

ICONIX BRAND GROUP, INC.  
Form DEF 14A  
October 04, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No.    )**

Filed by the Registrant                       Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Iconix Brand Group, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.

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(3) Filing Party:

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**ICONIX BRAND GROUP, INC.**

**1450 Broadway**

**New York, New York 10018**

October 4, 2016

Dear Fellow Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders which will be held on Friday, November 4, 2016, at 10:00 A.M. local time, at the offices of Iconix Brand Group, Inc., 1450 Broadway, Fourth Floor, New York, New York 10018.

Iconix is proud to be part of your portfolio and the Company thanks you for your support. The Notice of Annual Meeting and Proxy Statement, which follow, describe the business to be conducted at the meeting.

As you may know, 2016 has been a rebuilding year at the Company. In February 2016, I was appointed to our Board of Directors and named President and Chief Executive Officer of the Company, effective April 2016. Peter Cuneo, who served as our Chairman of the Board and Interim Chief Executive Officer from August 2015 until April 2016, transitioned to the role of Executive Chairman of the Board beginning in April 2016.

Building on the strong foundation created by Peter in the role of Interim Chief Executive Officer and with the oversight and support of the other Directors and the Company's management team, I was able to assume my role and immediately begin to focus on accelerating our growth, defining the Company's strategic initiatives and maximizing stockholder returns going forward.

In addition, the Board has continued its focus on the goals it established in 2015 and communicated to stockholders in our 2015 proxy statement. At that time, the Board placed a priority on reviewing our governance and compensations policies and made marked progress on restructuring our executive compensation and governance policies to respond to stockholder feedback. The Board, the Compensation Committee and the Corporate Governance/Nominating Committee also continue to review the Company's governance and compensation practices and will make additional changes where appropriate. Specifically, our recent changes include:

*We have separated Chairman and Chief Executive Officer roles:* With Mr. Cuneo's transition to the Chairman role and my joining the Company and assuming the President and Chief Executive Officer titles, Mr. Cuneo and I hold separate but complementary positions, allowing the Board to exercise a strong role in review and oversight of management's execution of the Company's strategic plans. We expect that this new leadership structure will promote the long term success of our Company, both for our employees and our stockholders.

*We have reinstated our Lead Director position:* In an effort to ensure that our corporate governance structure is in keeping with corporate governance best practices, we have reinstated our Lead Director position and reappointed Mr. Cohen to once again hold this position. This ensures that we have a Lead Director who is an independent director of the Board.

*We executed on our Board's commitment to eliminate the historical practice of determining annual cash bonuses for executives on a solely discretionary basis:* Our Compensation Committee has approved 2016 Annual Incentive Plan targets, which are based on a percentage of base salary and the achievement of specific, weighted performance goals.

*We approved a 2016 Omnibus Incentive Plan:* One of the items for which we are requesting stockholder approval in the attached proxy statement is a new 2016 Omnibus Incentive Plan.

*We have appointed two new independent Directors and have identified one independent Director nominee to stand for election to our Board:* In order to ensure that our Directors continue to bring to our Board the characteristics, business experience, perspectives,

skills and leadership required to

support our business and strategy for growth, our Board has engaged in an extensive process to identify and recruit new independent Director candidates. As a result, we recently added two new independent Directors to the Board and have approved one independent Director nominee to stand for election at the Annual Meeting. The qualifications of the new independent Directors and Director nominee are provided in this proxy statement, along with those of all of our Directors standing for election at the Annual Meeting. We invite you to read our Compensation Discussion & Analysis for further information on our compensation policies.

Your vote is very important. Whether or not you plan to attend the meeting in person, we appreciate a prompt submission of your vote. We hope to see you at the meeting. On behalf of the Company, thank you for your continued support.

Cordially,

John Haugh

Director, President and Chief Executive Officer

**ICONIX BRAND GROUP, INC.**

**1450 Broadway**

**New York, New York 10018**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON NOVEMBER 4, 2016**

To the Stockholders of ICONIX BRAND GROUP, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Iconix Brand Group, Inc. (the Company) will be held on Friday, November 4, 2016, at 10:00 A.M. local time, at the Company's offices at 1450 Broadway, Fourth Floor, New York, New York 10018, for the following purposes:

1. To elect nine directors to hold office until the next Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified;
2. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accountants for the fiscal year ending December 31, 2016;
3. To approve, by non-binding advisory vote, the resolution approving named executive officer compensation;
4. To approve the Company's 2016 Omnibus Incentive Plan; and
5. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on September 9, 2016 are entitled to notice of and to vote at the Company's Annual Meeting of Stockholders or any adjournments or postponements thereof.

**PLEASE NOTE THAT ATTENDANCE AT THE ANNUAL MEETING WILL BE LIMITED TO STOCKHOLDERS OF ICONIX BRAND GROUP, INC. AS OF THE RECORD DATE (OR THEIR AUTHORIZED REPRESENTATIVES) HOLDING EVIDENCE OF OWNERSHIP. IF YOUR SHARES ARE HELD BY A BANK OR BROKER, PLEASE BRING TO THE MEETING YOUR BANK OR BROKER STATEMENT EVIDENCING YOUR BENEFICIAL OWNERSHIP OF ICONIX BRAND GROUP, INC. COMMON STOCK TO GAIN ADMISSION TO THE MEETING.**

You may vote your shares via a toll-free telephone number or over the Internet. If you received a proxy card by mail, you may vote by signing, dating and mailing the proxy card in the envelope provided. Whether or not you attend the meeting, it is important that your shares be represented and voted.

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By Order of the Board of Directors,

F. Peter Cuneo

Executive Chairman

October 4, 2016



**PROXY STATEMENT**

**ICONIX BRAND GROUP, INC.**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON NOVEMBER 4, 2016**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Iconix Brand Group, Inc. (the Company, Iconix, we, us or our) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on November 4, 2016 at A.M. local time, including any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting in order to vote.

Proxies duly executed and returned to the management of the Company, and not revoked, will be voted at the Annual Meeting. Any proxy given may be revoked by the stockholder at any time prior to the voting of the proxy by a subsequently dated proxy or by voting again at a later date on the internet or by telephone, by written notification of such revocation to the Secretary of the Company, or by personally withdrawing the proxy at the meeting and voting in person. Only the latest ballot or Internet or telephone proxy submitted by a stockholder prior to the Annual Meeting will be counted.

Stockholders vote by casting ballots (in person or by proxy), which are tabulated by the inspector of elections. Abstentions and broker non-votes are included in the number of shares present at the Annual Meeting for quorum purposes. Abstentions will have the same effect as negative votes, except that abstentions will have no effect on the election of directors, as they are not considered to be votes cast in the election and directors are elected by a majority of the votes cast. Broker non-votes are not counted in the tabulations of the votes cast on proposals presented to stockholders because they are not considered to be entitled to vote on matters as to which broker authority is withheld. A broker non vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Banks, brokers and other nominees have discretionary voting power only with respect to the ratification of the appointment of our auditor, as this is the only proposal considered to be a routine matter under the NASDAQ rules. We encourage all beneficial owners to vote their shares because banks, brokers and other nominees cannot vote on other matters.

The address and telephone number of the principal executive offices of the Company are:

1450 Broadway

New York, New York 10018

Telephone No.: (212) 730-0030

**IF YOUR SHARES ARE HELD IN STREET NAME THROUGH A BROKER, BANK, OR OTHER NOMINEE, YOU NEED TO CONTACT THE RECORD HOLDER OF YOUR SHARES REGARDING HOW TO REVOKE YOUR PROXY.**

## OUTSTANDING STOCK AND VOTING RIGHTS

Only stockholders of record at the close of business on September 9, 2016 (the Record Date ) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were issued and outstanding 56,325,501 shares of the Company's common stock, \$.001 par value per share (the common stock ), the Company's only class of voting securities. Each share of common stock entitles the holder to one vote on each matter submitted to a vote at the Annual Meeting.

## VOTING PROCEDURES

The directors will be elected by a majority of the votes cast (the number of shares voted for a director nominee must exceed the number of votes cast as withheld with respect to that nominee), provided a quorum is present. All other matters to be voted upon at the Annual Meeting will be decided by the affirmative vote of the holders of a majority of the shares cast for the matter, provided a quorum is present. A quorum is present if at least a majority of the shares of common stock outstanding as of the Record Date are present in person or represented by proxy at the Annual Meeting. Votes will be counted and certified by one or more Inspectors of Election who are expected to be one or more employees of the Company's transfer agent. In accordance with Delaware law, abstentions and broker non-votes (*i.e.*, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other person entitled to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) will be treated as present for purposes of determining the presence of a quorum. For purposes of determining approval of a matter presented at the meeting, abstentions will be deemed present and entitled to vote and will, therefore, have the same legal effect as a vote against a matter presented at the meeting. Broker non-votes will be deemed not entitled to vote on the subject matter as to which the non-vote is indicated and will, therefore, have no legal effect on the vote on that particular matter.

Proxies will be voted in accordance with the instructions thereon. Unless otherwise stated, all shares represented by a proxy will be voted as instructed. Proxies may be revoked as noted above.

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**PROPOSAL I**

**ELECTION OF DIRECTORS**

At the Annual Meeting, nine directors will be elected to hold office for a term expiring at the next Annual Meeting of Stockholders, which is expected to be held in 2017, or until their successors have been duly elected and qualified, or until their earlier death, resignation or removal.

At the Annual Meeting, proxies granted by stockholders will be voted individually for the election of the persons listed below as directors of the Company, unless a proxy specifies that it is not to be voted in favor of a nominee for director. Each of the persons named below, other than our Director nominee Mr. Slutsky, is presently a member of the Company's Board of Directors (the Board) and each of the persons below has indicated to the Board that he or she will be available to serve. The Board recommends that you vote for the nominees listed below.

When reviewing candidates to our Board, the Corporate Governance/Nominating Committee of our Board (the Governance/Nominating Committee) and the Board consider the evolving strategy of the Company, its operating environment and outlook, as well as the needs of the Board to seek candidates that fill any current or anticipated future needs. The Governance/Nominating Committee and the Board also believe that all directors should possess the attributes described below under Consideration of Director Nominees by the Board. While the Governance/Nominating Committee does not have a formal policy with respect to diversity, the Board and the Governance/Nominating Committee believe that it is important that the Board members represent diverse viewpoints in order to provide the most significant benefits to us. In considering candidates for the Board, the Governance/Nominating Committee and the Board consider the entirety of each candidate's credentials in the context of these standards. With respect to the nomination of continuing directors for re-election, the individual's contributions to the Board are also considered. In addition to the qualities and skills of the directors that are referred to under Consideration of Director Nominees by the Board, certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole and what makes the individuals suitable to serve on our Board are described in the following paragraphs.

Name	Age	Position with the Company
F. Peter Cuneo	72	Executive Chairman of the Board
John Haugh	54	President, Chief Executive Officer and Director
Drew Cohen	48	Lead Director
Mark Friedman	52	Director
Sue Gove	58	Director
James Marcum	57	Director
Sanjay Khosla	65	Director
Kristen O'Hara	46	Director
Kenneth Slutsky	62	Director Nominee

**F. Peter Cuneo** has served as our Executive Chairman since April 2016. Prior to that, he served as our Chairman of the Board and Interim Chief Executive Officer from August 2015 until April 2016. Mr. Cuneo has served on our Board 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 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.

**John Haugh** has served on our Board 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. Since 2007, Mr. Haugh has served on the Board of Directors of Aéropostale, Inc. and is currently the chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee of Aéropostale's Board. Aéropostale 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 Arts 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 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.

**Drew Cohen** has served on our Board since April 2004. From August 2015 until April 2016, and again beginning in September 2016, Mr. Cohen has served as our Lead Director. Since 2007 he has been the President of Music Theatre International, which 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 Music Theatre International 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 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 believes that Mr. Friedman's extensive business background and investment banking experience adds key experience and viewpoints to our Board.

**Sue Gove** has served on our Board since October 2014. Ms. Gove has been the President of Excelsior Advisors, LLC since May 2014. Ms. Gove had served as the President of Golfsmith 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. Ms. Gove was a consultant for Prentice Capital Management, LP from April 2007 to March 2008. She was a consultant for Alvarez and Marsal Business Consulting, L.L.C. from April 2006 to March 2007. 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 has been a director of AutoZone, Inc. since 2005 and a director of Logitech International since September 2015. 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 Marcum** has served on our Board since October 2007. Since December 2014, Mr. Marcum has served as an Operating Partner and Operating Executive of Tri-Artisan Capital Partners, LLC, a merchant banking firm, a position he also held from 2004 until March 2008. From August 2013 to December 2014, Mr. Marcum served as Chief Executive Officer, President and a member of the Board of Directors of Heartland Automotive Services, Inc., the nation's largest franchisee of Jiffy Lube's. From February 2010 through December 31, 2012, Mr. Marcum served as the Chief Executive Officer, President and a member of the Board of Directors 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, home office products and entertainment software. Mr. Marcum has served as a member of the Board of Directors of Circuit City Stores, Inc. since June 2008. Circuit City Stores, Inc. filed for bankruptcy in November 2008. From January 2005 to January 2006, he served in various capacities, including Chief Executive Officer and Director of Ultimate Electronics, Inc., a consumer electronics retailer. Prior thereto, Mr. Marcum served in various senior executive capacities for a variety of nationwide specialty retailers. He received a Bachelor of Science degree from Southern Connecticut State University in accounting and economics in 1980. The Board believes that Mr. Marcum's contributions to the Board 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 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. 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 a director of NIIT Ltd. since 2002. 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.

**Kristen O Hara** has served on our Board since September 2016. Since May 2011, Ms. O Hara has served as Chief Marketing Officer, Global Media of Time Warner Inc., a media and entertainment company (Time Warner). From 2004 to 2011, Ms. O Hara served as the Senior Vice President and Managing Director, Global Marketing Solutions for Time Warner. From 2002 to 2004, Ms. O Hara was the Vice President of Corporate Marketing and Sales Strategy for the Time Inc. division of Time Warner. Previously, Ms. O Hara served in various positions at Young & Rubicam Inc., an advertising firm, from 1993 to 2002. Ms. O Hara has served as a trustee of the Signature Theatre Company since June 2012 and was formerly a trustee of the DMA from November 2012 to January 2016. She received a Bachelor of Arts degree from The College of the Holy Cross in

English Literature in 1992. The Board believes that Ms. O'Hara's marketing and advertising experience, and high level of expertise in social and digital media, offer important skills and perspectives to our Board.

**Kenneth Slutsky** is a nominee for Director on our Board. 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 the Axia Holding Corp. board since April 2015. 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.

#### **Agreement with Huber**

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. 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 Annual Meeting, (ii) the Company's slate of directors for election to the Board at the Annual Meeting will consist of nine (9) directors and (iii) the Company will recommend and solicit proxies for the election of all such nominees at the Annual Meeting.

The Agreement further provides that Huber will 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 will not nominate any person for election at the Annual Meeting, submit proposals for consideration or otherwise bring any business before the Annual Meeting, nor engage in certain activities related to "withhold" or similar campaigns with respect to the Annual Meeting.

The Corporate Governance/Nominating Committee has not received 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.

### **Board Independence**

Our Board has determined that each of our Directors and Director nominees, other than Messrs. Cuneo and Haugh, is an independent director under the Rules of The NASDAQ Stock Market LLC (NASDAQ). As more fully described below under Corporate Governance, in connection with the August 2015 resignation of Neil Cole, our former Chairman, President and Chief Executive Officer, Mr. Cuneo was appointed Interim Chief Executive Officer and Chairman of the Board. In connection with his appointment as Interim Chief Executive Officer, Mr. Cuneo resigned from his positions as chair of the Audit Committee and member of the Compensation Committee. Additionally, the Board has appointed Mr. Cohen as Lead Director of our Board. Mr. Cuneo became Executive Chairman of the Board on April 1, 2016, following the Company's entry into an employment agreement with John Haugh, as the Company's President effective February 23, 2016 and as President and Chief Executive Officer effective April 1, 2016.

### **Board Attendance at Stockholder Meetings**

Members of the Board are encouraged to attend Annual Meetings of Stockholders. A majority of Directors then serving on our Board of Directors attended last year's Annual Meeting of Stockholders.

### **Communications with the Board**

Our Board, through its Governance/Nominating Committee, has established a process for stockholders to send communications to the Board. Stockholders may communicate with members of the Board individually or as a group by writing to: The Board of Directors of Iconix Brand Group, Inc. c/o Corporate Secretary, 1450 Broadway, New York, NY 10018. Stockholders should identify their communication as being from a stockholder of the Company. The Corporate Secretary may require reasonable evidence that the communication or other submission is made by a stockholder of the Company before transmitting the communication to the Board.

### **Consideration of Director Nominees by the Board**

Stockholders of the Company wishing to recommend director candidates to the Governance/Nominating Committee for election to our Board at next year's Annual Meeting of Stockholders must submit their recommendations in writing to the Governance/Nominating Committee, c/o Corporate Secretary, Iconix Brand Group, Inc., 1450 Broadway, New York, NY 10018.

The Governance/Nominating Committee will consider nominees recommended by the Company's stockholders provided that the recommendation contains sufficient information for the Governance/Nominating Committee to assess the suitability of the candidate, including the candidate's qualifications, name, age and business and residence addresses. Candidates recommended by stockholders that comply with these procedures will receive the same consideration that candidates recommended by the Governance/Nominating Committee receive. The recommendations must also state the name and record address of the stockholder who is submitting the recommendation, and the class and number of shares of the Company's common stock beneficially owned by the stockholder. In addition, the recommendation must include information regarding the recommended candidate relevant to a determination of whether the candidate would be barred from being considered independent under NASDAQ Marketplace Rule 5605(a)(2), or, alternatively, a statement that the recommended candidate would not be so barred. Each nomination is also required to set forth a representation that the stockholder making the nomination is a holder of record of capital stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to vote for the person or persons nominated; a description of all arrangements and understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination was made by the stockholder; such other information regarding each nominee proposed by such stockholder as would be required to be included in a Proxy Statement filed pursuant to the proxy rules of the SEC had the nominee been nominated by the Board; and the consent of each nominee to serve as a director of the Company if so elected. A nomination which does not comply with the above requirements or that is not received by the deadline referred to below in [Deadline and Procedures for Submitting Director Nominations](#) will not be considered.

The qualities and skills sought in prospective members of the Board are determined by the Governance/Nominating Committee. The Governance/Nominating Committee generally requires that director candidates be qualified individuals who, if added to the Board, would provide the mix of director characteristics, experience, perspectives and skills appropriate for the Company. Criteria for selection of candidates will include, but not be limited to: (i) business and financial acumen, as determined by the Governance/Nominating Committee in its discretion, (ii) qualities reflecting a proven record of accomplishment and ability to work with others, (iii) knowledge of our industry, (iv) relevant experience and knowledge of corporate governance practices, and (v) expertise in an area relevant to the Company. Such persons should not have commitments that would conflict with the time commitments of a director of the Company.

**Deadline and Procedures for Submitting Director Nominations**

A stockholder wishing to nominate a candidate for election to our Board at next year's Annual Meeting of Stockholders is required to give written notice of his or her intention to make such a nomination containing the required information specified above addressed to the Governance/Nominating Committee, c/o Corporate Secretary, Iconix Brand Group, Inc., 1450 Broadway, New York, NY 10018. The notice of nomination and other required information must be received by our corporate Secretary in accordance with the dates set forth in the section below entitled "Stockholder Proposals for the 2017 Annual Meeting - Director Nominations, Proposal for Action and Other Business Brought Before the Annual Meeting."



