
Depreciation and amortization	247,216	300,453
Loss on disposal of investments in joint ventures and associates	1,788	4,946
Loss on disposal of premises and equipment and other assets	2,788	5,158
Impairment loss on premises and equipment and other assets	2,320	60,692
Impairment loss on assets held for sale	2,420	
Impairment loss on disposal group held for sale and disposal group held for distribution to owners	7,728	833,766
Loss on disposal of disposal group held for sale	46,782	
Gain on valuation of financial instruments at fair value through profit or loss	(34,830)	(43,058)
Share of profits of investments in joint ventures and associates	(55,674)	(64,005)
Gain on foreign exchange translation	(39,485)	(50,135)
Gain on transaction of derivatives / valuation of derivatives	(85,975)	(18,801)
Gain on fair value hedged items	(23,317)	(128,361)
Reversal of provisions	(744)	(10,972)
Gain on disposal of investments in joint ventures and associates	(31,899)	(19,974)
Gain on disposal of premises and equipment and other assets	(1,134)	(13,052)
Reversal of impairment loss on premises and equipment and other assets	(533)	(3,051)
Gain on disposal of group held for sale	(159,794)	
Gain on disposal of assets held for sale	(1,039)	
Reversal of impairment loss on assets held for sale	(337)	
Reversal of impairment loss on disposal group held for sale and disposal group held for distribution to owners	(259)	
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	1,547,502	2,413,710
Loans and receivables	(15,439,044)	(17,106,848)
Other assets	(92,867)	54,493
Deposits due to customers	14,052,504	9,705,237

Provision for guarantee and loan commitment	(106,780)	(98,270)
Net defined benefit liability	(276,638)	(158,487)
Other financial liabilities	(1,933,627)	(1,147,373)
Other liabilities	(16,183)	38,359
Cash received from (paid for) operating activities:		
Interest income received	10,171,063	12,918,030
Interest expense paid	(5,210,976)	(6,974,736)
Dividends received	155,164	151,051
Income tax paid	(117,589)	(479,002)
Net cash used in operating activities	281,244	(2,997,949)

(Continued)

WOORI BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013 (CONTINUED)

	2014	2013
	(Korean Won in millions)	
Cash flows from investing activities:		
Net cash provided by disposal of subsidiaries	1,193,584	
Net cash provided by the merger of Saudara bank	81,100	
Disposal of available-for-sale financial assets	26,865,684	26,449,831
Redemption of held-to-maturity financial assets	4,823,630	6,768,916
Disposal of investments in joint ventures and associates	235,778	106,438
Disposal of investment properties		6,583
Disposal of premises and equipment	36,364	18,478
Disposal of intangible assets	88,197	8,660
Disposal of assets held for sale	29,857	54,611
Net decrease of derivatives for risk hedge		14,632
Acquisition of available-for-sale financial assets	(28,527,400)	(29,152,120)
Acquisition of held-to-maturity financial assets	(5,658,655)	(4,250,044)
Acquisition of investments in joint ventures and associates	(67,431)	(144,644)
Acquisition of investment properties	(18)	(513)
Acquisition of premises and equipment	(140,639)	(159,437)
Acquisition of intangible assets	(86,910)	(107,092)
Acquisition of assets held for sale		(7,266)
Net increase of derivatives for risk hedge	(14,153)	
Net cash used in investing activities	(1,141,012)	(392,967)
Cash flows from financing activities:		
Net increase in borrowings		3,113,963
Issuance of debentures	18,229,052	10,501,447
Issuance of hybrid securities	159,618	
Increase of paid in capital in subsidiaries	1,121	80,273
Issuance of hybrid securities in subsidiaries		985,553
Decrease due to the Spin-off	(792,949)	
Net decrease in borrowings	(927,711)	
Repayment of debentures	(15,448,663)	(10,084,216)
Dividends paid		(201,503)
Acquisition of treasury stock	(37,580)	
Expenses on stock issued	(3)	
Dividends paid on hybrid securities	(60,780)	(29,398)
Dividends paid on non-controlling interests	(8,042)	
Dividends paid on hybrid securities of subsidiaries	(98,522)	(147,498)
Redemption of non-controlling hybrid securities	(702,995)	
Other decrease in non-controlling interests, net	(1,119)	(38,643)

