ICONIX BRAND GROUP, INC.
Form 10-K/A
April 30, 2018

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, 2017

OR

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

(Commission File Number) 001-10593

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)

(212) 730-0030

Registrant's telephone number, including area code:

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

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

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

None

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

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

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

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

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

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨
Emerging Growth Company ¨			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant as of the close of business on June 30, 2017 was approximately $386.97 million. As of April 20, 2018, 65,496,145 shares of the registrant's Common Stock, par value $.001 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

None

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the “Amendment”) amends the Annual Report on Form 10-K of Iconix Brand Group, Inc. for the fiscal year ended December 31, 2017, originally filed with the Securities and Exchange Commission (“SEC”) on March 14, 2018 (the “Original Filing”). We are filing this Amendment to amend Part III of the Original Filing to include the information required by and not included in Part III of the Original Filing because we do not intend to file our definitive proxy statement within 120 days of the end of our fiscal year ended December 31, 2017. In connection with the filing of this Amendment and pursuant to the rules of the SEC, we are including with this Amendment certain new certifications by our principal executive officer and principal financial officer. Accordingly, Item 15 of Part IV has also been amended to reflect the filing of these new certifications.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing, other than as expressly indicated in this Amendment. In this Amendment, unless the context indicates otherwise, the terms “Company”, “Iconix”, “we”, “us”, “our”, or similar pronouns refer to Iconix Brand Group, Inc. and its consolidated subsidiaries. Other defined terms used in this Amendment but not defined herein shall have the meaning specified for such terms in the Original Filing.

TABLE OF CONTENTS

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following information includes information each director and executive officer has given us about his or her age, his or her principal occupation and business experience for at least the past five years, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. Qualifications and skills of our directors that contribute to our Board of Directors' effectiveness as a whole and which make them suitable to serve on our Board of Directors are described in the following paragraphs.

Our executive officers and directors, and their respective ages and positions, are as follows:

Name	Age	Position(s)
John N. Haugh	55	Director, President and Chief Executive Officer
David K. Jones	48	Executive Vice President and Chief Financial Officer
Jason Schaefer	43	Executive Vice President and General Counsel
F. Peter Cuneo	74	Executive Chairman of the Board
Drew Cohen[1,2]	49	Lead Director
Mark Friedman[2,3]	54	Director
Sue Gove[2,3]	59	Director
James A. Marcum[1,2]	58	Director
Sanjay Khosla[3]	66	Director
Kenneth Slutsky[1,3]	64	Director

(1) Member of Governance/Nominating Committee.
(2) Member of Audit Committee.
(3) Member of Compensation Committee.

John N. Haugh has served as a Director and as our President since February 23, 2016. He has also served as our Chief Executive Officer since April 1, 2016. Prior to joining our Company, from July 2011 to February 2016, Mr. Haugh worked for Luxottica Retail North America, a division of Luxottica Group SpA, the leading optical and sunglass wholesaler and retailer in the world, most recently in the role of President of Sun, Luxury and Retail Services. From March 2009 through July 2011, Mr. Haugh was the President and Chief Merchandising Officer for Build-A-Bear Workshop, Inc. Earlier in his career, Mr. Haugh held general management, marketing, sales and operational roles with several companies including Mars, Inc., Payless ShoeSource, Inc., Universal Studios, Inc., Carlson Companies, Inc. and General Mills, Inc. Mr. Haugh previously served on the Board of Directors of Aeropostale, Inc., including as chairman of the Compensation Committee and as a member of the Nominating and Corporate Governance Committee. Aeropostale and each of its subsidiaries filed for bankruptcy in May 2016. Mr. Haugh also serves on the Board of Trustees for the International Council of Shopping Centers. Mr. Haugh obtained a Bachelor of Science degree from the University of Wisconsin-Madison in 1985 and an MBA from the International Institute of Management Development (IMD) in Lausanne, Switzerland in 1991. The Board of Directors believes that Mr. Haugh's broad executive background, brand building and brand management expertise and experience in corporate strategy, as well as his experience as a director of a public company, make him well qualified to serve on our Board of Directors.

David K. Jones has served as our Executive Vice President and Chief Financial Officer since July 2015. Prior to joining our Company, Mr. Jones served as Executive Vice President and Chief Financial Officer of Penske Automotive Group, Inc. from May 2011 to June 2015. Previously, Mr. Jones served in various capacities for Penske Automotive Group, Inc., including as Vice President—Financial Compliance and Controls from April 2006 to May 2011 and Director of Financial Reporting from 2003 to April 2006. Prior to joining Penske, Mr. Jones was a Senior Manager at Andersen LLP, an accounting and financial advisory services firm, which he joined in 1991. Mr. Jones received a Bachelor of Arts degree in Accounting from Seton Hall University in 1991.

