BRISTOL MYERS SQUIBB CO
Form 10-Q
April 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

¨ 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: 1-1136

BRISTOL-MYERS SQUIBB COMPANY
(Exact name of registrant as specified in its charter)

Delaware	22-0790350
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

345 Park Avenue, New York, N.Y. 10154
(Address of principal executive offices) (Zip Code)

(212) 546-4000
(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 the filing requirements for the past 90 days. Yes x No ¨

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

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 definition of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

At March 31, 2016, there were 1,669,307,273 shares outstanding of the Registrant’s $0.10 par value common stock.

BRISTOL-MYERS SQUIBB COMPANY
INDEX TO FORM 10-Q
MARCH 31, 2016

PART I—FINANCIAL INFORMATION

PART I—FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
BRISTOL-MYERS SQUIBB COMPANY
CONSOLIDATED STATEMENTS OF EARNINGS
Dollars in Millions, Except Per Share Data
(UNAUDITED)

	Three Months Ended March 31,	
EARNINGS	2016	2015
Net product sales	$3,964	$3,059
Alliance and other revenues	427	982
Total Revenues	4,391	4,041
Cost of products sold	1,052	847
Marketing, selling and administrative	1,068	1,029
Research and development	1,136	1,016
Other (income)/expense	(520)	(299)
Total Expenses	2,736	2,593
Earnings Before Income Taxes	1,655	1,448
Provision for Income Taxes	449	249
Net Earnings	1,206	1,199
Net Earnings Attributable to Noncontrolling Interest	11	13
Net Earnings Attributable to BMS	$1,195	$1,186
Earnings per Common Share		
Basic	$0.72	$0.71
Diluted	$0.71	$0.71
Cash dividends declared per common share	$0.38	$0.37

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Dollars in Millions
(UNAUDITED)

	Three Months Ended March 31,	
COMPREHENSIVE INCOME	2016	2015
Net Earnings	$1,206	$1,199
Other Comprehensive Income/(Loss), net of taxes and reclassifications to earnings:		
Derivatives qualifying as cash flow hedges	(86)	6
Pension and postretirement benefits	(161)	(44)
Available-for-sale securities	13	16
Foreign currency translation	9	31
Other Comprehensive Income/(Loss)	(225)	9
Comprehensive Income	981	1,208

Comprehensive Income Attributable to Noncontrolling Interest	11	13
Comprehensive Income Attributable to BMS	$970	$1,195

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

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BRISTOL-MYERS SQUIBB COMPANY
CONSOLIDATED BALANCE SHEETS
Dollars in Millions, Except Share and Per Share Data(UNAUDITED)

ASSETS	March 31, 2016	December 31, 2015
Current Assets:		
Cash and cash equivalents	$2,644	$ 2,385
Marketable securities	1,663	1,885
Receivables	4,957	4,299
Inventories	1,336	1,221
Prepaid expenses and other	615	625
Total Current Assets	11,215	10,415
Property, plant and equipment	4,455	4,412
Goodwill	6,875	6,881
Other intangible assets	1,380	1,419
Deferred income taxes	3,230	2,844
Marketable securities	3,689	4,660
Other assets	1,048	1,117
Total Assets	$31,892	$ 31,748
LIABILITIES		
Current Liabilities:		
Short-term borrowings	$106	$ 139
Accounts payable	1,543	1,565
Accrued liabilities	4,311	4,738
Deferred income	1,165	1,003
Income taxes payable	472	572
Total Current Liabilities	7,597	8,017
Deferred income	606	586
Income taxes payable	852	742
Pension and other liabilities	1,693	1,429
Long-term debt	6,593	6,550
Total Liabilities	17,341	17,324
Commitments and contingencies (Note 18)		
EQUITY		
Bristol-Myers Squibb Company Shareholders' Equity:		
Preferred stock, $2 convertible series, par value $1 per share: Authorized 10 million shares; 4,161 issued and outstanding in both 2016 and 2015, liquidation value of $50 per share	—	—
Common stock, par value of $0.10 per share: Authorized 4.5 billion shares; 2.2 billion issued in both 2016 and 2015	221	221
Capital in excess of par value of stock	1,503	1,459
Accumulated other comprehensive loss	(2,693)	(2,468)
Retained earnings	32,176	31,613
Less cost of treasury stock – 539 million common shares in both 2016 and 2015	(16,821)	(16,559)
Total Bristol-Myers Squibb Company Shareholders' Equity	14,386	14,266

