ICONIX BRAND GROUP, INC.
Form 10-K/A
April 04, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/ A

(Amendment No. 1)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

OR

o 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 o

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o 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, 2015 was approximately $1,204.6 million. As of March 22, 2016, 48,537,725 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 2016 are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

ICONIX BRAND GROUP, INC. - FORM 10-K

TABLE OF CONTENTS

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

EXPLANATORY NOTE

Iconix Brand Group, Inc. (the "Company") is filing this Amendment No. 1 on Form 10-K/A (the "Amended Filing") to correct an error in the Supplemental Disclosure of Cash Flow Information for the year ended December 31, 2015 contained in the Company's Consolidated Statements of Cash Flows. Additionally, the Company corrected two typographical errors in Footnote 1 to the Company's Notes to Consolidated Financial Statements under the captions "Concentration of Credit Risk" and "Accounts Receivable."

Except as described above, no other amendments are being made to the Annual Report on Form 10-K. This Form 10-K/A does not reflect events occurring after the filing of the Company's Annual Report on Form 10-K or modify or update the disclosures contained in the Annual Report on Form 10-K in any way other than as set forth above.

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, 2015 and December 31, 2014 (Restated)
- Consolidated Statements of Operations for the years ended December 31, 2015, 2014 (Restated) and 2013 (Restated)
- Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 (Restated) and 2013 (Restated)
- Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015, 2014 (Restated) and 2013 (Restated)
- Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 (Restated) and 2013 (Restated)
- 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 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.

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: April 4, 2016 By: /s/ John N. Haugh
John N. Haugh
President and Chief Executive Officer (Principal Executive Officer)

/s/ David K. Jones

David K. Jones

Chief Financial Officer (Principal Financial and Accounting Officer)

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Index to Exhibits

Exhibit Numbers	Description
2.1	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 (1) +
2.2	Membership Interest Purchase Agreement dated as of March 9, 2010 by and between the Company and Purim LLC (2) +
2.3	Purchase Agreement dated as of April 26, 2010 by and among the Company, United Features Syndicate, Inc. and The E.W. Scripps Company (3) +
2.4	Asset Purchase Agreement dated April 26, 2011 by and among Hardy Way LLC, Nervous Tattoo, Inc. and Audigier Brand Management Group, LLC (4) +
2.5	Asset Purchase Agreement dated October 26, 2011 by and between the Company and Sharper Image Acquisition LLC (5) +
2.6	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 (6) +
3.1	Certificate of Incorporation, as amended(9)
3.2	Restated and Amended By-Laws(10)
3.3	Certificate of Designation, Preferences and Rights of Series B Junior Participating Preferred Stock of the Company(40)*
4.1	Indenture, dated May 23, 2011, between the Company and The Bank of New York Mellon Trust, N.A.(11)
4.2	Global Note(11)
4.3	Base Indenture dated November 29, 2012(12)
4.4	Supplemental Indenture dated November 29, 2012(12)
4.5	Supplemental Indenture Series 2013-1 Supplement dated as of June 21, 2013(8)
4.6	Indenture 1.50% Convertible Senior Subordinated Notes Due 2018 dated as of March 18, 2013(39)
4.7	Global Note(39)
4.8	Rights Agreement dated as of January 27, 2016 between the Company and Continental Stock Transfer & Trust Company, as Rights Agent(40)

10.2	2000 Stock Option Plan of the Company(14)*
10.3	2001 Stock Option Plan of the Company(15)*
10.4	2002 Stock Option Plan of the Company(16)*
10.5	Non-Employee Director Stock Incentive Plan(17)*
10.6	401(K) Savings Plan of the Company(18)
10.7	Employment Agreement between Neil Cole and the Company dated January 28, 2008(7)*
10.8	Option Agreement of Neil Cole dated November 29, 1999(18)*
10.9	The Company's 2006 Equity Incentive Plan and forms of options granted thereunder(19)*
10.10	Form of Restricted Stock Agreement for officers under the Company's 2006 Equity Incentive Plan(20)*
10.11	Form of Restricted Stock Agreement for Directors under the Company's 2006 Equity Incentive Plan(20)*
10.12	Form of Option Agreement under the Company's 1997 Stock Option Plan(21)*
10.13	Form of Option Agreement under the Company's 2000 Stock Option Plan(21)*
10.14	Form of Option Agreement under the Company's 2001 Stock Option Plan(21)*
10.15	Form of Option Agreement under the Company's 2002 Stock Option Plan(21)*

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Exhibit Numbers	Description
10.16	Common Stock Purchase Warrant issued to UCC Consulting Corporation[22]
10.17	Note and Security Agreement dated November 7, 2007 made by Artful Holdings, LLC in favor of the Company [23]
10.18	Restricted Stock Grant Agreement dated February 19, 2008 between the Company and Neil Cole[24]*
10.19	Restricted Stock Performance Unit Agreement dated February 19, 2008 between the Company and Neil Cole[24]*
10.20	Lease dated as of November 12, 2007 with respect to the Company's Executive Offices[24]
10.21	Iconix Brand Group, Inc. Executive Incentive Bonus Plan[25]*
10.22	Agreement dated May 2008 between the Company and Neil Cole[26]*
10.23	Agreement dated December 24, 2008 between the Company and Neil Cole[27]*
10.24	Form of restricted stock agreement under the 2009 Equity Incentive Plan[28]*
10.25	Form of stock option agreement under the 2009 Equity Incentive Plan[28]*
10.26	Restricted Stock Performance Unit Agreement with Neil Cole dated September 23, 2009[28]*
10.27	Restricted Stock Agreement with Warren Clamen dated September 22, 2009[28]*
10.28	Restricted Stock Agreement with Andrew Tarshis dated September 22, 2009[28]*
10.29	Employment Agreement dated February 26, 2009 between the Company and David Blumberg[29]*
10.30	Restricted Stock Agreement with David Blumberg dated September 22, 2009[29]*
10.31	Purchase Agreement, dated May 17, 2011, among Iconix Brand Group, Inc., Barclays Capital Inc. and Goldman, Sachs & Co. [11]
10.32	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 [11]
10.33	Confirmation of OTC Convertible Note Hedge, dated May 17, 2011, between the Company and Goldman, Sachs & Co. [11]
10.34	Confirmation of OTC Warrant Transaction, dated May 17, 2011, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC [11]
10.35	Confirmation of OTC Warrant Transaction, dated May 17, 2011, between the Company and Goldman, Sachs & Co. [11]

10.36	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 [(11)]
10.37	Confirmation of Additional OTC Convertible Note Hedge, dated May 18, 2011, between the Company and Goldman, Sachs & Co. [(11)]
10.38	Confirmation of Additional OTC Warrant Transaction, dated May 18, 2011, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC [(11)]
10.39	Confirmation of Additional OTC Warrant Transaction, dated May 18, 2011, between the Company and Goldman, Sachs & Co. [(11)]
10.40	Amendment to Employment Agreement between Neil Cole and the Company dated June 17, 2011[(30)]*
10.41	Restricted Stock Agreement dated June 17, 2011 between the Company and Neil Cole[(31)]*
10.42	Restricted Stock Performance Unit Agreement dated June 17, 2011 between the Company and Neil Cole[(31)]*
10.43	Employment Agreement Amendment dated October 7, 2011 between the Company and Warren Clamen[(32)]*
10.44	Employment Agreement Amendment dated October 7, 2011 between the Company and Andrew Tarshis[(32)]*

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Exhibit Numbers	Description
10.45	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 (33)
10.46	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 (33)
10.47	Employment Agreement dated March 5, 2012 between the Company and David Blumberg(34)*
10.48	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 (12)
10.49	Management Agreement dated November 29, 2012 by and among the Co-Issuers, Registrant and Citibank, N.A., as trustee (12)
10.50	Amendment to Employment Agreement entered into February 15, 2013 to be effective February 1, 2013 between the Company and David Blumberg (35) *
10.51	PSU Agreement dated February 15, 2013 between Iconix Brand Group, Inc. and David Blumberg(35)*
10.52	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Executive)(36)*
10.53	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-Executive)(36)*
10.54	Form of RSU Agreement pursuant to the Amended and Restated 2009 Plan (Non-employee Director)(36)*
10.55	Amended and Restated 2009 Equity Incentive Plan(36)*
10.56	Clawback policy form of Acknowledgement(36)*
10.57	Employment Agreement dated as of August 19, 2013 between the Company and Jason Schaefer(37)*
10.58	Employment Agreement Amendment dated as of March 18, 2014 between the Company and Seth Horowitz(38)*
10.59	Employment Agreement dated as of March 18, 2014 between the Company and Jeff Lupinacci(38)*
10.60	Purchase Agreement dated March 12, 2013 between Iconix Brand Group, Inc. and Barclays Capital Inc.(39)
10.61	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 (39)

10.62	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 [39]
10.63	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 [39]
10.64	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 [39]
10.65	Employment Agreement dated as of June 10, 2015 between the Company and David Jones[41]*
10.66	Employment Agreement dated as of September 9, 2015 between the Company and F. Peter Cuneo. *
10.67	Employment Agreement dated as of February 18, 2016 between the Company and John Haugh[42]*
10.68	Employment Agreement dated as of February 24, 2016 between the Company and David Blumberg[42]*
10.69	Credit Agreement dated as of March 7, 2016 between IBG Borrower LLC, as the borrower (“IBG Borrower”), the Company and certain of IBG Borrower’s wholly-owned subsidiaries, as guarantors, Cortland Capital Market Services LLC, as administrative agent and collateral agent and the lenders party thereto from time to time, including CF ICX LLC and Fortress Credit Co LLC[43]

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Exhibit Numbers	Description
10.70	Facility Guaranty dated as of March 7, 2016 between the Company and certain wholly-owned subsidiaries of IBG Borrower LLC, as guarantors and Cortland Capital Market Services LLC, as administrative agent and collateral agent(43)
10.71	Security Agreement dated as of March 7, 2016 between the Company, IBG Borrower LLC and certain of its wholly-owned subsidiaries, as Grantors, and Cortland Capital Market Services LLC, as Collateral Agent(43)
10.72	2015 Executive Incentive Plan(44)*
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++
101.INS	XBRL Instance Document++
101.SCH	XBRL Schema Document++
101.CAL	XBRL Calculation Linkbase Document ++
101.DEF	XBRL Definition Linkbase Document++
101.LAB	XBRL Label Linkbase Document++

XBRL Presentation Linkbase Document++

101.PRE

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated June 21, 2013 and incorporated by reference herein.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) Intentionally omitted.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) 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.

(30) 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.

(31) 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.

(32) 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.

(33) 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.

(34) 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.

(35) 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.

(36) 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.

(37) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and incorporated by reference herein.

(38) Filed as an exhibit to the Company's Current Report on Form 8-K for the event dated March 18, 2014 and incorporated by reference herein.

(39)

Filed as an exhibit to the Company’s Current Report on Form 8-K for the event dated March 12, 2013 and incorporated by reference herein.

(40) Filed as an exhibit to the Company’s Current Report on Form 8-K for the event dated January 27, 2016 and incorporated by reference herein,

(41) Filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and incorporated by reference herein.

(42) Filed as an exhibit to the Company’s Current Report on Form 8-K for the event dated February 18, 2016 and incorporated by reference herein.

(43) Filed as an exhibit to the Company’s Current Report on Form 8-K for the event dated March 7, 2016 and incorporated by reference herein.

(44) Filed as Annex A to the Company's Definitive Proxy Statement dated October 23, 2015 as filed on Schedule 14A and incorporated by reference herein.

* 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.
++ 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, 2015

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:

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

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.

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 (“the Company”) as of December 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2015. 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, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The financial statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013, have been restated to reflect errors relating to the (i) accounting for many of the Company’s international joint ventures; (ii) the cost basis of the trademarks sold to third parties and to certain joint ventures, (iii) the accounting for the consideration issued in connection with certain acquisitions made in 2013 and earlier years; and (iv) certain other matters as described in Note 21 of these financial statements.

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, 2015, based on criteria established in Internal Control—Integrated Framework issued (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 30, 2016 expressed an adverse opinion thereon.

/s/ BDO USA, LLP

March 30, 2016, except for the last paragraph of Note 21, which is April 4, 2016

New York, New York

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands, except par value)

	December 31, 2015	December 31, 2014 (Restated)
Assets		
Current Assets:		
Cash and cash equivalents	$169,971	$128,039
Restricted cash	49,544	59,560
Accounts receivable, net	103,792	112,347
Deferred income tax assets	2,381	10,328
Other assets – current	44,116	44,088
Total Current Assets	369,804	354,362
Property and equipment:		
Furniture, fixtures and equipment	24,138	22,704
Less: Accumulated depreciation	(16,639)	(14,946)
	7,499	7,758
Other Assets:		
Other assets	28,748	51,865
Trademarks and other intangibles, net	1,696,524	1,996,334
Deferred financing costs, net	15,016	19,842
Investments and joint ventures	147,312	110,105
Goodwill	257,095	232,776
	2,144,695	2,410,922
Total Assets	$2,521,998	$2,773,042
Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$52,062	$38,655
Deferred revenue	29,161	25,868
Current portion of long-term debt	61,123	61,123
Other liabilities – current	3,571	6,403
Total current liabilities	145,917	132,049
Deferred income tax liability	183,574	299,982
Other tax liabilities	4,865	—
Long-term debt, less current maturities	1,403,285	1,332,954
Other liabilities	19,550	16,924
Total Liabilities	$1,757,191	$1,781,909
Redeemable Non-Controlling Interests, net of installment payments due from non-controlling interest holders, redemption value of $86,191 and $81,177, respectively	69,902	39,696
Commitments and contingencies		
Stockholders' Equity:		
Common stock, $.001 par value shares authorized 150,000;	80	79

shares issued 80,609 and 79,263, respectively		
Additional paid-in capital	974,264	940,922
Retained earnings	514,761	713,819
Accumulated other comprehensive loss	(60,893)	(24,186)
Less: Treasury stock – 32,028 and 31,310 shares at cost, respectively	(837,179)	(812,429)
Total Iconix Brand Group, Inc. Stockholders’ Equity	591,033	818,205
Non-controlling interests, net of installment payments due from non-controlling interest holders	103,872	133,232
Total Stockholders’ Equity	$694,905	$951,437
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders’ Equity	$2,521,998	$2,773,042

See accompanying notes to consolidated financial statements

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except earnings per share data)

	Year Ended December 31, 2015	Year Ended December 31, 2014 (Restated)	Year Ended December 31, 2013 (Restated)
Licensing revenue	$ 379,197	$ 391,490	$ 390,574
Selling, general and administrative expenses	209,666	188,786	173,161
Gains on sale of trademarks	—	(6,399)	(7,354)
Equity earnings on joint ventures	(5,330)	(11,325)	(10,211)
Goodwill impairment	35,132	—	—
Trademark impairment	402,392	—	—
Operating income (loss)	(262,663)	220,428	234,978
Other expenses (income):			
Interest expense	86,233	84,523	76,321
Interest income	(4,230)	(3,711)	(3,161)
Other income, net	(50,904)	(29,239)	(5,395)
Foreign currency translation loss (gain)	(9,488)	1,745	326
Other expenses (income) – net	21,611	53,318	68,091
Income (loss) before income taxes	(284,274)	167,110	166,887
Provision (benefit) for income taxes	(95,344)	48,288	49,595
Net (loss) income	(188,930)	118,822	117,292
Less: Net income attributable to non-controlling interest	373	15,099	12,303
Net (loss) income attributable to Iconix Brand Group, Inc.	$ (189,303)	$ 103,723	$ 104,989
Earnings (loss) per share:			
Basic	$ (3.92)	$ 2.14	$ 1.87
Diluted	$ (3.92)	$ 1.81	$ 1.73
Weighted average number of common shares outstanding:			
Basic	48,293	48,431	56,281
Diluted	48,293	57,366	60,734

See accompanying notes to consolidated financial statements.