Jason Schaefer has served as our Executive Vice President and General Counsel since joining our company in September 2013. From May 2008 until September 2013, Mr. Schaefer served as General Counsel of Pegasus Capital Advisors, L.P., a private equity fund. From March 2006 to May 2008, he advised on merger and acquisition transactions in both the private and public space at Akin Gump Strauss Hauer and Feld LLP. Prior to that time, Mr. Schaefer was an associate in the corporate group of Paul Weiss Rifkind Wharton and Garrison LLP, an international law firm. Mr. Schaefer received his Juris Doctor, cum laude, from Brooklyn Law School in 2001 and a Bachelor of Arts degree in political science from the University at Buffalo in 1996.

F. Peter Cuneo has served as our Executive Chairman of the Board of Directors since December 2017 and from April 2016 until December 2016. Since August 2015, and while not serving as Executive Chairman, Mr. Cuneo has served as our Chairman of the Board. He also served as our Interim Chief Executive Officer from August 2015 until April 2016. Mr. Cuneo has served on our Board of Directors since October 2006. From June 2004 through December 2009 Mr. Cuneo served as the Vice Chairman of the Board of Directors of Marvel Entertainment, Inc. ("Marvel Entertainment"), a publicly traded entertainment company active in motion pictures, television, publishing, licensing and toys, and prior thereto, he served as the President and Chief Executive Officer of Marvel Entertainment from July 1999 to December 2002. Mr. Cuneo has also served as the Chairman of Cuneo & Co., L.L.C., a private investment firm, since July 1997 and previously served on the Board of Directors of WaterPik Technologies, Inc., a New York Stock Exchange company engaged in designing, manufacturing and marketing health care products, swimming pool products and water-heating systems, prior to its sale in 2006. From October 2004 to December 2005, he served on the Board of Directors of Majesco Entertainment Company, a provider of video game products primarily for the family oriented, mass market consumer. Mr. Cuneo received a Bachelor of Science degree from Alfred University in 1967 and currently serves as the Chairman of the Alfred University Board of Trustees. Mr. Cuneo received a Masters degree in business administration from Harvard Business School in 1973. The Board of Directors believes that Mr. Cuneo's extensive business and financial background and significant experience as an executive of Marvel Entertainment, an owner and licensor of iconic intellectual property, contributes important expertise to our Board of Directors.

Drew Cohen has served on our Board of Directors since April 2004. From August 2015 until April 2016, and since September 2016, Mr. Cohen has served as our Lead Director. Since 2007 he has been the President of Music Theatre International ("MTI") and currently serves as its Chief Executive Officer and President. MTI represents the dramatic performing rights of classic properties, such as "West Side Story" and "Fiddler on the Roof," and licenses over 50,000 performances a year around the world. Before joining MTI in September 2002, Mr. Cohen was, from July 2001, the Director of Investments for Big Wave NV, an investment management company, and, prior to that, General Manager for GlassNote Records, an independent record company. Mr. Cohen received a Bachelor of Science degree from Tufts University in 1990, his Juris Doctor degree from Fordham Law School in 1993, and a Masters degree in business administration from Harvard Business School in 2001. The Board believes that Mr. Cohen's legal and business background, and experience as an executive in an industry heavily involved in the licensing business, make him well suited to serve on our Board.

Mark Friedman has served on our Board of Directors since October 2006. Mr. Friedman has been a Managing Partner at The Retail Tracker, an investment advisory and consulting firm since May 2006. From 1996 to 2006 Mr. Friedman was with Merrill Lynch, serving in various capacities including group head of its U.S. equity research retail team where he specialized in analyzing and evaluating specialty retailers in the apparel, accessory and home goods segments. Prior to joining Merrill Lynch, he specialized in similar areas for Lehman Brothers Inc. and Goldman, Sachs & Co. Mr. Friedman has been ranked on the Institutional Investor All-American Research Team as one of the top-rated sector analysts. He received a Bachelor of Business Administration degree from the University of Michigan in 1986 and a Masters degree in business administration from The Wharton School, University of Pennsylvania in 1990. The Board of Directors believes that Mr. Friedman's extensive business background and investment banking experience adds key experience and viewpoints to our Board of Directors.

Sue Gove has served on our Board of Directors since October 2014. Ms. Gove has been the President of Excelsior Advisors, LLC since May 2014 and has also been retained as a Senior Advisor at Alvarez & Marsal. Ms. Gove had served as the President of Golf Smith International Holdings, Inc. from February 2012 through April 2014 and as Chief Executive Officer from October 2012 through April 2014. Previously, she was Chief Operating Officer of Golfsmith International Holdings, Inc. from September 2008 through October 2012, Executive Vice President from September 2008 through February 2012 and Chief Financial Officer from March 2009 through July 2012. Ms. Gove previously had been a self-employed consultant from April 2006 until September 2008, serving clients in specialty retail and private equity. She was Executive Vice President and Chief Operating Officer of Zale Corporation from 2002 to March 2006 and a director of Zale Corporation from 2004 to 2006. She was Executive Vice President, Chief Financial Officer of Zale Corporation from 1998 to 2002 and remained in the position of Chief Financial Officer until 2003. Ms. Gove served as a director of AutoZone, Inc. from 2005 to 2017, and has served as a director of Logitech International since September 2015 and a director of Tailored Brands, Inc. since August 2017. Ms. Gove received a Bachelor of Business Administration degree from the University of Texas at Austin. The Board believes that Ms. Gove's financial background and extensive experience in executive management positions with leading retailers adds key insight and knowledge to our Board.