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## CORPORATE GOVERNANCE

On August 5, 2015, Neil Cole resigned from his positions as our Chief Executive Officer, President and the Chairman of our Board of Directors. Mr. Cole also resigned from our Board. On August 6, 2015, the Board appointed F. Peter Cuneo, a current director, as Interim Chief Executive Officer and Chairman of the Board of Directors. In connection with his appointment to the Interim Chief Executive Officer position, Mr. Cuneo resigned from his positions as Audit Committee Chairperson and as a member of the Compensation Committee, to ensure that all members of our committees would continue to be independent under the NASDAQ and SEC standards applicable to members of such committees. Sue Gove, a current director, was appointed as the Audit Committee Chairperson and as a member of the Compensation Committee.

In February 2016, the Company entered into an employment agreement with John Haugh to serve as the Company's Chief Executive Officer effective April 1, 2016 and, as previously noted, Mr. Cuneo transitioned into the Executive Chairman role at such time. The Board believes that having separate Executive Chairman and Chief Executive Officer roles will provide an enhanced governance framework for our Company going forward and we expect that this new leadership structure will promote the long term success of our Company, both for our employees and for our stockholders.

Additionally, on August 6, 2015, the Board appointed Drew Cohen, a current director, to the then newly-created position of Lead Director, to serve for as long as Mr. Cuneo served as Interim Chief Executive Officer. Mr. Cohen ceased serving as Lead Director once Mr. Cuneo transitioned to the Executive Chairman role in April 2016. However, in an effort to ensure we have a corporate governance structure consistent with best practices, the Board has determined to retain the Lead Director position, and on September 26, 2016 the Board reappointed Mr. Cohen to the Lead Director role. The Lead Director's primary responsibility is to act as the chief of all directors and manage all Board functions. Mr. Cohen continues to serve as the Chairperson of our Governance/Nominating Committee.

### **Risk Management**

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board 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 the Board. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed by members of management and through committee reports, or otherwise, about such risks.

### **Corporate Governance Policies**

We have adopted a written code of business conduct that applies to our officers, directors and employees, responsive to Section 406 of the Sarbanes-Oxley Act of 2002 and the rules of the SEC. In addition, we have established an ethics web site at [www.ethicspoint.com](http://www.ethicspoint.com). To assist individuals in upholding the code of conduct and to facilitate reporting, we have established an on-line anonymous and confidential reporting mechanism that is hosted at [www.ethicspoint.com](http://www.ethicspoint.com), and an anonymous and confidential telephone hotline at 800-963-5864. Copies of our code of business conduct are available, without charge, upon written request directed to our Corporate Secretary at Iconix Brand Group, Inc., 1450 Broadway, New York, NY 10018.

## Committees of the Board

Our by-laws authorize our Board to appoint one or more committees, each consisting of one or more directors. During 2015, our Board had three standing committees: an Audit Committee, a Governance/Nominating Committee and a Compensation Committee, each of which has adopted written charters which are currently available on our website. We are not incorporating any of the information on our website into this Proxy Statement. Each member of the Audit Committee, Governance/Nominating Committee and Compensation Committee is, and is required to be, an independent director under the Marketplace Rules of NASDAQ.

### 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 Rule 3200T of the Public Company Accounting Oversight Board (PCAOB);

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

approving all related party transactions entered into by the Company;

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.

In 2015, the members of the Audit Committee were Messrs. Cuneo (chairperson), Cohen and Marcum and Ms. Gove. As noted above under Board Leadership Structure, in connection with his August 6, 2015 appointment as our Interim Chief Executive Officer, Mr. Cuneo resigned from his position as chairperson of the Audit Committee and Ms. Gove was appointed to the Audit Committee and to serve as its chairperson. The current members of our Audit Committee are Messrs. Cohen and Marcum and Ms. Gove. Ms. Gove continues to serve as the Audit Committee chairperson. In addition to being an independent director under the Marketplace Rules of NASDAQ, each member of the Audit Committee is an independent director as that term is defined by applicable SEC rules under the Securities Exchange Act of 1934. Our Board has also determined that Ms. Gove and Mr. Marcum are Audit Committee Financial Experts, as that term is defined under applicable SEC rules and NASDAQ Marketplace Rules.

### *Oversight in Addressing Material Weaknesses in the Company's Review Controls*

As of the date of this Proxy Statement, we are in the process of improving our controls to remediate the material weaknesses that existed as of December 31, 2015, as identified by the Company in its evaluation of 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) under the supervision and with the participation of its management, including its President and Chief Executive Officer and Chief Financial Officer. In 2016, the current senior management team is dedicated to continuing its initiative to implement and document policies, procedures, and internal controls, for the purpose of strengthening the internal control environment. This initiative is also being performed with Audit Committee oversight. Remediation actions include the following:

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Hired a new President (February 2016) who became the Chief Executive Officer in April 2016, and a new Chief Financial Officer (July 2015); each of whom has taken an active role in closely monitoring the Company's policies and internal controls.

When the new President became Chief Executive Officer in April 2016, the positions of Chief Executive Officer and Chairman of the Board were separated.

Hired a Director of Internal Audit, a Vice President of Tax and a Director of Financial Reporting in 2016. All individuals are Certified Public Accountants. The Director of Internal Audit reports directly to the Audit Committee.

Retained a third party international accounting firm to assist with internal audit activities at the direction of our Director of Internal Audit.

Currently reorganizing the Company's Accounting Department and evaluating additional accounting employees to enhance the control environment.

Addressed internal control weaknesses identified by the Special Committee of the Board, external auditors to the Company, and the current senior management team. In certain areas, internal controls were in place but not documented. Accordingly, in the third and fourth quarters of 2015, and the first and second quarters of 2016, the Company formally documented processes and internal controls in key financial reporting areas, including the review of license agreements, cash disbursements, account reconciliations/analysis, journal entries and review of financial statements. Where applicable, such processes and internal controls were complimented with the development and implementation of use of forms and documents.

During the first two fiscal quarters of 2016, a formal process for the identification of related party transactions was developed which includes a list of related parties/affiliated entities, and respective internal controls for confirming the accuracy of the list on a go-forward basis.

In 2015, the Company formed a Disclosure Committee and implemented a sub-certification process, the purpose of which is to review all regulatory filings to help ensure the completeness and accuracy of disclosures.

The Company's current Code of Conduct was updated to be more explicit regarding the importance of business personnel communicating information to the Chief Financial Officer and the General Counsel. In addition, the Code of Conduct was updated to be more explicit in requiring that all material terms and conditions of all business or financial transactions, licenses, joint ventures, agreements, commitments or other arrangements involving the Company must be in writing.

Establishing annual training for all Independent Directors, management and key non-management personnel around the Code of Conduct and other company policies. Annual certifications of compliance with the Code of Conduct and other company policies will be required.

The Company will test the ongoing operating effectiveness of the new and existing controls in future periods.

The Audit Committee, which as noted above consists of independent, non-executive directors, will continue to meet regularly with management, the Company's Director of Internal Audit, and its independent accountants to review accounting, reporting, auditing and internal control matters. The Audit Committee has direct and private access to the Director of Internal Audit and the external auditors, and will meet with each, separately, in executive sessions of the Audit Committee.

#### **Governance/Nominating Committee**

Our Governance/Nominating Committee's responsibilities include:

assisting the Board in defining and assessing qualifications for Board membership and identifying qualified individuals to serve as Directors;

recommending Director nominees for each annual meeting of the stockholders and nominees for election and filling any vacancies on the Board;

considering and recommending to the Board corporate governance principles applicable to the Company; and

leading the Board in its self-evaluation and establishing criteria in such evaluation.

In 2015, the members of our Governance/Nominating Committee were Messrs. Cohen, Friedman and Marcum and Mr. Barry Emanuel, all of whom continue to serve on the Governance/Nominating Committee. Mr. Emanuel has served on our Board since May 1993 and will retire from the Board upon completion of his current term. Mr. Cohen was the chairperson of the Governance/Nominating Committee in 2015 and continues to serve in this role.

#### **Compensation Committee**

Our Compensation Committee's responsibilities include:

formulating, evaluating and approving compensation for our executive officers, including the Chief Executive Officer;

overseeing and approving all compensation programs involving our stock and other equity securities;

reviewing and discussing with management the Compensation Discussion and Analysis ( CD&A ) required under Item 402 of Regulation S-K promulgated by the SEC; and

assessing the risks associated with our compensation practices, policies and programs.

In 2015, the members of the Compensation Committee were Messrs. Friedman, Emanuel and Cuneo. As noted above under Corporate Governance, in connection with his August 6, 2015 appointment as our Interim Chief Executive Officer, Mr. Cuneo resigned from his position as a member of the Compensation Committee and Ms. Gove was appointed to the Compensation Committee. The current members of our Compensation Committee are Messrs. Friedman and Emanuel and Ms. Gove. Mr. Friedman currently serves as its chairperson. As noted above, Mr. Emanuel will retire from the Board upon completion of his current term. Each member of the Compensation Committee is an independent director under the Marketplace Rules of NASDAQ.

From time to time, management provides to the Compensation Committee proposals concerning compensation for executive officers. The Committee considers recommendations from our Chief Executive Officer regarding compensation for such executive officers. The Compensation Committee also approves grants of equity awards to employees and other bonus programs.

Under its charter, the Compensation Committee may form and delegate authority to subcommittees or individuals, including, but not limited to, a subcommittee composed of one or more members of the Board or an executive to grant and administer stock, option and other equity awards under the Company's equity incentive plans.

#### **Meetings of the Board and its Committees during the Year Ended December 31, 2015**

The Board held 13 meetings (including six executive sessions with the independent Board members) during the fiscal year ended December 31, 2015 ( FY 2015 ), and the Board, along with its committees, also took various actions by unanimous written consent in lieu of meetings. In addition, during FY 2015, the Audit Committee held seven meetings, the Governance/Nominating Committee held two meetings and the Compensation Committee held six meetings. During FY 2015, each of the Company's Directors attended at least

seventy-five percent of the aggregate of: (i) the total number of meetings of the Board of Directors; and (ii) the total number of meetings of all committees of the Board on which they served. Also, members of the Board and each of the committees met periodically during FY 2015 to address various matters and engaged in informal meetings, telephonic meetings and correspondence.

#### **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 they file.

Based solely on our review of the copies of such forms received by us, we believe that during 2015, there was compliance with the filing requirements applicable to our officers, directors and greater than 10% common stockholders, other than one report not filed within two business days that was subsequently filed on behalf of Mr. Blumberg relating to the surrender of 2,942 shares in payment of tax liability incident to the vesting of restricted stock on April 30, 2015.

#### **Director Compensation**

The Compensation Committee determined that for each full year of service as a director of our company during 2015, each non-employee member of the Board would receive a cash payment of \$80,000 payable one half on January 1<sup>st</sup> and one half on July 1<sup>st</sup>, and a number of shares of restricted stock with an aggregate value of \$100,000 based on the closing price of the first trading day of each new year, with all of such shares vesting in full on July 1<sup>st</sup> of the year of grant. Additionally, each Chairperson of the Audit, Compensation and Governance Committees would receive additional cash payments of \$25,000, \$20,000 and \$15,000, respectively.

As described below in Compensation Discussion and Analysis, in 2015 the Company made certain changes to Mr. Cuneo's compensation, in connection with his appointment to the additional role of Interim Chief Executive Officer from August 6, 2015 to March 31, 2016. In connection with the implementation of the role of Lead Director, the Compensation Committee set compensation for the Lead Director position at \$40,000 annually, in addition to the director compensation amounts noted above. For 2015, Mr. Cohen received the director compensation amounts noted above, plus a pro-rata portion of \$40,000 based on the portion of the 2015 calendar year he served as Lead Director.

As previously disclosed in a press release furnished with a Form 8-K on August 12, 2015, the Company formed a Special Committee of the Board in 2015. Each member of the Special Committee received fees for his or her work in 2015. In addition, following Mr. Cole's resignation in 2015, the Board formed an Executive Search Committee to conduct a search for our new President and Chief Executive Officer. Each member of the Executive Search Committee also received fees for his or her work in 2015.

The following table sets forth compensation information for 2015 for each person who served as a member of our Board at any time during 2015 who is not also a current executive officer. An executive officer who serves on our Board does not receive additional compensation for serving on the Board.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(9)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation		Total (\$)
					All Other Compensation (\$)	Earnings	
Peter Cuneo(2)	168,790	100,000					268,790
Drew Cohen(3)	294,629	100,000					394,629
Barry Emanuel(4)	170,000	100,000					270,000
Mark Friedman(5)	208,500	100,000				100,000(6)	408,500
James Marcum(7)	155,000	100,000					255,000
Sue Gove(8)	186,081	100,000					286,081

- (1) Represents the aggregate grant date fair value. See Note 5 to Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, as amended, for a discussion for the relevant assumptions used in calculating grant date fair value.
- (2) Fees earned or paid in cash to Mr. Cuneo include (i) \$80,000 attributable to annual cash director fees; (ii) \$73,871 attributable to Special Committee fees from April to August 5, 2015; and (iii) \$14,919 attributable to pro-rated portion of annual Audit Committee chairman fee from January 1, 2015 to August 5, 2015. From August 6, 2015 until March 31, 2016, while he served in the role of Interim Chief Executive Officer, Mr. Cuneo did not receive any additional compensation for his service as a director. See Summary Compensation Table and Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements for a description of Mr. Cuneo's employment agreement and details regarding his compensation as Interim Chief Executive Officer.
- (3) Fees earned or paid in cash to Mr. Cohen include (i) \$80,000 attributable to annual cash director fees; (ii) \$150,000 attributable to Special Committee fees from April to November 2015; (iii) \$16,129 attributable to pro-rata portion of Lead Director fee; (iv) \$15,000 attributable to annual Nominating and Governance Committee chairman fee; (v) \$12,500 attributable to CEO Search Committee co-chair fee; and (vi) \$21,000 attributable to CEO Search Committee fees from August to December 2015.
- (4) Fees earned or paid in cash to Mr. Emanuel include (i) \$80,000 attributable to annual cash director fees; (ii) \$75,000 attributable to Special Committee fees from April to November 2015; and (iii) \$15,000 attributable to CEO Search Committee fees from August to December 2015.
- (5) Fees earned or paid in cash to Mr. Friedman include (i) \$80,000 attributable to annual cash director fees; (ii) \$75,000 attributable to Special Committee fees from April to November 2015; (iii) \$20,000 attributable to annual Compensation Committee chairman fee; (iv) \$12,500 attributable to CEO Search Committee co-chair fee; and (v) \$21,000 attributable to CEO Search Committee fees from August to December 2015.
- (6) Represents \$100,000 in consulting fees in connection with a consulting arrangement relating to the provision by Mr. Friedman of investor relations services as noted below under Certain Relationships and Related Transactions. Such consulting arrangement was terminated on May 3, 2016.
- (7) Fees earned or paid in cash to Mr. Marcum include (i) \$80,000 attributable to annual cash director fees and (ii) \$75,000 attributable to Special Committee fees from April to November 2015.
- (8) Fees earned or paid in cash to Ms. Gove include (i) \$80,000 attributable to annual cash director fees; (ii) \$75,000 attributable to Special Committee fees from April to November 2015; (iii) \$10,081 attributable to pro-rated portion of annual Audit Committee chairperson fee for the portion of the 2015 calendar year that Ms. Gove served as Audit Committee chairperson; and (iv) \$21,000 attributable to CEO Search Committee fees from August to December 2015.
- (9) In 2015, there were no outstanding options at fiscal year end for directors. As described above, directors' annual equity awards vest in full on July 1<sup>st</sup> of the year of grant. In 2015, there were no unvested stock awards at fiscal year end for directors.



*Director Compensation for 2016.* Following its annual review of director compensation, the Compensation Committee determined that it would not alter cash fees or equity awards for director compensation. Therefore, for each full year of service as a director of our Company during 2016, each non-employee member of the Board will receive a cash payment of \$80,000, payable one half on January 1<sup>st</sup> and one half on July 1<sup>st</sup>, and a number of shares of restricted stock with an aggregate value of \$100,000 based on the closing price of the first trading day of 2016, with such shares vesting in full on July 1<sup>st</sup> of 2016. Additionally, each Chairperson of the Audit, Compensation and Governance Committees receives additional cash payments of \$25,000, \$20,000 and \$15,000, respectively. Each of Ms. O Hara, Mr. Khosla and Mr. Slutsky will receive a pro-rata portion of such 2016 cash fees and equity awards, based on the date of their respective appointment or election to the Board.

In his role as Executive Chairman, Mr. Cuneo will not receive director compensation. Instead, he will be compensated as discussed under Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees. In addition to the cash fees and equity awards noted above, for 2016 Mr. Cohen will receive a pro-rata share of Lead Director annual compensation for the portion of the 2016 calendar year that Mr. Cohen serves in such role. As noted above, because Mr. Haugh is an executive officer, he does not receive compensation for serving on our Board.

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**EXECUTIVE OFFICERS**

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

Our executive officers, their positions with us and certain other information with respect to these officers, as of the Record Date, are set forth below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
John Haugh	54	Director, President and Chief Executive Officer
David Jones	47	Executive Vice President and Chief Financial Officer
David Blumberg	57	Executive Vice President and Chief Strategy Officer
Jason Schaefer	42	Executive Vice President and General Counsel

**John 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. Since 2007, Mr. Haugh has served on the Board of Directors of Aéropostale, Inc. and is currently the chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee of Aéropostale's Board. Aéropostale 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 Arts 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 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.

**David 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.

**David Blumberg** has served as our Executive Vice President and Chief Strategy Officer since March 2016. Previously, he served as our Head of Strategic Development since February 2009 and as our Executive Vice President Head of Strategic Development since August 2009. From March 2015 until July 2015, Mr. Blumberg served as our Interim Chief Financial Officer. From November 2006 through January 2009, Mr. Blumberg served our company as a full-time consultant, overseeing our merger and acquisition activities. Prior to joining our company as a consultant, from 2005 through October 2006, Mr. Blumberg worked as a consultant to LF Management Ltd., an affiliate of Li & Fung Limited/ LF USA. Prior to joining Li & Fung, from January 1997 to November 1999, Mr. Blumberg was president and managing director investment banking of Wit Capital, Inc., an online investment bank. From 1981 to 1993, Mr. Blumberg was a managing director and senior vice president of Merrill Lynch Interfunding Inc. and Merrill Lynch Capital Markets Investment Bank, respectively. Mr. Blumberg received a Bachelor of Science, cum laude in economics from Colgate University in 1981 and a Masters degree in business administration in corporate finance from New York University in 1987.

**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.

## Executive Compensation

### Compensation Discussion and Analysis

In 2015, our Board placed a priority on reviewing our governance and compensation policies. 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 is aligned with both the Company's performance and stockholders' best interests. As a result of this review, in 2015 and to date in 2016, the Company has already made numerous governance and compensation changes that are directly responsive to feedback received from our investors. At our 2015 annual meeting, our stockholders voted in favor of the Company's executive compensation program. The Company and the Compensation Committee continue to review our policies and programs and consider additional changes, where they are warranted.