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Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

(in thousands)

	Year Ended December 31 2015	2014 (Restated)	2013 (Restated)
Net (loss) income	$(188,930)	$118,822	$117,292
Other comprehensive income (loss):			
Foreign currency translation gain (loss)	(36,004)	(40,672)	16,486
Change in fair value of available for sale securities	(703)	—	—
Total other comprehensive income (loss)	(36,707)	(40,672)	16,486
Comprehensive income (loss)	(225,637)	78,150	133,778
Less: comprehensive income attributable to non-controlling interest	373	15,099	12,303
Comprehensive (loss) income attributable to Iconix Brand Group, Inc.	$(226,010)	$63,051	$121,475

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total
Balance at January 1, 2013 - (Restated)	76,549	$ 77	$ 815,936	$ 509,604	$ —	$ (159,690)	$ 111,439	$ 1,277,366
Issuance of common stock related to acquisition of interest in joint venture	—	—	17,246	—	—	—	—	17,246
Shares issued on vesting of restricted stock	368	—	—	—	—	—	—	—
Shares issued on exercise of stock options and warrants	131	—	353	—	—	—	—	353
Purchase of minority interest in consolidated joint venture	—	—	1,500	—	—	—	—	1,500
Tax benefit of stock option exercises	—	—	1,196	—	—	—	—	1,196
Tax effect on formation of joint venture			(5,168)					(5,168)
Compensation expense in	—	—	20,018	—	—	—	—	20,018

connection with restricted stock and stock options								
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)
Non-controlling interest of acquired companies	—	—	—	—	—	—	(2,765)	(2,765)
Consideration received from non-controlling interest	—	—	—	(253)	—	—	21,033	20,780
Amounts due from non-controlling interest holders	—	—	—	—	—	—	(10,565)	(10,565)
Net income	—	—	—	104,989	—	—	12,303	117,292
Net cost of hedge on convertible notes	—	—	3,038	—	—	—	—	3,038
Foreign currency translation	—	—	—	—	16,486	—	—	16,486
Distributions to joint ventures	—	—	—	—	—	—	(8,516)	(8,516)
Equity portion of convertible notes			52,362				—	52,362
Balance at January 1, 2014 - (Restated)	77,048	$ 77	$ 906,481	$ 614,340	$ 16,486	$ (599,816)	$ 122,929	$ 1,060,497
Shares issued on vesting of restricted stock	883	1	—	—	—	—	—	1
Purchase of minority interest in consolidated joint venture			(525)				—	(525)

Shares issued on exercise of stock options and warrants	1,332	1	10,087	—	—	—	—	10,088
Tax benefit of stock option exercises	—	—	10,703	—	—	—	—	10,703
Tax effect on formation of joint venture			(4,316)					(4,316)
Compensation expense in connection with restricted stock and stock options	—	—	18,492	—	—	—	—	18,492

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	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total
Shares repurchased on the open market	—	—	—	—	—	(193,434)	—	(193,434)
Cost of shares repurchased on vesting of restricted stock	—	—	—	—	—	(19,179)	—	(19,179)
Non-controlling interest of acquired companies	—	—	—	—	—	—	11,526	11,526
Payments from non-controlling interest holders	—	—	—	—	—	—	549	549
Change in redemption value of redeemable non-controlling interest holders	—	—	—	(3,051)	—	—	—	(3,051)
Net income	—	—	—	103,723	—	—	15,099	118,822
Foreign currency translation	—	—	—	—	(40,672)	—	—	(40,672)
Distributions to joint ventures	—	—	—	(1,193)	—	—	(16,871)	(18,064)
Balance at January 1, 2015 - Restated	79,263	$ 79	$ 940,922	$ 713,819	$ (24,186)	$ (812,429)	$ 133,232	$ 951,437
Issuance of common stock related to acquisition of interest in joint venture	465	—	15,703	—	—	—	—	15,703
Shares issued on vesting of restricted stock	806	1	—	—	—	—	—	1
Purchase of minority interest in consolidated joint venture			3,863	—			(6,748)	(2,885)
	75	—	321	—	—	—	—	321

Shares issued on exercise of stock options and warrants								
Tax benefit of stock option exercises	—	—	2,006	—	—	—	—	2,006
Compensation expense in connection with restricted stock and stock options	—	—	11,449	—	—	—	—	11,449
Shares repurchased on the open market	—	—	—	—	—	(12,391)	—	(12,391)
Shares repurchased on vesting of restricted stock and exercise of stock options	—	—	—	—	—	(12,359)	—	(12,359)
Non-controlling interest of acquired companies	—	—	—	—	—	—	(9,168)	(9,168)
Payments from non-controlling interest holders	—	—	—	—	—	—	3,523	3,523
Change in redemption value of redeemable non-controlling interest holders	—	—	—	(5,015)	—	—	—	(5,015)
Change in fair value of available for sale securities	—	—	—	—	(703)	—	—	(703)
Net income (loss)	—	—	—	(189,303)	—	—	373	(188,930)
Foreign currency translation	—	—	—	—	(36,004)	—	—	(36,004)
Distributions to joint venture partners	—	—	—	(4,740)	—	—	(17,340)	(22,080)
Balance at December 31, 2015	80,609	$ 80	$974,264	$514,761	$ (60,893)	$(837,179)	$ 103,872	$694,905

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (in thousands)

	Year Ended December 31, 2015	Year Ended December 31, 2014 (Restated)	Year Ended December 31, 2013 (Restated)
Cash flows from operating activities:			
Net income	$(188,930)	$118,822	$117,292
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	1,631	2,605	2,702
Amortization of trademarks and other intangibles	3,088	4,530	7,428
Amortization of deferred financing costs	4,826	5,263	4,816
Amortization of convertible note discount	31,455	29,616	24,838
Stock-based compensation expense	11,449	18,492	20,018
Non-cash gain on re-measurement of equity investment	(49,990)	(28,898)	—
Provision for doubtful accounts	25,128	9,627	9,718
Earnings on equity investments in joint ventures	(5,330)	(11,325)	(10,211)
Distributions from equity investments	5,954	7,145	13,116
Gain on sale of fixed assets	(225)	—	—
Impairment of trademarks and goodwill	437,524	—	—
Gain on sale of securities	—	(342)	(5,395)
Gain on sale of trademarks	—	(6,399)	(7,354)
Deferred income tax provision	(112,836)	32,124	22,936
Gain on foreign currency translation	(9,488)	—	—
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts receivable	(12,893)	(22,575)	9,741
Other assets – current	(1,779)	(13,209)	(7,946)
Other assets	15,886	(4,142)	(12,054)
Deferred revenue	8,158	(5,025)	6,102
Accounts payable and accrued expenses	26,613	23,700	(4,155)
Net cash provided by operating activities	190,241	160,009	191,592
Cash flows used in investing activities:			
Purchases of property and equipment	(1,433)	(1,505)	(1,209)
Acquisition of interest in Buffalo and related loan	—	—	(76,500)
Acquisition of Lee Cooper	—	—	(66,667)
Acquisition of interest in Complex Media	—	—	(25,120)
Acquisition of interest in Marcy Media Holdings	—	—	(32,000)
Acquisition of interest in Latin America	—	(42,000)	—
Acquisition of interest in NGX	—	(6,000)	—
Acquisition of interest in Hydraulic	—	(6,000)	—
Acquisition of interest in iBrands	—	(2,500)	—
Acquisition of interest in Iconix China, net of cash acquired	(20,400)	—	—

Acquisition of interest in Pony	(37,000)	—	—
Acquisition of interest in Strawberry Shortcake	(95,000)	—	—
Issuance of note to American Greetings	(10,000)	—	—
Proceeds received from note due from American Greetings	3,750	—	—
Acquisition of trademarks from Iconix Southeast Asia	(3,500)	—	—
Purchase of securities	—	(5,998)	5,395
Additional investments in joint ventures	—	—	(744)
Proceeds received from note due from Buffalo International	7,727	8,948	11,560
Proceeds from the sale of securities	—	6,341	—
Proceeds from sale of trademarks and related notes receivable	3,030	—	24,519
Proceeds from sale of fixed assets	225	—	—
Additions to trademarks	(438)	(915)	(8,372)
Net cash used in investing activities	(153,039)	(49,629)	(169,138)
Cash flows (used in) provided by financing activities:			
Shares repurchased on the open market	(12,391)	(193,434)	(436,419)
Proceeds from Variable Funding Notes	100,000	—	—
Proceeds from long-term debt	—	—	392,000

	Year Ended December 31, 2015	Year Ended December 31, 2014 (Restated)	Year Ended December 31, 2013 (Restated)
Proceeds from sale of warrants	—	—	57,707
Proceeds from sale of trademarks and related notes receivables to consolidated joint ventures	21,162	24,915	17,347
Payment for purchase of convertible note hedge	—	—	(84,106)
Payment of long-term debt	(61,124)	(62,856)	(95,113)
Deferred financing costs	(496)	—	(3,838)
Acquisition of interest in Scion	(6,000)	—	—
Payment of note payable to Purim	(2,000)	—	(3,000)
Acquisition of interest in IPH Unltd	—	—	(45,000)
Additional payment to Purim	—	—	—
Distributions to non-controlling interests	(22,080)	(18,064)	(8,290)
Excess tax benefit from share-based payment arrangements	(2,006)	10,706	1,193
Cost of shares repurchased on vesting of restricted stock and exercise of stock options	(15,515)	(16,024)	(3,707)
Proceeds from exercise of stock options and warrants	321	10,088	353
Proceeds from Securitization	—	—	270,188
Restricted cash	10,015	(9,163)	(42,496)
Net cash provided by (used in) financing activities	9,886	(253,832)	16,819
Effect of exchange rate changes on cash	(5,156)	(7,298)	844
Net increase (decrease) in cash and cash equivalents	41,932	(150,750)	40,117
Cash and cash equivalents, beginning of period	128,039	278,789	238,672
Cash and cash equivalents, end of period	$ 169,971	$ 128,039	$ 278,789

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Supplemental disclosure of cash flow information:	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Cash paid during the period:			
Income taxes (net of refunds received)	$ (11,724)	$ 3,508	$ 20,054
Interest	$ 48,102	$ 48,224	$ 40,410
Non-cash investing and financing activities:			
Sale of trademarks for note receivable	$ —	$ 51,246	$ 15,763
Shares repurchased on the open market included in payable	$ —	$ 3,156	$ —
Issuance of shares in connection with purchase of Iconix China	$ 15,703	$ —	$ —
Note payable in connection with purchase of Umbro China and Lee Cooper China trademarks	$ 8,400	$ —	$ —
Shares repurchased on vesting of restricted stock included in accrued expenses	$ —	$ —	$ —

See accompanying notes to consolidated financial statements.

Iconix Brand Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Information as of and for the Years Ended December 31, 2015 and 2014 and for the Year Ended December 31, 2013

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

The Company

General

Iconix Brand Group is a brand management company and owner of a diversified portfolio of over 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.

At December 31, 2015, 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 ®, Lee Cooper ®, Strawberry Shortcake ®, and Artful Dodger ®; and interest in Material Girl ®, Peanuts ®, Ed Hardy ®, Truth or Dare ®, Billionaire Boys Club ®, Ice Cream ®, Modern Amusement ®, Buffalo ®, Nick Graham ®, Hydraulic ®, and PONY ®.

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 through 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.

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.

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.

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 (where the Company is the primary beneficiary) and majority owned subsidiaries, the Company consolidates fifteen joint ventures (Scion, Peanuts Holdings, Hardy Way, Icon Modern Amusement, Alberta ULC, Iconix Europe, Hydraulic IP Holdings, NGX, LLC, Iconix China (100% owned as of March 2015), Iconix Latin America (100% owned as of February 2014), Iconix Canada, Iconix Israel, Iconix Middle East, Iconix Southeast Asia and LC Partners US; see Note 3 for explanation). All significant intercompany transactions and balances have been eliminated in consolidation.

In accordance with Accounting Standards Codification ("ASC") 810—Consolidation ("ASC 810"), the Company evaluates the following criteria to determine the accounting for its joint ventures: 1) consideration of whether the joint venture is a variable interest entity which includes reviewing the corporate structure of the joint venture, the voting rights, and the contributions of the Company and the joint venture partner to the joint venture, 2) if the joint venture is a VIE, whether or not the Company is the primary beneficiary, a determination based upon a variety of factors, including: i) the presence of installment payments which constitutes a de facto agency relationship between the Company and the joint venture partner, and ii) an evaluation of whether the Company or the joint venture partner is more closely associated with the joint venture. If the Company determines that the entity is a variable interest entity and the Company is the primary beneficiary, then the joint venture is consolidated. For those entities that are not considered variable interest entities, or are considered variable interest entities but the Company is not the primary beneficiary, the Company uses either the equity method or the cost method of accounting, depending on a variety of factors as set forth in ASC 323—Investments ("ASC 323"), to account for those investments and joint ventures which are not required to be consolidated under US 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 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, 2013 the Company has acquired the following brands:

Date Acquired	Brand
February 2013	Lee Cooper
March 2015	Strawberry Shortcake

Since January 1, 2013 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, 2015:

Date Acquired/Invested	Brand	Investment / Joint Venture	Iconix's Investment	
February 2013	Buffalo	Alberta ULC	51	%
November 2014	Nick Graham	NGX	51	%
December 2014	Hydraulic	Hydraulic IP Holdings	51	%
February 2015	PONY	US PONY Holdings, LLC	75	%

Further, since January 1, 2013 the Company established the following joint ventures to develop and market the Company's brands in specific markets:

Date Created	Investment / Joint Venture	Iconix's Investment	
September 2013	Iconix Australia	50	%
June 2013	Iconix Canada	50	%
October 2013	Iconix Southeast Asia	50	%
December 2013	Iconix Israel	50	%
March 2014	LC Partners US	50	%
December 2014	Iconix Middle East	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 US GAAP 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. In addition, as of December 31, 2015, approximately $83.9 million, or 38.2%, of our total cash (including restricted 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.

Restricted Cash

Restricted cash 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.

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.

One customer accounted for 14% of the Company's total revenue for the year ended December 31, 2015 ("FY 2015"), 14% of the Company's total revenue for the year ended December 31, 2014 ("FY 2014"), and 14% of the Company's total revenue for the year ended December 31, 2013 ("FY 2013").

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, 2015 and 2014, the Company's provision for doubtful accounts was $8.4 million and $8.7 million, respectively.

One customer accounted for approximately 10% of the Company's accounts receivable, (which includes long-term accounts receivables included in other assets on the Company's consolidated balance sheets) as of December 31, 2015 and two customers accounted for 14% and 11% of the Company's accounts receivable (which includes long-term accounts receivable included in other assets on the Company's consolidated balance sheets), respectively, as of December 31, 2014.

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 statement of operations, 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. The Company had no derivative instruments in FY 2015 or FY 2014.

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 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.

Assumptions used in our fair value estimates are as follow: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; and (iv) projected long-term growth rates. The testing also factors in economic conditions and expectations of management and may change in the future based on period-specific facts and circumstances. During FY 2015, FY 2014 and FY 2013, there were no impairments of long-lived assets other than the non-cash impairment charges for goodwill and trademarks in FY 2015 noted below.

Goodwill and Trademarks

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 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). Assumptions used in our fair value estimates are as follow: (i) discount rates; (ii) royalty rates; (iii) projected average revenue growth rates; and (iv) projected long-term growth rates. The testing also factors in economic conditions and expectations of management and may change in the future based on period-specific facts and circumstances.

Goodwill by segment and in total, and changes in the carrying amounts, as of the dates indicated are as follows:

	Women's	Men's	Home	Entertainment	Corporate	Consolidated
Net goodwill at December 31, 2013	$114,919	$53,270	$46,171	$ 17,654	$ —	$ 232,014
Acquisitions	694	320	104	—	—	1,118
Foreign Currency Adjustment	(92)	(264)		—	—	(356)
Net goodwill at December 31, 2014	$115,521	$53,326	$46,275	$ 17,654	$ —	$ 232,776
Acquisitions	6,332	17,324	685	35,375		59,716
Foreign Currency Adjustment	(70)	(195)	—	—	—	(265)
Impairment	—	(35,132)	—	—	—	(35,132)
Net goodwill at December 31, 2015	$121,783	$35,323	$46,960	$ 53,029	$ —	$ 257,095

In February 2015, the Company completed the acquisition of the PONY brand and related assets. In allocating the purchase price of this acquisition, $14.7 million was allocated to goodwill.

In March 2015, the Company completed the acquisition of the Strawberry Shortcake brand and related assets. In allocating the purchase price of this acquisition, $35.4 million was allocated to goodwill. Additionally, in March 2015, the Company completed the acquisition of the remaining 50% interest in the Iconix China joint venture and related assets. In allocating the purchase price of this acquisition, $9.6 million was allocated to goodwill.

In February 2014, the Company completed the acquisition of the remaining 50% interest in the Iconix Latin America joint venture and related assets. In allocating the purchase price of this acquisition, $1.1 million was allocated to goodwill.

See Note 3 for details of these transactions.

The Company identifies its operating segments according to how business activities are managed and evaluated. Prior to April 1, 2015, the Company had disclosed one reportable segment. Following such quarter, the Company has reviewed its business activities, how they are managed and evaluated, and determined that it would reflect five distinct reportable operating segments: men’s, women’s, home, entertainment and corporate. These operating segments represent individual reporting units for purposes of evaluating goodwill for 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.

In connection with the preparation of the Company's consolidated financial statements for the fourth quarter of FY 2015, the Company concluded that the decline in net sales in certain brands within the men's segment and an inability to secure additional license agreements with guaranteed minimum royalties in future periods for these brands were indicators of impairment. See Note 2 for details of the impairment charges associated with the non-amortizable trademarks. Consequently, in accordance with ASC-802-10-55-3D, utilizing the Income Approach (refer to Note 2 for further details), the Company performed a two-step goodwill impairment test and an intangible asset impairment test using a discounted cash flow analysis to evaluate whether the carrying value of each of its segments exceeded its fair value. Based upon the results of step 1, the Company noted that the carrying value of the men's segment exceeded its fair value after first reflecting the impairment to trademarks. In accordance with step 2 of the goodwill impairment test and based on the Company's evaluation of the results of the goodwill impairment test, the Company recorded a non-cash impairment charge of $35.1 million in the fourth quarter of FY 2015 in its men's segment primarily due to the decline in net sales as noted above and to a lesser extent changes to certain inputs and assumptions in the valuation model.. The fair value of the goodwill in the other segments of the Company exceeded the book value of the goodwill and accordingly, no goodwill impairment was recognized for these segments during the fourth quarter of fiscal 2015.

The Company evaluated its market capitalization as a consideration of goodwill impairment. However, the Company does not believe that the significant decline in the Company's stock price in FY 2015 (resulting in the Company's market capitalization being below its enterprise value) was an indicator of impairment as management believes that the decline in the stock price is temporary given various factors as follows: (i) appointment of the new CEO, (ii) refinancing of the Company's 2.50% Convertible Notes which are due June 2016, (iii) completion of the restatement of its historical financial statements and the related management review of historical accounting transactions (see Note 19 – Subsequent Events and Note 21 – Restatement in Notes to Consolidated Financial Statements for further details). In addition, there has been no change in the Company's overall business strategy or operations and no major losses of licensees, license agreements or revenues. The Company will continue to monitor its market capitalization in future periods.