James A. Marcum has served on our Board of Directors since October 2007. Since January 2016, Mr. Marcum has served as an Operating Partner and Consultant for an affiliate of Apollo Global Management Holdings, LLC. Prior to that, Mr. Marcum served as an Operating Partner and Operating Executive of Tri-Artisan Capital Partners, LLC, a merchant banking firm, positions he held from December 2014 to January 2016. From August 2013 to December 2014, Mr. Marcum served as Chief Executive Officer, President and Director of Heartland Automotive Services, Inc., the nation's largest franchisee of Jiffy Lubes. From February 2010 through December 31, 2012, Mr. Marcum served as the Chief Executive Officer, President and Director of Central Parking Corporation, a nationwide provider of professional parking management. From September 2008 to January 2010, Mr. Marcum served as Vice Chairman, Acting President and Chief Executive Officer of Circuit City Stores, Inc., a specialty retailer of consumer electronics where Mr. Marcum had also served as a member of the Board of Directors since June 2008. Circuit City Stores, Inc. filed for bankruptcy in November 2008. Prior to Circuit City Stores Inc., Mr. Marcum served in several other notable board capacities and senior executive roles including roles as Lead Director, CEO, COO and CFO for a variety of nationwide specialty retailers both public and private. He received a Bachelor of Science degree from Southern Connecticut State University in accounting and economics in 1980. The Board of Directors believes that Mr. Marcum's contributions to the Board of Directors are well served by his extensive business background and his experience as a corporate executive of national retail establishments.

Sanjay Khosla has served on our Board of Directors since September 2016. Since June 2013, Mr. Khosla has served as a Senior Fellow at Kellogg School of Management, Northwestern University. Since April 2013, Mr. Khosla has served as a Senior Advisor to Boston Consulting Group, a global management consulting firm advising on business strategy. Since April 2013, Mr. Khosla has been CEO of Bunnik LLC, a management consulting firm. From January 2007 to March 2013, Mr. Khosla was President of Developing Markets of Mondelez International, a global snacking and foods brand company formerly known as Kraft Foods, Inc. Previously, Mr. Khosla was Managing Director of Fonterra Co-operative Group Ltd., a multi-national dairy company based in New Zealand, from 2004 to 2006. Mr. Khosla served in various senior executive capacities at Unilever, Inc., a global consumer products company from 1977 to 2004. Mr. Khosla has been a director of Zoetis Inc. since 2013 and was formerly a director of NIIT Ltd. prior to his resignation therefrom in October 2017. From 2008 until June 2015, Mr. Khosla served as a director of Best Buy Inc. Mr. Khosla received a Bachelor of Technology degree, with honors, from the Indian Institute of Technology in electrical engineering in 1973. The Board believes that Mr. Khosla's deep knowledge of branding and consumer marketing, as well as his extensive executive and director leadership experience, are a great benefit to our Board.

Kenneth W. Slutsky has served on our Board of Directors since November 2016. Since June 2013, Mr. Slutsky has served as Managing Director and a partner at Saybrook Capital and has been an advisory board member there since 2002. Previously, Mr. Slutsky served in various senior leadership positions include Vice Chairman of Candle Corporation, a provider of systems management software from 1990 to 2000 and senior leadership roles at Casey Company and Kern Oil and Refining Company from 1979 to 1991. Additionally, he has been a member of Wedgewood Corporation's board of directors since January 2012 and was a member of Axia Holding Corp's board from April 2015 until its sale in 2017. Previously he served on Western Emulsions' board from January 2012 until the Company was sold in December 2015. Previously, Mr. Slutsky served on an advisory board of Northwest Airlines, the boards of directors of AT Curd Builders and Red Cloud Capital and the board of trustees of The Rand Corporation Center for Middle Eastern Policy. Mr. Slutsky graduated from Bowdoin College, Magna Cum Laude, in 1976 and received a Juris Doctor from Emory University in 1979. The Board believes that Mr. Slutsky's high level of expertise in business and corporate finance matters will be extremely valuable to our Board.

Appointment of officers

Our Board of Directors appoints the officers of the Company on an annual basis and its officers serve until their successors are duly elected and qualified, unless earlier removed by the Board of Directors. No family relationships exist among any of our officers or directors.

Election of directors

Our Board of Directors is currently comprised of eight directors, six of which are independent directors. At each annual meeting of stockholders, the successors to the directors then serving are elected to serve from the time of their election and qualification until the next annual meeting following their election or until their successors have been duly elected and qualified, or until their earlier death, resignation or removal. All eight of our current directors have been elected to serve until the annual meeting of stockholders to be held in 2018.