### Executive Summary of Key Actions in Response to Stockholder Feedback

During 2014 and 2015, we spoke to or met with each of our largest stockholders, representing approximately 70% of our outstanding shares of common stock in the aggregate. Based on discussions with these stockholders to identify their concerns, in 2015 and to date in 2016, the Compensation Committee and Governance/Nominating Committees have made important changes to our governance and compensation practices as highlighted below, and, as further discussed throughout this Compensation Discussion and Analysis.

#### **Investor Concern:**

#### **Compensation Committee Response:**

Historical Use of Problematic Pay Practices

We have eliminated problematic pay practices as discussed during our in-depth stockholder outreach. Actions taken to eliminate such problematic pay practices include differentiating long and short term performance metrics to align pay more closely with long term and short term goals, increasing the difficulty of performance measures for payouts and eliminating guaranteed salary raises, discretionary bonuses and catch up provisions for performance periods.

Absence of Peer Group Benchmarking

We have established a compensation peer group against which we evaluated compensation levels in 2015 for purposes of setting 2016 total direct compensation opportunities for our named executive officers.

Long Term Incentive Design

In 2016 we implemented a new performance-based, long-term incentive program (the 2016 LTIP) with clearly defined goals and targets for certain key employees, including our named executive officers as of March 31, 2016, which provides for equity grants based on the achievement of specified financial goals. Specifically,

the 2016 LTIP provides for restricted share unit (RSU) awards, which vest in three equal installments annually over a three-year period, and long term performance share unit (PSU) awards, which, other than with respect to Mr. Haugh, cliff vest after three years based on adjusted operating income performance targets established by the Compensation Committee. The terms of Mr. Haugh's PSUs are described below. The 2016 LTIP eliminates the catch-up feature previously used in our PSU awards, as well as our prior practice of making an annual payout of earned PSUs. Instead, the LTIP generally requires that the grantee remain subject to continued employment for the entirety of the performance period (thereby ensuring that the ultimate value of the PSU award remains at risk and subject to stock price performance for the duration of the performance period).

In 2015, the Compensation Committee committed to eliminate the historical practice of determining annual cash bonuses on a solely discretionary basis. The Company has followed through on its commitment in July 2016 the Compensation Committee approved Annual Incentive Plan targets for cash bonuses to employees, including named executive officers. These targets are established as a percentage of base salary. For the named executive officers other than John Haugh, the targets are based on achievement of performance goals weighted as follows: 37.5% Iconix non-GAAP net income, 37.5% Iconix revenue and 25% based on objectives specific to the individual. The base salaries and target/maximum percentage payouts in effect for each of the named executive officers are noted below under 2016 Annual Incentive Plan. Mr. Haugh's performance goals for 2016 are described below under Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees.

Automatic Single-Trigger Vesting on a Change of Control

We have amended the Amended and Restated 2009 Equity Incentive Plan to require double-trigger change of control vesting on all equity awards granted after October 20, 2015. Accordingly, all 2016 LTIP awards are subject to double-trigger vesting.

Absence of Anti-Pledging Policy

We have adopted an anti-pledging policy under which directors and executive officers are prohibited from pledging shares.

As of October 20, 2015 (the date of adoption of the anti-pledging policy), 300,668 shares were subject to outstanding pledges. However, no future pledges are permitted and the pledged shares are excluded for purposes of determining compliance with stock ownership requirements under the stock ownership policy described below.

Absence of Stock Ownership Policy

We adopted a rigorous stock ownership policy under which our current named executive officers and directors must own a minimum specified multiple of their base salary or annual cash retainer. For the CEO, the multiple is six (6) times base salary; for the other

named executive officers, the multiple is three (3) times base salary; and for non-employee directors the multiple is five (5) times the annual cash retainer. Unvested equity awards and unexercised stock options do not count toward the definition of owned shares, nor do shares subject to outstanding pledges. Named executive officers and non-employee directors who are not in compliance with the stock ownership guidelines are subject to share retention requirements.

## **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 three other most highly compensated executive officers (we refer to these officers as our named executive officers) during 2015.

Certain named executive officers who served during 2015 are no longer employees of the Company, as further discussed in this Proxy Statement, including below under Governance Structure and Management Updates. This Compensation Discussion and Analysis will place in context the information regarding our 2015 named executive officers contained in the tables and accompanying narratives that follow this discussion.

In 2015, our named executive officers were:

### **Current Employees**

F. Peter Cuneo	Executive Chairman of the Board (Former Interim Chief Executive Officer and Director)
David Jones	Executive Vice President and Chief Financial Officer
David Blumberg	Executive Vice President and Chief Strategy Officer (Former Interim Chief Financial Officer)
Jason Schaefer	Executive Vice President, General Counsel and Secretary

### **Former Employees**

Neil Cole	Former Chief Executive Officer, President and Chairman of the Board
Jeff Lupinacci	Former Executive Vice President and Chief Financial Officer
Seth Horowitz	Former Chief Operating Officer

### **2015-2016 Board and Management Updates**

Board and management updates during 2015 and 2016 include:

#### **Chairman and Chief Executive Officer Transition**

On August 5, 2015, Neil Cole resigned from his positions as the Company's Chief Executive Officer, President, Chairman of our Board of Directors, and as a Director.

On August 6, 2015, our Board of Directors appointed F. Peter Cuneo, a current director, as the Company's Interim Chief Executive Officer and Chairman of our Board. In connection with such appointment, Mr. Cuneo resigned from his roles as Chairperson of our Audit Committee and as a member of our Compensation Committee.

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On February 18, 2016, we entered into an employment agreement with John Haugh, as the Company's President effective February 23, 2016 and as President and Chief Executive Officer effective April 1, 2016. Mr. Haugh also was appointed to the Board of Directors effective

February 23, 2016. See Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees below for a description of John Haugh's employment agreement.

Mr. Cuneo served as our Interim Chief Executive Officer through March 31, 2016. On April 1, 2016, Mr. Cuneo, who had been Chairman of the Board since August 2015, became Executive Chairman of the Board.

#### Chief Financial Officer Transition

In March 2015, Jeff Lupinacci, our former Executive Vice President and Chief Financial Officer, ceased to be an employee of the Company.

From March 2015 to July 2015, David Blumberg, who was then our Executive Vice President and Head of Strategic Development, assumed the additional role of Interim Chief Financial Officer.

On June 10, 2015, David Jones was appointed Executive Vice President and Chief Financial Officer, effective July 6, 2015

#### Chief Operating Officer

In April 2015, Seth Horowitz, the Company's former Chief Operating Officer, ceased to be an employee of the Company. At that time, the Company determined not to seek a new Chief Operating Officer, and Mr. Horowitz's responsibilities were assumed by our broader management team. The Company may reconsider the Chief Operating Officer role at a later date.

#### Reappointment of Lead Director

On August 6, 2015, our Board of Directors appointed Drew Cohen, a current director and the Chairperson of our Governance/Nominating Committee, as the Company's Lead Director, to serve until such time as Mr. Cuneo is no longer serving as the Interim Chief Executive Officer. On April 1, 2016 Mr. Cohen ceased serving in the Lead Director role. However, in an effort to ensure that our corporate governance structure is in keeping with best practices, in September 2016 we reinstated our Lead Director position and reappointed Mr. Cohen to hold such position.

#### Appointment of New Audit Committee Chairperson and Compensation Committee Member

On August 6, 2015, our Board of Directors appointed Sue Gove as the Chairperson of the Audit Committee and as a member of the Compensation Committee in light of Mr. Cuneo's resignation from such roles (in connection with his appointment as Interim Chief Executive Officer). Ms. Gove remains in these roles.

#### Appointment of New Independent Directors and Selection of Independent Director Nominee to Stand for Election to our Board

In order to ensure that our Directors continue to bring to our Board the appropriate characteristics, business experience, perspectives, skills and leadership required to support our business and strategy for growth, our Board has engaged in an extensive process to identify and recruit new independent Director candidates. As a result, we have recently added two new independent Directors and have approved one independent Director nominee to stand for election at the Annual Meeting.

**Updates Regarding Stockholder Outreach and the Company's Approach to Address Stockholder Concerns**

During 2014, 2015 and to date in 2016, we spoke to or met with each of our largest stockholders, representing approximately 70% of our outstanding shares of common stock in the aggregate. In connection with our



stockholder outreach, and in light of the results of our Say on Pay vote last year, where we received approximately 71% stockholder approval, we have continued a comprehensive review of our compensation and governance programs with Frederic W. Cook & Co., Inc. ( FW Cook ), our Compensation Committee's independent, third-party compensation consultant.

Based on our discussions with stockholders, we have made several changes to our governance and compensation practices as described earlier and in detail below.

#### **Recent Changes in Response to Stockholder Outreach**

##### **Adoption of Compensation Peer Group for 2016 Benchmarking Compensation (the 2016 Compensation Benchmarking Peer Group)**

FW Cook assisted the Compensation Committee in its identification of the 2016 Compensation Benchmarking Peer Group of public companies against which the Company benchmarked executive compensation. The 2016 Compensation Benchmarking Peer Group is generally comprised of companies in our industry, reflects a portfolio of characteristics relevant to Iconix's business operations and includes companies that are similar from a size perspective. With regard to size comparability, 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, we evaluated peers primarily based on market capitalization, profitability and margin parameters, rather than GAAP-based reported revenue. The Compensation Committee has approved the following 2016 Compensation Benchmarking Peer Group:

Cherokee Inc.  
Choice Hotels  
Deckers Outdoor Corporation  
Fossil Inc.  
G-III Apparel Group Ltd.  
Kate Spade & Co.  
Meredith Corp.  
Movado Group, Inc.  
Oxford Industries, Inc.

Perry Ellis Inc.  
Sequential Brands Inc.  
Sotheby's  
Steve Madden  
Tumi Holdings Inc.  
Vera Bradley, Inc.  
Vince Holding  
Wolverine World Wide, Inc.

In addition, in 2016 we established a special one-time, performance-based retention plan for certain key employees, including our named executive officers, as noted below under Our Named Executive Officers Compensation for 2015. The PSUs granted under this plan cliff vest in three years and are based on total shareholder return as measured against the 2016 Compensation Benchmarking Peer Group. A separate comparator group may be established in the future for assessing relative performance with respect to future PSUs and other performance-based awards.

##### **Implementation of Double Trigger Change in Control Provisions**

In 2015, we amended our Amended and Restated 2009 Equity Incentive Plan, referred to as the Plan, to provide for double trigger change in control provisions. These provisions provide that, upon a change in control (as defined in the Plan), in the event that a successor company assumes or substitutes awards under the Plan, unvested equity awards do not accelerate unless, within 24 months following such change in control, 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 Plan, then all outstanding awards immediately vest. Double trigger provisions, as opposed to single trigger provisions, will apply to all future grants made under the Plan after October 20, 2015.

**Adoption of Anti-Pledging Policy**

In 2015, the Board of Directors adopted an anti-pledging policy that prohibits any additional pledges of Company securities by named executive officers or directors of the Company following the adoption of such policy.

**Adoption of Stock Ownership Guidelines**

In 2015, the Company adopted stock ownership guidelines based on best practices. Among other features, the new guidelines provide for our named executive officers and directors to own shares of the Company's stock at the following levels:

Chief Executive Officer:	6X annual base salary
Other Named Executive Officers:	3X annual base salary
Directors:	5X annual cash retainer

Unvested equity awards, unexercised options and pledged shares do not count towards the definition of owned shares. Named executive officers and directors who are not in compliance will be subject to stock retention requirements.

**Elimination of Discretionary Bonuses for Named Executive Officers in 2016 and 2015 Executive Incentive Plan**

In 2015, the Compensation Committee committed to eliminate the historical practice of determining annual cash bonuses for executives on a solely discretionary basis, and to adopting a performance-based annual cash incentive program for 2016 and thereafter. In July 2016, the Company approved an Annual Incentive Plan for cash bonuses to certain employees, including named executive officers, which established bonus targets at a percentage of base salary (the 2016 AIP). Additionally, at its 2015 Annual Meeting, the Company received stockholder approval of the Company's 2015 Executive Incentive Plan to provide for tax deductibility under Section 162(m) of the Internal Revenue Code for such awards.

## Key Features of Our Executive Compensation Program

### What we do:

**Pay for Performance.** We have adopted the 2016 LTIP, which provides for grants that are tied to our long-term business goals. Because these PSUs are 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.

**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 in the future.

**Stock Ownership Guidelines.** The Company has adopted stock ownership guidelines for its named executive officers and directors to provide for ownership maintenance of the Company's equity.

**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.** We have implemented amendments to our Amended and Restated Equity Incentive Plan to provide for double trigger change in control provisions.

**Independence of our Compensation Committee and Advisor.** The Compensation Committee, which is comprised solely of independent directors, utilizes the services of FW Cook, as an independent compensation consultant. FW Cook reports to the Compensation Committee, does not perform any other services for the Company, and 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 and Health 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.

**No option repricing or exchanges without stockholder approval.** We have not engaged in the activities below and they are prohibited by our amended and restated Equity Incentive 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 shares of restricted stock or unearned PSU awards.

**No catch-up feature on 2016 PSU awards.** We have eliminated the catch-up feature on PSU awards under the 2016 LTIP and the special one-time, performance-based retention plan.



### **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.

### **Mr. Haugh's Employment as President and Chief Executive Officer, Appointment as Director and Employment Agreement**

On February 18, 2016, we entered into an employment agreement with Mr. Haugh that provided for his employment as our President, as of February 23, 2016, and as our President and Chief Executive Officer, as of April 1, 2016. Mr. Haugh was also appointed a Director of our Company on February 23, 2016, but does not receive any additional remuneration for this role. The terms of Mr. Haugh's employment agreement are described below under "Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees."

We conducted a very extensive, thorough and time-consuming process to identify and recruit a new chief executive officer, following the departure of Neil Cole in August 2015. The process was quite challenging for us, as the position required a person with in-depth knowledge of the highly specialized brand management industry, the ability to best position the Company for strategic growth and a willingness to guide the Company through the previously disclosed challenges it faced.

In negotiating Mr. Haugh's agreement, the Compensation Committee believed that Mr. Haugh's extensive experience in executive positions at several leading consumer products companies, history of business leadership and experience as a director on a public company board made him well-qualified for the position, and determined that his compensation package was commensurate with his experience and the previously disclosed challenges he would be facing. In addition, Mr. Haugh's compensation package, which puts more than a majority of his initial compensation at risk based on a combination of performance metrics and stock price performance, reflects the Company's position that Mr. Haugh will be well compensated in the event that the Company performs well. The Compensation Committee sought input and advice from FW Cook in benchmarking Mr. Haugh's compensation package against other chief executive officers at companies in our 2016 Compensation Benchmarking Peer Group. The Compensation Committee believes that Mr. Haugh's compensation package provides him with appropriate remuneration as well as long-term incentives that align his interests with those of our stockholders.

### **Mr. Cuneo's Appointment as Interim Chief Executive Officer in 2015 and related Employment Agreement, Appointment as Executive Chairman in 2016 and related Employment Agreement**

On September 8, 2015, we entered into an employment agreement with Mr. Cuneo that provided for his employment as our Interim Chief Executive Officer, as of August 6, 2015. Mr. Cuneo's employment agreement was terminated upon our appointment of John Haugh as Chief Executive Officer, and no severance was paid in connection with such termination.

At the time of Mr. Cuneo's appointment, the Compensation Committee believed that Mr. Cuneo was uniquely situated to serve as our Interim Chief Executive Officer as a result of his previous executive experience and his tenure on the Company's Board. Additionally, the Board and the Compensation Committee believed that they needed to respond quickly in filling the role of Interim Chief Executive Officer, and Mr. Cuneo was willing to devote his full time to the Company and step into the role immediately on a full time basis, in spite of his other

business ventures and responsibilities. Based on these factors, the Compensation Committee believed that Mr. Cuneo's compensation package was appropriate and provided adequate incentive for Mr. Cuneo to fulfill the obligations set forth by the Board.

On April 28, 2016, we entered into an employment agreement with Mr. Cuneo that provides for his employment as our Executive Chairman, as of April 1, 2016. The material terms of Mr. Cuneo's current and former employment agreements are described below under "Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees".

### **Roles of Management and the Compensation Committee in Compensation Decisions**

Compensation of our executive officers in 2015, including the named executive officers, has been determined by the Board of Directors pursuant to recommendations made by the former Chief Executive Officer, the former Interim 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 and stock option plans; evaluating our Chief Executive Officer's performance in light of corporate objectives; and setting our Chief Executive Officer's compensation based on the achievement of corporate objectives. Because it is a unique role, the Compensation Committee determined Mr. Cuneo's compensation as Interim Chief Executive Officer based on alternative criteria than that which was utilized in determining Mr. Haugh's compensation.

The Compensation Committee has given great consideration to the relative merits of cash and equity as a device for retaining and motivating the named executive officers. In determining the size and type of equity-based awards to each named executive officer, the Compensation Committee considers an individual's performance, an individual's pay relative to others, contractual commitments pursuant to employment or other agreements, the value of already-outstanding grants of equity and alignment of the executive's interests with those of our stockholders. Upon recommendations from our former Chief Executive Officer and former Interim Chief Executive Officer, the Compensation Committee approved equity-based awards in 2015 to named executive officers (other than our former Chief Executive Officer). With respect to our former Chief Executive Officer, the Compensation Committee had discussions with him, and utilized J. F. Reda and Associates as its third party, independent compensation consultant to assist in determining an appropriate compensation package.

Effective October 2015, the Compensation Committee retained FW Cook as its external, independent 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.

### **Elements of Compensation**

To accomplish our compensation objectives, our compensation program for 2015 principally consisted of performance-based equity awards in the form of PSU awards, long-term equity awards in the form of RSU awards, base salaries, annual cash bonuses in respect of the 2014 calendar year and stock awards. 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' compensation was tied to the Company's long-term and short-term performance. The Company does provide 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, guaranteed compensation under their employment agreements 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. None of our employment agreements for current executive officers provide automatic salary increases.

**Annual cash bonuses.** The Compensation Committee committed to eliminate the historical practice of determining annual cash bonuses on a solely discretionary basis for 2016 and beyond. 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. Beginning in 2016, cash bonus awards are made pursuant to the Company's 2016 AIP, which requires the achievement of pre-determined objective goals in order to be eligible for performance-based cash bonuses as more fully described below.

**Equity-based compensation.** In 2015, there were three types of equity based grants made to the named executive officers: initial grants when a named executive officer is hired, performance-based grants and retention grants, which are typically made in connection with new employment agreements or renewals of expiring agreements. An initial grant when an executive officer is hired or otherwise becomes a named executive officer serves to help us to recruit new executives and to reward existing officers upon promotion to higher levels of management. Because these initial grants are structured as an incentive for employment, the amounts of these grants may vary from executive to executive depending on the particular circumstances of the named executive officer and are usually recommended by the Chief Executive Officer and approved by the Compensation Committee. Retention grants made in connection with renewals of employment agreements are designed to compensate our named executive officers for their expected ongoing contributions to our long-term performance. Generally, restricted stock awards granted to named executive officers as either initial or annual performance grants vest in equal installments over the term of the agreement, or a period determined by the Compensation Committee, typically beginning on the first anniversary of the date of grant. Beginning in 2016, equity awards are made pursuant to the Company's 2016 LTIP, which provides for long term incentive based grants as more fully described above.

**Perquisites and other personal benefits.** During 2015, our named executive officers received a limited amount of perquisites and other personal benefits that we paid on their behalf. These consisted of payments of life insurance premiums and car allowances, totaling \$107,691, in the aggregate for all of our named executive officers. As of 2016, the Company no longer offers the personal benefit of paying for supplemental life insurance premiums for the benefit of its Chief Executive Officer and also has committed to eliminate the historical practice of providing car allowances.