In the fourth quarter of FY 2015, the Company recognized non-cash impairment charge for goodwill and trademarks of $35.1 million and $402.4 million, respectively.

Non-controlling Interests / Redeemable Non-controlling Interests

The Company may enter into certain joint venture agreements with joint venture partners in which the Company allows the joint venture partner to pay a portion of the purchase price in cash at the time of the formation of the joint venture with the remaining cash consideration paid over a specified period of time. The Company records the amounts due from the joint venture partners as a reduction of Non-controlling Interests, net of installment payments or Redeemable Non-controlling Interests, net of installment payments (ie. mezzanine equity), as applicable, in the Company's consolidated balance sheet accordance with ASC 505-10-45, Classification of a Receivable from a Shareholder as these installment payments result from the issuance of shares classified as mezzanine equity. The Company accretes the present value discount on these installment payments through interest income on its consolidated statements of operations. In addition, the Company accretes the redeemable non-controlling interest amounts periodically to its estimated redemption amounts.

Revenue Recognition

The Company enters into various license agreements that provide revenues based on minimum royalties and advertising/marketing fees and additional revenues based on a percentage of defined sales. Minimum royalty and advertising/marketing revenue is recognized on a straight-line basis over the term of each contract year, 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. Payments received as consideration of the grant of a license or advanced royalty payments are recognized ratably as revenue over the term of the license agreement and are reflected on the Company's consolidated balance sheets as deferred license revenue at the time payment is received and recognized ratably as revenue over the term of the license agreement. Revenue is not recognized unless collectability is reasonably assured. If licensing arrangements are terminated prior to the original licensing period, we will recognize revenue for any contractual termination fees, unless such amounts are deemed non-recoverable.

Gains on sale of trademarks

From time to time, we sell a brand's territories and/or categories through joint venture transactions which is a central and ongoing part of our business. Since our goal is to maximize the value of the IP, we evaluate sale opportunities by comparing whether the offer is more valuable than the current and potential revenue stream in the Company's traditional licensing model. Further, as part of the Company's evaluation process, it will also look at whether or not the buyer's future development of the brand could help expand the brands global recognition and revenue. The Company considers, among others, the following guidance in determining the appropriate accounting for gains recognized from the initial sale of our brands/trademarks to our joint ventures: ASC 323, Investments-Equity Method and Joint Venture , ASC 605, Revenue Recognition , ASC 810, Consolidations, ASC 845, Nonmonetary Transactions—Exchanges Involving Monetary Consideration and Staff Accounting Bulletin No. 104.

Additionally, the Company determines the cost of the trademarks sold by applying the relative fair market value of the proceeds received in the transaction to the book value of the trademarks on the Company's consolidated balance sheet at the time of the transaction.

Foreign Currency

The Company’s consolidated joint ventures’ functional currency is U.S. dollars. The functional currencies of the Company’s international subsidiaries are the local currencies of the countries in which the subsidiaries are located. Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Results of operations and cash flows are translated using the average exchange rates throughout the period. The effect of exchange rate fluctuations on translation of assets and liabilities is included as a component of shareholders’ equity in accumulated other comprehensive income (loss).

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 (Loss) Per Share

Basic earnings (loss) per share includes no dilution and is computed by dividing net income (loss) 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.

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 2015, FY 2014 and FY 2013 amounted to $32.3 million, $29.7 million, and $25.9 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 changes in fair value of available for sale securities.

New Accounting Standards

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-17, which eliminates the guidance in ASC Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and noncurrent amounts in a classified balance sheet. The amendments require that all deferred tax liabilities and assets of the same tax jurisdiction or a tax filing group, as well as any related valuation allowance, be offset and presented as a single noncurrent amount in a classified balance sheet. This ASU is effective for annual and interim periods beginning after December 31, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period. Entities may adopt the guidance prospectively or retrospectively. The Company plans to adopt the new standard effective January 1, 2017.

In September 2015, the FASB issued ASU No. 2015-16, which simplifies the accounting under ASC Topic 805 for adjustments made during the measurement period to provisional amounts recognized in a business combination. The amendments in this update require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition an entity is required to present separately on the face of the statement of operations or disclose in the notes to the financial statements the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This ASU is effective for annual and interim periods beginning after December 15, 2015. Early adoption is allowed for all entities for financial statements that have not been previously issued. The Company early adopted the new standard in FY 2015, which had an immaterial effect on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, which changes the presentation of debt issuance costs in financial statements. Under this ASU, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The standards' core principle is debt issuance costs related to a note shall be reported in the balance sheet as a direct deduction from the face amount of that note and that amortization of debt issuance costs also shall be reported as interest expense. This ASU is effective for annual and interim periods beginning after December 15, 2015. Early adoption is allowed for all entities for financial statements that have not been previously issued. Entities would apply the new guidance retrospectively to all prior periods (i.e., the balance sheet for each period is adjusted). The Company will adopt the new standard effective January 1, 2016.

In April 2015, the FASB issued ASU No. 2015-05, Customers' Accounting for Fees Paid in a Cloud Computing Arrangement ("ASU 2015-05"). ASU 2015-05 will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance as to whether an arrangement includes the sale or license of software. ASU 2015-05 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. We are currently evaluating the impact of adopting this guidance, but do not expect this new guidance to have a material impact on our consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under U.S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2017, and early adoption will be permitted as of the original effective date of December 15, 2016 in ASU 2014-09. Companies will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. We are currently evaluating the impact of adopting this guidance.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on our consolidated financial statements.

Presentation of Prior Year Data

Certain reclassifications, which were immaterial, 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, 2015 Gross Carrying Amount	Accumulated Amortization	December 31, 2014 Gross Carrying Amount	Accumulated Amortization
Indefinite-lived trademarks and copyrights	Indefinite	$1,691,411	$ —	$1,986,350	$ —
Definite-lived trademarks	10-15	6,232	3,688	17,404	10,985
Non-compete agreements	2-15	940	686	940	450
Licensing contracts	1-9	4,844	2,529	11,803	8,728
		$1,703,427	$ 6,903	$2,016,497	$ 20,163
Trademarks and other intangibles, net			$ 1,696,524		$ 1,996,334

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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, Lee Cooper, Hydraulic, Nick Graham, Strawberry Shortcake and Pony 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 statements of operations. 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.

The Company recorded impairment charges for indefinite-lived intangible assets consisting of trademarks in the fourth quarter of fiscal 2015. In connection with the preparation of the Company's financial statements for the fourth quarter of fiscal 2015, the Company concluded that the decline in net sales of certain Men's brands (Ecko, Rocawear, Ed Hardy, Artful Dodger, Nick Graham and Hydraulic) and certain Home brands (Royal Velvet and Cannon) as well as a decline in future guaranteed minimum royalties from license agreements for these brands were indicators of impairment.

The Company measured its indefinite-lived intangible assets for impairment in accordance with ASC-802-10-55-3D which states, "The income approach converts future amounts (for example cash flows) in income and expenses in a single current (that is, discounted) amount. When the income approach is used, fair value measurement reflects current market expectations about those future amounts. The Income Approach is based on the present value of future earnings expected to be generated by a business or asset. Income projections for a future period are discounted at a rate commensurate with the degree of risk associated with future proceeds. A residual or terminal value is also added to the present value of the income to quantify the value of the business beyond the projection period."

The Company recorded non-cash asset impairment charges of $362 million in the men's segment to reduce the Ecko, Rocawear, Ed Hardy, Artful Dodger, Nick Graham, and Hydraulic trademarks to fair value in the fourth quarter of fiscal 2015. The Company recorded non-cash asset impairment charges of $40 million in the home segment to reduce the Royal Velvet and Cannon trademarks to fair value in the fourth quarter of fiscal 2015. Changes in estimates and assumptions used to determine whether impairment exists or changes in actual results compared to expected results could result in additional impairment charges in future periods.

Consistent with ASC Topic 350, there was no impairment of the indefinite-lived trademarks during FY 2014 and FY 2013. 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 2015, FY 2014, and FY 2013.

The decrease in indefinite-lived trademarks is due primarily to the impairments of Ecko, Rocawear and Ed Hardy brands trademark by $129 million, $169 million, and $54 million, respectively, within the men's segment, and impairment of Royal Velvet brand trademark by $38 million within the home segment. Other amortizable intangibles primarily include non-compete agreements and contracts and are amortized on a straight-line basis over their estimated useful lives of 1 to 15 years. Certain trademarks are amortized using estimated useful lives of 10 to 15 years with no residual values.

In March 2015, the Company acquired the 50% interest in Iconix China held by its joint venture partner, thereby increasing its ownership interest in Iconix China to 100%. As a result of this transaction, Iconix China is now consolidated with the Company, which increased the Company's indefinite-lived trademarks by $40.5 million. See Note 3 for further details on this transaction.

In March 2015, the Company acquired the Strawberry Shortcake brand. As a result of this transaction the Company's indefinite-lived trademarks and licensing contracts increased by an aggregate $56.2 million. See Note 3 for further details on this transaction.

In February 2015, the Company acquired through its wholly-owned subsidiary, US Pony Holdings, LLC, the rights to the Pony brand in respect of the United States, Canada and Mexico. Immediately following such acquisition, a third party contributed specified assets to US Pony Holdings, LLC in exchange for a 25% non-controlling interest in the entity. As a result of these transactions, US Pony Holdings, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks and licensing contracts by $32.6 million. See Note 3 for further details on this transaction.

In December 2014, the Company acquired a 51% controlling interest in Hydraulic IP Holdings, LLC. As a result of this transaction, Hydraulic IP Holdings, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks by $9.5 million. See Note 3 for further details on this transaction.

In December 2014, the Company acquired a 51% controlling interest in NGX, LLC. As a result of this transaction, NGX, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks by $9.0 million. See Note 3 for further details on this transaction.

In June 2014, the Company sold the exclusive right to use the “sharperimage.com” domain name and Sharper Image trademark in connection with the operation of a branded website and catalog distribution in specified jurisdictions, thereby decreasing indefinite-lived trademarks by approximately $3.6 million.

In February 2014, the Company acquired the 50% interest in Iconix Latin America held by its joint venture partner, thereby increasing its ownership in Iconix Latin America to 100%. As a result of this transaction, Iconix Latin America is now consolidated with the Company, which increased the Company’s indefinite life trademarks by $82.4 million.

In January 2014, the Company acquired a 1% interest in Iconix Europe, thereby increasing its ownership in Iconix Europe to 51%, in addition the Iconix Europe agreement was amended to provide for additional rights to the Company. As a result of this transaction, Iconix Europe is now consolidated with the Company, which increased the Company’s indefinite life trademarks by $27.0 million. See Note 3 for further explanation of these transactions.

Amortization expense for intangible assets for FY 2015, FY 2014 and FY 2013 was $3.1 million, $4.5 million and $7.4 million, respectively. The Company projects amortization expenses to be $1.7 million, $0.9 million, $0.4 million, $0.2 million and $0.2 million for FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020, respectively.

3. Consolidated Entities

The following entities and joint ventures are consolidated with the Company:

Iconix China

In September 2008, the Company and Novel Fashions Brands 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 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 March 2015, the Company purchased from Novel its 50% interest in Iconix China for $57.4 million (the “2015 Buy-out”), of which $40.4 million was paid in cash, $15.7 million was paid in the Company’s common stock, and $1.3 million was an amount due the Company from Iconix China that was offset against the Company’s accounts receivable, thereby taking 100% of the equity interest in Iconix China. The following is a reconciliation of consideration paid to Novel:

Cash paid to Novel	$40,400

Shares issued to Novel	15,703
Offset of accounts receivable	1,269
Fair value of 50% interest in Iconix China	$57,372

As a result of the 2015 Buy-out, Iconix China is subject to consolidation and is included in the Company's consolidated financial statements as of March 2015.

The estimated fair value of the assets acquired, less liabilities assumed, is allocated as follows:

Fair value of 50% interest in Iconix China	$57,372
Book value of Company equity investment prior to 2015 Buy-out	7,382
Gain on re-measurement of initial equity investment	49,990
	$114,744
Trademarks	40,501
Investments in private companies	38,870
Cash	20,184
Other assets	5,997
Accrued expenses	(447)
Goodwill	9,639
	$114,744

Other assets consist primarily of securities of a company publicly traded on the Hong Kong Stock Exchange. These assets are being accounted for as available-for-sale securities. As such, any increase or decrease in fair value is recorded with accumulated other comprehensive income and is not included on the Company's consolidated statement of operations.

The Iconix China trademarks have been determined by management to have an indefinite useful life and accordingly no amortization is being recorded in the Company's consolidated statement of operations. The goodwill and trademarks are subject to a test for impairment on an annual basis. The $9.6 million of goodwill resulting from the 2015 Buy-out is deductible for income tax purposes.

For FY 2015, post-acquisition, the Company recognized approximately $0.6 million, in revenue from such assets. In addition, the Company's selling, general and administrative expenses increased by $1.0 million for FY 2015, and equity earnings on joint ventures increased by $2.3 million for FY 2015 as a result of consolidating Iconix China on the Company's consolidated statement of operations.

As part of this transaction, the Company also acquired, through its ownership of 100% of Iconix China, equity interests in the following private companies with an aggregate fair value of approximately $38.9 million: Candies Shanghai Fashion Co. Ltd. (which can be put by Iconix China to Shanghai La Chappelle Fashion Co., Ltd. for cash based on a pre-determined formula); Mark Ecko China Ltd.; Ningbo Material Girl Fashion Co., Ltd.; Tangli International Holdings Ltd.; and Ecko Industry (Shanghai) Co., Ltd. See section entitled "Investments in Iconix China" for further detail on such investments.

Strawberry Shortcake

In March 2015, the Company completed its acquisition from American Greetings Corporation and its wholly-owned subsidiary, Those Characters From Cleveland, Inc. (collectively, "AG" or the "Seller"), of all of AG's intellectual property rights and licenses and certain other assets relating to the Strawberry Shortcake brand pursuant to an asset purchase agreement entered into in February 2015.

In accordance with the terms of the asset purchase agreement, the Company paid the Seller $105.0 million in cash at closing of which $95.0 million was treated as consideration for the acquisition and the remaining $10.0 million was the issuance of a note due from AG.

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

Cash paid to AG by the Company	$95,000
Trademarks	$55,761
License agreements	467
Accounts receivable	3,397
Goodwill	35,375
	$95,000

The note receivable represents amounts due from AG in respect of non-compete payments pursuant to a license agreement entered into with AG simultaneously with the closing of the transaction. The note is in the principal amount of $10.0 million and is paid in equal quarterly installments over a two year period.

For FY 2015, post-acquisition, the Company recognized approximately $7.9 million, in revenue from such assets. The $35.4 million of goodwill resulting from the 2015 acquisition is deductible for income tax purposes.

PONY

In February 2015, the Company, through its then newly-formed subsidiary, US Pony Holdings, LLC, ("Pony Holdings") acquired the North American rights to the PONY brand. These rights include the rights in the US obtained from Pony, Inc. and Pony International, LLC (collectively, "US Pony Seller"), and the rights in Mexico and Canada obtained from Super Jumbo Holdings Limited ("Non-US Pony Seller" and, together with US Pony Seller, the "Pony Sellers"). The purchase price paid by the Company was $37.0 million. Pony Holdings is owned 75% by the Company and 25% by its partner Anthony L&S Athletics, LLC ("ALS"). ALS contributed to Pony Holdings its perpetual license agreement in respect of the U.S. and Canadian territories for a 25% interest in Pony Holdings. Additionally, the Company received an option to purchase, until February 28, 2015, from the Pony Sellers and their affiliates certain intellectual property-related assets and trademarks related to the Pony brand in Europe, the Middle East and Africa and was assigned by ALS the option to purchase from Pony Sellers and their affiliates certain intellectual property-related assets and trademarks related to the Pony brand in Latin America, which expired May 1, 2015. The Company did not exercise either of such options.

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

Cash paid to Pony Sellers	$37,000
Fair value of 25% non-controlling interest of ALS	12,333
Fair value of Pony	$49,333

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

Trademarks	$32,381
License agreements	250
Accounts receivable	2,000
Goodwill	14,702
Fair value of Pony	$49,333

Accounting Standards Codification ("ASC") 810 - "Consolidations" ("ASC 810") affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. The Company owns a 75% membership interest in Pony Holdings compared to the minority owner's 25% 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 Pony Holdings. As such, Pony Holdings is subject to consolidation with the Company, which is reflected in the consolidated financial statements.

For FY 2015, post-acquisition, the Company recognized approximately $2.0 million in revenue from Pony Holdings. The $14.7 million of goodwill resulting from the 2015 acquisition is deductible for income tax purposes.

Iconix Middle East Joint Venture

In December 2014, the Company formed Iconix MENA ("Iconix Middle East") a wholly owned subsidiary of the Company and contributed to it 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 "Middle East Territory"). Shortly thereafter, Global Brands Group Asia Limited ("GBG"), purchased a 50% interest in Iconix Middle East for approximately $18.8 million. GBG paid $6.3 million in cash upon the closing of the transaction and committed to pay an additional $12.5 million over the 24-month period following closing. As a result of this transaction, the Company incurred $3.1 million of expenses related to its diligence and market analysis in the Iconix Middle East Territory. As of December 31, 2015, $6.1 million, net of discount for present value, remaining due to the Company from GBG, is net against the redeemable non-controlling interest on the consolidated balance sheet.