Noncontrolling interest	165	158
Total Equity	14,551	14,424
Total Liabilities and Equity	$ 31,892	$ 31,748

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

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BRISTOL-MYERS SQUIBB COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in Millions
(UNAUDITED)

	Three Months Ended March 31,	
	2016	2015
Cash Flows From Operating Activities:		
Net earnings	$1,206	$1,199
Adjustments to reconcile net earnings to net cash (used in)/provided by operating activities:		
Depreciation and amortization, net	65	104
Deferred income taxes	(246)	(7)
Stock-based compensation	47	54
Impairment charges	19	13
Pension settlements and amortization	39	50
Divestiture gains and royalties	(507)	(234)
Asset acquisition charges	100	—
Other adjustments	(10)	(21)
Changes in operating assets and liabilities:		
Receivables	(424)	(91)
Inventories	(44)	51
Accounts payable	(77)	(83)
Deferred income	235	334
Income taxes payable	5	81
Other	(794)	(824)
Net Cash (Used in)/Provided by Operating Activities	(386)	626
Cash Flows From Investing Activities:		
Sale and maturities of marketable securities	1,760	1,508
Purchase of marketable securities	(523)	(821)
Capital expenditures	(242)	(136)
Divestiture and other proceeds	439	203
Acquisition and other payments	(8)	—
Net Cash Provided by Investing Activities	1,426	754
Cash Flows From Financing Activities:		
Short-term borrowings, net	(33)	(260)
Interest rate swap contract terminations	42	27
Issuance of common stock	71	174
Repurchase of common stock	(231)	—
Dividends	(641)	(623)
Net Cash Used in Financing Activities	(792)	(682)
Effect of Exchange Rates on Cash and Cash Equivalents	11	25
Increase in Cash and Cash Equivalents	259	723
Cash and Cash Equivalents at Beginning of Period	2,385	5,571
Cash and Cash Equivalents at End of Period	$2,644	$6,294

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

Note 1. BASIS OF PRESENTATION AND RECENTLY ISSUED ACCOUNTING STANDARDS

Bristol-Myers Squibb Company (which may be referred to as Bristol-Myers Squibb, BMS or the Company) prepared these unaudited consolidated financial statements following the requirements of the Securities and Exchange Commission (SEC) and United States (U.S.) generally accepted accounting principles (GAAP) for interim reporting. Under those rules, certain footnotes and other financial information that are normally required for annual financial statements can be condensed or omitted. The Company is responsible for the consolidated financial statements included in this Form 10-Q, which include all adjustments necessary for a fair presentation of the financial position, and the results of operations and cash flows. All intercompany balances and transactions have been eliminated. These financial statements and the related notes should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 included in the Annual Report on Form 10-K.

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Accordingly, the results and trends in these unaudited consolidated financial statements may not be indicative of full year operating results. The preparation of financial statements requires the use of management estimates and assumptions. The most significant assumptions are employed in estimates used in determining the fair value and potential impairment of intangible assets; sales rebate and return accruals; legal contingencies; income taxes; estimated selling prices used in multiple element arrangements; and pension and postretirement benefits. Actual results may differ from estimates.

Certain prior period amounts were reclassified to conform to the current period presentation. The reclassifications provide a more concise financial statement presentation and additional information is disclosed in the notes if material.

	Prior Presentation	Current Presentation
Consolidated Statements of Earnings	Advertising and product promotion	Included in Marketing, selling and administrative expenses
Consolidated Balance Sheets	Assets held-for-sale	Included in Prepaid expenses and other
	Accrued expenses Accrued rebates and returns	Combined as Accrued liabilities
	Dividends payable Pension, postretirement and postemployment liabilities Other liabilities	Combined as Pension and other liabilities
Consolidated Statement of Cash Flows	Net earnings attributable to noncontrolling interest	Included in Other adjustments
	Divestiture gains and royalties included in Other adjustments	Divestiture gains and royalties

In March 2016, the Financial Accounting Standards Board (FASB) issued amended guidance for share-based payment transactions. Excess tax benefits and deficiencies will be recognized in the consolidated statement of earnings rather than capital in excess of par value of stock on a prospective basis. A policy election will be available to account for forfeitures as they occur, with the cumulative effect of the change recognized as an adjustment to retained earnings at the date of adoption. Excess tax benefits within the consolidated statement of cash flows will be presented as an operating activity (prospective or retrospective application) and cash payments to tax authorities in connection with shares withheld for statutory tax withholding requirements will be presented as a financing activity (retrospective application). The guidance is effective beginning with interim periods in 2017 with early adoption permitted. The Company is assessing the potential impact of the new standard.