**Post-termination compensation.** We have entered into employment agreements with each of our named executive officers. Each of these agreements provides for certain payments and other benefits if the executive's employment terminated under certain circumstances, including, in the event of a change in control. In addition, as noted above, we amended our Plan to implement double trigger change in control provisions with respect to future grants. These provisions provide that, upon a change in control, as defined in the Plan, in the event that a successor company assumes or substitutes awards under the Plan, unvested equity awards do not accelerate unless, within 24 months following such change in control, 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 Plan, then all outstanding awards would immediately vest. See Executive Compensation Narrative to Summary Compensation Table and Plan-Based Awards Table Employment Agreements and Executive Compensation Potential Payments Upon Termination or Change in Control for a description of the severance and change in control benefits.

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**Our Named Executive Officers Compensation for 2015**

**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 are set forth in the named executive officer's employment agreement. Base salaries are reviewed periodically by the Compensation Committee in light of market practices and changes in responsibilities, and as noted for Mr. Cuneo, the unique nature of his role as Interim Chief Executive Officer.

**Annual Performance-Based Cash Bonus Compensation**

For 2015, no annual performance-based cash bonus compensation was paid.

**Equity-based Compensation**

Equity-based compensation is typically awarded in the form of PSUs, RSUs, and shares of restricted stock.

**Historical RSUs Outstanding as of December 31, 2015**

As of December 31, 2015, Mr. Jones was the only named executive officer who had outstanding RSUs, which had been awarded to him under his employment agreement. In connection with Mr. Haugh's agreement entered into in 2016, Mr. Haugh was also awarded RSUs. In addition, in connection with the 2016 LTIP, the Company granted RSUs to each of Messrs. Haugh, Jones, Blumberg and Schaefer. The Company has determined that RSUs align the executive's interests with the long term performance of the Company's stock.

**Historical PSUs Outstanding as of December 31, 2015**

As of December 31, 2015, the following tranches of PSUs were outstanding: 2011 PSUs, 2013 PSUs, 2014 PSUs and 2015 PSUs. The 2011 PSUs outstanding relate solely to Mr. Cole and are discussed below. Each tranche of such historical PSUs has absolute performance metrics for EBITDA Growth, EPS Growth and Free Cash Flow, in differing percentages and different base years as described below. In addition, with respect to EBITDA Growth and EPS Growth, vesting may occur based on the Company's relative achievement of such growth as compared to the historical PSU Performance Comparator Group as described below. This historical PSU Performance Comparator Group is reviewed and adjusted annually by the Compensation Committee, prior to the start of the applicable performance period.

**Absolute Metrics General**

The metric requirements for each vesting period were set at the date of grant and each year a certain portion of PSUs are available to vest, based on the Company's achievement of such metrics. The EBITDA and EPS requirements for each year were set based on the EBITDA and EPS reported by the Company with compounded annual growth from the year in which the PSUs were granted, with a target rate of 10% compounded annual growth and threshold rate of 5% compounded annual growth. The Free Cash Flow metric was set at \$125 million for each tranche of such historical PSUs. During our stockholder outreach, we learned that some of our stockholders believed that the performance metrics of our historical PSUs were not difficult to achieve. We have noted below where certain performance metrics were not met and such corresponding PSUs did not vest. For all named executive officers other than Mr. Blumberg, PSUs granted prior to 2016 vest 33 1/3% based on EBITDA Growth, 33 1/3% based on EPS Growth and 33 1/3% based on Free Cash Flow. With respect to unearned 2013 PSUs and 2014 PSUs related to EBITDA Growth and EPS Growth, each are eligible for a catch up, as



described below. For a discussion of Mr. Blumberg's historical PSUs, which included a component for acquisitions, please see Mr. Blumberg's Performance Based Restricted Stock Awards for a description of the applicable PSU metrics. With respect to PSUs granted in 2016, as described below, among other changes to the terms of future PSU awards, the Company eliminated the catch up feature and intends to eliminate such feature in all future grants.

**Relative Metrics - General**

If the Absolute EBITDA Growth or Absolute EPS Growth metrics applicable to historical PSUs are not fully met, additional vesting may be achieved if the Compensation Committee determines that the relative metrics would yield such vesting. The Relative EBITDA Growth and Relative EPS Growth performance metrics are determined by reference to what percentile the Actual EBITDA Growth and Actual EPS Growth achieved by the Company during the performance period places the Company as compared to the PSU Performance Comparator Group determined by the Compensation Committee prior to the beginning of the relevant performance period. The following vesting will occur based on relative metrics if higher than what would vest based on absolute metrics: If the Company places in the 50<sup>th</sup> percentile for a metric, 50% of the target PSUs eligible for vesting based on such metric will vest; if the Company places in the 90<sup>th</sup> percentile or higher for a metric, up to 100% of the PSUs eligible for vesting based on such metric will vest; and if the Company places below the 50<sup>th</sup> percentile for a metric, none of the PSUs eligible for vesting based on such metric will vest. However, if there is no positive EBITDA Growth or EPS Growth on an actual basis during the period, no more than 50% vesting for the relevant metric will occur.

The PSU Performance Comparator Group utilized for relative metric vesting in respect of 2015 was based on companies in GICS codes 25203010 (Apparel, Accessories and Luxury Goods) and 25203020 (Footwear) with comparable revenue and earnings levels (comprised of annual revenue between \$100 million and \$5 billion and EBITDA and EPS greater than zero in the most recent fiscal year).

For performance periods prior to 2016, the Compensation Committee had engaged James F. Reda Associates, an independent consultant, to regularly review the peer group, and recommend changes as necessary, to ensure there is a consistent calculation of measures of performance. Below is the relative historical PSU Performance Comparator Group that was used to determine Relative EBITDA Growth and Relative EPS Growth performance metrics under each tranche of our PSUs for performance periods prior to 2016:

Carter's Inc.	Gildan Activewear Inc.	Rocky Brands, Inc.
Cherokee Inc.	Hanesbrands Inc.	Skechers U.S.A., Inc.
Columbia Sportswear Company	Kate Spade & Co.	Superior Uniform Group Inc.
Cross, Inc.	lululemon athletic inc.	Tumi Holdings Inc.
Deckers Outdoor Corporation	Madden Steven Ltd.	Under Armour Inc.
Delta Apparel, Inc.	Movado Group Inc.	Vera Bradley, Inc.
Fossil, Inc.	Oxford Industries, Inc.	VF Corp.
G-III Apparel Group Ltd.	PVH Corp.	Wolverine World Wide, 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.

The PSUs granted prior to 2016 contain a catch-up feature for the EBITDA Growth and EPS Growth metrics. The catch-up feature provides that if, in any year, Absolute Growth within either the EBITDA Growth or EPS Growth metric does not result in vesting, because (i) the Absolute Growth required for maximum vesting was not achieved, or (ii) vesting was achieved based on Relative Growth, then, in later years, Absolute Growth will be measured cumulatively to include the Absolute Growth that did not result in vesting, in order to allow vesting of the earlier year's unvested PSUs (i.e. those that did not vest based on Absolute Growth or Relative Growth) and

then, if available, to those of a later year. If, in any year, Absolute Growth within a category exceeds the percentage required for maximum vesting in such category, the excess growth shall be carried back into earlier years (to allow vesting to the extent not previously achieved by virtue of Absolute Growth or Relative Growth) or forward into later years (so that cumulative Absolute Growth in the later year is measured from the point required to achieve maximum vesting in the earlier year).

**Discussion of Historical PSUs**

**2013 PSUs**

We granted 2013 PSUs to Mr. Schaefer that vest as described in the section below entitled Mr. Schaefer's Performance Based Restricted Stock Award. Mr. Blumberg received 2013 PSUs that vest as described in the section below entitled Mr. Blumberg's Performance Based Restricted Stock Awards. Mr. Cuneo assumed the role of Interim Chief Executive Officer in August 2015 and Mr. Jones joined the Company in July 2015, therefore neither of them received any grants of 2013 PSUs. Mr. Horowitz received 2013 PSUs that were available to vest as described in the section below entitled Mr. Horowitz's Performance Based Restricted Stock Awards. As Mr. Horowitz ceased to be an executive officer of the Company in April 2015, he forfeited 17,400 unvested 2013 PSUs. Neither of Messrs. Cole or Lupinacci received any grants of 2013 PSUs. The Absolute Growth metrics for the 2013 PSUs are \$125 million Free Cash Flow, and, with respect to EBITDA and EPS, the Absolute Growth metrics for the year ended December 31, 2015 are set forth below.

**2013 PSU Absolute/Relative Metrics**

Performance Metric	Requirement
Target Absolute EBITDA Growth	EBITDA of \$290.9 million
Threshold Absolute EBITDA Growth	EBITDA of \$253.1 million
Target Absolute EPS Growth	EPS of \$2.04
Threshold Absolute EPS Growth	EPS of \$1.77

The relative metrics applicable to the 2013 PSUs were calculated in the manner described above under Relative Metrics. For 2015, none of the 2013 PSUs vested with respect to either the Absolute or Relative EBITDA metrics, or the Absolute or Relative EPS metrics, and 13,841 of the 2013 PSUs vested on the Free Cash Flow metric.

**2014 PSUs**

Mr. Horowitz received 2014 PSUs that were available to vest as described in the section below entitled Mr. Horowitz's Performance Based Restricted Stock Awards. As Mr. Horowitz ceased to be an executive officer of the Company in April 2015, he forfeited 61,182 unvested 2014 PSUs. Mr. Lupinacci received 2014 PSUs that were available to vest as described in the section below entitled Mr. Lupinacci's Performance Based Restricted Stock Awards. As Mr. Lupinacci ceased to be an executive officer of the Company in March 2015, he forfeited 39,407 unvested 2014 PSUs. None of Messrs. Cole, Blumberg or Schaefer received any grants of 2014 PSUs. Mr. Cuneo assumed the role of Interim Chief Executive Officer in August 2015 and Mr. Jones joined the Company in July 2015, therefore neither of them received any grants of 2014 PSUs.

**2015 PSUs**

Mr. Jones received 2015 PSUs that are available to vest as described in the section below entitled Mr. Jones's Performance Based Restricted Stock Awards. None of Messrs. Cuneo, Blumberg, Schaefer or the Company's former named executive officers received any grants of 2015 PSUs. The Absolute Growth metrics for the 2015 PSUs are \$125 million Free Cash Flow, and, with respect to EBITDA and EPS, the Absolute Growth metrics for the year ended December 31, 2015 are set forth below.

**2015 PSU Absolute/Relative Metrics**

Performance Metric	Requirement
Target Absolute EBITDA Growth	EBITDA of \$ 232.1 million
Threshold Absolute EBITDA Growth	EBITDA of \$ 221.6 million
Target Absolute EPS Growth	EPS of \$ 1.63
Threshold Absolute EPS Growth	EPS of \$ 1.56

The relative metrics applicable to the 2015 PSUs were calculated in the manner described above under *Relative Metrics*. None of the 2015 PSUs vested with respect to either the Absolute or Relative EBITDA metrics or the Absolute or Relative EPS metrics and 2,281 of the 2015 PSUs vested on the Free Cash Flow metric.

**Mr. Cuneo's Performance Based Restricted Stock Awards**

Mr. Cuneo has not received any PSU awards.

**Mr. Jones's Performance Based Restricted Stock Awards**

Under the terms of his employment agreement, Mr. Jones was awarded 34,217 2015 PSUs that are subject to performance vesting as described above under 2015 PSUs. Up to 6,843 of Mr. Jones' 2015 PSUs were available to vest on December 31, 2015 and up to 13,687 of Mr. Jones' 2015 PSUs were available to vest on each of December 31, 2016 and 2017, subject to the following performance criteria: 33 1/3% of the 2015 PSUs vest based on the achievement of EBITDA Growth; 33 1/3% of the 2015 PSUs vest based on the achievement of EPS Growth; and 33 1/3% of the 2015 PSUs vest based on the achievement of Free Cash Flow. The goals for EBITDA Growth, EPS Growth and Free Cash Flow are set forth above under 2015 PSUs. In 2015, up to 6,843 2015 PSUs were available to vest and 2,281 2015 PSUs vested based on achievement of the Free Cash Flow performance metric set forth above.

**Mr. Blumberg's Performance Based Restricted Stock Awards**

As Mr. Blumberg is our Executive Vice President, Chief Strategy Officer, certain of Mr. Blumberg's historical PSUs awards have different performance metrics from those of the other named executive officers.

In February 2013, Mr. Blumberg's employment contract was amended, herein referred to as the 2013 amendment. Under the 2013 amendment, Mr. Blumberg was awarded 200,000 2013 PSUs that are subject to performance vesting as described above under 2013 PSUs. Of the 2013 PSUs, two thirds were available to vest in three equal installments beginning on December 31, 2013, subject to the following performance criteria: 22.22% of the 2013 PSUs vest based on the achievement of EBITDA Growth; 22.22% of the 2013 PSUs vest based on the achievement of EPS Growth; and 22.22% of the 2013 PSUs vest based on the achievement of Free Cash Flow. The goals for EBITDA Growth, EPS Growth and Free Cash Flow are set forth above under 2013 PSUs. The remaining one third of Mr. Blumberg's 2013 PSUs were available to vest upon the closing of Acquisitions (for this purpose, the acquisition must have had a value (as defined in the 2013 amendment) of \$5 million) during the extension term, which was the period from February 2, 2013 through January 31, 2016, unless earlier terminated. During the extension term, approximately 5.56% of the 2013 PSUs could vest upon the closing of an Acquisition, in respect of up to two Acquisitions per year (resulting in aggregate vesting of 11.11% of the 2013 PSUs in such year), subject to the ability for a credit to be applied in future years for Acquisitions in excess of two completed in any year and the ability to make up a deficit of less than two Acquisitions in prior years. If the Company closed Acquisitions with an aggregate value of \$200 million or more between February 1, 2013 and January 31, 2016 (the term of the 2013 amendment), all of the Acquisition-based 2013 PSUs would be deemed to have vested on January 31, 2016, subject to Mr. Blumberg's continued employment. In 2015, up to 77,778 of Mr. Blumberg's 2013 PSUs were available to vest and 9,875 of the 2013 PSUs vested based on achievement of the Free Cash Flow performance metric listed above, other than the portion related to Acquisitions. In 2015, 37,040 of Mr. Blumberg's 2013 PSUs vested based on our consummation of the Strawberry Shortcake and Pony Acquisitions.

The 2013 amendment expired on January 31, 2016 and the Company entered into a new employment agreement with Mr. Blumberg dated February 24, 2016, herein referred to as the 2016 employment agreement. The 2016 employment agreement provides for Mr. Blumberg to be eligible to participate in the Company's long term incentive plan, but no longer provides him the right to receive PSUs based on Acquisitions.

#### **Mr. Schaefer's Performance Based Restricted Stock Award**

Under the terms of his employment agreement, Mr. Schaefer was awarded 41,640 2013 PSUs that are subject to performance vesting as described above under 2013 PSUs. Mr. Schaefer's 2013 PSUs vest as to 5,949 2013 PSUs on December 31, 2013 and as to 11,897 2013 PSUs on each of December 31, 2014, 2015 and 2016, subject to the following performance criteria: 33 1/3% of the 2013 PSUs vest based on the achievement of EBITDA Growth; 33 1/3% of the 2013 PSUs vest based on the achievement of EPS Growth; and 33 1/3% of the 2013 PSUs vest based on the achievement of Free Cash Flow. The goals for EBITDA Growth, EPS Growth and Free Cash Flow are set forth above under 2013 PSUs. In 2015, up to 11,897 of Mr. Schaefer's 2013 PSUs were available to vest and 3,966 of such 2013 PSUs vested based on the achievement of the Free Cash Flow performance metric set forth above.

#### **Mr. Horowitz's Performance Based Restricted Stock Award**

Under the terms of the 2014 amendment to his employment agreement, Mr. Horowitz was awarded 69,279 2014 PSUs that were subject to performance vesting as described above under 2014 PSUs. Mr. Horowitz ceased to be an employee of the Company in April 2015 and forfeited all remaining unvested 2014 PSUs and unvested 2013 PSUs.

#### **Mr. Lupinacci's Performance Based Restricted Stock Award**

Under the terms of his employment agreement, Mr. Lupinacci was awarded 47,322 2014 PSUs that were subject to performance vesting as described above under 2014 PSUs. Mr. Lupinacci ceased to be an employee of the Company in March 2015 and forfeited all remaining unvested 2014 PSUs.

#### **2016 Long-Term Incentive Plan**

In 2016, 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, 2016 through December 31, 2018). The specific performance-based equity awards made to named executive officers under the 2016 LTIP are as follows: on February 23, 2016, Mr. Haugh was granted 196,850 PSUs and on March 31, 2016, Mr. Jones was granted 67,083 PSUs, Mr. Blumberg was granted 64,919 PSUs and Mr. Schaefer was granted 54,099 PSUs. Other than for Mr. Haugh, under the 2016 LTIP earned PSUs will vest on the third anniversary of the grant date assuming continued employment through such date (other than for instances of retirement, involuntary termination not for cause, and voluntary termination with good reason, death and disability, in which case payouts will be made at the end of the three-year performance period based on actual performance and pro-rated to reflect actual years completed, and based on performance as certified by the Committee). Mr. Haugh's 2016 PSUs are governed by the terms of his employment agreement pursuant to which: one-third of Mr. Haugh's PSUs will be converted into time-based awards on each of December 31, 2016, 2017 and 2018, based on actual performance as of such date as certified by the Compensation Committee, and such time based awards will vest on December 31, 2018, subject to Mr. Haugh's employment until such date (other than if, prior to December 31, 2018, Mr. Haugh is terminated by us without cause or for him for good reason, in which case any time-based awards to which PSUs shall have converted will vest and be settled on December 31, 2018, subject to Mr. Haugh's compliance with the applicable terms of his employment agreement).

The specific long-term equity awards made to named executive officers under the 2016 LTIP are as follows: On March 31, 2016, Mr. Jones was granted 33,041 RSUs, Mr. Blumberg was granted 31,975 RSUs and Mr. Schaefer

was granted 26,646 RSUs. These RSUs vest one third annually on each of March 31, 2017, 2018 and 2019. In accordance with the terms of his employment agreement, on March 31, 2016, Mr. Haugh received 62,112 RSUs which vest one third annually on each of February 22, 2017, 2018 and 2019.

### 2016 Retention Plan

As previously announced in a Form 8-K filed with the SEC on January 13, 2016, in 2016 the Company established a special one-time, performance-based retention plan consisting of cash and equity awards for employees, including all named executive officers other than Mr. Cuneo. Under this plan, Messrs. Jones, Blumberg and Schaefer received cash retention awards of \$350,000 (\$150,000 of which was previously paid); \$200,000 and \$200,000, respectively. The cash retention awards will be paid in four equal installments in respect of each quarter of 2016 only if the named executive officer is employed by the Company on the date the payment is due. Additionally, if there is a change of control of the Company, and the named executive officer's employment is thereafter terminated without cause, then all remaining payments under such cash retention award shall be accelerated and shall be immediately due and payable. Quarterly installment payments of such cash retention awards were made just after March 31, 2016 and June 30, 2016.