Net cash provided by financing activities	311,427	4,179,978
Net increase (decrease) in cash and cash equivalents	(548,341)	789,062
Cash and cash equivalents, beginning of the period	6,472,459	5,778,390
Effects of exchange rate changes on cash and cash equivalents	38,743	(94,993)
Cash and cash equivalents, end of the period	5,962,861	6,472,459
Cash and cash equivalents directly associated with disposal group held for sale		(303,202)
Cash and cash equivalents directly associated with disposal group held for distribution to owners		(691,608)
Cash and cash equivalents on consolidated statement of financial position	5,962,861	5,477,649

WOORI BANK

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2014 AND 2013

	December 31, 2014	December 31, 2013
	(Korean Won in millions)	
ASSETS		
Cash and cash equivalents	4,668,916	4,694,201
Financial assets at fair value through profit or loss	3,097,309	3,353,936
Available-for-sale financial assets	17,791,224	16,499,175
Held-to-maturity financial assets	12,989,894	12,016,870
Loans and receivables	210,640,380	201,836,689
Investments in subsidiaries and associates	3,619,036	2,109,453
Investment properties	350,785	333,693
Premises and equipment	2,348,450	2,353,831
Intangible assets	43,186	69,994
Assets held for sale	6,837	587
Current tax assets	1,058	134,691
Deferred tax assets	193,453	
Derivative assets	196,061	131,410
Other assets	124,712	151,636
Total assets	256,071,301	243,686,166
LIABILITIES		
Financial liabilities at fair value through profit or loss	2,670,358	2,630,421
Deposits due to customers	181,288,444	169,870,194
Borrowings	16,139,529	16,711,669
Debentures	20,998,041	16,035,967
Provisions	667,286	641,459
Net defined benefit liability	43,381	36,577
Current tax liabilities	261,228	8,552
Deferred tax liabilities		35,108
Derivative liabilities		1,785
Other financial liabilities	15,857,059	19,162,494
Other liabilities	289,570	297,895
Total liabilities	238,214,896	225,432,121

(Continued)

WOORI BANK

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2014 AND 2013 (CONTINUED)

	December 31, 2014	December 31, 2013
	(Korean Won in millions)	
EQUITY		
Capital stock	3,381,392	2,983,452
Hybrid securities	2,538,823	2,380,797
Capital surplus	269,533	732,538
Other equity	(695,522)	143,825
Retained earnings		
(Regulatory reserve for credit loss as of December 31, 2014 and 2013 is 1,193,393 million Won and 1,297,123 million Won, respectively		
Unreserved regulatory reserve for credit loss as of December 31, 2014 and 2013 is nil		
Regulatory reserve for credit loss to be reserved (reversed) as of December 31, 2014 and 2013 is 189,050 million Won and (-) 103,730 million Won, respectively		
Planned provision (reversal) of regulatory reserve for credit loss as of December 31, 2014 and 2013 is 189,050 million Won and (-) 103,730 million Won, respectively)	12,362,179	12,013,433
Total equity	17,856,405	18,254,045
Total liabilities and equity	256,071,301	243,686,166

WOORI BANK

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
	(Korean Won in millions, except for per share data)	
Interest income	8,418,931	8,783,349
Interest expense	(4,328,153)	(4,592,873)
Net interest income	4,090,778	4,190,476
Fees and commissions income	927,653	935,893
Fees and commissions expense	(132,361)	(146,012)
Net fees and commissions income	795,292	789,881
Dividend income	183,452	83,202
Net gain on financial instruments at fair value through profit or loss	169,537	148,476
Net loss on available-for-sale financial assets	(92,379)	(61,525)
Impairment losses due to credit loss	(928,492)	(2,084,365)
General and administrative expenses	(2,655,157)	(2,551,622)
Other net operating expenses	(692,137)	(169,600)
Operating income	870,894	344,923
Share of losses of subsidiaries and associates	(84,042)	(6,926)
Other net non-operating income	56,127	100,553
Non-operating income (loss)	(27,915)	93,627
Net income before income tax expense	842,979	438,550
Income tax expense	(196,681)	(73,693)
Net income from continuing operations	646,298	364,857
Net income from discontinued operations		29,476
Net income		
(Net income after the provision (reversal) of regulatory reserve for credit loss for the years ended December 31, 2014 and 2013 are 457,248 million Won and 498,063 million Won, respectively)	646,298	394,333
Remeasurement of the net defined benefit liability	(58,468)	6,671
Items that will not be reclassified to profit or loss	(58,468)	6,671
Gain on valuation of available-for-sale financial assets	55,886	15,040
Gain (loss) on foreign currency translation of foreign operations	7,469	(10,136)