Agreement with Huber

As previously disclosed, on September 26, 2016, the Company entered into an agreement (the “Agreement”) with Huber Capital Management, LLC, a Delaware limited liability company (“HCM”), and Joseph R. Huber (collectively with HCM, “Huber”) which, as of the date of the Agreement, beneficially owned approximately 6,991,079 shares, or 12.45%, of the Company’s outstanding common stock. As disclosed below under “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters,” as of April 20, 2018, Huber beneficially owned zero shares of the Company’s outstanding common stock. The following is a summary of the material terms of the Agreement. The summary does not purport to be complete and is qualified in its entirety by reference to the Agreement, a copy of which is attached as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on September 28, 2016.

Under the terms of the Agreement, the Company agreed that (i) the Board would nominate Mr. Slutsky, an independent director candidate recommended by Huber, on the Company’s slate of directors for election to the Board at the 2016 Annual Meeting of Stockholders held on November 4, 2016 (the “2016 Annual Meeting”), (ii) the Company’s slate of directors for election to the Board at the 2016 Annual Meeting would consist of nine (9) directors and (iii) the Company would recommend and solicit proxies for the election of all such nominees at the 2016 Annual Meeting.

The Agreement further provided that Huber would appear in person or by proxy at each annual or special meeting of stockholders held during the period from the date of the Agreement until the date that is fifteen (15) business days prior to the deadline for submission of stockholder nominations for the Company's 2017 annual meeting of stockholders (the "Standstill Period") pursuant to the Company's Restated and Amended By-Laws and vote all of the Company's common stock beneficially owned, or deemed beneficially owned, by Huber (i) in favor of the slate of directors nominated by the Board and (ii) against the removal of any member of the Board.

Huber also agreed to certain other customary standstill provisions during the Standstill Period, including, among others, that it would not nominate any person for election at the 2016 Annual Meeting, submit proposals for consideration or otherwise bring any business before the 2016 Annual Meeting, nor engage in certain activities related to "withhold" or similar campaigns with respect to the 2016 Annual Meeting.

The Corporate Governance/Nominating Committee did not receive any other recommendations for director nominees at the Annual Meeting from any of the Company's stockholders beneficially owning more than five percent (5%) of the Company's outstanding common stock.

Audit Committee and Audit Committee Financial Expert

Our Board of Directors has appointed an Audit Committee each of whose members is, and is required to be, an "independent director" under the Listing Rules of NASDAQ. The members of our Audit Committee are Ms. Gove and Messrs. Cohen, Marcum and Freidman, and Ms. Gove currently serves as its chairperson. In addition to being an "independent director" under the Listing Rules of NASDAQ, each member of the Audit Committee is an independent director under applicable SEC rules under the Securities Exchange Act of 1934. Our Board of Directors has also determined that Ms. Gove is our "audit committee financial expert," as that term is defined under applicable SEC rules and NASDAQ Listing Rules, serving on the Audit Committee.

Our Audit Committee's responsibilities include:

- appointing, replacing, overseeing and compensating the work of a firm to serve as the independent registered public accounting firm to audit our financial statements;

- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results, which includes matters required to be discussed under Public Company Accounting Oversight Board ("PCAOB")

Auditing Standard 1301 - Communications with Audit Committees;

- considering the adequacy of our internal accounting controls and audit procedures;

- reviewing and approving related party transactions (as defined by Item 404 of SEC Regulation S-K) entered into by the Company, and discussing with management the business rationale for any such transactions and determining whether public disclosure is required;

- approving (or, as permitted, pre-approving) all audit and non-audit services to be performed by the independent registered public accounting firm; and

- receiving and reviewing written disclosures on independence required by PCAOB Rule 3526.

Risk Management

Our Board of Directors has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. Our Board of Directors regularly reviews information regarding the Company's credit, liquidity, proposed acquisitions and operations, as well as other risks associated with the Company's business.

The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements, as well as all of the Company's benefit plans. The Audit Committee oversees management of financial risks and potential conflicts of interest with related parties. The Governance/Nominating Committee manages risks associated with the independence of our Board of Directors. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire Board is regularly informed by members of management and through committee reports, or otherwise, about such risks.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% owners are required by certain SEC regulations to furnish us with copies of all Section 16(a) forms filed by them. Based solely on our review of the copies of such forms received by us, we believe that during 2017, there was compliance with the filing requirements applicable to our officers, directors and greater than 10% common stockholders, other than two reports that were not filed within two business days that were subsequently filed on behalf of Messrs. Jones and Schaefer relating to the surrender of 4,072 shares and 3,284 shares, respectively, in payment of tax liability incident to the vesting of RSUs on March 30, 2017.

Code of Business Conduct and Ethics

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

Item 11. Executive Compensation

In 2015 and 2016, our Board of Directors placed a priority on holistically reviewing our compensation and governance practices. The goal of that review was to establish policies that provide appropriate compensation to attract and retain strong leadership, while ensuring the overall compensation program was aligned with both the Company's performance and stockholders' best interests. As a result of this review, the Company redesigned its compensation programs and made numerous other governance and compensation changes in 2015, 2016 and 2017. Many of these changes are directly responsive to feedback previously received from our investors, and also incorporate generally accepted market practices, as evaluated by our compensation consultant.