In February 2016, the FASB issued amended guidance on lease accounting. The amended guidance requires the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments for leases with a term longer than 12 months. The guidance is effective beginning with interim periods in 2019 with early adoption permitted on a modified retrospective approach. The Company is assessing the potential impact of the new standard.

In January 2016, the FASB issued amended guidance to the recognition, measurement, presentation and disclosures of financial instruments effective January 1, 2018 with early adoption not permitted. The new guidance requires that fair value adjustments for equity securities with readily determinable fair values currently classified as available-for-sale be reported through earnings. The new guidance also requires a qualitative impairment assessment for equity investments without a readily determinable fair value and a charge through earnings if an impairment exists. The Company is assessing the potential impact of the new standard.

In May 2014, the FASB issued a new standard related to revenue recognition, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The new standard will replace most of the existing revenue recognition standards in U.S. GAAP when it becomes effective on January 1, 2018. Early adoption is permitted no earlier than 2017. The new standard can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application in retained earnings. The Company is assessing the potential impact of the new standard and has not yet selected a transition method.

Note 2. BUSINESS SEGMENT INFORMATION

BMS operates in a single segment engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of innovative medicines that help patients prevail over serious diseases. A global research and development organization and supply chain organization are responsible for the discovery, development, manufacturing and supply of products. Regional commercial organizations market, distribute and sell the products. The business is also supported by global corporate staff functions. Segment information is consistent with the financial information regularly reviewed by the chief executive officer for purposes of evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting future periods.

Product revenues were as follows:

	Three Months Ended March 31,	
Dollars in Millions	2016	2015
Oncology		
Empliciti (elotuzumab)	$28	$—
Erbitux* (cetuximab)	—	165
Opdivo (nivolumab)	704	40
Sprycel (dasatinib)	407	375
Yervoy (ipilimumab)	263	325
Cardiovascular		
Eliquis (apixaban)	734	355
Immunoscience		
Orencia (abatacept)	475	400
Virology		
Baraclude (entecavir)	291	340
Hepatitis C Franchise [a]	427	264
Reyataz (atazanavir sulfate) Franchise	221	294
Sustiva (efavirenz) Franchise[b]	273	290
Neuroscience		
Abilify* (aripiprazole)[c]	33	554
Mature Products and All Other	535	639
Total Revenues	$4,391	$4,041

* Indicates brand names of products which are trademarks not owned or wholly owned by BMS. Specific trademark ownership information is included at the end of this quarterly report on Form 10-Q.

(a) Includes Daklinza (daclatasvir) revenues of $420 million and $180 million for the three months ended March 31, 2016 and 2015, respectively, and Sunvepra (asunaprevir) revenues of $7 million and $84 million for the three months ended March 31, 2016 and 2015, respectively.

(b) Includes alliance revenue of $241 million and $251 million for the three months ended March 31, 2016 and 2015, respectively.

(c) Includes alliance revenue of $508 million for the three months ended March 31, 2015. BMS's U.S. commercialization rights to Abilify* expired in April 2015.

The composition of total revenues was as follows:

	Three Months Ended March 31,	
Dollars in Millions	2016	2015

Net product sales	$3,964	$3,059
Alliance revenues	409	955
Other revenues	18	27
Total Revenues	$4,391	$4,041

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Note 3. ALLIANCES

BMS enters into collaboration arrangements with third parties for the development and commercialization of certain products. Although each of these arrangements is unique in nature, both parties are active participants in the operating activities of the collaboration and are exposed to significant risks and rewards depending on the commercial success of the activities. BMS may either in-license intellectual property owned by the other party or out-license its intellectual property to the other party. These arrangements also typically include research, development, manufacturing and/or commercial activities and can cover a single investigational compound or commercial product or multiple compounds and/or products in various life cycle stages. The rights and obligations of the parties can be global or limited to geographic regions. We refer to these collaborations as alliances and our partners as alliance partners. Products sold through alliance arrangements in certain markets include As of March 31, 2014 and December 31, 2013, the amount of the 2.50% Convertible Notes accounted for as a liability was approximately $270.2 million and $267.0 million, respectively, and is reflected on the consolidated balance sheet as follows:

(000 s omitted)	March 31, 2014	December 31, 2013
Equity component carrying amount	$ 35,996	$ 35,996
Unamortized discount	29,845	32,987
Net debt carrying amount	270,155	267,013

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For the Current Quarter and the Prior Year Quarter, the Company recorded additional non-cash interest expense of approximately $2.8 million and $2.6 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 each of the Current Quarter and the Prior Year Quarter, cash interest expense relating to the 2.50% Convertible Notes was approximately $1.9 million.