Items that may be reclassified to profit or loss	63,355	4,904
Other comprehensive income, net of tax	4,887	11,575
Total comprehensive income	651,185	405,908
Net income per share (In Korean Won)		
Continuing operation and discontinued operation		
Basic earnings per common share	842	423
Diluted earnings per common share	842	405
Continuing operation		
Basic earnings per common share	842	374
Diluted earnings per common share	842	358

WOORI BANK

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Capital stock	Hybrid securities	Capital surplus	Other equity	Retained earnings	Total
January 1, 2013	3,829,783	1,681,807	809,883	132,250	12,040,325	18,494,048
Net income					394,333	394,333
Dividends					(173,306)	(173,306)
Gain on valuation of available-for-sale financial assets				29,837		29,837
Foreign currency translation of foreign operations				(10,136)		(10,136)
Remeasurement of the net defined benefit liability				6,451		6,451
Dividends to hybrid securities					(136,172)	(136,172)
Issuance of hybrid securities		698,990				698,990
Credit card division spin-off	(846,331)		(77,345)	(14,577)	(111,747)	(1,050,000)
December 31, 2013	2,983,452	2,380,797	732,538	143,825	12,013,433	18,254,045
January 1, 2014	2,983,452	2,380,797	732,538	143,825	12,013,433	18,254,045
Net income					646,298	646,298
Dividends					(164,000)	(164,000)
Gain on valuation of available-for-sale financial assets				55,886		55,886
Foreign currency translation of foreign operations				7,469		7,469
Remeasurement of the net defined benefit liability				(56,961)		(56,961)
Dividends to hybrid securities					(133,551)	(133,551)
Issuance of hybrid securities		159,618				159,618
Redemption of hybrid securities		(499,999)			(1)	(500,000)
Merger between Woori Bank and Woori Finance Holdings	397,940	498,407	(463,005)	(845,741)		(412,399)
December 31, 2014	3,381,392	2,538,823	269,533	(695,522)	12,362,179	17,856,405

WOORI BANK

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income	646,298	394,333
Adjustment to net income:		
Income tax expense	196,681	83,104
Interest income	(8,418,931)	(9,005,359)
Interest expense	4,328,153	4,623,525
Dividend income	(219,688)	(126,549)
	(4,113,785)	(4,425,279)
Additions of expenses not involving cash outflows:		
Impairment losses due to credit loss	928,492	2,111,180
Loss on available-for-sale financial assets	92,379	60,498
Share of losses of investments in subsidiaries and associates	84,042	6,926
Loss on transaction of derivatives / valuation of derivatives	21,091	119,776
Loss on fair value hedged items	87,476	13,505
Provision for guarantee and loan commitment	42,622	31,555
Retirement benefits	107,088	108,612
Depreciation and amortization of premises and equipment, intangible assets and investment properties	128,732	128,376
Loss on disposal of investments in subsidiaries and associates	1,998	
Loss on disposal of premises and equipment and other assets	921	621
Impairment loss on premises and equipment and other assets	1,268	943
	1,496,109	2,581,992
Deductions of revenues not involving cash inflows:		
Gain on transaction of derivatives / valuation of derivatives	84,533	11,487
Gain on fair value hedged items	23,317	127,558
Reversal of provisions	331	100
Gain on disposal of investment in subsidiaries and associates	35,464	24,529
Gain on disposal of premises and equipment and other assets	490	8,319
Reversal of impairment loss on premises and equipment and other assets	325	46
	144,460	172,039