Pursuant to the joint venture agreement entered into in connection with the formation of Iconix Middle East, each of GBG and the Company holds specified put and call rights, respectively, relating to GBG's ownership interest in the joint venture.

Company Two-Year Call Option: At any time during the six month period commencing December 19, 2016, the Company has the right to call up to 5% of the total equity in Iconix Middle East from GBG for an amount in cash equal to $1.8 million.

Five-Year and Eight-Year Put/Call Options: At any time during the six month period commencing December 19, 2019, and again at any time during the six month period commencing December 19, 2022, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of all equity in the joint venture held by GBG. In the event of the exercise of such put or call rights, the purchase price for GBG's equity in Iconix Middle East is an amount equal to (x) the Agreed Value (in the event of GBG put) or (y) 120% of Agreed Value (in the event of an Iconix call). The purchase price is payable in cash.

Agreed Value—Five-Year Put/Call: (i) Percentage of Iconix Middle East owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) aggregate royalty generated by Iconix Middle East for the year ending December 31, 2019; provided, however, that such Agreed Value cannot be less than $12.0 million

Agreed Value—Eight-Year Put/Call: (i) Percentage of Iconix Middle East owned by GBG, multiplied by (b) 5.5, multiplied by (iii) aggregate royalty generated by Iconix Middle East for the year ending December 31, 2022; provided, however, that the Agreed Value cannot be less than $12.0 million.

The Company serves as Iconix Middle East's administrative manager, responsible for arranging for or providing back-offices services, including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of Iconix Middle East Territory. Further Iconix Middle East has access to general brand marketing materials prepared and owned by the Company to refit for use by the joint venture in marketing brands in the Middle East Territory. GBG serves as Iconix Middle East's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. The Company receives a monthly fee in connection with the performance of its services as administrative manager in an amount equal to 5% of Iconix Middle East's gross revenue collected in the prior month (other than in respect of the Umbro and Lee Cooper brands). GBG receives a monthly fee in connection with the performance of its services as local manager in an amount equal to 15% of Iconix Middle East's gross revenue collected in the prior month (other than in respect of the Umbro and Lee Cooper brands). In addition, following the closing of GBG's purchase of 50% of Iconix Middle East, GBG received from the Company $3.1 million for expenses related to its diligence and market analysis in the Iconix Middle East Territory, which reduced the cash received by the Company in relation to this transaction as of December 31, 2014.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and GBG, that Iconix Middle East is a variable interest entity (VIE) and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

LC Partners U.S.

In March 2014, the Company formed LC Partners US, LLC ("LCP"), a wholly-owned subsidiary of the Company, and contributed to it substantially all its rights to the Lee Cooper brand in the US through an agreement with LCP. Shortly thereafter, Rise Partners, LLC ("Rise Partners"), purchased a 50% interest in LCP for $4.0 million, of which $0.8 million in cash was received during FY 2014, with the remaining $3.2 million to be paid in four equal annual installments on the first through the fourth anniversaries of the closing date. As of December 31, 2015, the $2.4 million, remaining due to the Company, is netted against the redeemable non-controlling interest on the consolidated balance sheet.

Pursuant to the operating agreement entered into in connection with the formation of LCP, Rise Partners holds specified put rights, relating to its ownership interest in the joint venture.

Put Option: For the 30 day period following (x) a change of control of the Company occurring prior to December 31, 2019; and (y) December 31, 2019, if Rise Partners has paid the purchase price for its interest in LCP in full, Rise Partners may deliver a put notice to the Company for the Company's purchase of all the equity in LCP held by Rise Partners at a purchase price in cash equal to the greater of: (i) $4.0 million and (ii) an amount equal to (x) 5, multiplied by (y) the product of (1) 0.10 and (2) the amount of net wholesale sales of applicable Lee Cooper branded product sold in the US for the annual period ending December 31, 2019.

The Company serves as LCP's administrative manager, responsible for arranging for or providing back-office services, including legal maintenance of trademarks (e.g. renewal of trademark registrations) in respect of the Lee Cooper brand in the US. Further LCP has access to general brand marketing materials prepared and owned by the Company to refit for use by LCP in marketing the Lee Cooper brand in the US.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Rise Partners, that LCP is a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

Iconix Israel Joint Venture

In November 2013, the Company formed Iconix Israel. LLC ("Iconix Israel"), a wholly-owned subsidiary of the Company, and 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") through an 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 in cash upon the closing of the transaction and committed to pay an additional $2.3 million over the 36-month period following closing. As of December 31, 2015, the $0.8 million, remaining due to the Company, from MGS is netted against the non-controlling interest on the consolidated balance sheet.

Pursuant to the operating agreement entered into in connection with the formation of Iconix Israel, the Company holds a call right, exercisable at any time during the six month period following November 14, 2015, on 5% of the total outstanding shares in Iconix Israel held by MGS. The purchase price payable in connection with the Company's exercise of its call option is an amount equal to (i) .05, multiplied by (ii) 6.5, multiplied by (iii) gross cash or property received by Iconix Israel from all sources.

The Company serves as Iconix Israel's administrative manager, responsible for arranging for or providing back-offices services, including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of the Israel Territory. Further, Iconix Israel has access to general brand marketing materials, prepared and owned by the Company to refit for use by the joint venture in the Israel Territory. MGS serves as Iconix Israel's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. Each of the Company and MGS is reimbursed for all out-of-pocket costs incurred in performing its respective services.

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 a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

Iconix Southeast Asia Joint Venture

In October 2013, the Company formed Iconix SE Asia Limited ("Iconix SE Asia"), a wholly owned subsidiary of the Company, and 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 (the "South East Asia Territory"). Shortly thereafter, GBG (f/k/a Li + Fung Asia Limited) purchased a 50% interest in Iconix SE Asia for approximately $12.0 million. GBG paid $7.5 million in cash upon the closing of the transaction and committed to pay an additional $4.5 million over the 24-month period following closing. As a result of this transaction, the Company incurred $2.0 million of consulting costs which were accounted for as a reduction to the cash received.

In June 2014, the Company contributed substantially all rights to its wholly-owned and controlled brands in the Republic of Korea, and its Ecko, Zoo York, Ed Hardy and Sharper Image Brands in the European Union, and Turkey, in each case, to Iconix SE Asia. In return, GBG agreed to pay the Company $15.9 million, of which $4.0 million was paid in cash at closing. The Company guaranteed minimum distributions of $2.5 million in the aggregate through FY 2015 to GBG from the exploitation in the European Union and Turkey of the brands contributed to Iconix SE Asia as part of this transaction. As a result of this transaction, the Company incurred $5.4 million of marketing costs which were accounted for as a reduction to the cash received. In September 2014, the Company's subsidiaries contributed substantially all rights to their Lee Cooper and Umbro brands in the People's Republic of China, Hong Kong, Macau and Taiwan (together, the "Greater China Territory"), to Iconix SE Asia. In return, GBG agreed to pay the Company $21.5 million, of which $4.3 million was paid at closing. The Company guaranteed minimum distributions of $5.1 million in the aggregate through FY 2017 to GBG from the exploitation in the Greater China Territory of the brands contributed to Iconix SE Asia as part of this transaction.

As of December 31, 2015, $7.8 million, net of discount for present value, remaining due to the Company from GBG for the above transactions is netted against the redeemable non-controlling interest on the consolidated balance sheet.

Pursuant to the operating agreement entered into in connection with the formation of Iconix SE Asia, as amended, each of GBG and the Company holds specified put and call rights, respectively, relating to GBG's ownership interest in the joint venture.

Company Two-Year Call Option: At any time during the six month period which commenced October 1, 2015, the Company has the right to call up to 5% of the total equity in Iconix SE Asia from GBG for an amount in cash equal to (x) .10, multiplied by (y) 1.15, multiplied by (z) $38.4 million.

Five-Year and Eight-Year Put/Call Options on South East Asia Territory Rights, Europe/Turkey Rights and Korea Rights: At any time during the six month period commencing October 1, 2018, and again at any time during the six month period commencing October 1, 2021, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights. In the event of the exercise of such put or call rights, the purchase price for such rights is an amount equal to (x) the Agreed Value (in event of a GBG put) or (y) 120% of Agreed Value (in event of a Company call). The purchase price is payable in cash.

Agreed Value—Five-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) the greater of the aggregate royalty generated by Iconix SE Asia in respect of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights (as applicable) for the year ending December 31, 2015 and the year ending December 31, 2018; provided, that the Agreed Value attributable to the Europe/Turkey Rights shall not be less than $7.6 million, plus (iv) in the case of a Full Exercise (i.e., and exercise of all of the Europe/Turkey Rights, South East Asia Territory Rights and Korea Rights), the amount of cash in Iconix SE Asia at such time.

Agreed Value—Eight-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) the greater of the aggregate royalty generated by Iconix SE Asia in respect of the Europe/Turkey Rights, South East Asia Territory Rights and/or Korea Rights (as applicable) for the year ending December 31, 2018 and the year ending December 31, 2021; provided, that the Agreed Value attributable to the Europe/Turkey Rights shall not be less than $7.6 million, plus (iv) in the case of a Full Exercise (i.e., and exercise of all of the Europe/Turkey Rights, South East Asia Territory Rights and Korea Rights), the amount of cash in Iconix SE Asia at such time.

Five-Year and Eight-Year Put/Call Options on Greater China Territory Rights: At any time during the six month period commencing September 17, 2019, and again at any time during the six month period commencing September 17, 2022, GBG may deliver a put notice to the Company, and the Company may deliver a call notice to GBG, in each case, for the Company's purchase of the Greater China Territory Rights. In the event of the exercise of such Greater China Territory put or call rights, the purchase price for such rights is an amount equal to (x) the Agreed Value (in event of a GBG put) or (y) 120% of the Agreed Value (in event of a Company call). The purchase price is payable in cash.

Agreed Value – Five-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) the greater of the aggregate royalty generated by Iconix SE Asia in respect of the Greater China Territory Rights for the year ending December 31, 2015 and the year ending December 31, 2019; provided, that the Agreed Value attributable to the Greater China Territory Rights shall not be less than $15.5 million, plus (iv) in the case of a Full Exercise, the lesser of the (x) the amount of cash in Iconix SE Asia after payment of the Greater China Territory Rights Put/Call Distribution (as described below) and (y) the maximum amount of distributions allowed by applicable law.

Agreed Value – Eight-Year Put/Call: (i) Percentage of Iconix SE Asia owned by GBG, multiplied by (ii) 5.5, multiplied by (iii) greater of aggregate royalty generated by Iconix SE Asia in respect of the Greater China Territory Rights for the year ending December 31, 2019 and the year ending December 31, 2022; provided, that the Agreed Value attributable to the Greater China Territory Rights in respect of the eight year put/call shall not be less than the Agreed Value would have been if the five year put/call had been exercised, plus (iv) in the case of a Full Exercise, the lesser of the (x) the amount of cash in Iconix SE Asia after payment of the Greater China Territory Put/Call Distribution (as described below) and (y) the maximum amount of distributions allowed by applicable law.

Greater China Territory Put/Call Distribution: Prior to closing of a GBG put or a Company call in respect of the Greater China Territory Rights, Iconix SE Asia is required to make pro rata distributions to GBG and the Company in an amount equal to the lesser of: (i) the amount of cash in Iconix SE Asia; (ii) the maximum amount of distributions permitted by applicable law; and (iii) the amount the Company pays to GBG in respect of minimum guaranteed distributions provided for pursuant to the September 2014 Iconix SE Asia transaction described above. GBG is required to pay all amounts it receives from the Greater China Territory Put/Call Distribution to the Company.

The Company serves as Iconix SE Asia’s administrative manager, responsible for arranging for or providing back-office services including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of the territories included in Iconix SE Asia. Further, Iconix SE Asia has access to general brand marketing materials, prepared and owned by the Company, to refit for use by the joint venture in territories included in Iconix SE Asia. GBG serves as Iconix SE Asia’s local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. The Company receives a monthly fee in connection with the performance of its services as administrative manager in an amount equal to 5% of Iconix SE Asia's gross revenue collected in prior month. GBG receives a monthly fee in connection with the performance of its services as local manager in an amount equal to 15% of Iconix SE Asia's gross revenue collected in prior month. In October 2013, and in respect of services that commenced in August 2013 and expired on December 31, 2013, the Company executed a Consultancy Agreement with LF Centennial Limited, an affiliate of Li and Fung Asia Limited, for the provision of brand strategy services in Asia to assist the Company in developing its brands. Pursuant to the Consultancy Agreement, the Company paid LF Centennial Limited four installments of $0.5 million for the provision of such services. The aggregate $2.0 million of consulting costs paid to GBG were a reduction to the cash received in relation to this transaction for the year ended December 31, 2013.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and GBG, that Iconix SE Asia is a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception as well as at the closing of each of the June 2014 and September 2014 transactions. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

In December 2015, the Company purchased GBG's effective 50% interest in the Umbro and Lee Cooper trademarks in Greater China for $24.7 million. The Company, through its wholly-owned subsidiaries, will pay consideration of $24.7 million to GBG which represents GBG's 50% ownership interest in these trademarks. Immediately prior to the consummation of this transaction, the Company, and its wholly owned subsidiaries, had a receivable from GBG of $9.4 million, which represented the balance still owed by GBG from the original September 2014 transaction. It was agreed upon by both parties that this balance would be set off against the consideration to be paid by the Company. At closing, the Company paid $3.5 million in cash to GBG and recorded amounts owed to GBG of approximately $5.2 million and $5.4 million paid to GBG, net of discounts, which are recorded in accounts payable and other accrued expenses and other long term liabilities, respectively, on the consolidated balance sheet as of December 31, 2015. The excess of the purchase price over the non-controlling interest balance was recorded to additional paid-in-capital.

Iconix Canada Joint Venture

In June 2013, the Company formed Iconix Canada L.P. ("Ico Canada") and Ico Brands L.P. ("Ico Brands" and, together with Ico Canada, collectively, "Iconix Canada"), as wholly-owned indirect subsidiaries of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in Canada (the "Canada Territory") through agreements with the Iconix Canada partnerships. Shortly thereafter through their acquisitions of limited partnership and general partnership interests, Buffalo International ULC and BIU Sub Inc. purchased 50% interests in the Iconix Canada partnerships for $17.8 million in the aggregate, of which approximately $8.9 million in the aggregate, was paid in cash upon closing of these transactions in June 2013, and the remaining $8.9 million of which are notes payable to the Company to be paid, as amended, over the five year period following the date of closing, with final payment in June 2018.

Pursuant to agreements entered into in connection with the formation of Ico Canada and Ico Brands, the Company holds specified call options relating to Buffalo International's and BIU Sub's ownership interests in the joint ventures.

Ico Canada Call Option: At any time between the second and third anniversary of June 28, 2013 the Company has the right to call a number of units held by Buffalo International equal to 5% of all units issued and outstanding for an amount in cash equal to the greater of (i) $1.5 million and (ii) 5% of the amount obtained by applying a multiple of 5.5 to the highest of (a) the minimum royalties in respect of the Ico Canada marks for the previous 12 months, (b) the actual royalties in respect of the Ico Canada marks for the previous 12 months, (c) the projected minimum royalties in respect of the Ico Canada marks for the subsequent fiscal period and (d) the average projected minimum royalties in respect of the Ico Canada marks for the subsequent three fiscal periods.

Ico Brands Call Option: At any time between the second and third anniversary of June 28, 2013, the Company has the right to call a number of units held by BIU Sub equal to 5% of all units issued and outstanding for an amount in cash equal to the greater of (i) $0.6 million and (ii) 5% of the amount obtained by applying a multiple of 5.5 to the highest of (a) the minimum royalties in respect of the Ico Brands marks for the previous 12 months, (b) the actual royalties in respect of the Ico Brands marks for the previous 12 months, (c) the projected minimum royalties in respect of the Ico Brands marks for the subsequent fiscal period and (d) the average projected minimum royalties in respect of the Ico Brands marks the subsequent three fiscal periods.

If the total payments to Ico Canada in respect of the Umbro marks for the four-year period following June 28, 2013 are less than $2.7 million, the Company has an obligation to pay Buffalo International an amount equal to the shortfall.

As a result of the Company's prior contribution of the intellectual property and related assets relating to certain of its brands in respect of the Canadian territory (the "Encumbered Canadian Assets") to the Company's securitization, Ico Canada was granted the right to receive an amount equal to the royalty streams from the Encumbered Canadian Assets. Ico Brands has an option to purchase the Encumbered Canadian Assets for one dollar within one year following the earlier of (i) January 15, 2020 and (ii) the later of (a) the release of such assets from the Company's securitization and (b) Ico Brands receipt of notice of such release. If the Company does not deliver such assets to Ico Brands following the exercise of such option, the Company has an obligation to pay liquidated damages to Ico Brands in an amount equal to approximately $4.9 million.

In the case of Ico Brands, BIU Sub serves as the creative shareholder, and is responsible for: (i) approving or disapproving of the creative aspects relating to trademarks and related goods and services offered by licensees; and (ii) approving or disapproving of all other creative aspects of the design, development, manufacture and sale of products bearing the Ico Brands' marks.