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 March 31, 2014, the balance of deferred income tax assets related to this transaction was approximately $9.0 million.

The Company also entered into separate warrant transactions with the 2.50% Counterparties whereby the Company, pursuant to the agreements governing these warrant transactions, sold to the 2.50% Counterparties warrants (the 2.50% Sold Warrants) to acquire up to 9.76 million shares of the Company s common stock at a strike price of $40.6175 per share of the Company s common stock. The 2.50% Sold Warrants will become exercisable on September 1, 2016 and will expire by the end of 2016. The Company received aggregate proceeds of approximately $28.8 million from the sale of the 2.50% Sold Warrants on May 23, 2011.

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

The Company has evaluated the impact of adopting guidance issued under ASC Topic 815 regarding embedded features as it relates to the 2.50% Sold Warrants, and has determined it had no impact on the Company s results of operations and financial position through March 31, 2014, 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 March 31, 2014, the Company s debt maturities on a calendar year basis are as follows:

(000 s omitted)	Total	April 1 through December 31, 2014	2015	2016	2017	2018	Thereafter
Senior Secured	$ 821,575	$ 45,938	$ 61,250	$ 61,250	$ 61,250	$ 61,250	$ 530,637
1.50% Convertible Notes (1)	327,354					327,354	
2.50% Convertible Notes (2)	270,155			270,155			
Total	$ 1,419,084	$ 45,938	$ 61,250	$ 331,405	$ 61,250	$ 388,604	$ 530,637

(1) Reflects the net debt carrying amount of the 1.50% Convertible Notes in the consolidated balance sheet as of March 31, 2014, 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 March 31, 2014, in accordance with accounting for convertible notes. The principal amount owed to the holders of the 2.50% Convertible Notes is $300.0 million.

6. Stockholders Equity

Stock Repurchase Program

In October 2011, the Company s Board of Directors authorized a program to repurchase up to $200 million of the Company s common stock over a period of approximately three years (the 2011 Program). In February 2013, the Company s Board of Directors authorized another program to repurchase up to $300 million of the Company s common stock over a three year period (the February 2013 Program). This program was in addition to the 2011 Program, which was fully expended as of February 27, 2013. In July 2013, the Company s Board of Directors authorized a program to repurchase up to $300 million of the Company s common stock over a period of approximately three years (July 2013 Program). 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 the Current Quarter, FY 2013, FY 2012 and FY 2011:

	# of shares repurchased as part of stock	Cost of shares repurchased (in 000 s)

	repurchase programs		
Q1 2014	2,900,000	$	109,422
FY 2013	15,812,566		436,419
FY 2012	7,185,257		125,341
FY 2011	1,150,000		19,138
Total, FY 2011 through March 31, 2014	27,047,823	$	690,320

As of March 31, 2014, $109.7 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.

Shares Reserved for Issuance

At March 31, 2014, 2,542,393 common shares were reserved for issuance under the Amended and Restated 2009 Plan. At March 31, 2014 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 the Current Quarter or Prior Year Quarter.

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 the Current Quarter are as follows:

	Options	**Weighted Average Exercise Price**
Outstanding at January1, 2014	1,313,077	$ 6.22
Granted		
Canceled		
Exercised	(40,000)	3.81
Expired/Forfeited		
Outstanding at March 31, 2014	1,273,077	$ 6.30
Exercisable at March 31, 2014	1,273,077	$ 6.30

Warrants

	Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2014	190,000	$ 19.80
Granted		
Canceled		
Exercised	(85,000)	(20.32)
Expired/Forfeited		
Outstanding at March 31, 2014	105,000	$
Exercisable at March 31, 2014	105,000	$ 19.38

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

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

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 no affect voting and dividend rights.

The following tables summarize information about unvested restricted stock transactions:

	Shares	Weighted Average Grant Date Fair Value
Non-vested, January 1, 2014	2,770,147	$ 20.53
Granted	41,791	40.42
Vested	(91,348)	17.41
Forfeited/Canceled	(26,339)	23.79
Non-vested, March 31, 2014	2,694,251	$ 20.91

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. 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 the Current Quarter and the Prior Year Quarter was approximately $2.5 million and $1.9 million, respectively. An additional amount of $8.8 million of expense related to time-based restricted shares is expected to be expensed evenly over a period of approximately three years. During the Current Quarter and the Prior Year Quarter, the Company withheld shares valued at $13.6 million and $2.1 million, respectively, of its restricted common stock in connection with net share settlement of restricted stock grants and option exercises.