(Continued)

WOORI BANK

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

	2014	2013
	(Korean Won in millions)	
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	296,564	5,728,669
Loans and receivables	(9,794,598)	(12,586,837)
Other assets	26,972	9,113
Deposits due to customers	12,785,363	5,392,373
Provision for guarantee and loan commitment	(196,768)	(136,272)
Other financial liabilities	(3,291,990)	(688,136)
Other liabilities	(6,949)	12,665
	(181,406)	(2,268,425)
Cash received from (paid for) operating activities:		
Interest income received	8,352,487	9,017,350
Interest expense paid	(4,348,573)	(4,921,949)
Dividend received	219,688	126,548
Income taxes paid	(39,065)	(299,178)
Net cash provided by operating activities	1,887,293	33,353
Cash flows from investing activities:		
Cash in-flows from investing activities:		
Disposal of available-for-sale financial assets	24,788,346	20,527,927
Redemption of held-to-maturity financial assets	4,548,682	5,605,298
Disposal of investments in subsidiaries and associates	70,017	72,094
Disposal of premises and equipment	761	12,542
Disposal of intangible assets	130	3,233
Disposal of assets held for sale	612	7,258
Increase of derivatives for risk hedge	8,014	2,830
	29,416,562	26,231,182
Cash out-flows from investing activities:		
Acquisition of available-for-sale financial assets	26,054,562	22,900,522
Acquisition of held-to-maturity financial assets	5,543,576	3,476,356
Acquisition of investments in subsidiaries and associates	83,864	171,118
Acquisition of premises and equipment	92,445	71,778
Acquisition of intangible assets	22,058	17,953
Decrease of derivatives for risk hedge	2,300	3,467
Cash out-flows from credit card division spin-off		375,175

	31,798,805	27,016,369
Net cash used in investing activities	(2,382,243)	(785,187)

(Continued)

WOORI BANK

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

	2014	2013
	(Korean Won in millions)	
Cash flows from financing activities:		
Cash in-flows from financing activities:		
Increase in borrowings	9,432,585	4,708,252
Issuance of debentures	8,236,626	6,024,668
Issuance of hybrid securities	159,619	698,990
	17,828,830	11,431,910
Cash out-flows from financing activities:		
Repayment of borrowings	10,005,480	4,804,623
Repayment of debentures	6,569,526	4,929,664
Dividends paid	164,000	173,306
Redemption of hybrid securities	500,000	
Dividends paid on hybrid securities	134,920	131,122
	17,373,926	10,038,715
Net cash provided by financing activities	454,904	1,393,195
Net increase (decrease) in cash and cash equivalents	(40,046)	641,361
Cash and cash equivalents, beginning of the period	4,694,201	4,135,353
Effects of exchange rate changes on cash and cash equivalents	14,761	(82,513)
Cash and cash equivalents, end of the period	4,668,916	4,694,201

Statements of appropriations of retained earnings (plan) are as follows

(Unit: Korean Won in millions):

	2014	2013
Unappropriated retained earnings:		
Beginning of year	714	62,978
Net income	646,298	394,333
Dividend on hybrid securities	(133,551)	(136,172)
	513,461	321,139
Transfer from retained earnings:		
Provision of revaluation excess	90	1,194
Regulatory reserve for credit loss		103,730
Additional reserve	885,440	
	885,530	104,924
Appropriation of retained earnings:		
Legal reserve	65,000	40,000
Regulatory reserve for credit loss	189,050	
Other reserve	1,661	1,349
Cash dividend (Dividend per share (%))		
(2014: Common stock 500 Won (10.0%),		
2013: Common stock 275 Won (5.5%)	336,635	164,000
Merger losses	806,640	
Additional reserve		220,000
	1,398,986	425,349
Unappropriated retained earnings to be carried forward to next year	5	714

SIGNATURES

Pursuant to the requirements 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.

Woori Bank
(Registrant)

Date: March 12, 2015

By: /s/ Seung-Gyu Kim
(Signature)

Name: Seung-Gyu Kim
Title: Executive Vice President