As of December 31, 2015, $5.7 million, net of discount for present value, remaining due to the Company from Buffalo International for the above transactions is netted against the non-controlling interest on the consolidated balance sheet.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Buffalo International and BIU Sub, that Ico Canada and Ico Brands are VIEs and, as the Company has been determined to be the primary beneficiary, are subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIEs are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

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) for the exploitation of the Ecko brands in the Latin America Territory. Also in FY 2011, 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.

Prior to the 2014 Buy-out (defined below), based on the corporate structure, voting rights and contributions of the Company and New Brands, Iconix Latin America 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, prior to the 2014 Buy-out, the Company had recorded its investment under the equity method of accounting.

In February 2014, the Company purchased from New Brands its 50% interest in Iconix Latin America for $42.0 million (the "2014 Buy-out"), which was funded entirely from cash on hand, thereby taking full ownership of 100% of the equity interests in Iconix Latin America. The following is a reconciliation of cash paid to New Brands:

Fair value of 50% interest in Iconix Latin America	$42,698
Less: note receivable owed to the Company	(1,695)
Add: accrued distributions due to New Brands	997
Cash paid to New Brands	$42,000

As a result of the 2014 Buy-out and in accordance with ASC Topic 805, the Company recorded a non-cash pre-tax re-measurement gain of approximately $34.7 million, representing the increase in fair value of its original 50% investment in Iconix Latin America. This re-measurement gain is included in other income on the Company's consolidated statement of operations in FY 2014. Further, as a result of the 2014 Buy-out, the balance owed to the Company from New Brands was settled. As a result of the 2014 Buy-out, Iconix Latin America is subject to consolidation and is included in the Company's consolidated financial statements since the time of the buy-out.

The estimated fair value of the assets acquired, less liabilities assumed, is allocated as follows:

Fair value of 50% interest in Iconix Latin America	$42,698
Value of initial equity investment prior to 2014 Buy-out	7,950
Gain on re-measurement of initial equity investment	34,748
	$85,396
Trademarks	82,400
License agreements	700
Cash	1,842
Working capital deficit	(676)
Goodwill	1,130
	$85,396

The Iconix Latin America trademarks have been determined by management to have an indefinite useful life and accordingly, consistent with ASC Topic 350, no amortization is being recorded in the Company's consolidated statement of operations. The goodwill and trademarks are subject to a test for impairment on an annual basis. The $1.1 million of goodwill resulting from the 2014 Buy-out is deductible for income tax purposes.

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.

At inception and prior to the January 2014 transaction described below, 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 VIE and was not subject to consolidation. The Company had recorded its investment under the equity method of accounting.

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 this consent, the Company received $1.5 million from LF Asia. As a result of this transaction, the Company recorded revenue of $1.5 million, which is included in licensing revenue in the Company's consolidated statement of operations for FY 2014. In addition, the Company acquired an additional 1% equity interest in Iconix Europe from LF Asia, and amended the operating agreement (herein referred to as the "IE Operating Agreement") thereby increasing its ownership in Iconix Europe to a controlling 51% interest and reducing its preferred profit distribution from Iconix Europe to $3.0 million after which all profits and losses are recognized 51/49 in accordance with each principal's membership interest percentage.

The estimated fair value of the assets acquired, less liabilities assumed, is allocated as follows:

Fair value of 50% interest in Iconix Europe	$13,800
Value of initial equity investment prior to 2014 Buy-out	19,651
Loss on re-measurement of initial equity investment	(5,851)
	$27,600
Trademarks	27,000
Cash	677
Working capital deficit, excluding cash	(77)
	$27,600

ASC Topic 810 affirms that consolidation is appropriate when one entity has a controlling financial interest in another entity. As a result of this transaction, the Company owns a 51% membership interest in Iconix Europe 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 the minority shareholder with substantive participating rights in Iconix Europe. As such, Iconix Europe is subject to consolidation with the Company, which is reflected in the consolidated financial statements as of December 31, 2014.

Pursuant to the IE Operating Agreement, for a period following the fifth anniversary of the closing of this transaction (i.e. January 2014) and again following the eighth anniversary of the closing of this transaction, the Company has a call option to purchase, and LF Asia has a put option to initiate the Company's purchase of LF Asia's 49% equity interests in Iconix Europe for a calculated amount as defined in the IE Operating Agreement. As a result of the January 2014 transaction, the Company records this redeemable non-controlling interest as mezzanine equity on the Company's consolidated balance sheet. The Company is accreting the difference between the fair value of the put option and the non-controlling interest at inception over the five year term of the first put option to retained earnings on the Company's balance sheet.

Hydraulic IP Holdings, LLC

In December 2014, the Company formed a joint venture with Top On International Group Limited ("Top On"). The name of the joint venture is Hydraulic IP Holdings, LLC ("Hydraulic IPH"), a Delaware limited liability company. The Company paid $6.0 million, which was funded entirely from cash on hand, in exchange for a 51% controlling ownership of Hydraulic IPH. Top On owns the remaining 49% interest in Hydraulic IPH. Hydraulic IPH owns the IP rights, licenses and other assets relating principally to the Hydraulic brand. Concurrently, Hydraulic IPH and iBrands International, LLC ("iBrands") entered into a license agreement pursuant to which Hydraulic IPH licensed the Hydraulic brand to iBrands as licensee in certain categories and geographies. Additionally, the Company and Top On entered into a limited liability company agreement with respect to their ownership of Hydraulic IPH.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and Top On, Hydraulic IPH is a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

NGX, LLC

In October 2014, the Company formed a joint venture with NGO, LLC ("NGO"). The name of the joint venture is NGX, LLC ("NGX"), a Delaware limited liability company. The Company paid $6.0 million, which was funded entirely from cash on hand; in exchange for a 51% controlling ownership of NGX. NGO owns the remaining 49% interest in NGX. NGX owns the IP rights, licenses and other assets relating principally to the Nick Graham brand. Concurrently, NGX and NGL, LLC ("NGL") entered into a license agreement pursuant to which NGX licensed the Nick Graham brand to NGL as licensee in certain categories and geographies. Additionally, the Company and NGO entered into a limited liability company operating agreement with respect to their ownership of NGX.

The Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company and NGO, NGX is a VIE and, as the Company has been determined to be the primary beneficiary, is subject to consolidation. The Company has consolidated this joint venture within its consolidated financial statements since inception. The liabilities of the VIE are not material and none of the VIE assets are encumbered by any obligation of the VIE or other entity.

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 IP 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, less amount classified as a note receivable	$39,614
Fair value of 49% non-controlling interest to sellers	59,489
	$99,103

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

Trademarks	102,643
License agreements	2,400
Non-compete agreement	940
Goodwill	7,131
Deferred tax liability	(14,011)
	$99,103

The Buffalo brand trademarks have been determined by management to have an indefinite useful life and accordingly, consistent with ASC Topic 350, no amortization is being recorded in the Company's consolidated statement of operations. The goodwill and trademarks are subject to a test for impairment on an annual basis. Of the total consideration paid, $36.9 million (which is net of a discount) has been classified as a note receivable as the fair value of the transaction and the related guaranteed minimum royalties, which the Company will receive through FY 2016 under the BII license agreement could not be established at the acquisition date. The $7.1 million of goodwill resulting from this acquisition is deductible for income tax purposes.

The Company has consolidated this joint venture within its consolidated financial statements since inception.

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% controlling interest in the Modern Amusement trademarks and related assets for $5.0 million, which was funded entirely from cash on hand. To acquire its 51% controlling interest in the trademark, the Company formed a new joint venture company, Icon Modern Amusement LLC ("Icon MA"), a Delaware limited liability company.

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 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 Scouts 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 bore interest at 6% per annum, with minimum principal payable in equal annual installments of approximately $2.2 million on each anniversary of June 3, 2010, with any remaining unpaid principal balance and accrued interest to be due on June 3, 2015, the Beagle Note maturity date. Principal was prepayable at any time. The Beagle Note was secured by the membership interest in Peanuts Holdings owned by Beagle. In February 2015, the remaining amount due on the Beagle Note was paid in full.

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.

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.

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"), whose principal owner is Shawn "Jay-Z" Carter, for nominal consideration. The Company had determined that this entity is a VIE as defined by ASC 810. However, the Company was not the primary beneficiary of this entity. The investment in this entity was accounted for under the cost method of accounting. Subsequent to March 2009, this investment in RAG was assigned from Scion to the Company. From March 2009 through January 2014, the Company and its partner contributed approximately $11.8 million to Scion, which was deposited as cash collateral under the terms of RAG's financing agreements. In June 2010, $3.3 million was released from collateral and distributed to the Scion members equally. In July 2014, the lender under such financing arrangement made a cash collateral call, reducing the Company's restricted cash by $8.5 million. In FY 2014, the Company recorded a $2.7 million charge to reduce this receivable to $5.8 million. RAG caused such amount to be repaid pursuant to a binding term sheet dated April 2015, which resulted in a final agreement on July 6, 2015, between the Company and the managing member of RAG. In addition, on July 6, 2015, in accordance with the terms of such final agreement, the Company sold its 16.6% interest in RAG to an affiliate of Shawn "Jay-Z" Carter for nominal consideration.

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.

Additionally, the Company entered into a binding term sheet in April 2015, which resulted in a final agreement on July 6, 2015, with an affiliate of Shawn "Jay-Z" Carter in which the Company purchased the remaining 50% interest in Scion for $6.0 million. The Company has consolidated Scion since inception, however, this transaction effectively increased the Company's ownership to 100%, as well as effectively increasing its interest in BBC Ice Cream LLC to 50% and Artful Holdings LLC to 100%. In accordance with ASC 810, the Company increased additional paid-in capital by $0.8 million to reflect its 100% ownership in Scion. As a result of this transaction, the Company wrote down the value of its receivable due from Mr. Carter by approximately $3.8 million, which is included in selling, general and administrative expenses in the Company's statement of operations in the fourth quarter of FY 2015.

In January 2016, the Company sold its interest in the BBC and Ice Cream brands for $3.5 million.

Joint Ventures/Equity Method Investees

The following joint ventures are recorded using 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 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 $4.1 million in FY 2013 for the difference between the cash consideration received by the Company and the book value of the brands contributed to the joint venture.

Pursuant to the operating agreement entered into in connection with the formation of Iconix Australia, as amended, each of Pac Brands and the Company holds specified put and call rights, respectively, relating to Pac Brands' ownership interest in the joint venture.

Company Two-Year Call Option: At any time during the six month period commencing September 17, 2015, the Company has the right to call up to 5% of Pac Brands' total equity in Iconix Australia for an amount in cash equal to (i) the number of units called by the Company divided by the total number of units outstanding, multiplied by (ii) 6.5, multiplied by (iii) RR, where RR is equal to:

$$\frac{A + (A \text{ x } (100\% + GR))}{2}$$

A = trailing 12 months royalty revenue

GR = Year on year growth rate

Four-Year Put/Call Option: At any time following September 17, 2017, Pac Brands may deliver a put notice to the Company, and the Company may deliver a call notice to Pac Brands, in each case, for the Company's purchase of all units in the joint venture held by Pac Brands. Upon the exercise of such put/call, the purchase price for Pac Brands' units in the joint venture will be an amount equal to (i) the percentage interest represented by Pac Brands' units, multiplied by (ii) 5, multiplied by (iii) RR, where RR is equal to:

$$\frac{A + (A \text{ x } (100\% + CAGR))}{2}$$

A = trailing 12 months royalty revenue

CAGR = 36 month compound annual growth rate

The Company serves as Iconix Australia's administrative manager, responsible for arranging for or providing back-office services including legal maintenance of trademarks (e.g. renewal of trademark registrations) for the brands in respect of the Australia Territory. Further, Iconix Australia has access to general brand marketing materials, prepared and owned by the Company, to refit for use by the joint venture in marketing the brands in the Australia Territory. Anchorage George Street Party Limited, an affiliate of Pac Brands ("Anchorage") serves as Iconix Australia's local manager, responsible for providing market experience in respect of the applicable territory, managing the joint venture on a day-to-day basis (other than back-office services), identifying potential licensees and assisting the Company in enforcement of license agreements in respect of the applicable territory. Each of the Company and Anchorage is reimbursed for all out-of-pocket costs incurred in performing its respective services.

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 VIE and not subject to consolidation. The Company has recorded its investment under the equity method of accounting since inception.

Iconix India Joint Venture

In June 2012, the Company formed Imaginative Brand Developers Private Limited ("Iconix India), a wholly-owned subsidiary of the Company, and contributed substantially all rights to its wholly-owned and controlled brands in India through an agreement with Iconix India. Shortly thereafter Reliance Brands Limited ("Reliance"), an affiliate of the Reliance Group, purchased a 50% interest in Iconix India for $6.0 million of which approximately $2.0 million was paid in cash upon the closing of this transaction and the remaining $4.0 million of which is a note, to be paid over a 48- month period following closing. As a result of this transaction, the Company recognized a gain of approximately

$2.3 million in FY 2013 for the difference between the consideration (cash and notes receivable) received by the Company and the book value of the brands contributed to the joint venture. Additionally, pursuant to the terms of the transaction, the Company and Reliance each agreed to contribute 100 million Indian rupees (approximately $2.0 million) to Iconix India only upon the future mutual agreement of the parties, of which 25 million Indian rupees (approximately $0.5 million) was contributed at closing.

As of December 31, 2015, of the $1.9 million installment payments, approximately $1.0 million is included in other assets – current and $0.9 million is included in other assets on the consolidated balance sheet.

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 VIE and not subject to consolidation. The Company has recorded its investment under the equity method of accounting since inception.

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. In connection with the launch of Truth or Dare brand and based on certain qualitative criteria, Purim is entitled to an additional $3.0 million. Through December 31, 2015, $21.0 million was paid to Purim with the remaining $2.0 million owed to Purim included in other liabilities-current on the Company’s consolidated balance sheet.

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

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.

Investments in Iconix China

Through our ownership of Iconix China (see above), we have equity interests in the following private companies:

Brands Placed	Entity	Ownership by Iconix China		Carrying Value of Investment As of December 31, 2015
Candie's	Candies Shanghai Fashion Co., Ltd.	20	%	$ 10,505
Marc Ecko	Shanghai MuXiang Apparel & Accesory Co. Limited	15	%	2,293
Royal Velvet	Bai Shi Kou International (Qingdao) Home Products Co. Ltd.	20	%	384
Material Girl	Ningbo Material Girl Fashion Co., Ltd.	20	%	3,636
Ed Hardy	Tangli International Holdings Ltd,	20	%	13,302
Ecko Unltd	Ai Xi Enterprise (Shanghai) Co. Limited	20	%	11,094
				$ 41,214

Cost Method Investments

The following investments are carried at cost:

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 for $32 million. At inception, the Company determined, in accordance with ASC 810, based on the corporate structure, voting rights and contributions of the Company that MM Holdings is not a VIE and not subject to consolidation. As the Company does not have significant influence over MM Holdings, its investment has been recorded under the cost method of accounting.

Complex Media Inc.

In September 2013, the Company purchased convertible preferred shares, on an as-converted basis as of December 31, 2014, equaling 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 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 VIE 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. In September 2015, Hearst Communications, Inc. acquired a minority stake in Complex Media effectively reducing the Company's ownership interest to 11.8%.

Unaudited Pro Forma Information

Unaudited pro forma information for the business combinations completed in FY 2015 is not presented as the effects of such transactions, each by themselves or in the aggregate, are considered immaterial to the Company.

Acquisition Expenses

During FY 2015, FY 2014 and FY 2013, pretax charges aggregating approximately $1.0 million, $0.7 million and $4.0 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 each year.

These charges, which were expensed in accordance with the accounting guidance for business combinations, are included in selling, general and administrative expenses in the Company's consolidated statement of operations.

4. Gains on Sale of Trademarks

The following table details transactions comprising gains on sales of trademarks in the consolidated statement of operations:

	December 31, 2015	December 31, 2014 (Restated)	December 31, 2013 (Restated)
Sharper Image-Ecommerce/Domain Name	$ —	$ 6,399	$ —
Iconix Australia	—	—	4,127
Other	—	—	2,671
Umbro-Korea	—	—	556
Total gains on sales of trademarks	$ —	$ 6,399	$ 7,354

5. 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)

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

From time to time, the Company will purchase hedge instruments to mitigate statement of operations risk and cash flow risk of revenue and receivables. As of December 31, 2015 the Company had no other hedge instruments other than the 2.50% Convertible Note Hedges and 1.50% Convertible Note Hedges (see Note 6).

Financial Instruments

As of December 31, 2015 and December 31, 2014, 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. The fair value of our cost method investments is not readily determinable and it is not practical to obtain the information needed to determine the value. However, there has been no indication of an impairment of these cost method investments as of December 31, 2015 and December 31, 2014. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on Level One 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, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	$1,464,408	$1,240,244	$1,394,077	$1,601,418

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 as well as certain of our joint venture partners – see Note 3.

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 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 350- "Intangibles- Goodwill and Other", ("ASC 350"). Further, in accordance with ASC 350, the Company's indefinite-lived trademarks are tested for impairment at least annually, on an individual basis as separate single units of accounting. Similarly, consistent with ASC 360- "Property, Plant and Equipment" ("ASC 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. The Company recorded impairment charges on certain long-lived assets during Q4 2015. Refer to Note 2 for further information. There was no impairment, and therefore no write-down, of any of the Company's long-lived assets during FY 2014 and FY 2013.