Under the retention plan our named executive officers received the following equity grants, Mr. Jones received 155,000 PSUs, Mr. Blumberg received 155,000 PSUs, and Mr. Schaefer received 120,000 PSUs. These PSUs cliff vest in three years based on total shareholder return (TSR) as measured against the 2016 Compensation Benchmarking Peer Group listed above. The vesting schedule is as follows:

TSR of less than 35%	0% vesting
TSR between 35% and 50%	25%-50% vesting (linear interpolation)
TSR between 50% and 75%	50%-100% vesting (linear interpolation)
TSR at 75% or above	100% vesting

There will be interpolation on a straight line basis (i.e. linearly interpolated) between 35% and 50% and between 50% and 75% achievement. These awards are also subject to the double trigger change of control provisions contained in the Company's Equity Incentive Plan.

### 2016 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, as previously announced in a Form 8-K filed with the SEC on July 27, 2016, in 2016 the Compensation Committee established 2016 AIP targets for cash bonuses to employees, including named executive officers other than Mr. Haugh. These targets are established as a percentage of base salary and, for the named executive officers other than Mr. Haugh, are 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. For 2016, Mr. Haugh's performance goals are as described below under Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees. Under the AIP, the base salaries and target/maximum percentage payouts in effect for each of the named executive officers for 2016 are as follows:

#### Named Executive

Officer	Base Salary	Target/Maximum
David Jones	\$620,000	100%/200%
David Blumberg	\$600,000	65%/130%
Jason Schaefer	\$500,000	100%/200%

For 2016 only, Mr. Jones's and Mr. Schaefer's respective targets are 100% of base salary, as described in their respective employment agreements summarized below under Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Current Employees. Such targets will not be the same for 2017 and thereafter. The amounts payable under the AIP will not be deductible under Section 162(m) of the Internal Revenue Code. However, the Company anticipates that the amount that could be payable will be immaterial.

## Stock Ownership Guidelines

The Company has adopted stock ownership guidelines which are considered best practices and require our executives and directors to own shares of the Company's stock. Stock ownership guidelines have been set at the following levels:

Chief Executive Officer:	6X annual base salary
Other Named Executive Officers:	3X annual base salary
Directors:	5X annual cash retainer

Unvested and unearned restricted stock, RSUs, PSUs and unexercised stock options do not count towards stock ownership targets. Pledged shares do not count towards stock ownership guidelines. There is no required timeframe in which executives and directors must attain the stock ownership targets. However, until the stock ownership target is achieved, a stock retention ratio applies as follows:

Chief Executive Officer:	100% of net profit shares
Other Named Executive Officers:	50% of net profit shares
Directors:	100% of net profit shares

For this purpose, net profit shares means shares received on vesting or earn out of restricted stock, RSUs and PSUs, net of shares used to pay withholding taxes and shares received on the exercise of stock options, net of shares tendered or withheld for payment of exercise price and withholding taxes.

## Tax Deductibility and Accounting Ramifications

The Compensation Committee generally takes into account the various tax and accounting ramifications of compensation awarded to our executives. When determining amounts of equity-based grants to executives, the Compensation Committee also considers the accounting expense associated with the grants.

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation in excess of \$1 million paid for any fiscal year to a company's CEO or to any of the company's other three most highly compensated executive officers (other than the CFO). The statute generally exempts qualifying performance-based compensation from the deduction limit if certain conditions are met. We review the tax impact of our executive compensation on the Company as well as on the executive officers. In addition, we review the impact of our programs against other considerations, such as accounting impact, stockholder alignment, market competitiveness, effectiveness and perceived value to employees. Because many different factors influence a well-rounded, comprehensive executive compensation program, some compensation might not, on some occasions, be deductible by the Company under Section 162(m) of the Internal Revenue Code. For 2015, the total salary and wage amount that was not deductible under Section 162(m) was approximately \$1.8 million.

## Assessment of Compensation-Related Risks

The Compensation Committee is responsible for assessing the risks associated with the Company's compensation practices, policies and programs. This assessment is performed to determine if such risks arising from such practices are appropriate or if they are reasonably likely to have a material adverse effect on the Company. The Compensation Committee performed this assessment and believes that, for 2015, the compensation policies did not incentivize our employees to take unnecessary risks.

## Clawback

Based on recent financial restatements, the Company is currently analyzing the impact of clawback provisions on performance-based compensation previously paid to current and former employees in respect of restated periods, and is pursuing recoupment where appropriate.

## Summary

We believe that the recent changes to our governance structure, including implementation of separate Chairman and Chief Executive Officer roles, reinstating the Lead Director position, the addition of two new independent Directors to our Board and the identification of one independent Director nominee to stand for election at the Annual Meeting, as well as changes to our compensation practices, address concerns raised by stockholders in our stockholder outreach. These changes include amending our Amended and Restated 2009 Equity Incentive Plan to implement double trigger change of control vesting provisions to equity awards made following the date of such amendment, adopting the 2016 LTIP a performance-based long-term incentive plan, implementing the 2016 AIP which provides for annual cash bonuses to be paid based on achievement of measurable financial targets and objective criteria specific to each individual (as opposed to payment of annual cash bonuses on a solely discretionary basis), adopting an anti-pledging policy and adopting stock ownership guidelines. In addition, our Compensation Committee continues to work closely with its independent compensation consultant, FW Cook, to complete a comprehensive review of our compensation programs and our plans to identify and implement additional changes to our compensation practices and philosophy, as may be appropriate. We are conducting this review to ensure that our compensation program is competitively designed and optimizes talent recruitment and retention, which are critical to our business and incentivize our executives to achieve key operational and strategic priorities that support our short- and long-term strategic objectives and create long term stockholder value. Additionally, we must ensure that our compensation program is flexible so that we can be responsive to feedback from our investors.

## Compensation Committee Report

The Compensation Committee of our Board has reviewed and discussed with management the Compensation Discussion and Analysis for 2015 appearing in this Report. Based on such reviews and discussions, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this Report for filing with the SEC.

### COMPENSATION COMMITTEE

Mark Friedman, Chairperson

Barry Emanuel

Sue Gove

## Compensation Committee Interlocks and Insider Participation

Other than as set forth in the immediately following sentence, none of the directors on our Compensation Committee currently is or was formerly an officer or employee of the Company or had any relationship or related party transaction requiring disclosure under the rules of the Securities and Exchange Commission. As previously noted in our Form 10-K for the year ended December 31, 2015, as amended, and subsequent SEC filings, in 2015, 2014 and 2013, the Company incurred \$100,000 per year in consulting fees in connection with a consulting arrangement with Mark Friedman, our Compensation Committee chairman, relating to the provision by Mr. Friedman of investor relations services. Such consulting arrangement was terminated on May 3, 2016. During 2015, none of our executive officers served on the board of directors or the compensation (or equivalent) committee of any other entity that has officers that serve on our Board or on our Compensation Committee. In addition, none of the members of our Compensation Committee were formerly, or during 2015, employed by us in the capacity as an officer or otherwise.

As previously disclosed, Mr. Cuneo, who was a member of our Compensation Committee until August 2015, now serves as the Company's Executive Chairman and served as the Interim Chief Executive Officer and Chairman of the Board from August 6, 2015 until April 1, 2016. Mr. Cuneo resigned from his position as a member of the Compensation Committee in connection with his appointment to the Interim Chief Executive Officer position.

The members of our Compensation Committee currently are Messrs. Friedman and Emanuel and Ms. Gove, each of whom is an independent director as such within the meaning of director independence standards applicable to members of such committees pursuant to the applicable NASDAQ and SEC rules. Mr. Friedman currently serves as its chairperson.



## SUMMARY COMPENSATION TABLE

The following table includes information for 2015, 2014 and 2013 with respect to our named executive officers.

Name and Principal Position	Year	Salary (\$) (a)	Bonus (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Non- qualified Deferred Compensation Earnings (\$) (f)	All Other Compensation (\$) (g)	Total (\$) (h)
Peter Cuneo(1) Former Interim Chief Executive Officer	2015 2014 2013	1,354,375		1,176,000					2,530,375
David Jones(2) Executive Vice	2015 2014 2013	280,966	150,000	1,766,966				9,000(3)	2,206,932
President and Chief									
Financial Officer David Blumberg(4) Executive Vice	2015 2014 2013	550,000 550,000 550,000	475,000 350,000	250,024 247,876 6,050,000		500,000		18,000(3) 18,000(3) 18,000(3)	1,293,024 1,165,876 7,118,000
President and Chief									
Strategy Officer Jason Schaefer Executive Vice	2015 2014 2013	433,333 400,000 131,667	275,000 200,000	1,426,586				18,000(3) 18,000(3) 6,000(3)	726,333 618,000 1,564,253
President and									
General Counsel Neil Cole(5) Former President and Chief Executive Officer Jeff Lupinacci(7) Former Executive Vice	2015 2014 2013 2015 2014 2013	875,000 1,500,000 1,500,000				1,125,000 2,175,000		52,941(6) 53,628(6) 59,354(6) 4,500(3) 13,500(3)	2,052,941 2,678,628 3,734,354 154,500 2,756,439
President and Chief									
Financial Officer Seth Horowitz(8) Former Chief	2015 2014 2013	182,292 609,091		3,583,447				5,250(3) 18,000(3)	187,542 4,210,538

## Operating Officer

- (a) Salary includes, as applicable, base salary and pro-rated salaries for changes made to base salary during the year, as defined in the employment agreements.
- (b) Bonuses are fixed incentive and/or percentage incentive, as provided for in the applicable employment agreements or were discretionary, as determined by the Compensation Committee upon the recommendation of the Chief Executive Officer (however, as noted throughout the Compensation Discussion and Analysis herein, the Compensation Committee committed to eliminate the historical practice of awarding annual cash bonuses on a solely discretionary basis for 2016 and beyond and, in furtherance of this goal, adopted the 2016 AIP). No annual cash bonus awards were made by the Company in respect of 2015.
- (c) The amounts shown in this column represent the aggregate grant date fair value in 2015, 2014 and 2013 with respect to shares of restricted stock, including PSUs and RSUs. See Note 5 to Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended 2015, as amended, for a discussion for the relevant assumptions used in calculating grant date fair value.
- (d) Option awards include, as applicable, Iconix options and equity-based compensation instruments that have option-like features, and amounts represent grant date fair value.
- (e) Non-equity incentive plan compensation represents the dollar value of all amounts earned during the fiscal year pursuant to non-equity incentive plans. For 2015, Mr. Cole did not earn a cash bonus pursuant to his employment agreement. For 2014, Mr. Cole received a cash performance-based bonus of \$1,125,000, pursuant to his employment agreement and the Executive Incentive Bonus Plan. The performance target for 2014 was as follows: \$1,125,000 was earned for our achievement of approximately \$263.8 million of EBITDA, which represents 98% of the targeted EBITDA previously established by the Board of Directors. For 2013, Mr. Cole received a cash performance-based bonus of \$2,175,000 pursuant to his employment agreement and the Executive Incentive Bonus Plan. The performance target for 2013 was as follows: \$2,175,000 was earned for our achievement of approximately \$261.8 million of EBITDA, which represented 110% of the targeted EBITDA previously established by the Board of Directors. In accordance with SEC rules, the 2014 and 2013 performance-based cash bonuses paid to Mr. Cole have been reflected in this table under the Non-Equity Incentive Plan Compensation column. Mr. Blumberg received a \$350,000 discretionary bonus and \$125,000 as a bonus for service as interim CFO from March 2015 to July 2015. As provided for in his 2009 employment agreement (as defined below), Mr. Blumberg received a cash payment of \$500,000 in 2013 for our consummation of two acquisitions in 2013. Mr. Blumberg received no cash payments for consummation of acquisitions in 2014.

- (f) Change in pension value and non-qualified deferred compensation earnings represents the aggregate increase in actuarial value to the named executive officer of all defined benefit and actuarial plans accrued during the year and earnings on non-qualified deferred compensation. There were no defined benefit plans, actuarial plans, or non-qualified deferred compensation for 2015, 2014 or 2013.
- (g) All other compensation includes, as applicable, car allowances and life insurance premiums (see the list of perquisites in footnotes (1) and (2) below).
- (h) Total compensation represents all compensation from us earned by the named executive officer for the year.
- (1) Mr. Cuneo served as our Chairman of the Board and Interim Chief Executive Officer from August 2015 until April 2016. As of April 2016, Mr. Cuneo began serving as Executive Chairman of the Board.
- (2) Mr. Jones joined the Company in July 2015.
- (3) Represents amounts paid by the Company for executives' car allowances.
- (4) In addition to his role as Executive Vice President and Chief Strategy Officer, Mr. Blumberg served as our Interim Chief Financial Officer from March 2015 until July 2015.
- (5) Mr. Cole ceased to be an executive officer of the Company in August 2015. Mr. Cole served as the Company's Chairman, President and Chief Executive Officer from February 1993 to August 2015.
- (6) Represents premiums paid by us on a life insurance policy for the benefit of the beneficiaries of Mr. Cole, as well as a car allowance.
- (7) Mr. Lupinacci ceased to be an executive officer of the Company in March 2015. Mr. Lupinacci served as our Chief Financial Officer from April 2014 to March 2015.
- (8) Mr. Horowitz ceased to be an executive officer of the Company in April 2015.

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards				Estimated Future Payouts Under Equity Incentive Plan Awards				All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Option Price (\$/Sh)	Closing Price of Common Stock on Date of Grant	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Threshold (#)	Target (#)	Maximum (#)	Options (#)			
Peter Cuneo	8/6/2015									60,000			19.60	1,176,000
David Jones	6/10/2015									34,217			25.82	883,483
David Blumberg	6/10/2015					34,217							25.82	883,483
Jason Schaefer	4/30/2015									9,503			26.31	250,024
Neil Cole(1)														
Jeff Lupinacci(2)														
Seth Horowitz(3)														

- (1) See the Narrative Disclosure to the Summary Compensation Table and Plan-Based Awards Table for a discussion of Mr. Cole's cash bonuses. Mr. Cole received no grants of plan-based awards in 2015. Mr. Cole ceased to be an executive officer of the Company in August 2015.
- (2) Mr. Lupinacci ceased to be an executive officer of the Company in March 2015.
- (3) Mr. Horowitz ceased to be an executive officer of the Company in April 2015.

**NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE AND PLAN-BASED AWARDS TABLE**

**Employment Agreements**

The Compensation Committee determines the compensation, including related terms of employment agreements with us for those who have them, for each of the named executive officers. The summaries below relate to employment agreements of our named executive officers. For a discussion of performance metrics, please see the discussion under Compensation Discussion and Analysis.

Current Employees

**F. Peter Cuneo**

2015 Employment Agreement

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On September 9, 2015, we entered into an employment agreement, effective August 6, 2015 (referred to as the 2015 employment agreement), with F. Peter Cuneo in connection with our employment of Mr. Cuneo as Interim Chief Executive Officer.

Pursuant to the 2015 employment agreement, Mr. Cuneo received a monthly salary of \$275,000 for the period beginning on August 6, 2015 and ending six months thereafter, referred to as the initial term. In the event that we had hired a successor Chief Executive Officer prior to the expiration of the initial term, Mr. Cuneo would have continued to receive a monthly salary of \$275,000 for the remainder of the initial term. If, prior to the expiration of the initial term, Mr. Cuneo had resigned as Interim Chief Executive Officer without good reason, as defined in the 2015 employment agreement, no further salary would have been payable following such resignation. Mr. Cuneo was not eligible for a bonus in connection with the initial term. The initial term automatically renewed for an additional six-month period, referred to as the second term, because a successor Chief Executive Officer had not been appointed prior to the expiration of the initial term. During the second term, Mr. Cuneo's monthly salary was reduced to \$137,500 for the months served by him prior to March 31, 2016. Mr. Cuneo received an award of 60,000 fully vested shares of the Company's common stock on August 6, 2015, priced at \$19.60 per share (the closing price of the common stock on such date). Mr. Cuneo received a grant of an additional 60,000 fully vested shares on the first day of the second term, and such shares were priced at \$6.80 per share (the closing price of the common stock on such date). Mr. Cuneo was eligible for a discretionary cash bonus equal to up to 100% of his six-month salary in respect of the second term. Mr. Cuneo did not receive a discretionary cash bonus.

If Mr. Cuneo's employment had been terminated by us for cause or by him without good reason (each as defined in the 2015 employment agreement), he would have received his earned and unpaid base salary through the date of termination. If his employment had been terminated during the initial term by us without cause or by him for good reason, he would have received, in addition to the foregoing, an amount equal to his base salary for the balance of the initial term.

The 2015 employment agreement also contained confidentiality provisions.

#### **2016 Employment Agreement**

Mr. Cuneo has served as our Executive Chairman since April 1, 2016. On April 28, 2016, we entered into an employment agreement (referred to as the 2016 employment agreement) with Mr. Cuneo related to his service in such role. The material terms of the agreement provide for the payment of a pro-rated portion of an annual salary of \$480,000 (for the period commencing on April 1, 2016 and ending December 31, 2016, referred to as the term). The agreement does not provide for equity grants to Mr. Cuneo.

If Mr. Cuneo's employment is terminated by us for cause or by him either with or without good reason (each as defined in the 2016 employment agreement), he will receive (a) earned and unpaid base salary through the date of termination, (b) reimbursement for any unreimbursed expenses properly incurred and paid through the date of termination and (c) such vested accrued benefits, and other payments, if any, to which Mr. Cuneo (and his eligible dependents) may be entitled under and in accordance with the terms and conditions of the employee benefits arrangements, plans and programs of the Company, other than any severance pay plan. If his employment is terminated by us without cause, he will receive, in addition to the foregoing, an amount equal to his annual salary for the balance of the term.

#### **John Haugh**

On February 18, 2016, we entered into an employment agreement with Mr. John N. Haugh that provides for the employment of Mr. Haugh as our President as of February 23, 2016 (the Commencement Date) and as our President and Chief Executive Officer commencing April 1, 2016 and continuing until February 23, 2019 (the Term).

Pursuant to the employment agreement, Mr. Haugh is entitled to an annual base salary of not less than \$1,000,000.

Under the employment agreement, Mr. Haugh is entitled to participate in our executive bonus program and is eligible to receive bonuses of up to 100% of his base salary, with increases of up to a maximum of 200% of his base salary. Solely with respect to 2016, which is his first year of employment, Mr. Haugh is eligible to receive a minimum annual bonus of 100% of his base annual salary provided we have positive net income for the year ended December 31, 2016.

Mr. Haugh is also entitled to various benefits, including benefits available to our other senior executives and certain expenses for his relocation to the New York metropolitan area, up to a maximum of \$300,000.

Pursuant to the employment agreement, Mr. Haugh was granted a one-time award of PSUs equal to a number of shares of Common Stock with a fair market value on the date of the grant of \$1,500,000 (196,850 PSUs), which are scheduled to cliff vest on December 31, 2018, based on performance criteria consistent with those contained in agreements relating to annual performance-based awards issued to our other executives. Mr. Haugh also was granted RSUs with an aggregate fair market value of \$500,000 as of the date of grant (62,112 RSUs), which are scheduled to vest in three annual installments on February 22, 2017, 2018 and 2019, respectively, subject to Mr. Haugh's continuous employment with us on the applicable vesting date. We will consider granting PSUs and RSUs or other cash or equity-based long-term incentives in future years, taking into account market levels, Mr. Haugh's performance and other factors, considering \$2,000,000 as the annual guideline for the aggregate fair market value of such awards, subject to approval by the Compensation Committee.