7. Earnings Per Share

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

As of March 31, 2014, of the total potentially dilutive shares related to restricted stock-based awards, stock options and warrants, less than 0.1 million were anti-dilutive, compared to 1.4 million as of March 31, 2013.

As of March 31, 2014 and 2013, none of the performance related restricted stock-based awards issued in connection with the Company s named executive officers were anti-dilutive.

Warrants issued in connection with the Company s 2.50% Convertible Notes financing were anti-dilutive and therefore not included in this calculation. The 1.50% Convertible Notes and Warrants and the 2.50% Convertible Notes that would be subject to conversion to common stock were dilutive as of March 31, 2014 and therefore have been included in this calculation.

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

	For the Three Months Ended March 31, (unaudited)	
(000 s omitted)	2014	2013
Basic	49,522	64,208
Effect of exercise of stock options	1,117	1,066
Effect of assumed vesting of restricted stock	1,382	1,418
Effect of convertible notes subject to conversion	4,893	
Effect of convertible notes warrants subject to conversion	1,137	
Diluted	58,051	66,692

8. Commitments and Contingencies

Normal Course litigation

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

9. Related Party Transactions

The Candie s Foundation

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

Travel

The Company recorded expenses of approximately $95 and $39 in the Current Quarter and Prior Year Quarter, respectively, for the hire and use of aircraft solely for business purposes owned by a company in which the Company s chairman, chief executive officer and president is the sole owner. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties.

10. Segment and Geographic Data

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

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

	March 31,	
(000 s omitted)	**2014**	**2013**
Licensing and other revenue by category:		
Direct-to-retail license	$ 41,681	$ 40,845
Wholesale license	44,385	58,881
Entertainment and other	30,072	5,336
	$ 116,138	$ 105,062
Licensing and other revenue by geographic region:		
United States	$ 83,040	$ 74,856
Japan	8,888	6,177
Other[(1)]	24,210	24,029
	$ 116,138	$ 105,062

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

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

Executive Summary. We are a brand management company engaged in licensing, marketing and providing trend direction for a diversified and growing consumer brand portfolio. Our brands are sold across every major segment of retail distribution, from luxury to mass. As of March 31, 2014, we owned the following iconic consumer brands: Candie s, Bongo, Badgley Mischka, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific/OP, Danskin/Danskin Now, Rocawear, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly, Ecko, Zoo York, Sharper Image, Umbro and Lee Cooper. In addition, Peanuts Holdings, a joint venture in which we have an 80% controlling investment, owns, through its wholly-owned subsidiary Peanuts Worldwide, the Peanuts brands and characters; Alberta ULC, a joint venture in which we have a 51% controlling investment, owns the Buffalo brand; Hardy Way, a joint venture in which we have an 85% controlling investment, owns the Ed Hardy brands; MG Icon, a joint venture in which we have a 50% investment, owns the Material Girl and Truth or Dare brands; Scion LLC, a joint venture in which we have a 50% controlling investment, owns the Artful Dodger brand and has investments in the BBC and Ice Cream brands; and Icon Modern Amusement, a joint venture in which we have a 51% controlling investment, owns the Modern Amusement brand. We license our brands worldwide through over 1,000 direct-to-retail and wholesale licenses for use across a wide range of product categories, including sportswear, fashion accessories, footwear, entertainment, home products and décor, and beauty and fragrance. Our business model allows us to focus on our core competencies of marketing and managing brands without many of the risks and investment requirements associated with a more traditional operating company.

Our licensing agreements with leading retail and wholesale licensees throughout the world provide us with a predictable stream of guaranteed minimum royalties.