6. Debt Arrangements

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

	December 31,	December 31,

	2015	2014
Senior Secured Notes	$712,907	$774,030
1.50% Convertible Notes	357,453	339,943
2.50% Convertible Notes	294,048	280,104
Variable Funding Note	100,000	—
Total	$1,464,408	$1,394,077

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 swing line 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.

In February 2015, the Company received $100.0 million proceeds from the Variable Funding Notes. 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 trademarks, the Ecko Unltd trademarks, the Mark Ecko trademarks, the Umbro trademarks, the Lee Cooper trademarks, and the Strawberry Shortcake trademarks, (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 trademarks, the Modern Amusement trademarks and the Buffalo trademarks, the Pony trademarks, the Nicholas Graham trademarks, the Hydraulic trademarks and a 50% interest in the Ice Cream trademarks, and the Billionaire Boys Club trademarks.

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 (other than for a "Sharper Image" branded website or catalog in the United States and other specified jurisdictions); (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 has been compliant with all covenants under the Notes during FY 2015 and FY 2014.

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.

In June 2014, the Company sold the “sharperimage.com” domain name and the exclusive right to use the Sharper Image trademark in connection with the operation of a branded website and catalog distribution in specified jurisdictions, in which the Senior Secured Notes had a security interest pursuant to the Indenture. As a result of this permitted disposition, the Company paid an additional $1.6 million in principal in July 2014.

As of December 31, 2015 and December 31, 2014, the total principal balance of the Notes was $812.9 million and $774.0 million, respectively, of which $61.1 million is included in the current portion of long-term debt on the consolidated balance sheet. As of December 31, 2015 and December 31, 2014, $49.5 million and $59.6 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.

For FY 2015, FY 2014 and FY 2013, cash interest expense relating to the Senior Secured Notes was approximately $31.6 million, $34.2 million and $31.2 million, respectively.

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

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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 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. Holders of the 1.50% Convertible Notes who convert their 1.50% Convertible Notes in connection with a fundamental 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 815- "Derivatives and Hedging" ("ASC 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 8.

As of December 31, 2015 and December 31, 2014, the amount of the 1.50% Convertible Notes accounted for as a liability was approximately $357.5 million and $339.9 million, respectively, and is reflected on the consolidated balance sheets as follows:

	December 31, 2015	December 31, 2014
Equity component carrying amount	$49,931	$49,931
Unamortized discount	42,547	60,057

Net debt carrying amount	$ 357,453	$ 339,943

For FY 2015, FY 2014, and FY 2013, the Company recorded additional non-cash interest expense of approximately $16.2 million, $15.3 million, and $11.5 million, respectively, 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 2015, FY 2014, and FY 2013 the Company recorded cash interest expense relating to the 1.50% Convertible Notes of approximately $6.0 million, $6.0 million and $4.7 million, respectively.

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 7 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, 2015 and December 31, 2014, the balance of deferred income tax assets related to this transaction was approximately $13.0 million and $18.9 million, respectively.

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 approximately 13.0 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 815 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 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, 2015, 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 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 Company's current intention is to refinance the 2.50% Convertible Notes.

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)

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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 (5) 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 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. Holders of the 2.50% Convertible Notes who convert their 2.50% Convertible Notes in connection with a fundamental 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 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 8.

As of December 31, 2015 and December 31, 2014, the amount of the 2.50% Convertible Notes accounted for as a liability was approximately $294.0 million and $280.1 million, respectively, and is reflected on the consolidated balance sheets as follows:

	December 31, 2015	December 31, 2014
Equity component carrying amount	$35,996	$35,996
Unamortized discount	5,952	19,896
Net debt carrying amount	$294,048	$280,104

In March 2016, the Company entered in to a long-term refinancing arrangement with Fortress for an aggregate principal amount of $300 million (refer to Note 19 for further details). In accordance with ASC 470, as the terms of the refinancing are readably determinable and the term of the Credit Agreement is five years (scheduled to mature on

March 7, 2021), the Company has classified the 2.50% Convertible Notes of $294.0 million as long-term debt on its December 31, 2015 consolidated balance sheet.

For FY 2015, FY 2014 and FY 2013, the Company recorded additional non-cash interest expense of approximately $12.7 million, $11.9 million and $11.1 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 2015, FY 2014 and FY 2013, cash interest expense relating to the 2.50% Convertible Notes was approximately $7.5 million, $7.5 million and $7.5 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, 2015 and December 31, 2014, the balance of deferred income tax assets related to this transaction was approximately $1.8 million and $5.9 million, respectively.

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 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 815 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 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, 2015, 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.

Debt Maturities

As of December 31, 2015, the Company's debt maturities on a calendar year basis are as follows:

	Total	2016	2017	2018	2019	2020	Thereafter
Senior Secured Notes	$712,907	$61,123	$61,123	$61,123	$61,123	$61,123	$407,292
1.50% Convertible Notes (1)	$357,453	—	—	357,453	—	—	—
2.50% Convertible Notes (2) (3)	$294,048	294,048	—	—	—	—	—
Variable Funding Notes	$100,000	—	—	100,000	—	—	—
Total	$1,464,408	$355,171	$61,123	$518,576	$61,123	$61,123	$407,292

(1) Reflects the net debt carrying amount of the 1.50% Convertible Notes in the consolidated balance sheet as of December 31, 2015, 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, 2015, in accordance with accounting for convertible notes. The principal amount owed to the holders of the 2.50% Convertible Notes is $300.0 million.

(3) In March 2016, the Company entered in to a long-term refinancing arrangement with CF ICX LLC and Fortress Credit Co LLC for an aggregate principal amount of $300 million (refer to Note 19 for further details) in which the proceeds are to be used to pay off the 2.50% Convertible Notes. In accordance with ASC 470, as the terms of the refinancing are readably determinable and the term of the credit agreement is five years (scheduled to mature on March 7, 2021), the Company has classified the 2.50% Convertible Notes as long-term debt on its December 31, 2015 consolidated balance sheet.

7. 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"). The July 2013 Program was in addition to the February 2013 Program, which was fully expended on August 15, 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" and together with the 2011 Program and the February 2013 Program, the "Repurchase Programs"). The February 2014 Program is in addition to the July 2013 Program.

The following table illustrates the activity under the Repurchase Programs, in the aggregate, for FY2015, FY 2014, FY 2013, FY 2012 and FY 2011:

	# of shares repurchased as part of stock repurchase programs	Cost of shares repurchased (in 000's)	Weighted Average Price
FY 2015	360,000	$ 12,391	$ 34.42
FY 2014	4,994,578	193,434	38.73
FY 2013	15,812,566	436,419	27.60
FY 2012	7,185,257	125,341	17.44
FY 2011	1,150,000	19,138	16.64
Total, FY 2011 through FY 2015	29,502,401	$ 786,723	$ 26.67

As of December 31, 2015, $13.3 million and $500.0 million remained available for repurchase under the July 2013 Program and February 2014 Program, respectively.

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.

2015 Executive Incentive Plan

On December 4, 2015, the Company's stockholders approved the Company's 2015 Executive Incentive Plan ("2015 Plan"). Under the 2015 Plan, the Company's officers and other key employees designated by the Compensation Committee are eligible to receive awards of cash, common stock or stock units issuable under the Amended and Restated 2009 Plan, or any combination thereof. Awards under the 2015 Plan are based on the achievement of certain pre-determined, non-discretionary performance goals established by the Compensation Committee and are further subject to, among other things, the 2015 Plan participant's continuous employment with the Company until the applicable payment date.

Shares Reserved for Issuance

At December 31, 2015, 2,845,017 common shares were reserved for issuance under the Amended and Restated 2009 Plan. At December 31, 2015 there were no common shares available for issuance under any previous Company plan.

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 2015, FY 2014 or FY 2013 as all prior awards have been fully expensed.

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 2015, FY 2014 and FY 2013 are as follows:

Stock Options

	Options	Weighted Average Exercise Price
Outstanding at January 1, 2013	1,444,150	$ 5.90
Granted	—	—
Canceled	—	—
Exercised	(131,073)	2.70
Expired/Forfeited	—	—
Outstanding at December 31, 2013	1,313,077	$ 6.22
Granted	—	—
Canceled	—	—
Exercised	(1,172,000)	5.49
Expired/Forfeited	—	—
Outstanding at December 31, 2014	141,077	$ 11.87

Granted	—		—
Canceled	—		—
Exercised	(75,000	)	9.84
Expired/Forfeited	(16,077	)	4.82
Outstanding at December 31, 2015	50,000	$	17.18
Exercisable at December 31, 2015	50,000	$	17.18

The weighted average contractual term (in years) of options outstanding and exercisable as of December 31, 2015, 2014 and 2013 were 1.74, 1.43, and 1.41 respectively.

No options vested during FY 2015, FY 2014 and FY 2013. There were no options granted during FY 2015, FY 2014 and FY 2013.

Cash received from option exercise under all share-based payment arrangements for FY 2015, FY 2014 and FY 2013 was $0.3 million, $10.1 million and $0.4 million respectively. A tax benefit of approximately $0.1 million, $10.7 million and $1.2 million for FY 2015, FY 2014 and FY 2013, 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, 2015 and the exercise price of the underlying options. At December 31, 2015, 2014 and 2013, the aggregate intrinsic value of options exercised was $0, $40.1 million and $4.8 million, respectively. At December 31, 2015, 2014 and 2013 the aggregate intrinsic value of options outstanding and exercisable was $0, $3.0 million and $44.0 million, respectively. There were no unamortized options as of December 31, 2015.

Warrants

	Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2013	190,000	$ 19.80
Granted	—	—
Canceled	—	—
Exercised	—	—
Expired/Forfeited	—	—
Outstanding at December 31, 2013	190,000	$ 19.80
Granted	—	—
Canceled	—	—
Exercised	(170,000)	21.35
Expired/Forfeited	—	—
Outstanding at December 31, 2014	20,000	$ 6.64
Granted	—	—
Canceled	—	—
Exercised	—	—
Expired/Forfeited	—	—
Outstanding at December 31, 2015	20,000	$ 6.64
Exercisable at December 31, 2015	20,000	$ 6.64

All warrants issued in connection with acquisitions were 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, 2015, 2014 and 2013 were 2.76, 3.76 and 3.66, respectively.

In FY 2015, FY 2014 and FY 2013, 0, 170,000 and 0 warrants, respectively, were exercised.

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 separately vesting portion of the award as if the award was, in substance, multiple awards. The restrictions do not affect voting and dividend rights.

The following tables summarize information about unvested restricted stock transactions:

	FY 2015		FY 2014		FY 2013	
	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,	2,699,732	$ 22.40	2,770,147	$ 20.53	2,612,000	$ 18.56
Granted	355,588	20.34	256,480	40.63	1,247,879	25.29
Vested	(806,508)	27.72	(278,305)	20.04	(892,591)	21.61
Forfeited/Canceled	(26,304)	28.94	(48,590)	25.81	(197,141)	19.60
Non-vested, December 31,	2,222,508	$ 20.06	2,699,732	$ 22.40	2,770,147	$ 20.53

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 2015, FY 2014 and FY 2013, the Company awarded approximately 0.4 million, 0.3 million and 1.2 million restricted shares, respectively, with a fair market value of approximately $7.2 million, $10.4 million and $31.6 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 2015, FY 2014 and FY 2013 was approximately $11.4 million, $18.5 million and $20.0 million, respectively. An additional amount of $2.6 million of expense related to time-based restricted shares is expected to be expensed evenly over a period of approximately three years. During FY 2015, FY 2014 and FY 2013, the Company repurchased shares valued at $15.5 million, $16.0 million and $3.7 million, respectively, of its common stock in connection with net share settlement of restricted stock grants and option exercises.

Short-term Shareholder Rights Plan

On January 27, 2016, the Company announced that its Board of Directors adopted a short-term shareholder rights plan (the “Rights Plan”), which will expire following the 2016 annual meeting of shareholders, absent an extension being approved by shareholders. The Board of Directors adopted the Rights Plan in light of recent activity in the Company’s shares, including the recent accumulation of meaningful positions by holders of derivatives securities, and what the Iconix Board of Directors and management believes is a currently depressed share price for the Company’s common stock.

Pursuant to the Rights Plan, one preferred stock purchase right will be distributed for each share of common stock held by shareholders of record on February 12, 2016. The rights will become exercisable only if a person or group acquires beneficial ownership of 20% or more of the Company's common stock (including in the form of synthetic ownership through derivative positions). In that situation, each holder of a right (other than, as detailed in the Rights Plan, the person or group triggering the rights) will be entitled to purchase, at the then-current exercise price (which was initially set at $30 per right), shares of common stock (and, in certain circumstances, other consideration) having a value of twice the exercise price of the right (a 50% discount). Rights held by any person or group whose actions trigger the Rights Plan, including potentially counterparties to derivative transactions with such person or group, would become void. The Rights Plan had no impact on the Company's financial reporting for the year ended December 31, 2015.

8. Earnings (Loss) Per Share

Basic earnings (loss) 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, common shares issuable upon exercise of stock options and warrants and shares underlying convertible notes potentially issuable upon conversion. 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, 2015, of the total potentially dilutive shares related to restricted stock-based awards, stock options and warrants, all were anti-dilutive, compared to 0.1 million that were anti-dilutive as of December 31, 2014.

As of December 31, 2015, of the performance related restricted stock-based awards issued in connection with the Company’s named executive officers, all were anti-dilutive, compared to none that were anti-dilutive as of December 31, 2014.

For FY 2015, warrants issued in connection with the Company’s 1.50% Convertible Notes financing were anti-dilutive and therefore were not included in this calculation. For FY 2015, warrants issued in connection with the Company’s 2.50% Convertible Notes financing were anti-dilutive and therefore were not included in this calculation. For FY 2014, the 1.50% Convertible Notes and the 2.50% Convertible Notes that would be subject to conversion to common stock were anti-dilutive and therefore were not included in the calculation.

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

	FY 2015	FY 2014	FY 2013
Basic	48,293	48,431	56,281
Effect of exercise of stock options	—	804	1,137
Effect of contingent common stock issuance	—	—	—
Effect of assuming vesting of performance related to restricted stock-based awards	—	212	199
Effect of assumed vesting of restricted stock	—	1,354	1,432
Effect of convertible notes subject to conversion	—	6,565	1,685
Effect of convertible notes warrants subject to conversion	—	—	—
Diluted	48,293	57,366	60,734

9. Contingencies

In July 2013, Signature Apparel Group LLC, referred to as the Debtor, filed an amended complaint in an adversary proceeding captioned Signature Apparel Group LLC v. ROC Fashions, LLC, et al., United States Bankruptcy Court, Southern District of New York, Adv. Pro. No. 11-02800 in the United States Bankruptcy Court in the Southern District of New York that, among others, named Studio IP Holdings LLC, referred to as Studio IP, and the Company (Studio IP and the Company are collectively referred to as Iconix), as defendants. In the amended complaint, the Debtor asserts that Iconix was complicit in an alleged conspiracy to pay $2.8 million to Debtor’s principals. The Debtor also alleges that ROC Fashions LLC paid a $6 million fee to Iconix for a license, and asserts that those funds should be returned to the Debtor as well. In total, the Debtor is seeking at least $8.8 million in damages from Iconix. Iconix is vigorously defending against the claims, and the trial on this matter concluded in March 2016. The Company is currently awaiting the Bankruptcy Court’s determination on the matter and is unable to estimate its ultimate outcome.

In December 2015, Anthony L&S, LLC, referred to as ALS, the licensee of the Pony and related trademarks, commenced an action captioned Anthony L&S, LLC v. US Pony Holdings, LLC and Iconix Brand Group, Inc., Supreme Court of the State of New York, New York County, Index No. 654199/2015 in New York State Supreme Court against the Company and its subsidiary, US Pony Holdings, LLC, referred to as Pony, seeking damages of $30 million, plus punitive damages, attorneys’ fees and costs. ALS alleges that Pony breached the parties’ license agreement by failing to comply with its marketing obligations. ALS also alleges that Pony and the Company are liable for fraud because Pony and the Company made purported misstatements about their marketing intentions/efforts. The Company and Pony intend to vigorously defend against the claims. At this time, the Company is unable to estimate the ultimate outcome of this legal matter.

In January 2016, ALS's affiliate, Anthony L&S Athletics, LLC, referred to as Anthony Athletics, commenced an action captioned Anthony L&S Athletics, LLC v. US Pony Holdings, LLC and Iconix Brand Group, Inc., Court of Chancery of the State of Delaware, Case No. 11867 in the Chancery Court in the State of Delaware against the Company and Pony. Based primarily on the same allegations as in the New York action, Anthony Athletics, the Company's joint venture partner in Pony, seeks a judicial dissolution of Pony, as well as $30 million in damages resulting from the Company's purported breach of the Pony operating agreement and the failure to market the brands. The Company and Pony intend to vigorously defend against the claims. At this time, the Company is unable to estimate the ultimate outcome of this legal matter.

Three shareholder derivative complaints were recently filed in the Supreme Court of the State of New York, New York County, the Supreme Court of the State of New York, Westchester County, and the Southern District of New York, respectively, captioned De Filippis v. Cuneo et al Index No. 650711/2016, Gold v. Cole et al, and James v. Cuneo et al, Docket No. lil6-cv-02212. The complaints name the Company as a nominal defendant and assert claims for breach of fiduciary duty, insider trading and unjust enrichment against certain of the Company's current and former directors and officers arising out of the Company's recent restatement of financial reports and certain employee departures. The defendants intend to move to dismiss for failure to make a demand on the Board of the Company as required by Delaware law.