In addition, pursuant to the employment agreement, Mr. Haugh was granted a make-whole inducement award (the Make-Whole Inducement Award) with an aggregate value of \$3,800,000, payable (i) \$1,923,000 in cash, as soon as practicable after the Commencement Date, subject to Mr. Haugh's being required to return such payment to us upon termination of his employment without good reason during the first 12 months after the Commencement Date, under certain circumstances, and (ii) by the grant, on the Commencement Date, of time-vested restricted Common Stock units (Make-Whole RSUs) with an aggregate fair market value of \$1,877,000 as of the date of grant (246,325 Make-Whole RSUs). The Make-Whole RSUs will vest in three equal annual installments on each of February 22, 2017, 2018 and 2019, subject to Mr. Haugh's continuous employment with us on the applicable vesting date.

In addition, pursuant to the employment agreement, Mr. Haugh was granted PSUs equal to a number of shares of Common Stock with a fair market value on the Commencement Date of \$1,500,000 (the Employment Inducement PSUs) (196,850 Employment Inducement PSUs) which will cliff vest at the end of a three year performance period ending on February 22, 2019 (the Performance Period) based on achievement of relative total shareholder return over the Performance Period measured against the comparator group selected by the Compensation Committee. To receive these PSUs, Mr. Haugh must be employed during the entire Performance Period.

If Mr. Haugh's employment is terminated by us for cause or by him without good reason (each as defined in the employment agreement), he would receive his (a) earned and unpaid base salary through the date of termination, (b) reimbursement for any unreimbursed expenses properly incurred and paid through the date of termination, (c) payment for any accrued but unused vacation time in accordance with our policies, (d) such vested accrued benefits, and other payments, if any, to which Mr. Haugh (and his eligible dependents) may be entitled under and in accordance with the terms and conditions of the employee benefits arrangements, plans and programs of the Company, other than any severance pay plan ((a) through (d), the Amounts and Benefits) and (e) all vested shares in respect of Mr. Haugh's equity awards.

If Mr. Haugh's employment is terminated by us without cause or by him for good reason, he will receive the Amounts and Benefits and (a) an amount equal to two times the applicable base salary, which amount shall be payable in equal installments during the Non-Compete Term (as defined in the employment agreement); (b) any annual bonus earned but unpaid for the prior year (the Prior Year Bonus); (c) a pro rata portion of Mr. Haugh's annual bonus for the fiscal year in which his termination occurs based on actual results for such year, payable at

such time as bonuses for the year are paid to our executives generally (the Pro Rata Bonus ); (d) subject to Mr. Haugh's timely election of continuation coverage under COBRA with respect to our group health insurance plans in which Mr. Haugh participated immediately prior to the date of termination ( COBRA Continuation Coverage ) and continued payment by Mr. Haugh of premiums for such plans at the active employee rate, we shall provide COBRA Continuation Coverage for a limited time frame (the Medical Continuation Benefits ); and (e) any unvested amounts subject to equity awards granted under the employment agreement are to vest to the extent provided in the applicable equity award agreement.

If Mr. Haugh's employment is terminated by us without cause or for good reason within 12 months after a change in control (as defined in the employment agreement), he would receive in a lump sum, in cash, within 15 days after termination, an amount equal to two times the sum of (a) the applicable base salary and (b) the average annual bonus award to Mr. Haugh for the two fiscal years prior to such change in control, except that, with respect to a change in control in 2016 or 2017, the amount of clause (b) shall equal the target annual bonus for such year (100% of the applicable base salary). In addition, Mr. Haugh will receive (x) payments in the amounts contemplated, and on the dates specified in relation to the Prior Year Bonus and Medical Continuation Benefits and immediate vesting and distribution of (y) unvested RSUs issued pursuant to the Make-Whole Inducement Award and the converted Employment Inducement PSUs. Upon death, the employment agreement provides we will pay to Mr. Haugh or his estate, (a) the Amounts and Benefits; (b) the Prior Year Bonus; and (c) the Pro Rata Bonus. If terminated for disability, the employment agreement provides we will pay to Mr. Haugh, the same benefits as granted upon death but including, the Medical Continuation Benefits. Upon death or disability, (a) 100% of the then remaining unvested Make-Whole Inducement Awards will immediately vest and will be distributed within 30 days of such termination and (b) unvested shares subject to other equity awards granted will vest if and to the extent provided for in the applicable equity award agreement.

The employment agreement with Mr. Haugh also contains confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

#### **David Jones**

On June 10, 2015, we entered into an employment agreement with Mr. David Jones that provides for the employment of Mr. Jones as our Executive Vice President and Chief Financial Officer for a term commencing July 6, 2015 (the Commencement Date ) and continuing until December 31, 2017.

Pursuant to the employment agreement, Mr. Jones is entitled to an annual base salary of not less than \$575,000.

Under the employment agreement, Mr. Jones is entitled to participate in our executive bonus program and is eligible to receive bonuses of up to 100% of his base salary or such maximum amount available under any executive bonus program generally applicable to our senior executives, provided that Mr. Jones will receive a minimum annual bonus of \$125,000 for the period from the Commencement Date through December 31, 2015 and \$250,000 for each of the 2016 and 2017 calendar years. Under the employment agreement, Mr. Jones also received a one-time transition payment of \$100,000 (the Transition Payment ).

Mr. Jones is also entitled to various benefits, including benefits available to our other senior executives and certain automobile benefits.

Pursuant to the employment agreement, Mr. Jones was granted an award of 34,217 RSUs which are scheduled to vest in three annual installments of 6,843, 13,687 and 13,687 RSUs on December 31, 2015, 2016 and 2017, respectively, subject to Mr. Jones' continuous employment with us through each applicable vesting date as well as other terms and conditions of the respective award agreement. In addition, pursuant to the employment agreement, Mr. Jones was granted an award of 34,217 PSUs of which 2,281 shares underlying such PSUs vested as of December 31, 2015 as follows: no shares vested based on achievement of EBITDA of \$172.8 million, no shares vested based on achievement of \$1.03 diluted earnings per share, and 2,281 vested based on achievement

of \$125 million of Free Cash Flow. Additionally, 13,687 PSUs may vest on each of December 31, 2016 and 2017, respectively, subject to the achievement of EBITDA, diluted earnings per share and Free Cash Flow performance metrics for those years.

If Mr. Jones's employment is terminated by us for cause or by him without good reason (each as defined in the employment agreement), he would receive his earned and unpaid base salary through the date of termination. If his employment is terminated by us without cause or by him for good reason, he would receive, in addition to the foregoing, an amount equal to his base salary for the remaining agreement term of the agreement, any unpaid portion of the Transition Payment, any earned but unpaid annual bonus for a prior year or completed period (the prior year bonus), plus, if any such resignation or termination occurs following our first fiscal quarter of any year, a pro rata portion of his annual bonus for such year. If his employment is terminated by us without cause or by him for good reason within 12 months of a change in control (as defined in the employment agreement), he would also receive an amount equal to \$100 less than three (3) times the average of the annual cash compensation received by him on or after July 6, 2015 in his capacity as an employee of the Company during the base period (as defined in Section 280G of the Internal Revenue Code) subject to an excess parachute payment limitation (as defined in Section 280G). Annual cash compensation includes base salary plus any bonus payments paid to him.

The RSUs and PSUs granted to Mr. Jones under the employment agreement are subject to forfeiture upon the termination of his employment under certain circumstances. Upon a change in control, the unvested RSUs and PSUs granted to Mr. Jones under the employment agreement shall vest. Upon termination for death or disability, the unvested RSUs and PSUs granted to Mr. Jones under the employment agreement shall vest. Upon termination by us for cause or by Mr. Jones without good reason, the unvested RSUs and PSUs granted to Mr. Jones shall be forfeited. Upon termination by us without cause or by Mr. Jones with good reason, the unvested RSUs granted to Mr. Jones under the employment agreement shall vest and that portion of his PSUs granted under the employment agreement subject to vesting in the year of termination based on performance goals achieved as of the termination shall vest.

The Jones employment agreement also contains confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

#### **David Blumberg**

##### **2009 Employment Agreement**

On February 26, 2009, we entered into an employment agreement with Mr. David Blumberg, effective as of January 1, 2009 (referred to as the 2009 employment agreement), that provided for the employment of Mr. Blumberg as our Head of Strategic Development for a three-year term. From November 2006 until the commencement of his employment with us in 2009, Mr. Blumberg provided consulting services to us. From March 2015 to July 2015, Mr. Blumberg served as our Interim Chief Financial Officer. Mr. Blumberg's employment agreement did not change as a result of his service in this role. In 2015, the Company awarded Mr. Blumberg a cash bonus of \$475,000, \$350,000 of which was discretionary and \$125,000 of which was for his service as Interim Chief Financial Officer from March 2015 through July 2015.

Pursuant to the 2009 employment agreement, Mr. Blumberg was entitled to an annual base salary of not less than \$400,000. In addition, Mr. Blumberg was entitled to payments after the closing by us or our subsidiaries of an acquisition (as defined in the 2009 employment agreement) in or of any entity, business, brand, trademark, service mark, patent, license, revenue stream or other asset during the term of the 2009 employment agreement and, under certain circumstances, for a 90 day period after termination of the 2009 employment agreement. Subject to an annual acquisition payment cap of 2.5 times his then current base salary, Mr. Blumberg was to receive \$500,000 for acquisitions that had a value (as defined in the 2009 employment agreement), of \$30 million or more and \$250,000 for acquisitions with a lesser value. Under Mr. Blumberg's 2009 employment agreement, the value of an acquisition generally meant the projected gross revenue stream to be derived by us from such acquisition during the first complete year following the closing of the acquisition.



In addition, under the 2009 employment agreement Mr. Blumberg was also entitled to receive an award of up to 107,476 shares of our common stock, referred to as the award shares. For each acquisition that closed during a calendar year, one sixth of the shares would vest at the end of such calendar year subject to an annual vesting cap specified in the 2009 employment agreement. On December 31, 2011 and 2010, a total of 35,826 and 17,913, respectively, of the award shares were granted to Mr. Blumberg and vested pursuant to the 2009 employment agreement. Mr. Blumberg is also entitled to various benefits, including benefits available to our other senior employees including an automobile allowance and certain life insurance and medical and dental benefits. If Mr. Blumberg's 2009 employment were terminated by us for cause or by him without good reason (each as defined in the 2009 employment agreement), he would have received his earned and unpaid base salary through the date of termination and shares of common stock in respect of any already vested stock awards, including award shares, or, if the award shares had not been granted, the vested portion of the alternate payment described below. In addition, subject to the acquisition cap, Mr. Blumberg would have received the acquisition payment for any acquisition that closed within 90 days of his termination. If his employment were terminated by us without cause or by him for good reason, he would have received, in addition to the foregoing, an amount equal to his base salary for the remaining 2009 agreement term plus any earned but unpaid annual bonus for a prior year or other completed period (the prior year bonus) and any unvested portion of his stock award would have vested. In addition, subject to the acquisition cap, he would have received the acquisition payment for any acquisition that closed within 90 days of such termination. If his employment was terminated by us without cause or by him for good reason within 12 months of a change in control (as defined in the 2009 employment agreement), in addition to the foregoing payments he would have received had he been terminated without a change of control, he would also have received an amount equal to equal to \$100 less than three (3) times the greater of (i) \$400,000 or (ii) the average of the annual cash compensation received by him on or after January 1, 2009 in his capacity as an employee of the Company during the base period (as defined in Section 280G of the Internal Revenue Code) subject to an excess parachute payment limitation (as defined in Section 280G). Annual cash compensation includes base salary plus any acquisition payments and acquisition bonus payments paid to him. If Mr. Blumberg's employment had terminated as a result of his disability or death, he or his estate would have been entitled to any earned and unpaid base salary, any prior year bonus, any unvested portion of his stock award (which would have vested) and, subject to the acquisition cap, the acquisition payment for any acquisition that closed within 90 days of the date of death or disability.

#### **2012 Employment Agreement**

On March 5, 2012, we entered into a new employment agreement with Mr. David Blumberg, effective as of January 1, 2012 (referred to as the 2012 employment agreement), that provided for the employment of Mr. Blumberg as our Head of Strategic Development. The 2012 employment agreement replaced the 2009 employment agreement and provided for the continued employment of Mr. Blumberg until January 31, 2013.

Under the 2012 employment agreement, Mr. Blumberg was entitled to an annual base salary of not less than \$400,000 and he was eligible to receive cash bonuses based on the achievement of certain designated performance goals related to Acquisitions. In addition, Mr. Blumberg was granted an award of 37,800 performance-based restricted shares of the Company's common stock, subject to vesting upon the closing of eligible acquisitions (as defined in the 2012 employment agreement) during the term of the 2012 employment agreement. The 2012 employment agreement provided for no other share-based awards. The other terms and conditions of the 2012 employment agreement are materially consistent with the 2009 employment agreement. For a discussion of performance goals and what Mr. Blumberg received for 2012, see Compensation Discussion and Analysis Mr. Blumberg's Performance Based Restricted Stock Awards and Cash Bonus Compensation.

#### **2013 Amendment**

In February 2013, we entered into an amendment to the 2012 employment agreement, effective as of February 1, 2013 (referred to as the 2013 amendment), that provided for the employment of Mr. Blumberg as our Head of Strategic Development through January 31, 2016. Pursuant to the 2013 amendment, Mr. Blumberg was entitled

to an annual base salary that was not less than \$550,000. In addition, Mr. Blumberg was granted an award of 50,000 time-vested restricted stock units which vested in three equal annual installments on December 31, 2013, 2014 and 2015, subject to Mr. Blumberg's continued employment on the applicable vesting date. Mr. Blumberg also received 200,000 performance-based restricted shares of the Company's common stock, subject to vesting upon the closing of eligible acquisitions during the term of the 2013 amendment and the attainment of specified levels of EBITDA, adjusted earnings per share (diluted) and Free Cash Flow. For a description of these performance goals, see Compensation Discussion and Analysis Mr. Blumberg's Performance Based Restricted Stock Awards and Cash Bonus Compensation. Both the RSUs and PSUs granted to Mr. Blumberg were subject to forfeiture upon the termination of the executive's employment under certain circumstances. Upon a change in control, all of Mr. Blumberg's unvested PSUs and RSUs would have vested. Upon termination for death or disability, all of Mr. Blumberg's unvested PSUs and RSUs would have vested. Upon termination by the Company for cause or the executive without good reason, Mr. Blumberg's unvested RSUs and PSUs would have been forfeited. Upon termination by the Company without cause or by the executive with good reason, that portion of Mr. Blumberg's PSUs subject to vesting in the year of termination based on performance goals achieved as of the termination, and all of Mr. Blumberg's unvested RSUs, would have vested. Following July 2013, Mr. Blumberg was no longer entitled to cash payments for Acquisitions. All Acquisitions are approved by our Board of Directors. We believe this mitigated any risk related to Mr. Blumberg's prior compensation upon completion of acquisitions. In addition, per the terms of Mr. Blumberg's 2016 employment agreement noted below, he is no longer entitled to equity consideration for Acquisitions.

The 2013 amendment also contained confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

The 2013 amendment expired as of January 31, 2016.

#### **2016 Employment Agreement**

On February 24, 2016, we entered into an employment agreement with Mr. David Blumberg (referred to as the 2016 employment agreement) that provides for the employment of Mr. Blumberg as our Executive Vice President, Chief Strategy Officer for a term that will continue until terminated by us or by Mr. Blumberg in accordance with the terms of the 2016 employment agreement (the Term).

Under the 2016 employment agreement, Mr. Blumberg is entitled to an annual base salary of not less than \$600,000 per year, retroactive to January 1, 2016.

Pursuant to the 2016 employment agreement, Mr. Blumberg is entitled to participate in our executive bonus program and is eligible to receive bonuses with a target amount equal to 60% of his base salary (the Target Bonus Amount).

Mr. Blumberg is also entitled to various benefits, including benefits available to our other senior executives, and is eligible to participate in our long term incentive plan.

If Mr. Blumberg's employment is terminated by us for cause or by him without good reason (each as defined in the 2016 employment agreement), he would receive his (a) earned and unpaid base salary through the date of termination, (b) reimbursement for any unreimbursed expenses properly incurred and paid through the date of termination, (c) payment for any accrued but unused vacation time in accordance with our policies and (d) such vested accrued benefits, and other payments, if any, to which Mr. Blumberg (and his eligible dependents) may be entitled under and in accordance with the terms and conditions of the employee benefits arrangements, plans and programs of the Company, other than any severance pay plan ((a) through (d), the Amounts and Benefits).

If his employment is terminated by us without cause or by him for good reason, he will receive the Amounts and Benefits and (a) a lump sum cash payment in an amount equal to the sum of (x) Mr. Blumberg's then current

annual base salary plus (y) his Target Bonus Amount for the year in which such termination of employment occurs; (b) any annual bonus earned but unpaid for the prior year (the Prior Year Bonus ); and (c) subject to Mr. Blumberg's timely election of continuation coverage under COBRA with respect to our group health insurance plans in which Mr. Blumberg participated immediately prior to the date of termination ( COBRA Continuation Coverage ) and continued payment by Mr. Blumberg of premiums for such plans at the active employee rate, we shall provide COBRA Continuation Coverage for a limited time frame (the Medical Continuation Benefits ).

If Mr. Blumberg's employment is terminated by us without cause or by him for good reason within 12 months after a change in control (as defined in the 2016 employment agreement), he would receive in a lump sum, in cash, within 15 days after termination, an amount equal to \$100 less than 3 times Mr. Blumberg's annualized includable compensation for the base period (as defined in Section 280G of the Internal Revenue Code of 1986); provided, however, that such lump sum severance payment will be reduced to prevent any excess parachute payment (as defined in Section 280G of the Internal Revenue Code of 1986). Mr. Blumberg will also be entitled to receive the payment or provision of the Amounts and Benefits, plus payment of the Prior Year Bonus and Medical Continuation Coverage.

Upon death, the 2016 employment agreement provides we will pay to Mr. Blumberg's estate, (a) the Amounts and Benefits; (b) the Prior Year Bonus; and (c) a pro-rata portion of Mr. Blumberg's annual bonus for the fiscal year in which Mr. Blumberg's termination occurs based on actual results for such year. If terminated for disability, the employment agreement provides we will pay to Mr. Blumberg, the same benefits as granted upon death but including, the Medical Continuation Benefits.

The 2016 employment agreement with Mr. Blumberg also contains confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

#### **Jason Schaefer**

On August 19, 2013, we entered into an employment agreement with Mr. Jason Schaefer that provides for the employment of Mr. Schaefer as our Executive Vice President and General Counsel for a term commencing September 9, 2013 (the Commencement Date ) and continuing until December 31, 2016.

Pursuant to the employment agreement, Mr. Schaefer is entitled to an annual base salary of not less than \$400,000.

Under the employment agreement, Mr. Schaefer is entitled to participate in our executive bonus program and is eligible to receive bonuses of up to 100% of his base salary (such amount was prorated for the period from the Commencement Date through December 31, 2013) or such maximum amount available under any executive bonus program generally applicable to our senior executives.

Mr. Schaefer is also entitled to various benefits, including benefits available to our other senior executives and certain automobile benefits.

In addition, pursuant to the employment agreement, Mr. Schaefer was granted an award of 41,640 PSUs of which 3,966 shares underlying such PSUs vested as of December 31, 2015 as follows: no shares vested based on achievement of EBITDA of \$172.8 million, no shares vested based on achievement of \$1.03 diluted earnings per share, and 3,966 vested based on achievement of \$125 million of Free Cash Flow. Additionally, 11,897 PSUs may vest on December 31, 2016, subject to the achievement of EBITDA, diluted earnings per share and Free Cash Flow performance metrics for such year.