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

Highlights of Current Quarter

- Acquisition of additional 50% interest in Iconix Latin America; increased ownership to 100%
- Acquisition of additional 1% interest in Iconix Europe; increased ownership to 51%
- Formation of Lee Cooper U.S. joint venture
- Revenue growth of 11%, from $105.1 million in Prior Year Quarter to $116.1 million in Current Quarter
- Repurchase of 2.9 million shares of our common stock for $109.4 million

Results of Operations

The Current Quarter compared to the Prior Year Quarter

Licensing and Other Revenue. Licensing and other revenue for the Current Quarter totaled $116.1 million, an 11% increase as compared to $105.1 million for the Prior Year Quarter. The increase of approximately $11.0 million of revenue was primarily related to (i) revenue recognized for the renewal of the license for Peanuts television specials with ABC Networks, (ii) the revenue realized on the formation of our Lee Cooper U.S. joint venture and consolidation of our Iconix Europe joint venture and (iii) recently completed acquisitions (i.e. the acquisition of the Buffalo brand in February 2013 and the acquisition of the Lee Cooper brand in February 2013 see Note 3 of Notes to Unaudited Condensed Consolidated Financial Statements for descriptions of these transactions). This aggregate increase was partially offset by general weakness in revenue related to our men s brands (particularly Ecko, Rocawear and Ed Hardy), and a decrease in revenue related to our Umbro brand due to the timing of the transition from Nike operated territories to our new licensee base.

Operating Expenses. SG&A totaled $48.2 million for the Current Quarter as compared to $38.8 million for the Prior Year Quarter, an increase of $9.4 million. This increase in SG&A was driven by (i) an increase of $10.9 million in talent expenses related to the incremental increase in revenue in our Peanuts business (see above) and (ii) an increase of $2.2 million in compensation expense primarily due to the timing of bonus compensation. These increases were partially offset by a decrease of $3.6 million in professional fees related to an unconsummated transaction from the Prior Year Quarter.

Operating Income. Operating income for the Current Quarter increased to $67.9 million, or approximately 58% of total revenue, compared to approximately $66.2 million or approximately 63% of total revenue in the Prior Year Quarter.

Other (Income) Expenses Net. Other income net was approximately $20.5 million in the Current Quarter as compared to $11.9 million other expense net in the Prior Year Quarter. Interest expense increased approximately $7.0 million for the following reasons: (i) interest related to our Senior Secured Notes (issued November 2012 and June 2013) was approximately $8.9 million in the Current Quarter as compared to $6.3 million in the Prior Year Quarter due to the second tranche of Senior Secured Notes offered in June 2013 and (ii) interest related to our 1.50% Convertible Notes (issued March 2013) was approximately $5.4 million in the Current Quarter as compared to $0.9 million in the Prior Year Quarter. These increases were partially offset by $1.0 million of interest expense related to our Ecko Note which was extinguished in May 2013. Interest and other income increased $38.2 million from $0.3 million in the Prior Year Quarter to $38.5 million in the Current Quarter due to a $37.9 million non-cash gain in the Current Quarter related to the fair value re-measurement of our original 50% interest in Iconix Latin America see Note 3 to Notes to Unaudited Condensed Consolidated Financial Statements for a description of this transaction. Our equity earnings on joint ventures increased approximately $1.2 million from approximately $1.9 million in the Prior Year Quarter to $3.1 million in the Current Quarter, primarily due to international joint ventures created after the Prior Year Quarter in 2013 see Note 3 to Notes to Unaudited Condensed Consolidated Financial Statements for a description of these joint ventures.

Provision for Income Taxes. The effective income tax rate for the Current Quarter is approximately 28.9% resulting in a $25.6 million income tax expense, as compared to an effective income tax rate of 27.7% in the Prior Year Quarter which resulted in the $15.0 million income tax expense. The increase in our effective tax rate primarily relates to a smaller portion of our income being generated and permanently reinvested in countries outside the U.S. that have lower statutory rates than the U.S., largely due to the non-cash gain during the Current Quarter on the re-measurement of our investment in Iconix Latin America see Note 3 to Notes to Unaudited Condensed Consolidated Financial Statements for a description of this transaction.

Net Income. Our net income was approximately $62.8 million in the Current Quarter, compared to net income of approximately $39.3 million in the Prior Year Quarter, as a result of the factors discussed above.

Liquidity and Capital Resources

Liquidity

Our principal capital requirements have been to fund acquisitions, working capital needs, share repurchases and, to a lesser extent, capital expenditures. We have historically relied on internally generated funds to finance our operations and our primary source of capital needs for acquisition has been the issuance of debt and equity securities. At March 31, 2014 and December 31, 2013, our cash totaled $152.1 million and $278.8 million, respectively, not including short-term restricted cash of $57.3 million and $58.9 million, respectively.

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

Changes in Working Capital

At March 31, 2014 and December 31, 2013 the working capital ratio (current assets to current liabilities) was 2.64 to 1 and 3.73 to 1, respectively.