Compensation Discussion and Analysis

At our 2017 annual meeting, our stockholders voted in favor of (i) the non-binding advisory resolution that future advisory stockholder votes on compensation of the Company's named executive officers occur every year and (ii) the non-binding advisory resolution on named executive officer compensation. The Company and the Compensation

Committee continue to review our policies and programs and consider additional changes, where appropriate.

Introduction

The purpose of this Compensation Discussion and Analysis is to provide the information necessary for understanding the compensation philosophy, policies and decisions that are material to the compensation of our principal executive officer, our principal financial officer and our other most highly compensated executive officers (we refer to these officers as our "named executive officers") during 2017.

This Compensation Discussion and Analysis will place in context the information regarding our 2017 named executive officers contained in the tables and accompanying narratives that follow this discussion.

In 2017, our named executive officers were:

John N. Haugh	President, Chief Executive Officer and Director
F. Peter Cuneo[(1)]	Executive Chairman of the Board (Former Chairman; former Interim Chief Executive Officer and Director; Director since 2006)
David K. Jones	Executive Vice President and Chief Financial Officer
Jason Schaefer	Executive Vice President, General Counsel and Secretary

(1) Mr. Cuneo's service as Executive Chairman of the Board commenced on December 18, 2017.

Roles of the Board and Compensation Committee in Compensation Decisions

Compensation of our named executive officers has been determined by the Board of Directors pursuant to recommendations made by the Chief Executive Officer and the Compensation Committee. The Compensation Committee is responsible for, among other things, reviewing and making recommendations as to the compensation of our executive officers; administering our equity incentive and stock option plans; reviewing and making recommendations to the Board of Directors with respect to incentive compensation and equity incentive plans; and setting our Chief Executive Officer's compensation based on the achievement of corporate objectives.

Effective October 2015, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent, third-party compensation consultant for advice and assistance on executive compensation matters. The Compensation Committee has assessed the independence of FW Cook pursuant to the NASDAQ listing standards and SEC rules and is not aware of any conflict of interest that would prevent FW Cook from providing independent advice to the Committee concerning executive compensation matters.

Objectives of our Executive Compensation Program

The Company's goals for its executive compensation program are to:

- Attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for the Company's success in dynamic and competitive markets.
- Align pay with performance as well as with the long-term interests of stockholders by linking payouts to pre-determined performance measures that promote long-term stockholder value.
- Promote stability in the executive team and establish continuity of the service of named executive officers, so that they will contribute to, and be a part of, the Company's long-term success.

Key Features of Our Executive Compensation Program

Following is a summary of the key features of our compensation program, which demonstrates how each feature furthers the overall goals of our compensation philosophy.

What we do

Pay for Performance. Our 2017 annual bonus program was based on pre-established financial goals. We have adopted the LTIP, which provides for grants that are tied to our long-term business goals. Because these PSUs are generally earned only at the end of the three-year performance period, they remain "at risk" (over the term) based on performance metrics.

Clawback Policy. We have adopted a clawback policy that applies if there is a restatement of our financial statements that is required, within the previous three years, to correct accounting errors due to material non-compliance with any financial reporting requirements under the federal securities laws. This applies to equity as well as cash payments that were paid based on performance metrics. During 2016, we clawed back equity and cash payments from former executives pursuant to the policy.

Anti-Pledging Policy. We have adopted a policy that prohibits directors and executive officers from pledging any additional shares of the Company's common stock following October 20, 2015.

Stock Ownership Guidelines. The Company has adopted stock ownership guidelines for its directors, named executive officers and all other direct reports to the Chief Executive Officer to provide for ownership maintenance of the Company's equity. To be consistent with market practice, the Compensation Committee recently amended the guidelines to allow for RSUs, net of shares to cover taxes at a 40% assumed tax rate, to count toward ownership levels.

Anti-Hedging Policy. We have a policy prohibiting directors and named executive officers from engaging in hedging transactions, which include puts, calls and other derivative securities, with respect to the Company's equity securities.

"Double Trigger" Change in Control Provision. Our Amended and Restated 2016 Omnibus Incentive Plan (referred to herein as the "2016 Plan"), and its predecessor plan, the Amended and Restated 2009 Equity Incentive Plan (the "2009 Plan"), provide for "double trigger" change in control provisions, which provide that unvested equity awards do not accelerate unless, within 24 months following such change in control, the participant is terminated without cause or leaves for good reason.

Independence of our Compensation Committee and Advisor. The Compensation Committee, which is comprised solely of independent directors, utilizes the services of FW Cook, as its independent, third party compensation consultant. FW Cook reports to the Compensation Committee, does not perform any other services for the Company, and, to the Compensation Committee's knowledge, has no economic or other ties to the Company or the management team that could compromise its independence or objectivity.

What we don't do

No gross-ups. We do not have any provisions requiring the Company to gross-up salary or bonus compensation to cover taxes owed by our executives.

No Excess Perquisites and Limited Retirement Benefits. We have a 401k program and have never had a defined benefit plan. We do not maintain any supplemental executive retirement plans or other pension benefits. We do not provide any excessive perquisites.