If Mr. Schaefer's employment is terminated by us for cause or by him without good reason (each as defined in the original employment agreement), he would receive his earned and unpaid base salary through the date of

termination. If his employment is terminated by us without cause or by him for good reason, he would receive, in addition to the foregoing, an amount equal to his base salary for the remaining agreement term of the agreement plus any earned but unpaid annual bonus for a prior year or completed period (the prior year bonus). If his employment is terminated by us without cause or by him for good reason within 12 months of a change in control (as defined in the employment agreement), he would also receive an amount equal to \$100 less than three (3) times the average of the annual cash compensation received by him on or after September 9, 2013 in his capacity as an employee of the Company during the base period (as defined in Section 280G of the Internal Revenue Code) subject to an excess parachute payment limitation (as defined in Section 280G). Annual cash compensation includes base salary plus any bonus payments paid to him.

The PSUs granted to Mr. Schaefer under the employment agreement are subject to forfeiture upon the termination of his employment under certain circumstances. Upon a change in control, all of Mr. Schaefer's unvested PSUs granted under the employment agreement shall vest. Upon termination for death or disability, the unvested PSUs granted to Mr. Schaefer under the employment agreement shall vest. Upon termination by us for cause or by Mr. Schaefer without good reason, the unvested PSUs granted to Mr. Schaefer under his employment agreement shall be forfeited. Upon termination by us without cause or by Mr. Schaefer with good reason, that portion of the PSUs granted to Mr. Schaefer under the employment agreement subject to vesting in the year of termination based on performance goals achieved as of the termination shall vest.

The Schaefer employment agreement also contains confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

### **Former Employees**

#### **Neil Cole**

### **Term Sheet**

With respect to Mr. Cole, and in connection with his resignation on August 5, 2015, we entered into a binding term sheet with Mr. Cole which sets forth the material terms to be included in a mutually agreed upon Separation Agreement and Release. Pursuant to the binding term sheet, the Company and Mr. Cole mutually agreed to treat Mr. Cole's stepping down as Chief Executive Officer of the Company as a termination without cause by the Company or a termination with good reason by Mr. Cole for purposes of his employment agreement.

The binding term sheet states that Mr. Cole is entitled to severance and benefits including \$2.75 million and a pro rata portion of Mr. Cole's bonus for fiscal 2015 based on Mr. Cole's employment through the date he stepped down and based on actual performance results for the full fiscal year. The performance results for 2015 resulted in no payout to Mr. Cole with respect to this bonus. Mr. Cole is entitled to also 18 months of COBRA benefits continuation, acceleration of 75% of Mr. Cole's 68,306 unvested 2011 RSUs. Mr. Cole was also entitled potential acceleration of up to 455,373 of Mr. Cole's unvested PSUs (such PSUs include 113,843 PSUs that are eligible for catch up). None of the catch up shares were earned. In addition, with respect to the 113,844 shares of common stock underlying 2011 PSUs that were eligible to vest on December 31, 2015, such shares may be subject to pro-rata since Mr. Cole was not employed by the Company for the entire performance period. No further PSUs are eligible for vesting.

Mr. Cole is entitled to the delivery 1,181,684 2008 RSUs, the issuance and delivery of which Mr. Cole had previously agreed to defer. In accordance with his former employment agreement, Mr. Cole was subject to a non-compete through August 5, 2016. To ensure an orderly transition, Mr. Cole served as a special advisor to the Company until September 30, 2015 and was paid \$125,000 per month for August 2015 and September 2015.

### **Employment Agreement**

On January 28, 2008, we entered into an employment agreement, effective as of January 1, 2008, as amended on May 21, 2008, December 24, 2008 (referred to as the original employment agreement) and June 17, 2011

(referred to as the June 2011 amendment), with Neil Cole, Chairman of the Board, President and Chief Executive Officer. This employment agreement, as amended through June 17, 2011, is referred to as the employment agreement. Pursuant to the June 2011 amendment, the current term of the employment agreement commenced on June 17, 2011, and continued until December 31, 2015, unless further extended or earlier terminated as provided for in the employment agreement. Mr. Cole ceased to be to be an executive officer of the Company in August 2015.

Consistent with our philosophy on executive compensation, Mr. Cole's employment agreement provided that a substantial portion of his compensation was in the form of long-term equity incentives, including performance stock incentives that vested upon the achievement of specific metrics defined in the agreement, particularly, growth in EBITDA, market capitalization and stock price as measured by targets established and certified by the Compensation Committee.

In connection with negotiating the employment agreement (including certain amendments thereto) with Mr. Cole, the Compensation Committee retained J. F. Reda and Associates as its third party, independent compensation consultant. In connection with the June 2011 amendment, in order to assist the Compensation Committee, J. F. Reda and Associates performed market research as to CEO compensation levels in similarly capitalized companies in the industry, as well as companies that had achieved similar growth. As various aspects of our business, operations and management are unique, the Compensation Committee utilized the J. F. Reda and Associates research as one resource, rather than a stand-alone tool, in assessing the appropriate level of compensation and other terms under Mr. Cole's employment agreement, including the June 2011 amendment.

### **RSUs and PSUs**

Under the June 2011 amendment, Mr. Cole was entitled to an annual base salary of \$1,500,000 for the year ended December 31, 2013. Mr. Cole was entitled to such increases (but not decreases) as determined by the Board of Directors from time to time, and there was no increase for 2013 or 2014. In connection with the June 2011 amendment, Mr. Cole received an extension signing bonus of \$3,000,000.

Pursuant to the terms of the original employment agreement, Mr. Cole was granted 1,181,684 time-based restricted common stock units, or 2008 RSUs, and 787,789 performance-based restricted common stock units, or 2008 PSUs, under our 2006 Equity Incentive Plan and 2009 Equity Incentive Plan. The 2008 RSUs were available to vest in five substantially equal annual installments, commencing December 31, 2008. The 2008 PSUs were subject to vesting in four equal annual installments based on our achievement of the following pre-determined performance goals: 50% were tied to the achievement of EBITDA Growth, 25% were tied to the achievement of market cap growth, and 25% were tied to the achievement of stock price growth. Both grants were subject to forfeiture or acceleration upon the termination of Mr. Cole's employment under certain circumstances. In addition, Mr. Cole's ability to sell or otherwise transfer the common stock underlying the 2008 RSUs and the 2008 PSUs while he was employed by us was subject to certain stock ownership requirements. Mr. Cole was the only executive with PSUs that were granted in 2008, referred to as the 2008 PSUs. The last performance year for the 2008 PSUs was December 31, 2012. Of the 2008 PSUs, 60% of them were forfeited by Mr. Cole for the Company's failure to meet the performance criteria, illustrating the difficulty of achieving these metrics. The 2008 RSUs have vested, subject to the limitations described below, and the 2008 PSUs have no further performance periods.

Pursuant to the June 2011 amendment, Mr. Cole was granted 204,918 time-based 2011 RSUs and 1,219,945 2011 PSUs. The 2011 RSUs were subject to vesting in three substantially equal annual installments, subject to Mr. Cole's continuous employment with us on the applicable vesting date, the first of which vested on December 31, 2013. The 2011 PSUs vested based on our achievement of certain pre-determined performance goals during the four fiscal years beginning with the fiscal year ended December 31, 2012. These goals were based on EBITDA (33 1/3% of PSUs), diluted earnings per share excluding extraordinary items (33 1/3% of PSUs) and Free Cash Flow (33 1/3% of PSUs). For a discussion of performance metrics and achievement of such metrics for 2014, see Compensation Discussion and Analysis Equity-Based Compensation PSUs.

Both the 2011 RSUs and 2011 PSUs were subject to forfeiture upon the termination of Mr. Cole's employment under certain circumstances. Both the 2011 RSUs and the 2011 PSUs were subject to the terms and conditions of the 2009 Equity Plan and the respective award agreements.

On December 24, 2008, we entered into an agreement with Mr. Cole which amended his original employment agreement and the related 2008 RSU agreement to provide, among other things for the deferral of the issuance to Mr. Cole of the 1,181,684 shares of our common stock which he was entitled to receive under the 2008 RSUs granted to him under the original employment agreement until the earlier of (i) the date Mr. Cole is no longer employed by either (a) us or (b) any corporation or other entity owning, directly or indirectly, 50% or more of our outstanding common stock, or in which we or any such corporation or other entity owns, directly or indirectly, 50% or more of the outstanding capital stock (determined by aggregate voting rights) or other voting interests or (ii) a change in control (as defined in the employment agreement). In consideration of Mr. Cole's agreement to delay the distribution to him of such shares of our common stock to which he will be entitled to receive under the 2008 RSUs as noted above, the agreement also provided for the award to Mr. Cole of an annual cash bonus to be granted under our 2008 Executive Incentive Bonus Plan. This bonus feature terminated with the year ended December 31, 2012.

**Salary and Other Benefits**

Mr. Cole was also entitled to various benefits, including benefits available to our other senior executives and certain automobile, air travel and life insurance benefits pursuant to the employment agreement.

In addition to his salary and benefits, Mr. Cole was eligible to receive an additional annual cash bonus for each completed calendar year, including as a performance goal thereunder the targets specified in the employment agreement. This cash bonus could not exceed 150% of Mr. Cole's base salary for the year ended December 31, 2011 and could not exceed 200% of his base salary for each fiscal year of the term the employment agreement ended after December 31, 2011. The bonus was to be a percentage of the base salary determined based on the level of our consolidated EBITDA against a target level established for such year by the Compensation Committee, in its sole discretion, but with prior consultation with Mr. Cole. Such cash bonus percentages were as follows:

For the fiscal year ended December 31, 2011:

Annual Level of Targeted EBITDA Achieved	% of Base Salary
less than 80%	0%
80% (threshold)	50%
90%	75%
100% (target)	100%
105%	110%
110%	122.5%
115%	135%
120% or more (maximum)	150%

For fiscal years ended after December 31, 2011:

Annual Level of Targeted EBITDA Achieved	% of Base Salary
less than 80%	0%
80% (threshold)	50%
90%	75%
100% (target)	100%
105%	120%
110%	145%
115%	170%
120% or more (maximum)	200%

Mr. Cole's annual bonus, if earned, was to be paid in a lump sum cash payment in the calendar year following the calendar year for which such bonus was earned.

#### **Termination Provisions**

Under Mr. Cole's employment agreement, if we had terminated Mr. Cole's employment for cause or if Mr. Cole had terminated his employment without good reason, he would have received his earned and/or accrued but unpaid compensation, other than any bonus compensation, then due to him and shares of common stock in respect of any of his already vested 2011 RSUs and 2011 PSUs. If we had terminated Mr. Cole's employment without cause or if Mr. Cole had terminated his employment for good reason, he would have received, in addition to the foregoing, an amount equal to two times his base salary then in effect plus any previously earned but unpaid annual bonus for a prior fiscal year and a pro-rata portion of the annual bonus for the year of termination. In addition, that portion of his 2011 PSUs subject to vesting in the year of termination based on performance goals achieved as of the date of termination, and 75% of his unvested 2011 RSUs, would have vested. If Mr. Cole's employment had been terminated by us without cause or by him for good reason within 12 months of a change in control, the amount of his base salary-related payment would have increased to three times, instead of two times, his base salary then in effect. On a change in control, any remaining unvested 2011 PSUs and 2011 RSUs would have vested immediately.

If Mr. Cole's employment had terminated as a result of his disability or death, he or his estate would have been entitled to any previously earned and unpaid compensation then due to him plus any previously earned but unpaid annual bonus for the prior fiscal year, and a pro-rata portion of the annual bonus for the year of such termination. In addition, in respect of termination as result of a disability, that portion of his 2011 PSUs subject to vesting in the year of termination based on performance goals achieved as of the date of termination, and 50% of his unvested 2011 RSUs, would have vested. In respect of a termination as a result of death, 100% of the remaining unvested 2011 PSUs and 2011 RSUs would have vested.

The employment agreement with Mr. Cole also contained certain non-competition and non-solicitation covenants restricting certain activities for periods equal to the term of the agreement and any renewal period plus one and two years, respectively, after the agreement is terminated for any reason. See further discussion above under Mr. Cole's Former Employment Agreement.

#### **Jeff Lupinacci**

On March 18, 2014, we entered into an employment agreement effective April 7, 2014 with Jeff Lupinacci, who is no longer an executive officer of our Company. The employment agreement provided for the employment of Mr. Lupinacci as our Executive Vice President and Chief Financial Officer through December 31, 2016. Mr. Lupinacci ceased to be to be an executive officer of the Company in March 2015.

Under the employment agreement, Mr. Lupinacci was entitled to an annual base salary of not less than \$550,000 through December 31, 2014 and not less than \$600,000 annually through the remainder of the term. In addition, Mr. Lupinacci was entitled to participate in our executive bonus program and was eligible to receive bonuses of up to 100% of his base salary or such maximum amount available under any executive bonus program generally applicable to our senior executives.

Mr. Lupinacci was also entitled to various benefits, including benefits available to our other senior executives and certain automobile benefits.

Pursuant to his employment agreement, Mr. Lupinacci was granted an award of 13,881 RSUs which vest in installments of 3,786 (which vested on December 31, 2014), 5,048 and 5,047 (which would have vested on December 31, 2015 and December 31, 2016, respectively, but were forfeited).

In addition, pursuant to his employment agreement, Mr. Lupinacci was granted an award of 47,322 2014 PSUs of which 7,915 shares underlying such 2014 PSUs vested as of December 31, 2014 as follows: no shares vested based on achievement of EBITDA Growth of \$263.8 million, 3,077 shares vested based on achievement of \$2.24 EPS Growth, and 4,837 vested based on achievement of \$125 million of Free Cash Flow. See Mr. Lupinacci's Performance Based Stock Awards above for a more detailed discussion.

If Mr. Lupinacci's employment were terminated by us for cause or by him without good reason (each as defined in the original employment agreement), he would have received his earned and unpaid base salary through the date of termination. If his employment were terminated by us without cause or by him for good reason, he would have received, in addition to the foregoing, an amount equal to his base salary for the remaining term of the agreement plus any earned but unpaid annual bonus for a prior year or completed period (the prior year bonus), plus, if any such resignation or termination had occurred following our first fiscal quarter of any year, a pro rata portion of his annual bonus for such year. In addition, he would have received vesting of 100% of his PSUs and 75% of his RSUs. If his employment were terminated by us without cause or by him for good reason within 12 months after a change in control (as defined in the employment agreement), he would have also received an amount equal to \$100 less than three (3) times the average of the annual cash compensation received by him on or after April 7, 2014 in his capacity as an employee of the Company during the base period (as defined in Section 280G of the Internal Revenue Code) subject to an excess parachute payment limitation (as defined in Section 280G). Annual cash compensation includes base salary plus any bonus payments paid to him.

The RSUs and 2014 PSUs granted to Mr. Lupinacci were subject to forfeiture upon the termination of his employment under certain circumstances. Upon a change in control, all of Mr. Lupinacci's unvested RSUs and 2014 PSUs would have vested. Upon termination for death or disability, all of Mr. Lupinacci's unvested RSUs and 2014 PSUs would have vested. Upon termination by us for cause or by Mr. Lupinacci without good reason, his unvested RSUs and 2014 PSUs would have been forfeited. Upon termination by us without cause or by Mr. Lupinacci with good reason, a pro rata portion of his unvested 2014 PSUs for such year and 75% of his unvested RSUs would have vested.

The Lupinacci employment agreement also contained confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

#### **Seth Horowitz**

On March 18, 2014, we entered into an amendment of our employment agreement with Seth Horowitz dated April 2, 2012, that provided for Mr. Horowitz's employment as our Chief Operating Officer for a term commencing March 18, 2014 (the Commencement Date) and continuing until December 31, 2016. Mr. Horowitz had previously served as the President of the Company's Men's Division pursuant to the April 2, 2012 employment agreement. Mr. Horowitz ceased to be an employee or executive officer of the Company in April 2015.

Pursuant to the amendment to our employment agreement with him, Mr. Horowitz was entitled to receive a base annual salary of not less than \$625,000.

Under the amendment to his employment agreement, Mr. Horowitz was also entitled to participate in our executive bonus program and was eligible to receive bonuses of up to 100% of his base salary or such maximum amount available under any executive bonus program generally applicable to our senior executives.

Mr. Horowitz was also entitled to various benefits, including benefits available to our other senior executives and certain automobile benefits.

Pursuant to the amendment to his employment agreement, Mr. Horowitz was granted an award of 19,794 RSUs which were scheduled to vest in two equal installments on December 31, 2015 and December 31, 2016,



respectively. However, as Mr. Horowitz ceased to be an executive officer of the Company in April 2015, none of these grants will vest.

In addition, pursuant to the amendment to his employment agreement, Mr. Horowitz was granted an award of 69,279 2014 PSUs of which 8,097 shares underlying such 2014 PSUs vested as of December 31, 2014 as follows: no shares vested based on achievement of EBITDA Growth of \$263.8 million, 3,148 shares vested based on achievement of \$2.24 EPS Growth, and 4,949 vested based on achievement of \$125 million of Free Cash Flow. Additionally, 31,491 2014 PSUs could have vested on December 31, 2015 and 29,691 2014 PSUs could have vested on December 31, 2016, subject to the achievement of EBITDA, diluted earnings per share and Free Cash Flow performance metrics for those years, however these 2014 PSUs have been forfeited by Mr. Horowitz, as they are subject to continued employment.

Pursuant to the terms of the April 2, 2012 employment agreement, Mr. Horowitz was granted 75,000 shares of restricted stock which were subject to vesting in three equal installments on April 2, 2013, April 2, 2014 and April 2, 2015, respectively. In addition, also prior to his promotion to the position of Chief Operating Officer, Mr. Horowitz received a grant of 30,000 2013 PSUs pursuant to our PSU Program for senior executives (other than our executive officers), which were scheduled to vest in two remaining installments of 8,400 and 9,000, in December 2015 and 2016, respectively subject to the Company's achievement of pre-determined performance metrics. Of Mr. Horowitz's 2013 PSUs, 8,200 of them vested based on the performance metrics in respect of 2014. Remaining 2013 PSUs will not vest, as they are subject to continued employment and Mr. Horowitz ceased being employed by the Company in April 2015. See Mr. Horowitz Performance Based Stock Awards above for a more detailed discussion.

If Mr. Horowitz's employment had been terminated by us for cause or by him without good reason (each as defined in the original employment agreement), he would have received his earned and unpaid base salary through the date of termination. If his employment had been terminated by us without cause or by him for good reason, he would receive, an amount equal to (i) the greater of his base salary for the remaining term of the agreement and (ii) six months of his then applicable base salary, plus any earned but unpaid based on the Company's achievement of pre-determined goals over a four-year period annual bonus for a prior year or completed period (the prior year bonus), and, in the event any such resignation or termination occurs following our first fiscal quarter of any year, a pro rata portion of his annual bonus for such year. If his employment had been terminated by us without cause or by him for good reason within 12 months after a change in control (as defined in the employment agreement), he would also have received an amount equal to \$100 less than three (3) times the average of the annual cash compensation received by him on or after April 2, 2012 in his capacity as an employee of the Company during the base period (as defined in Section 280G of the Internal Revenue Code) subject to an excess parachute payment limitation (as defined in Section 280G). Annual cash compensation included base salary plus any bonus payments paid to him.