Operating Activities

Net cash provided by operating activities decreased approximately $1.9 million, from $55.6 million in the Prior Year Quarter to $53.7 million in the Current Quarter. This decrease was primarily driven by an aggregate decrease in the change in balance sheet items, as well as an increase in earnings from our equity investments and a decrease in distributions from our equity investments, offset by an increase in the amortization of convertible note discount primarily related to the 1.50% Convertible Notes which were offered in March 2013.

Investing Activities

Net cash used in investing activities in the Current Quarter decreased approximately $93.6 million, from $136.1 million in the Prior Year Quarter to $42.6 million in the Current Quarter. We bought out the remaining 50% interest from our Iconix Latin America joint venture partner in the Current Quarter for $42.0 million in cash, as compared to the acquisition of a 51% interest in Buffalo for $76.5 million in cash and the acquisition of Lee Cooper for $66.7 million in cash in the Prior Year Quarter.

Financing Activities

Net cash used in financing activities was $138.0 million in the Current Quarter, compared to $156.7 million of net cash provided by financing activities in the Prior Year Quarter. In the Prior Year Quarter we issued our 1.50% Convertible Notes which resulted in $365.6 million of net proceeds, which includes the purchase of hedges and sale of warrants. There were no comparable financings in the Current Quarter. This was partially offset by a decrease in share repurchases from $158.9 million in the Prior Year Quarter to $109.4 million in the Current Quarter.

Other Matters

New Accounting Standards

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-08 (ASU 2014-08) Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. It is effective for annual periods beginning on or after December 15, 2014. Early adoption is permitted but only for disposals that have not been reported in financial statements previously issued. We do not expect this new accounting pronouncement to have an impact on our consolidated financial statements.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. The statements that are not historical facts contained in this report are forward looking statements that involve a number of known and unknown risks, uncertainties and other factors, all of which are difficult or impossible to predict and many of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These risks are detailed our Form 10-K for the fiscal year ended December 31, 2013 and other SEC filings. The words believe , anticipate, expect , confident , project , provide , guidance and similar expressions identify forward-looking stat Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

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

Item 4. Controls and Procedures

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

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

The principal executive officer and principal financial officer also conducted an evaluation of internal control over financial reporting, herein referred to as internal control, to determine whether any changes in internal control occurred during the three months ended March 31, 2014 that may have materially affected or which are reasonably likely to materially affect internal control. Based on that evaluation, there has been no change in the Company s internal control during the three months ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company s internal control.

PART II. Other Information

Item 1. Legal Proceedings.

See Note 8 of Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1A. Risk Factors.

In addition to the risk factors disclosed in Part 1, Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2013, set forth below are certain factors that have affected, and in the future could affect, our operations or financial condition. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could impact our operations. The risks described below and in our Annual Report on Form 10-K for the year ended December 31, 2013 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our financial condition and/or operating results.

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

As of March 31, 2014, our consolidated balance sheet reflects debt of approximately $1,419.1 million, including secured debt of $821.6 million under our Senior Secured Notes. In accordance with ASC 470, our 1.50% Convertible Notes and our 2.50% Convertible Notes are included in our $1,419.1 million of consolidated debt at a net debt carrying value of $327.4 and $270.2 million, respectively; however, the principal amount owed to the holders of our 1.50% Convertible Notes and 2.50% Convertible Notes is $400.0 million (due March 2018) and $300.0 million (due June 2016), respectively. We may also assume or incur additional debt, including secured debt, in the future in connection with, or to fund, future acquisitions. Our debt obligations:

- could impair our liquidity;
- could make it more difficult for us to satisfy our other obligations;
- require us to dedicate a substantial portion of our cash flow to payments on our debt obligations, which reduces the availability of our cash flow to fund working capital, capital expenditures and other corporate

requirements;

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

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

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

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

In addition, as of March 31, 2014, approximately $55.8 million, or 37%, of our cash was held in foreign subsidiaries. Our investments in these foreign subsidiaries are considered indefinitely reinvested and unavailable for the payment of any U.S. based expenditures, including debt obligations. Any repatriation of cash from these foreign subsidiaries may require the accrual and payment of U.S. federal and certain state taxes, which could negatively impact our results of operations and/or the amount of available funds. While we currently have no intention to repatriate cash from these subsidiaries, should the need arise domestically, there is no guarantee that we could do so without adverse consequences.