No option repricing or exchanges without stockholder approval; No "liberal" share recycling. We have not engaged in the activities below and they are prohibited by both the 2016 Plan and the 2009 Plan:

- Repricing options; and
- Buying out underwater options for cash.

No dividends or dividend equivalents on unvested awards. We do not pay dividends or dividend equivalents on unvested RSU awards or unearned PSU awards.

No "catch-up" feature on PSU awards. Commencing with PSU grants made in 2016, we eliminated the "catch up" feature on PSU awards.

<u>*Compensation Peer Group*</u>

FW Cook assisted the Compensation Committee in identifying public companies against which the Company competes for executive talent – the “Peer Group.”

As a result of Iconix’s unique business model, in which a large portion of our profits are generated through licensing of our brands rather than direct retail sales, Iconix has very few similarly-sized public company competitors. Accordingly, developing the Peer Group required a careful balancing of “typical” peer group criteria such as market capitalization and revenue, as well as business model-specific criteria such as licensing revenue, profitability and operating margin. Based on the foregoing considerations and viewed holistically, the Peer Group is generally comprised of companies in our industry and reflect a portfolio of characteristics relevant to Iconix’s business considerations.

In November 2016 the Compensation Committee reviewed and evaluated the Peer Group and revised it to eliminate companies that were no longer public or no longer fit the appropriate criteria and add replacement companies as necessary, and approved the following revised Peer Group, which was used to measure performance of 2017 PSUs and may be used with respect to other future performance-based awards:

- Cherokee, Inc.
- Choice Hotels
- Deckers Outdoor Corporation
- Fossil Inc.
- Francesca’s Holdings
- G-III Apparel Group Ltd.
- Kate Spade & Co.
- Meredith Corp.
- Movado Group, Inc.
- Oxford Industries, Inc.
- Perry Ellis Inc.
- Sequential Brands Inc.
- Steve Madden
- Vera Bradley, Inc.
- Vince Holding
- Wolverine World Wide, Inc.

The Compensation Committee does not follow a specific formula in making its pay decisions but rather uses the Peer Group data as a frame of reference. The Compensation Committee exercises its judgment by taking into consideration a multitude of important factors such as experience, individual performance and internal pay equity in setting target compensation levels, but actual payouts under our variable incentive plans are primarily determined bas on formulaic outcomes. In addition to Peer Group data, the Compensation Committee also used general industry survey data as an additional reference frame for general market trends.

Elements of Compensation

To accomplish our compensation objectives, our compensation program for 2017 principally consisted of equity compensation granted pursuant to the LTIP, which is the Company's plan for annual, performance-based, long-term incentive compensation described above, base salaries and cash bonus awards made pursuant to the Annual Incentive Plan ("AIP"), which is the Company's plan for annual, performance-based cash bonuses. These elements were designed to provide a competitive mix of compensation that balanced retention and performance in a simple and straightforward manner. The compensation program was designed to ensure that the named executive officers' annual target total direct compensation was tied to the Company's long-term and short-term performance. The Company provides certain limited perquisites to its named executive officers. The Company has no supplemental retirement plan.

Base salary. Base salary represents amounts paid during the fiscal year to named executive officers as direct, fixed compensation under their respective employment agreements (in the case of Messrs. Cuneo and Haugh) or Participation Agreements executed in connection with their participation in the Executive Severance Plan (in the case of Messrs. Jones and Schaefer), for their services to us. Base salaries are used to compensate each named executive officer for day-to-day operations during the year, and to encourage them to perform at their highest levels. We also use our base salary as an incentive to attract top quality executives and other management employees. Moreover, base salary and increases to base salary are intended to recognize the overall experience, position within our Company and expected contributions of each named executive officer to us.

Annual cash bonuses (short-term incentives). We award bonuses to promote the achievement of our short-term, targeted business objectives by providing competitive incentive reward opportunities to our executive officers who can significantly impact our performance towards those objectives. Further, a competitive bonus program enhances our ability to attract, develop and motivate individuals as members of a talented management team. Following its previously disclosed commitment to do so, the Compensation Committee eliminated the historical practice of determining annual cash bonuses on a solely discretionary basis in 2016. Cash bonus awards are currently made pursuant to the Company's AIP, which requires the achievement of measurable, pre-determined goals in order to be eligible for performance-based cash bonuses as more fully described below.

Equity-based compensation (long-term incentives). Beginning in 2016, annual equity awards were made in the form of RSUs and a target amount of PSUs granted pursuant to the terms of a long-term incentive compensation plan. These grants are designed to compensate our named executive officers for their expected ongoing contributions to our long-term performance.

RSUs - Generally, the RSUs under the LTIP vest in equal installments annually following the date of grant, or a period determined by the Compensation Committee, typically beginning on the first anniversary of the date of grant.

PSUs - PSUs vest upon the Company's achievement of pre-determined adjusted operating income performance targets at the end of a three-year performance period, or a period determined by the Compensation Committee.

Perquisites and other personal benefits. During 2017, our named executive officers received a limited amount of perquisites and other personal benefits that we paid on their behalf.