As previously announced, the Company has received a formal order from the SEC. The Company intends to cooperate fully with the SEC.

Three securities class actions, respectively captioned Lazaro v. Iconix Brand Group, Inc. et al., Docket No. 1:15-cv-04981-PGG, Niksich v. Iconix Brand Group, Inc. et al. , Docket No. 1:15-cv-04860-PGG and Haverhill Retirement System v. Iconix Brand Group, Inc. et al Docket No. 1:15 – cv 06658, are pending in the United States District Court for the Southern District of New York against the Company and certain former officers and one current officer (each, a “Class Action” and, together, the “Class Actions”). The plaintiffs in the Class Actions purport to represent a class of purchasers of the Company’s securities from February 20, 2013 to August 7, 2015, inclusive, and claim that the Company and individual defendants violated sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, by making allegedly false and misleading statements regarding certain aspects of the Company’s business operations and prospects. The Company and the individual defendants intend to vigorously defend against the claims. At this time, the Company is unable to estimate the ultimate outcome of this legal matter.

From time to time, the Company is also made a party to litigation incurred in the normal course of business. In addition, in connection with litigation commenced against licensees for non-payment of royalties, certain licensees have asserted unsubstantiated counterclaims against the Company. 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.

10. Related Party Transactions

The Candie’s Foundation

The Candie’s Foundation is a charitable foundation founded by Neil Cole, the Company’s former Chairman and Chief Executive Officer, for the purpose of raising national awareness about the consequences of teenage pregnancy. As of December 31, 2015, the Company owed the Candie’s Foundation less than $0.1 million, and as of December 31, 2014, the Candie’s Foundation owed the Company less than $0.1 million. The Company intends to pay-off the entire amount due the Candie’s Foundation during 2016. As of December 31, 2015, the Candie’s Foundation is no longer considered a related party to the Company.

Travel

The Company recorded expenses of approximately $95 and $90 for FY 2014 and FY 2013, respectively, for the hire and use of aircraft solely for business purposes owned by a company in which the Company’s former Chairman, Chief Executive Officer and President was the sole owner. There were no such expenses in FY 2015. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties.

Other

The Company incurred advertising expenses with Complex Media, Inc. to promote certain of its Men’s brands. The Company owns a minority interest in Complex Media, Inc. as discussed in Note 3. Advertising expenses with

Complex Media, Inc. were approximately $0.2 million, $0.1 million, and $0.1 million for FY 2015, FY 2014 and FY 2013, respectively, and related accounts payable of approximately $0.2 million and $0.1 million as of December 31, 2015 and December 31, 2014, respectively. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties.

During FY 2015, FY 2014 and FY 2013, the Company incurred $0.1 million per year in consulting fees in connection with a consulting arrangement entered into with Mark Friedman, a member of the Company's Board of Directors, relating to the provision by Mr. Friedman of investor relations services.

The Company has entered into certain license agreements in which the core licensee is also one of our joint venture partners. As of December 31, 2015, December 31, 2014, and December 31, 2013, the Company recognized the following royalty revenue amounts:

	FY 2015	FY 2014	FY 2013
Joint Venture Partner			
Global Brands Group Asia Limited[1]	$5,672	$6,686	$20,360
Buffalo International ULC	12,311	10,785	10,197
Rise Partners, LLC / Top On International Group Limited	5,469	2,527	114
M.G.S. Sports Trading Limited	609	643	399
Pac Brands USA, Inc.	519	890	945
NGO, LLC	807	108	—
Albion Equity Partners LLC / GL Damek	2,556	1,866	781
Anthony L&S	1,454	—	—
Roc Nation	400	400	200
	$29,797	$23,905	$32,996

(1) Global Brands Group Asia Limited also serves as agent to Peanuts Worldwide for the Greater China Territory for Peanuts brands. For the years ended FY 2015, FY 2014 and FY 2013, Global Brands Group Asia Limited earned fees of approximately $3.0 million, $3.0 million, and $2.4 million, respectively, in its capacity as agent to Peanuts Worldwide.

11. Operating Leases

Future net minimum lease payments under non-cancelable operating lease agreements as of December 31, 2015 are approximately as follows:

Year ending December 31,	
2016	$2,384
2017	2,404
2018	2,202
2019	2,099
2020	2,158
Thereafter	7,284
Totals	$18,531

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 $2.4 million, $2.7 million, and $2.9 million for FY 2015, FY 2014 and FY 2013, respectively. Contingent rent amounts have been immaterial for all periods.

12. 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 2015, FY 2014 and FY 2013, the Company made contributions to the Savings Plan of $167, $142 and $156. 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 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.

13. 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 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.

At December 31, 2015, the Company has approximately $10.4 million in federal net operating loss carryforwards (NOLs) which will expire in FY 2035 if unused. The Company also has foreign tax credit carryforwards of approximately $15.3 million which will expire between FY 2023 and FY 2025. The Company also has approximately $12.2 million apportioned state and local NOLs that expire in FY 2034 and FY 2035 if not used.

Pre-tax book income (loss) for FY 2015, FY 2014 and FY 2013 were as follows:

	FY 2015	FY 2014 (Restated)	FY 2013 (Restated)
Domestic	$(300,534)	$118,060	$125,657
Foreign	16,260	49,050	41,230
Total pre-tax income (loss)	$(284,274)	$167,110	$166,887

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

	Year Ended December 31, 2015	Year Ended December 31, 2014 (Restated)	Year Ended December 31, 2013 (Restated)

Current:			
Federal	$ 6,927	$ 1,511	$ 8,817
State and local	3,765	1,500	1,524
Foreign	6,800	13,153	16,318
Total current	$ 17,492	$ 16,164	$ 26,659
Deferred:			
Federal	(110,705)	27,705	21,870
State and local	(431)	3,996	630
Foreign	(1,700)	423	436
Total deferred	(112,836)	32,124	22,936
Total provision (benefit)	$ (95,344)	$ 48,288	$ 49,595

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, 2015, the amount of indefinitely reinvested foreign earnings was approximately $89.3 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 U.S. 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, 2015	December 31, 2014 (Restated)
State net operating loss carryforwards	$839	$11,205
U.S. Federal net operating loss carryforwards	4,036	—
Receivable reserves	1,911	5,046
Hedging transaction	15,164	25,183
Intangibles	3,105	2,535
Equity compensation	6,013	14,858
Foreign Tax Credit	15,305	5,262
Other	44	2,096
Total deferred tax assets	46,417	66,185
Valuation allowance	—	(11,205)
Net deferred tax assets	$46,417	$54,980
Trademarks, goodwill and other intangibles	(123,348)	(236,867)
Depreciation	(990)	(1,055)
Difference in cost basis of acquired intangibles	(49,670)	(49,441)
Convertible notes	(17,853)	(28,003)
Investment in joint ventures	(35,261)	(28,841)
Other accruals	(488)	(427)
Total deferred tax liabilities	(227,610)	(344,634)
Total net deferred tax liabilities	$(181,193)	$(289,654)
Balance Sheet detail on total net deferred tax assets (liabilities):		
Current portion of net deferred tax assets	$2,381	$10,328
Non-current portion of net deferred tax liabilities	$(183,574)	$(299,982)

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

	Year ended December, 31 2015	2014 (Restated)	2013 (Restated)
Income tax provision (benefit) computed at the federal rate of 35%	$(99,496)	$ 58,489	$ 58,410
Increase (reduction) in income taxes resulting from:			
State and local income taxes (benefit), net of federal income tax	6,337	3,090	991
Non-controlling interest	(938)	(6,552)	(5,809)

Unrecognized tax benefits	6,985	—	—
Valuation allowance	(11,205)	—	—
Non-deductible executive compensation	645	1,018	727
Foreign Earnings (rate differential)	349	(8,472)	(4,998)
Other, net	1,979	715	274
Total	$(95,344)	$ 48,288	$ 49,595

The Valuation Allowance decreased by approximately $11.2 million during FY 2015 as a result of State NOLs that were utilized as part of a New York State audit settlement along with NOLs for which the availability has been determined to be uncertain during the year. Accordingly, a corresponding offset has been recorded to the FIN 48 Liability during FY 2015.

With the exception of our Buffalo brand joint venture, our Iconix Canada joint venture, and our Iconix Middle East 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 and the Iconix

Canada joint venture are taxable entities in Canada and the Iconix Middle East joint venture is a taxable entity in the UK, the Company is required to report its tax liability, including taxes attributable to the non-controlling interest, in its statement of operations.

The Company files income tax returns in the U.S. federal and various state and local jurisdictions. For federal income tax purposes, the 2012 and forward tax years remain open for examination by the tax authorities under the normal three year statute of limitations. For state tax purposes, our 2011 and forward tax years remain open for examination by the tax authorities under a four year statute of limitations and for local tax purposes, our 2007 and forward tax years remain open for examination .

At December 31, 2015, December 31, 2014 and December 31, 2013, the total unrecognized tax benefit was approximately $7.5 million, $1.2 million and $1.2 million, respectively. However, at December 31, 2014 and December 31, 2013, 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, excluding interest and penalties is as follows:

	FY 2015	FY 2014	FY 2013
Uncertain tax positions at January 1	$ 1,180	$ 1,180	$ 1,180
Additions for current year tax positions	—	—	—
Additions for prior year tax positions	7,470	—	—
Reductions for prior year tax positions	—	—	—
Settlements	(1,180)	—	—
Reductions due to lapse of applicable statute of limitation	—	—	—
Uncertain tax positions at December 31	$ 7,470	$ 1,180	$ 1,180

Approximately $3.2 million of unrecognized tax benefits at December 31, 2015 would affect the Company's effective tax rate if recognized. The Company believes it is reasonably possible that there may be a reduction of approximately $7.5 million of unrecognized tax benefits in the next 12 months as a result of settlements with taxing authorities and or statute of limitations expirations.

The Company is continuing its practice of recognizing interest and penalties to income tax matters in income tax expense. Total interest related to uncertain tax positions for FY 2015, FY 2014 and FY 2013 were $1.2 million, $0 and $0, respectively. There were no penalties accrued in any of these periods.

14. Segment and Geographic Data

The Company identifies its operating segments according to how business activities are managed and evaluated. Prior to April 1, 2015, the Company had disclosed one reportable segment. Following such quarter, the Company has reviewed its business activities, how they are managed and evaluated, and determined that it would reflect five distinct reportable operating segments: men’s, women’s, home, entertainment and corporate. Therefore, the Company has disclosed these reportable segments for the periods shown below. Since the Company does not track, manage and analyze its assets by segments, no disclosure of segmented assets is reported.

The geographic regions consist of the United States, Japan and Other (which principally represent Latin America and Europe). Revenues attributable to each region are based on the location in which licensees are located and where they principally do business.

Reportable data for the Company's operating segments were as follows:

	FY 2015	FY 2014 (Restated)	FY 2013 (Restated)
Licensing revenue:			
Men's	$92,181	$103,903	$146,242
Women's	139,300	141,348	128,022
Home	40,110	43,169	41,361
Entertainment	107,606	103,070	74,949
Corporate	—	—	—
	$379,197	$391,490	$390,574
Operating income (loss):			
Men's	$(351,448)	$58,517	$101,743
Women's	112,963	126,855	117,168
Home	(6,543)	35,174	36,834
Entertainment	35,636	31,524	21,291
Corporate	(53,271)	(31,642)	(42,058)
	$(262,663)	$220,428	$234,978
Licensing revenue by category:			
Direct-to-retail license	$154,278	$158,599	$153,377
Wholesale licenses	170,705	178,890	214,289
Other licenses	54,214	54,001	22,908
	$379,197	$391,490	$390,574
Licensing revenue by geographic region:			
United States	$250,209	$264,022	$265,433
Japan	34,640	31,048	29,734
Other [1]	94,348	96,420	95,407
	$379,197	$391,490	$390,574

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

15. Consolidated Interim Financial Information (Unaudited)

Consolidated financial information FY 2015 and FY 2014 (Restated) is summarized as follows:

	First Quarter (Restated)	Second Quarter (Restated)	Third Quarter (Restated)	Fourth Quarter
FY 2015[1]				
Licensing revenue	$ 95,814	$ 97,398	$ 91,332	$ 94,653
Operating income (loss), net	55,976	51,825	27,781	(398,245)
Provision for income taxes	27,272	11,536	6,275	(140,427)
Net income (loss)	69,045	18,955	(954)	(275,976)
Net income (loss) attributable to Iconix Brand Group, Inc.	65,359	13,739	(5,387)	(263,014)
Basic earnings per share	$ 1.36	$ 0.28	$ (0.11)	$ (5.44)
Diluted earnings per share	$ 1.26	$ 0.28	$ (0.11)	$ (5.44)
Comprehensive income (loss)	$ 31,309	$ 26,370	$ 3,097	$ (286,413)
Comprehensive income (loss) attributable to Iconix Brand Group, Inc.	$ 27,622	$ 21,155	$ (1,336)	$ (273,451)
FY 2014 (Restated) [2]				
Licensing revenue	$ 110,400	$ 95,116	$ 89,965	$ 96,009
Operating income, net	64,511	61,860	45,777	48,280
Provision for income taxes	19,998	14,213	8,867	5,210
Net income	53,032	26,949	16,382	22,459
Net income attributable to Iconix Brand Group, Inc.	49,915	23,427	12,855	17,526
Basic earnings per share	$ 1.01	$ 0.48	$ 0.27	$ 0.37
Diluted earnings per share	$ 0.86	$ 0.40	$ 0.22	$ 0.32
Comprehensive income (loss)	$ 50,502	$ 21,785	$ (8,533)	$ 14,396
Comprehensive income (loss) attributable to Iconix Brand Group, Inc.	$ 47,162	$ 17,987	$ (12,275)	$ 10,177

[1] FY 2015: Operating income (loss), net includes a non-cash impairment charge of $437.5 million primarily related to the men's brands recorded in the fourth quarter. Included in net income (loss) attributable to Iconix Brand Group, Inc. is a non-cash pre-tax re-measurement gain of approximately $50.0 million related to the purchase of the remaining interest in Iconix China in the first quarter.

[2] FY 2014 (Restated): Operating income, net includes a net gain of $6.4 million on the sale of the "sharperimage.com" domain name and certain categories under the Sharper Image trademark in the second quarter. Included in net income attributable to Iconix Brand Group, Inc is a non-cash pre-tax re-measurement gain of approximately $34.7 million related to the purchase of the remaining interest in Iconix Latin America in the first quarter.

The amounts noted in the table above reflect the restatement adjustments discussed in Note 21. The Company intends to amend its Forms 10-Q for the quarterly periods ended March, 31, June 30, and September 2015 to reflect the restatement adjustments applicable to the periods presented therein.

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16. Other Assets- Current and Long-Term

	December 31, 2015	December 31, 2014 (Restated)
Other assets- current consisted of the following:		
Notes receivables on sale of trademarks[2]	$ 3,892	$ 2,981
Note receivable in connection with Strawberry Shortcake acquisition (1)	5,000	—
Due from AG (see Note 3)	3,437	—
Prepaid advertising	2,498	4,763
Prepaid expenses	863	853
Short-term receivable- Beagle note receivable (see Note 3)	—	2,085
Deferred charges	1,551	1,271
Prepaid taxes	14,941	26,468
Prepaid insurance	(41)	439
Due from related parties	3,293	3,450
Other current assets	8,682	1,778
	$ 44,116	$ 44,088

[1] The Note receivable in connection with Strawberry Shortcake acquisition represents amounts due from AG in respect of non-compete payments pursuant to a License Agreement entered into with AG simultaneously with the closing of the transaction.

[2] Certain amounts due from our joint venture partners are presented net of redeemable non-controlling interest and non-controlling interest in the consolidated balance sheet. Refer to Note 3 for further details.

	December 31, 2015	December 31, 2014 (restated)
Other noncurrent assets consisted of the following:		
Due from ABC	$ 11,621	$ 14,644
Notes receivable on sale of trademarks[1]	5,029	8,531
Prepaid interest	8,560	9,265
Deposits	621	633
Other noncurrent assets	2,917	18,792
	$ 28,748	$ 51,865

[1] Certain amounts due from our joint venture partners are presented net of redeemable non-controlling interest and non-controlling interest in the consolidated balance sheet. Refer to Note 3 for further details.

17. Other Liabilities – Current

As of December 31, 2015 and December 31, 2014, other current liabilities include amounts due to certain joint ventures that are not consolidated with the Company of $1.6 million and $2.4 million, respectively, and amounts due to Purim related to the MG Icon acquisition of $2.0 million and $4.0 million, respectively. See Note 3 for further details of this transaction.

18. Foreign Currency Translation

The functional currency of Iconix Luxembourg and Red Diamond Holdings which are wholly owned subsidiaries of the Company, located in Luxembourg, is the Euro. However the companies have certain dollar denominated assets, in particular cash and notes receivable, that are maintained in U.S. Dollars, which are required to be revalued each quarter. Due to fluctuations in currency in FY 2015, FY 2014 and FY 2013, the Company recorded a $9.5 million currency translation gain, a $1.7 million currency translation loss and a $0.3 million currency translation loss, respectively, that is included in the consolidated statements of operations.

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. Our comprehensive income is primarily comprised of net income and foreign currency translation gain or loss. During FY 2015, FY 2014 and FY 2013, the Company recognized as a component of our comprehensive income (loss), a foreign currency translation loss of $36.0 million, a foreign currency translation loss of $40.7 million and a foreign currency translation gain of $16.5 million, respectively, due to changes in foreign exchange rates.