While we believe that by virtue of the cash on our balance sheet as of March 31, 2014, our ability to draw down additional funds under a revolving financing facility consisting of variable funding notes, herein referred to as Variable Funding Notes, and the guaranteed minimum and percentage royalty payments due to us under our licenses we will generate sufficient revenues from our licensing operations to satisfy our obligations for the foreseeable future, in the event that we were to fail in the future to make any required payment under agreements governing our indebtedness or fail to comply with the financial and operating covenants contained in those agreements, we would be in default regarding that indebtedness. A debt default could significantly diminish the market value and marketability of our common stock and could result in the acceleration of the payment obligations under all or a portion of our consolidated indebtedness.

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

Our licensees Wal-Mart, Target, Kohl s and Kmart/Sears were our four largest direct-to-retail licensees during the Current Quarter, representing approximately 12%, 8%, 5% and 5%, respectively, of our total revenue for such period. Because we are dependent on these licensees for a significant portion of our licensing revenue, if any of them were to have financial difficulties affecting their ability to make payments, or if any of these licensees decides not to renew or extend any existing agreement with us, or to significantly reduce its sales of licensed products under any of the agreement(s), our revenue and cash flows could be reduced substantially.

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

As of March 31, 2014, goodwill represented approximately $232.1 million, or approximately 8% of our total consolidated assets, and trademarks and other intangible assets represented approximately $2,064.2 million, or approximately 73% of our total consolidated assets. Under current U.S. GAAP accounting standards, goodwill and indefinite life intangible assets, including some of our trademarks, are no longer amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually. While, to date, no impairment write-downs have been necessary, any write-down of goodwill or intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material.

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

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

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There have been no unregistered sales of equity securities during the Current Quarter. The following table represents information with respect to purchases of common stock made by the Company during the Current Quarter:

Month of purchase	Total number of shares purchased*	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (1)(2)(3)(4)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
January 1 January 31	12,209	$ 38.84	1,893,931	$ 147,477,912
February 1 February 28	228,033	$ 38.66	1,006,069	$ 609,680,075
March 1 March 31	32,663	$ 40.53		$
Total	272,905	$ 38.89	2,900,000	$ 609,680,075

(1) On October 27, 2011, the Company announced that the Board of Directors authorized the repurchase of up to $200 million of the Company s common stock over a period ending October 31, 2015, herein referred to as the 2011 Program. The 2011 Program replaced any prior plan or authorization. The repurchase plan did not obligate the Company to repurchase any specific number of shares and may be suspended at any time at management s discretion. The 2011 Program was fully expended on February 27, 2013.

(2) On February 15, 2013, the Board of Directors authorized the repurchase of up to $300 million of the Company s common stock over a period ending February 15, 2016, herein referred to as the February 2013 Program. The February 2013 Program is in addition to the 2011 Program. The February 2013 Program does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at management s discretion. The February 2013 Program was fully expended as of August 15, 2013.

(3) On July 22, 2013, the Board of Directors authorized the repurchase of up to $300 million of the Company s common stock over a period ending July 22, 2016, herein referred to as the July 2013 Program. The July 2013 Program is in addition to the February 2013 Program and the 2011 Program. The July 2013 Program does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at management s discretion.

(4) On February18, 2014, the Board of Directors authorized the repurchase of up to $500 million of the Company s common stock over a period ending February 18, 2017, herein referred to as the 2014 Program. The 2014 Program is in addition to prior programs. The 2014 Program does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at management s discretion.

* Amounts not purchased under the repurchase plan represent shares surrendered to the Company to pay withholding taxes due upon the vesting of restricted stock.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
Exhibit 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*
Exhibit 31.2	Certification of Chief 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*
Exhibit 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*
Exhibit 32.2	Certification of Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes-Oxley Act of 2002*
Exhibit 101.INS	XBRL Instance Document*
Exhibit 101.SCH	XBRL Schema Document*
Exhibit 101.CAL	XBRL Calculation Linkbase Document*
Exhibit 101.DEF	XBRL Definition Linkbase Document*
Exhibit 101.LAB	XBRL Label Linkbase Document*
Exhibit 101.PRE	XBRL Presentation Linkbase Document*

* Filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Iconix Brand Group, Inc. **(Registrant)**
Date: May 9, 2014	/s/ Neil Cole Neil Cole Chairman of the Board, President and Chief Executive Officer
Date: May 9, 2014	/s/ Jeff Lupinaci Jeff Lupinacci Executive Vice President and Chief Financial Officer