Post-termination compensation. We had previously entered into employment agreements with each of our named executive officers, which were replaced by participation agreements to our Executive Severance Plan (as described herein) in 2017, other than for Mr. Haugh, whose employment agreement continues to be in effect, and Mr. Cuneo, with whom we entered into a new employment agreement. Each of Mr. Haugh's employment agreement and the participation agreements related to the Executive Severance Plan provide for certain payments and other benefits if the executive's employment terminated under certain circumstances, including, in the event of a "change in control." As noted above, we amended our 2009 Plan to implement "double trigger" change in control provisions with respect to equity grants. Our 2016 Plan also contains "double trigger" change in control provisions. These provisions provide that, upon a change in control, as defined in the 2016 Plan, in the event that a successor company assumes or substitutes awards under the 2016 Plan, unvested equity awards do not accelerate unless, within 24 months following such change in control or such shorter period as determined by the Committee, the Plan participant is terminated without cause or leaves for good reason. However, if a successor company in the change in control does not assume or substitute awards under the 2016 Plan, then all outstanding awards would immediately vest. See "Employment Agreements and Executive Severance Plan Participation Agreements" on page 21 and "Executive Compensation—Potential Payments Upon Termination or Change in Control" 27 on page for a description of the severance and change in control benefits pursuant to Mr. Haugh's employment agreement and the Executive Severance Plan participation agreements for Messrs. Jones and Schaefer.

Our Named Executive Officers' Compensation for 2017

2017 Board and Management Updates

Mr. Cuneo's Appointment as Executive Chairman in 2017 and related Employment Agreement

On December 18, 2017, the Board appointed Mr. Cuneo, the then-current Chairman of the Board, as Executive Chairman of the Board. As Executive Chairman, Mr. Cuneo is focused on evaluating strategic opportunities, overseeing the financial and legal functions and working towards stabilizing the Company's balance sheet. Mr. Haugh continues to serve as the Company's Chief Executive Officer and remains focused on the core licensing and brand management functions.

On such date, we entered into an employment agreement with Mr. Cuneo that provides for his employment as our Executive Chairman until the earlier of (i) the date the Company provides written notice of termination and (ii) the date that is at least 30 days following the date Mr. Cuneo provides notice of termination, as set forth in such notice. The material terms of Mr. Cuneo's employment agreement are described below under "Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table—Employment Agreements and Executive Severance Plan Participation Agreements" on page 21.

Base Salaries

Historically, the base salaries of our named executive officers were determined based on the Compensation Committee's assessment of competitive base salary levels and consistent with the relevant executive's position, skill set, experience and length of service with the Company. Base salaries of our named executive officers are set forth in their respective Executive Severance Plan participation agreements or employment agreements (as applicable). Base salaries are benchmarked annually by the Compensation Committee, with the assistance of FW Cook, in light of market practices and changes in responsibilities.

None of our named executive officers is eligible for an automatic base salary increase and no named executive officer received a salary increase for 2017. For more information on base salaries, please see "Summary Compensation Table" on page 20.

2017 Annual Incentive Plan

In furtherance of its commitment to eliminate the historical practice of determining annual cash bonuses for executives on a solely discretionary basis, in 2017 the Compensation Committee continued its practice, commenced in 2016, of establishing AIP targets for cash bonuses to employees, including named executive officers. These targets were established as a percentage of base salary and, for the named executive officers, were based on the achievement of performance goals weighted as follows: 37.5% Iconix non-GAAP net income, 37.5% Iconix revenue and 25% based on objective criteria specific to the individual. Please see Exhibit 10.78 for detail regarding an unaudited reconciliation from U.S. generally accepted accounting principles ("GAAP") to non-GAAP amounts for the non-GAAP net income financial measure.

With respect to the revenue and non-GAAP net income performance metrics, the following goals were established by the Compensation Committee and adjusted by the Compensation Committee pursuant to the AIP:[1]

REVENUE PERFORMANCE METRICS

% of Target	Achievement Level ($M)	Payout %
Less than 90%	Less than $272.53 Million	0 %
90%	$272.53 Million	50 %
95%	$287.67 Million	75 %
100%	$302.81 Million	100 %
105%	$317.95 Million	150 %
110%	$333.09 Million	200 %
ACTUAL ACHIEVEMENT	$279.00 Million	60.6 %

NON-GAAP NET INCOME PERFORMANCE METRICS

% of Target	Achievement Level ($M)	Payout %
Less than 80%	Less than $37.64 Million	0 %
80%	$37.64 Million	50 %
85%	$39.99 Million	62.5 %
90%	$42.34 Million	75 %
95%	$44.70 Million	87.5 %
100%	$47.05 Million	100 %
105%	$49.40 Million	125 %
110%	$51.75 Million	150 %
115%	$54.11 Million	175 %
120%	$56.46 Million	200 %
ACTUAL ACHIEVEMENT	$70.40 Million	200 %

(1) The AIP provides for adjustment upon the occurrence of the following: To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m) of the Internal Revenue Code of 1986, as amended (“Section 162(m)”), the Compensation Committee may provide in the case of any award intended to qualify as a performance-based award for such exception that one or more of the performance criteria applicable to such award will be adjusted in an objectively determinable manner to reflect events occurring during the performance period that affect the applicable performance criterion or criteria. Such adjustments may include (without limitation) one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the performance period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles; (ix) items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the performance period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual, infrequently occurring, or extraordinary corporate transactions, events or developments; (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company’s core, on-going business activities; or (xiv) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. Unless otherwise determined by the Compensation Committee, the Compensation Committee shall not make an adjustment to an award intended to qualify as “performance-based compensation” under Section 162(m) in a manner that would cause the award not to so qualify.