19. Subsequent Events

Scion. In January 2016, the Company sold its interest in the BBC and Ice Cream brands within the Scion joint venture for $3.5 million.

Short-term Shareholder Rights Plan. On January 27, 2016, the Company announced that its Board of Directors adopted a short-term shareholder rights plan (the "Rights Plan"), which will expire following the 2016 annual meeting of shareholders, absent an extension being approved by shareholders. The Board of Directors adopted the Rights Plan in light of recent activity in the Company's shares, including the recent accumulation of meaningful positions by holders of derivatives securities, and what the Iconix Board of Directors and management believes is a currently depressed share price for the Company's common stock.

Pursuant to the Rights Plan, one preferred stock purchase right will be distributed for each share of common stock held by shareholders of record on February 12, 2016. The rights will become exercisable only if a person or group acquires beneficial ownership of 20% or more of the Company's common stock (including in the form of synthetic ownership through derivative positions). In that situation, each holder of a right (other than, as detailed in the Rights Plan, the person or group triggering the rights) will be entitled to purchase, at the then-current exercise price (which was initially set at $30 per right), shares of common stock (and, in certain circumstances, other consideration) having a value of twice the exercise price of the right (a 50% discount). Rights held by any person or group whose actions trigger the Rights Plan, including potentially counterparties to derivative transactions with such person or group, would become void. The Rights Plan had no impact on the Company's financial reporting for the year ended December 31, 2015 and will not impact any future periods.

Chief Executive Officer. On February 23, 2016, the Company announced that John N. Haugh was appointed as President and a member of the Board of Directors. Mr. Haugh also will assume the role of Chief Executive Officer of the Company on April 1, 2016, at which time the Company's Chairman of the Board and Interim CEO Peter Cuneo will transition to the role of the Company's Executive Chairman of the Board.

Badgley Mischka. On March 2, 2016, the Company announced that it has sold the rights to the Badgley Mischka intellectual property to Titan Industries, Inc. in partnership with the founders, Mark Badgley and James Mischka, and the apparel license MJCLK LLC for $13.8 million in cash. The gain on the sale of the trademarks will be recorded in the Company's first quarter of fiscal 2016 financial results.

New Debt Facility. On March 7, 2016, the Company through its wholly-owned direct subsidiary, IBG Borrower LLC ("IBG Borrower") entered into a $300 million senior secured term loan (the "Credit Agreement"), whereby the Company and certain wholly-owned subsidiaries of IBG Borrower will serve as guarantors, Cortland Capital Market Services LLC will serve as administrative agent and collateral agent and the lenders party thereto from time to time (the "Lenders"), including CF ICX LLC and Fortress Credit Co LLC ("Fortress"). Pursuant to the Credit Agreement, the Lenders are providing to IBG Borrower a senior secured term loan (the "Senior Secured Term Loan"), scheduled to mature on March 7, 2021, in an aggregate principal amount of $300 million and bearing interest at LIBOR (with a floor of 1.50%) plus an applicable margin of 10% per annum. Among other customary conditions, the closing is conditioned on the transfer of specified assets of the Company to be held by IBG Borrower and the execution of customary account control agreements.

The net cash proceeds of the Senior Secured Term Loan, of which are expected to be approximately $268 million (after deducting financing, investment banking and legal fees), will, pursuant to the terms of the Credit Agreement, be deposited by the Lenders into an escrow account on the closing date. IBG Borrower must deposit into the escrow account certain additional funds, so that the total amount of cash on deposit in the escrow account is sufficient to pay all outstanding obligations, plus accrued interest, under the Company's 2.50% convertible senior subordinated notes due June 2016 and issued pursuant to that certain Indenture, dated as of May 23, 2011, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2016 Convertible Notes"). The funds in the escrow account will be used to repay the 2016 Convertible Notes on or before their maturity, with any remaining funds going toward general corporate purposes permitted under the terms of the Credit Agreement.

Retention Stock Grant. On January 7, 2016, the Company awarded to certain employees a retention stock grant of approximately 1.3 million shares with a then current value of approximately $7.7 million. The awards cliff vest in three years based on the Company's Total Shareholder Return, as defined, measured against a peer group as defined in the Company's Proxy Statement. The measurement period began on the grant date and the beginning measurement amount was calculated based on the 20 day average closing stock price leading up to the grant date. The measurement period ends on December 31, 2019 and the ending measurement amount is based on the 20 day average closing stock price leading up to December 31, 2019. The award will vest on a scaled pay out based on the Company's total shareholder return versus the peer group.

20. Other Matters

The Company is currently in a comment letter process with the Staff of the Securities and Exchange Commission relating to an ongoing periodic review of the Company's Form 10-K for the year ended December 31, 2014. The current correspondence relates to the accounting treatment for the formation of the Company's international joint ventures under US GAAP and whether such joint ventures should potentially have been consolidated in the Company's historical results. The Company's Board of Directors also formed a Special Committee consisting of independent directors to review the accounting treatment related to certain of the Company's international joint venture and other transactions. The Special Committee has completed its review. Refer to Note 21 for the further detail related to the Company’s restatement and related conclusions.

On August 5, 2015, Mr. Cole resigned as the Company’s Chairman of the Board, President, Chief Executive Officer and as a director of the Company effective immediately. Upon Mr. Cole’s resignation, Mr. F. Peter Cuneo, a member of the Company’s Board of Directors, was appointed the Company’s Chairman of the Board and Interim Chief Executive Officer. The Company recognized a one-time pre-tax charge of approximately $4.6 million in FY 2015, primarily related to the terms of a binding term sheet with Mr. Cole. Under the terms of Mr. Cuneo’s agreement as Interim Chief Executive Officer, the Company recognized a one-time pre-tax charge of approximately $1.2 million in FY 2015.

As a result of a comprehensive review of the Company’s license agreements and relationships with its licensees and based on current business conditions in FY 2015, the Company increased its provision for doubtful accounts and wrote off uncollectible accounts, which in the aggregate amounted to bad debt expense of approximately $16.0 million, which is included in the Company’s selling, general and administrative expenses for the year ended December 31, 2015.

During FY 2015, the Company included in its selling, general and administrative expenses approximately $11.1 million of charges for professional fees associated with the continuing correspondence with the Staff of the SEC, the Special Committee’s review, class-action litigation, and severance costs related to the transition of the Company’s management (which includes the $4.6 million noted above).

21. Restatement of Previously Issued Financial Statements

SEC Comment Letter Process.

As previously disclosed, the Company has been engaged in a comment letter process with the Staff of the U.S. Securities and Exchange Commission relating to an ongoing review of the Company’s Form 10-K for the year ended December 31, 2014. The Company has responded to the Staff with a Confirming Letter on all of the questions the Staff has raised. As a result of the comment letter process, the Company’s management team, Audit Committee (the “Audit Committee”) and the Board of Directors (the “Board”) have reviewed the Company’s financial statements and assessed the accounting treatment applied by the Company to its joint ventures and other sales of intellectual property.

Based on this review and assessment, the Board, the Audit Committee and the Company’s management team, on February 11, 2016, concluded that the Company would restate its historical financial statements (the “Restatement”) to address the following accounting matters: (i) consolidate the financial statements of the Iconix Canada, Iconix Israel, Iconix Southeast Asia, Iconix MENA and LC Partners US joint ventures with the Company’s financial statements, and eliminate the previously reported gains on sale which were recorded at the time these transactions were consummated (including subsequent June 2014 and September 2014 transactions with respect to Iconix Southeast Asia), (ii) record the recalculated cost basis of the trademarks contributed to certain joint ventures which are recorded under the equity method of accounting at the time of consummation of the transactions (which also affected years prior to FY 2013 and is effectuated in the consolidated balance sheets contained herein), (iii) record the recalculated cost basis of the Umbro brand in the territory of Korea (which closed in December 2013) and the e-commerce and U.S. catalog rights in respect of the Sharper Image brand (which closed in June 2014) to determine the amount of the gain that should have been recorded at the time of the sale, (iv) reclassify the presentation of its statement of operations to reflect gains on sales of trademarks (to joint ventures or third parties) as a separate line item above the Operating Income line, and not as revenue as historically reflected, and (v) reclassify the Equity Earnings on Joint Ventures line to above the Operating Income line, from its previous location within the Other Expenses section.

In conjunction with the Company's consolidation of the joint ventures noted above, the Company also adjusted its historical financial statements to properly reflect the consideration from joint venture partners ("the redemption value") as redeemable non-controlling interest for the Iconix Southeast Asia, Iconix MENA and LC Partners US joint ventures as of the date of the formation of the joint venture. For each period subsequent to the formation of the joint venture, the Company will accrete the change in redemption value up to the date that the joint venture partner has the right to redeem its respective put option. Additionally, in accordance with the applicable accounting guidance, the notes receivable, net of discount, received from our joint venture partners as part of the consideration related to the formation of consolidated joint ventures will be netted against non-controlling interest or redeemable non-controlling interest, as applicable.

Other.

In addition, through the Company's review of various historical transactions, management determined that it would record adjustments to reflect the following: (i) the reduction of revenue and remeasurment gains associated with certain transactions whereby the Company was not able to establish the fair value of the purchase transaction and subsequent guaranteed minimum royalties. Such adjustments reduced revenue by approximately $10 million, $14 million, $12 million and $6 million in 2015, 2014, 2013 and 2011, respectively, and reduced 2011 remeasurement gains by approximately $4 million, (ii) record a liability of $5.3 million for a royalty credit earned by a specific licensee in fiscal years 2006 through 2008 that will be utilized in fiscal years 2016 through 2020.

The following tables set forth a reconciliation of previously reported and restated selected financial data as of the dates and for the periods shown:

	Year Ended December 31, 2014		
	As Previously Reported	Adjustments	As Restated
Assets			
Current Assets:			
Cash and cash equivalents	$128,019	$ 20	$128,039
Restricted cash	59,560	—	59,560
Accounts receivable, net	115,066	(2,719)	112,347
Deferred income tax assets	10,328	—	10,328
Other assets – current	66,781	(22,693)	44,088
Total Current Assets	379,754	(25,392)	354,362
Property and equipment:			
Furniture, fixtures and equipment	22,704	—	22,704
Less: Accumulated depreciation	(14,946)	—	(14,946)
	7,758	—	7,758
Other Assets:			
Other assets	63,334	(11,469)	51,865
Trademarks and other intangibles, net	2,024,541	(28,207)	1,996,334
Deferred financing costs, net	19,842	-	19,842
Investments and joint ventures	140,910	(30,805)	110,105
Goodwill	231,738	1,038	232,776
	2,480,365	(69,443)	2,410,922
Total Assets	$2,867,877	$ (94,835)	$2,773,042
Liabilities, Redeemable Non-Controlling Interest and Stockholders’ Equity			
Current liabilities:			
Accounts payable and accrued expenses	$38,762	$ (107)	$38,655
Deferred revenue	24,978	890	25,868
Current portion of long-term debt	61,123	—	61,123
Other liabilities – current	12,741	(6,338)	6,403
Total current liabilities	137,604	(5,555)	132,049
Deferred income tax liability	320,792	(20,810)	299,982
Other tax liabilities	—	—	—
Long-term debt, less current maturities	1,332,954	—	1,332,954
Other liabilities	11,660	5,264	16,924
Total Liabilities	$1,803,010	$ (21,101)	$1,781,909
Redeemable Non-Controlling Interests, net of installment payments due from non-controlling interest holders	14,224	25,472	39,696
Commitments and contingencies			
Stockholders’ Equity:			
Common stock	79	—	79
Additional paid-in capital	948,714	(7,792)	940,922
Retained earnings	805,526	(91,707)	713,819
Accumulated other comprehensive loss	(24,186)	—	(24,186)

Less: Treasury stock	(812,429)	—	(812,429)
Total Iconix Brand Group, Inc. Stockholders' Equity	917,704	(99,499)	818,205
Non-controlling interests, net of installment payments due from non-controlling interest holders	132,939	293	133,232
Total Stockholders' Equity	$1,050,643	$ (99,206)	$951,437
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	$2,867,877	$ (94,835)	$2,773,042

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	Year Ended December 31, 2014 As Previously Reported	Adjustments	As Restated
Licensing revenue	$394,157	$ (2,667)	$ 391,490
Other revenue[1]	45,840	(45,840)	—
Total revenue	439,997	(48,507)	391,490
Selling, general and administrative expenses	190,153	(1,367)	188,786
Gains on sale of trademarks[1]	—	(6,399)	(6,399)
Equity earnings on joint ventures[2]	—	(11,325)	(11,325)
Operating income	249,844	(29,416)	220,428
Other expenses - net[2]	26,667	26,651	53,318
Income before taxes	223,177	(56,067)	167,110
Provision for income taxes	59,641	(11,353)	48,288
Net income	$163,536	$ (44,714)	$ 118,822
Less: Net income attributable to non-controlling interest	14,693	406	15,099
Net income attributable to Iconix Brand Group, Inc.	$148,843	$ (45,120)	$ 103,723
Earnings per share:			
Basic	$3.07	$ (0.93)	$ 2.14
Diluted	$2.59	$ (0.78)	$ 1.81
Comprehensive income	$122,864	$ (44,714)	$ 78,150
Comprehensive income attributable to Iconix Brand Group, Inc.	$108,171	$ (45,120)	$ 63,051

(1) Gains on sale of trademarks was previously reported as other revenue. Many of the gains recorded upon formation of certain joint ventures were reversed as a result of consolidation. The gains that were not impacted by consolidation, and therefore not reversed, have been reclassified and are being presented as a separate line item above operating income.

(2) Equity earnings from joint ventures was previously reported within other expenses – net and has been reclassified and is being presented as a component of operating income.

	Year Ended December 31, 2013 As Previously Reported	Adjustments	As Restated
Licensing revenue	$398,047	$ (7,473)	$ 390,574
Other revenue[1]	32,579	(32,579)	—
Total revenue	430,626	(40,052)	390,574
Selling, general and administrative expenses	173,215	(54)	173,161
Gains on sale of trademarks[1]	—	(7,354)	(7,354)
Equity earnings on joint ventures[2]	—	(10,211)	(10,211)
Operating income	257,411	(22,433)	234,978
Other expenses - net[2]	56,749	11,342	68,091
Income before taxes	200,662	(33,775)	166,887

Provision for income taxes	58,075	(8,480)	49,595
Net income	$142,587	$ (25,295)	$ 117,292
Less: Net income attributable to non-controlling interest	14,539	(2,236)	12,303
Net income attributable to Iconix Brand Group, Inc.	$128,048	$ (23,059)	$ 104,989
Earnings per share:			
Basic	$2.28	$ (0.41)	$ 1.87
Diluted	$2.11	$ (0.38)	$ 1.73
Comprehensive income	$159,073	$ (25,295)	$ 133,778
Comprehensive income attributable to Iconix Brand Group, Inc.	$144,534	$ (23,059)	$ 121,475

(1) Gains on sale of trademarks was previously reported as other revenue. Many of the gains recorded upon formation of certain joint ventures were reversed as a result of consolidation. The gains that were not impacted by consolidation, and therefore not reversed, have been reclassified and are being presented as a separate line item above operating income.

(2) Equity earnings from joint ventures was previously reported within other expenses – net and has been reclassified and is being presented as a component of operating income.

Additionally, the opening stockholders' equity, as of January 1, 2013, was adjusted as follows:

	As of January 1, 2013		
	As Previously Reported	Adjustments	As Restated
Stockholders' Equity:			
Common stock	77	—	77
Additional paid-in capital	815,935	—	815,935
Retained earnings	529,829	(20,224)	509,605
Accumulated other comprehensive loss	—	—	—
Less: Treasury stock	(159,690)	—	(159,690)
Total Iconix Brand Group, Inc. Stockholders' Equity	1,186,151	(20,224)	1,165,927
Non-controlling interests, net of installment payments due from non-controlling interest holders	113,689	(2,250)	111,439
Total Stockholders' Equity	$ 1,299,840	$ (22,474)	$ 1,277,366

The Company intends to amend its Forms 10-Q for the quarterly periods ended March, 31, June 30, and September 2015 to reflect the restatement adjustments applicable to the periods presented therein.

Other correction of errors

Soon after filing the Company's 2015 Form 10-K, the Company noted certain errors in the Form 10-K. The Supplemental Disclosure of Cash Flow Information for FY 2015 incorrectly noted that interest expense paid in cash was $11.7 million, instead of the correct amount of $48.1 million. Also, in Note 1 to the financial statements, the Company should have reported that in 2015, it had 1 major customer which represented 14% of total revenues (instead of 10%, as previously reported) and in 2014 had a second customer that represented 11% of accounts receivable (instead of 16%, as previously reported). The financial statements presented herein correct these amounts.

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 March 30, 2016 relating to the consolidated financial statements of Iconix Brand Group, Inc. and Subsidiaries ("the Company"), which is contained in Item 8 and Item 15(a) 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
March 30, 2016
New York, New York

Schedule II - Valuation and Qualifying Accounts

Iconix Brand Group, Inc. and Subsidiaries

(In thousands)

Column A	Column B	Column C Additions	Column D	Column E
Description	Balance at Beginning of Period	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, 2015	$ 8,738	$ 25,128	$ (25,481)	$ 8,385
Year ended December 31, 2014	$ 12,140	$ 9,627	$ (13,029)	$ 8,738
Year ended December 31, 2013	$ 11,994	$ 9,718	$ (9,572)	$ 12,140

[a] These amounts include reserves for bad debts.