Under the AIP, the base salaries and target/maximum percentage payouts in effect for each of the named executive officers for 2017 were as follows:

Named Executive Officer	Base Salary	Target/Maximum
John N. Haugh	$ 1,000,000	100%/200%
David K. Jones	$ 620,000	65%/130%
Jason Schaefer	$ 500,000	65%/130%

On March 14, 2018, after taking into account the Company's financial performance described above and each executive's individual performance, the Compensation Committee confirmed the following specific 2017 AIP payments to named executive officers: Mr. Haugh received $826,688, Mr. Jones received $333,156 and Mr. Schaefer received $448,850. Mr. Cuneo was not eligible to earn bonuses under the AIP in 2017.

2017 Long Term Incentive Plan

In 2017, the Company granted performance-based equity awards and long-term equity awards to named executive officers and other key employees, which include PSUs that vest based on the Company's achievement of adjusted operating income targets for the performance period (January 1, 2017 through December 31, 2019). The specific performance-based equity awards made to named executive officers under the 2017 LTIP were as follows: on March 7, 2017, Mr. Haugh was granted 195,045 2017 PSUs, Mr. Jones was granted 53,194 2017 PSUs and Mr. Schaefer was granted 44,328 2017 PSUs. For a description of the terms of the 2017 PSUs, please see below "Outstanding PSU Grants - 2017 PSUs."

The specific long-term equity awards made to named executive officers under the 2017 LTIP were as follows: On March 7, 2017, Mr. Haugh was granted 97,508 RSUs, Mr. Jones was granted 26,593 RSUs and Mr. Schaefer was granted 22,161 RSUs, one-third of which vest on each of March 30, 2018, 2019 and 2020. Of these RSUs and as a result of the NASDAQ stock market being closed for a holiday on March 30, 2018, 32,503 RSUs vested on March 29, 2018 for Mr. Haugh, 8,865 RSUs vested on March 29, 2018 for Mr. Jones and 7,387 RSUs vested on March 29, 2018 for Mr. Schaefer.

<u>Outstanding PSU Grants</u>

PSU Performance Comparator Group

For 2016, the Compensation Committee adopted the same peer group recommended by FW Cook for use in determining relative performance metrics for each tranche of PSUs granted in respect of 2016, and Relative EBITDA Growth and Relative EPS Growth under the final tranche of our historical 2015 PSUs, in order to ensure a consistent calculation of measures of performance. The peer group utilized for relative metric vesting (the “PSU Performance Comparator Group”) is as follows:

Cherokee Inc.	Perry Ellis Inc.
Choice Hotels	Sequential Brands Inc.
Deckers Outdoor Corporation	Sotheby’s
Fossil Inc.	Steve Madden
G-III Apparel Group Ltd.	Tumi Holdings Inc.
Kate Spade & Co.	Vera Bradley, Inc.
Meredith Corp.	Vince Holding
Movado Group, Inc.	Wolverine World Wide, Inc.
Oxford Industries, Inc.	

Excluded from this group for the computation of the relative performance calculations were certain companies that did not meet the criteria for each of the specific performance metrics or that no longer filed public information.

For the 2017 PSU’s, the PSU Performance Comparator Group was adjusted to remove Sotheby’s (no longer perceived as a strong talent competitor) and Tumi Holdings (which was acquired), and add Francesca’s Holdings (operates in the same talent market as Iconix).

2017 PSUs

The 2017 PSUs “cliff” vest on March 30, 2020, assuming the compounded operating income growth metrics for the three-year performance period (January 1, 2017 through December 31, 2019), as adjusted pursuant to the 2016 Plan (as described under the 2017 AIP), are satisfied, and the executive has continued employment through March 30, 2020. The 2017 PSUs, in instances of retirement, involuntary termination not for cause, and voluntary termination with good reason, death and disability, payouts will be made at the end of the three-year performance period based on actual performance as certified by the Compensation Committee and pro-rated to reflect actual years completed by the executive. Following December 31, 2019, the Compensation Committee will determine how many of the 2017 PSUs were earned based on the compounded operating income growth metrics, as adjusted pursuant to the 2016 Plan for various contingencies, including acquisitions and dispositions throughout the performance period. Please see Exhibit 10.78 for detail regarding an unaudited reconciliation from GAAP to non-GAAP amounts for the non-GAAP operating income metric.

If the Company's TSR percentile rank for the three-year performance period is in the bottom quartile of the applicable PSU Performance Comparator Group noted above, the maximum number of 2017 PSUs that shall vest shall be 100% of the Target PSUs.