The RSUs and PSUs granted to Mr. Horowitz were subject to forfeiture upon the termination of his employment under certain circumstances. Upon a change in control, all of Mr. Horowitz's unvested RSUs and PSUs would have vested. Upon termination for death or disability, all of Mr. Horowitz's unvested RSUs and a pro rata portion of his PSUs for such year would have vested. Upon termination by us for cause or by Mr. Horowitz without good reason, his unvested RSUs and PSUs would have been forfeited. Upon termination by us without cause or by Mr. Horowitz with good reason, his unvested RSUs and a pro rata portion of his unvested PSUs for such year would have vested.

The amendment to the Horowitz employment agreement also contains confidentiality provisions and non-competition and non-solicitation provisions for a specified period.

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**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information with respect to outstanding equity-based awards at December 31, 2015 for our named executive officers.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout	
	Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Vesting Date of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Peter Cuneo										
David Jones						13,687	12/31/2016	93,482	13,687	93,482
						13,687	12/31/2017	93,482	13,687	93,482
David Blumberg	15,000			22.51	4/26/2016					
	15,000			18.36	10/26/2016					
	15,000			17.16	9/21/2019					
Jason Schaefer									11,897	81,256
Neil Cole(1)										
Jeff Lupinacci(2)										
Seth Horowitz(3)										

(1) As described above under Narrative Disclosure to Summary Compensation Table and Plan-based Awards Table Employment Agreement Former Employees Neil Cole Term Sheet there were 455,373 shares of common stock underlying PSUs that were eligible for vesting for Mr. Cole subject to the terms of a binding term sheet that we entered into with him. These shares include 113,843 shares of common stock underlying 2011 PSUs that were eligible to vest on December 31, 2015, but may be subject to pro ration since Mr. Cole was not employed by the Company for the entire performance period.

(2) Mr. Lupinacci ceased being an executive officer in March 2015.

(3) Mr. Horowitz ceased being an executive officer in April 2015.

Grant dates and vesting dates for all outstanding equity awards at December 31, 2015 are as follows:

Name	Number of Securities Underlying Unvested Restricted Stock(1) (#)	Number of Securities Underlying Unexercised Options Exercisable (#)	Grant Date	Vesting Date
Peter Cuneo				
David Jones	13,687		7/6/2015	12/31/2016
	13,687		7/6/2015	12/31/2017
	13,687		7/6/2015	12/31/2016
	13,687		7/6/2015	12/31/2017
David Blumberg	4,752		4/30/2015	4/30/2016
	4,751		4/30/2015	4/30/2017
Jason Schaefer	11,897		9/9/2013	12/31/2016
Neil Cole(2)				
Jeff Lupinacci(3)				
Seth Horowitz(4)				

(1) Includes both restricted stock and performance-based awards.

(2) Mr. Cole resigned in August 2015. See Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Former Employees Neil Cole Term Sheet.

(3) Mr. Lupinacci ceased being an executive officer in March 2015.

(4) Mr. Horowitz ceased being an executive officer in April 2015.

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**OPTION EXERCISES AND STOCK VESTED**

The following table sets forth certain information regarding exercise of options and vesting of restricted stock held by our named executive officers during the year ended December 31, 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(1) (#)	Value Realized on Exercise(2) (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Peter Cuneo(3)			60,000	1,176,000
David Jones(4)			6,843	46,740
			2,281	15,579
David Blumberg(5)			46,916	320,436
			16,667	113,836
			5,940	156,281
	15,000	166,950		
Jason Schaefer(6)			3,966	27,088
Neil Cole(7)			113,844	777,555
			51,230	1,036,373
Jeff Lupinacci(8)				
Seth Horowitz(9)			25,000	170,750

- (1) The number of shares reflects the gross amount issued upon the exercise of the options and does not give effect to the withholding of a portion of the shares by us to satisfy certain withholding tax liability of the person exercising the options.
- (2) Included in this column is the aggregate dollar amount realized by the named executive officer upon exercise of the options.
- (3) Represents a grant of 60,000 fully vested shares of restricted stock on August 6, 2015 in connection with Mr. Cuneo's employment as Interim Chief Executive Officer.
- (4) Represents 6,843 shares of common stock underlying 2015 RSUs that vested on December 31, 2015 and 2,281 shares of common stock underlying 2015 PSUs that were deemed earned by the Compensation Committee for the year ended December 31, 2015.
- (5) Represents 16,667 shares of common stock underlying 2013 RSUs that vested on December 31, 2015 and 52,856 shares of common stock underlying 2013 PSUs that were deemed earned by the Compensation Committee for the year ended December 31, 2015.
- (6) Represents 3,966 shares of common stock underlying 2013 PSUs that were deemed earned by the Compensation Committee for the year ended December 31, 2015.
- (7) As noted above under Narrative Disclosure to Summary Compensation Table and Plan-Based Awards Table Employment Agreements Former Employees Neil Cole Term Sheet such shares representing common stock underlying 51,230 2011 RSUs that vested as of August 5, 2015. These shares also include 113,844 shares of common stock underlying 2011 PSUs that were eligible to vest on December 31, 2015, but may be subject to pro ration since Mr. Cole was not employed by the Company for the entire performance period. None of these shares have been delivered to Mr. Cole and such shares are subject to the terms of the binding term sheet.
- (8) Mr. Lupinacci ceased to be an executive officer of the Company in March 2015 and forfeited his remaining 61,182 unvested 2014 PSUs.

- (9) Represents 25,000 shares of restricted stock that vested on April 2, 2015 pursuant to the terms of Mr. Horowitz's April 2, 2012 employment agreement. Mr. Horowitz ceased to be an executive officer of the Company in April 2015 and forfeited the right to receive 61,182 unvested 2014 PSUs and 17,400 unvested 2013 PSUs.

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**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

As noted under Narrative to Summary Compensation Table-and Plan-Based Awards Table Employment Agreements , we have entered into employment agreements with each of our named executive officers. These agreements provide for certain payments and other benefits if a named executive officer's employment with us is terminated under circumstances specified in his or her respective agreement, including a change in control of the Company. A named executive officer's rights upon the termination of his or her employment will depend upon the circumstances of the termination. With respect to Messrs. Lupinacci and Horowitz, they ceased to be executive in March 2015 and April 2015, respectively. Following their resignation, no further payments were made to them. With respect to Mr. Cole, please see the description of Mr. Cole's Term Sheet set forth in Narrative Disclosure to Summary Compensation Table and Plan-Based Award Table Employment Agreements Former Employees Neil Cole Term Sheet described above. Therefore, none of Messrs. Cole, Horowitz or Lupinacci are included in the tables below.

The receipt of the payments and benefits to the named executive officers under their employment agreements are generally conditioned upon their complying with customary non-solicitation, non-competition, confidentiality, non-interference or non-disparagement provisions. By the terms of such agreements, the executives acknowledge that a breach of some or all of the covenants described herein will entitle us to injunctive relief restraining the commission or continuance of any such breach, in addition to any other available remedies. Except as provided in the footnotes below, the following table provides the term of such covenants following the termination of employment as it relates to each named executive officer:

Covenant	Peter Cuneo	David Jones	David Blumberg	Jason Schaefer
Confidentiality	Infinite duration	Infinite duration	Infinite duration	Infinite duration
Non-solicitation	None	(1)	(2)	(3)
Non-competition	None	(1)	(2)	(3)
Non-interference	None	(1)	(2)	(3)
Non-disparagement	None	None	None	None

- (1) Covenant runs from June 10, 2015 (the date of named executive's employment agreement with the Company) until December 31, 2017.
- (2) Covenant runs from February 24, 2016 (the date of named executive's 2016 employment agreement with the Company) until 12 months after the date of named executive officer's termination (as defined in the 2016 employment agreement) with respect to specified competing entities as specifically set forth in the 2016 employment agreement.
- (3) Covenant runs from August 19, 2013 (the date of named executive's employment agreement with the Company) until December 31, 2016.

**Termination Payments (without a change in control)**

The table below includes a description and the amount of estimated payments and benefits that would be provided by us (or our successor) to each of the named executive officers under each employment agreement, assuming that a termination circumstance occurred as of December 31, 2015 and a change in control had not occurred:

Type of Payment	Termination Event	Peter Cuneo	David Jones(1)	Jason Schaefer(1)	David Blumberg(1)
Payment of earned but unpaid salary, unreimbursed expense, and accrued but unused vacation time(2)	Termination for Cause or by executive without Good Reason	None	None	None	None
Earned but unpaid bonuses(2)	Termination without Cause or by executive for Good Reason, death or disability	None	None	None	None
Lump Sum Severance Payment	Termination without Cause or by executive for Good Reason	\$ 343,750	\$ 1,150,000	\$ 450,000	\$ 45,834
Pro rata portion of current year bonuses	Disability, termination without Cause, or termination by executive for Good Reason	None	None	None	None
Continued coverage under medical, dental, hospitalization and life insurance plans	Disability, termination without Cause, or termination by executive for Good Reason	None	\$ 59,294	\$ 58,794	\$ 59,009

(1) See employment agreement descriptions beginning on page 32 for information regarding acceleration of vesting and forfeiture of PSUs and RSUs. This chart illustrates hypothetical termination events (without a change in control) as of December 31, 2015.

(2) At December 31, 2015 each named executive officer is assumed to have received all such payments.

**Payments Upon Termination Following a Change of Control**

In addition to the payments made upon termination by the Company without cause or termination by the executive for good reason the employment agreement with Mr. Schaefer provides that, if, within twelve months of a change in control, their employment is terminated by us without cause or they terminate their employment with us for good reason, as all such terms are defined in each employment agreement, we are obligated to make a lump-sum severance payment to such named executive officer equal to \$100 less than three times the named executive officer's annualized includable compensation for the base period (as defined in Section 280G of the Internal Revenue Code). Under the same circumstances, our prior employment agreement with Mr. Blumberg obligates us to make a lump-sum severance payment to Mr. Blumberg equal to \$100 less than three times the greater of (i) \$400,000 or (ii) the average of the annual cash compensation received by Mr. Blumberg on or after the effective date of his employment agreement in his capacity as an employee of the Company during the base period (also as defined in Section 280G of the Internal Revenue Code).

Under the circumstances described in the preceding paragraph, all of the named executive officers (other than Mr. Cuneo) would be entitled to an accelerated vesting and payment of stock options and restricted stock awards granted to that named executive officer. However, the sum of any lump sum payments, the value of any accelerated vesting of stock options and restricted stock awards, and the value of any other benefits payable to the named executive officer, may not equal or exceed an amount that would constitute an excess parachute payment (as defined in Section 280G of the Internal Revenue Code). In respect of these named executive officers, such payment is due within 15 days of the date of such termination.





The following table quantifies the estimated maximum amount of payments and benefits under our employment agreements and agreements relating to awards granted under our equity incentive and stock option plans to which the named executive officers would have been entitled upon termination of employment if we had terminated their employment without cause within twelve (12) months following a change in control of our Company that (by assumption) occurred on December 31, 2015 and prior to the expiration of their respective employment agreements.

Name	Cash Severance Payment (\$)	Continuation of Medical/Welfare Benefits (\$)	Present Value of Accelerated Vesting of Equity Awards \$(1)	Present Value of Accelerated Payment of Bonus (\$)	Total Termination Benefits (\$)
Peter Cuneo	343,654	0(3)	409,800	0	753,454
David Jones	2,537,992	52,294	467,404	0	2,538,799(4)
David Blumberg	2,877,191(2)	59,009	64,905	0	3,001,105(4)
Jason Schaefer	2,220,086	58,794	81,257	0	1,784,369(4)

- (1) This amount represents: (a) with respect to all PSUs, or RSUs granted during the 2015 calendar year, the unrealized value of the unvested portion of the respective named executive officer's PSUs and/or such RSUs based upon the closing price of our common stock on December 31, 2015, and (b) with respect to all other RSUs, the present value of the accelerated vesting of such RSUs. Additionally, this analysis presumes that PSUs with a vesting date of December 31, 2015, whether forfeited on such date or not forfeited on such date, would have become vested in full upon a change of control on December 31, 2015. For 280G purposes, we have assumed that the accelerated vesting of RSUs on a change in control is a change in control payment.
- (2) This amount assumes no extension of Mr. Blumberg's employment agreement after December 31, 2015, though we entered into an employment agreement with Mr. Blumberg on February 24, 2016.
- (3) Mr. Cuneo is not enrolled in any medical plans and does not receive welfare benefits.
- (4) The employment agreement of the named executive officer requires that the total termination benefits that the named executive officer would otherwise be entitled to receive upon a change of control be reduced to the maximum amount that will not result in receipt by the named executive officer of an excess parachute payment as defined under 280G of the Code (the 280G Cutback). The total termination benefits reported in this chart have been reduced by the 280G Cutback, without having reduced any particular component of such benefits.

**VOTING SECURITY OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents information regarding beneficial ownership of our common stock as of September 9, 2016 by each of our directors and our named executive officers, all of our executive officers and directors, as a group, and each person known by us to beneficially hold more than five percent of our common stock, based on information obtained from such persons.

Unless indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all securities beneficially owned, subject to community property laws where applicable. The shares beneficially owned by a person are determined in accordance with the definition of beneficial ownership set forth in the regulations of the SEC and, accordingly, shares of our common stock underlying options, warrants, restricted stock units and other convertible securities that are exercisable or convertible within 60 days of September 9, 2016 and shares of our common stock underlying restricted stock awards that vest within 60 days of September 9, 2016 are deemed to be beneficially owned by the person holding such securities and to be outstanding for purposes of determining such holder's percentage ownership. The same securities may be beneficially owned by more than one person. Percentage ownership is based on 56,325,501 shares of our common stock outstanding as of September 9, 2016. The address for each beneficial owner, unless otherwise noted, is c/o Iconix Brand Group, Inc. at 1450 Broadway, New York, New York 10018.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Company's Outstanding Common Stock Beneficially Owned
John Haugh		*
David Jones	65,946	*
David Blumberg	138,515(1)	*
Jason Schaefer	39,565	*
Peter Cuneo	310,838(2)	*
Drew Cohen	49,640	*
Mark Friedman	53,884	*
James Marcum	61,960	*
Sue Gove	17,955	*
Barry Emanuel	63,645	*
Kristen O Hara	0	*
Sanjay Khosla	0	*
Kenneth Slutsky	0	*
BlackRock, Inc.  55 East 52nd Street  New York, NY 10055	4,466,652(3)	7.9%
The Vanguard Group  100 Vanguard Boulevard  Malvern, PA 19355	3,085,524(4)	5.5%
Sports Direct International plc  Unit A, Brook Park East  Shirebrook, England NG20 8RY	6,679,902(5)	11.9%
Dimensional Fund Advisors LP  Building One  6300 Bee Cave Road	3,945,457(6)	7%

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Austin, Texas 78746		
Oppenheimer Funds, Inc.	6,000,243(7)	10.7
2 World Financial Center		
225 Liberty Street		
New York, NY 10281		
Huber Capital Management, LLC.	6,423,666(8)	11.44%
2321 Rosecrans Ave, Suite 3245		
El Segundo, CA 90024		
Loomis & Sayles & Co., L.P.	1,613,196(9)	2.9%
One Financial Center		
Boston, MA 02111		
All directors and executive officers as a group (12 persons)	801,948(10)	1.3%

\* Less than 1%

- (1) Includes 30,000 shares of common stock issuable upon exercise of options owned by Mr. Blumberg. Includes 99,830 shares held in a margin account as collateral.
- (2) Includes 200,838 shares Mr. Cuneo has pledged as collateral for a line of credit.
- (3) Based on a Schedule 13G/A filed on February 9, 2016, BlackRock, Inc. is deemed to have beneficial ownership of these shares. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such shares. The BlackRock, Inc., subsidiaries which acquired these shares are BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Ireland Limited; BlackRock Asset Management Schweiz AG; BlackRock Fund Advisors; BlackRock Institutional Trust Company, N.A.; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd. and BlackRock Investment Management, LLC. BlackRock, Inc. has sole voting and dispositive power in respect of these shares.
- (4) Based on a Schedule 13G filed on February 10, 2016, The Vanguard Group, Inc. (the Vanguard Group ) is deemed to have beneficial ownership of these shares, of which (i) 56,972 shares are owned beneficially by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of the Vanguard Group, as a result of its serving as investment manager of collective trust accounts and (ii) 7,500 shares are owned beneficially by Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, Inc., as a result of its serving as an investment manager of Australian investment offerings.
- (5) Based on a Schedule 13D/A filed on August 23, 2016, Sports Direct International plc ( Sports Direct ) is deemed to have an indirect economic interest in these shares. Such interest is held through contracts for differences or CFDs with Monacor (London) Limited, trading as ETX Capital. Pursuant to the CFDs, Sports Direct does not have the power to vote or direct the vote, or power to dispose or direct the disposition of the any of the shares, and therefore the beneficial ownership is disclaimed pursuant to Rules 13d-4 and 16a-1(a)(4) of the Securities and Exchange Act of 1934 for Section 13(d) and Section 16(a) purposes.
- (6) Based on a Schedule 13G filed on February 9, 2016, Dimensional Fund Advisors LP is deemed to have beneficial ownership of these shares. Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds ). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment adviser, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional ) possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.
- (7) Based on a Schedule 13G jointly filed on February 9, 2016, Oppenheimer Funds, Inc. ( Oppenheimer Funds ) and Oppenheimer Global Opportunities Fund ( Oppenheimer Global Opportunities ) are deemed to have beneficial ownership of these shares. Oppenheimer Funds is an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E) and Oppenheimer Global Opportunities is an investment company registered under Section 8 of the Investment Company Act of 1940. Oppenheimer Funds and Oppenheimer Global Opportunities have shared voting power over the securities and disclaim beneficial ownership of such securities.
- (8) Based on a Schedule 13D/A filed on August 26, 2016, Huber Capital Management LLC ( HCM ) is deemed to have beneficial ownership of 6,423,666 shares of common stock, which represents 11.44% of our outstanding common stock. HCM has sole power to dispose, on behalf of its clients, of 6,423,666 shares of our common stock. HCM also has sole power to vote, on behalf of its clients, 2,067,889 shares of our common stock. The power to vote the remaining shares rests with the HCM client or clients for whom such shares were acquired. Based on the same Schedule 13D/A, Mr. Joseph R. Huber, the managing member of HCM may be deemed to beneficially own 6,991,079 shares of our common stock, individually, and on behalf of the clients of HCM, which represents 12.45% of our outstanding common stock. This beneficial ownership arises out of (i) Mr. Huber's role as managing member of HCM, (ii) the ownership of 100% of the membership interests of HCM by Huber Capital Holdings, LLC, a Delaware limited liability company ( HCH ), for which Mr. Huber serves as managing member; (iii) the ownership of a controlling interest in the membership interests of HCH by JRH Enterprises, Inc., a Delaware corporation, in which Mr. Huber owns a controlling interest; and (iv) through his direct and indirect power over other shares of our common stock.
- (9) Based on a Schedule 13G/A filed on August 9, 2016, Loomis Sayles & Co., L.P. ( Loomis Sayles ) is deemed to have beneficial ownership of these shares, of which it has (i) sole power to vote or to direct the vote for 1,063,604 shares; (ii) shared power to vote or to direct the vote for 19,119 shares; (iii) sole power to dispose or to direct the disposition of 1,613,196 shares and (iv) shared power to dispose or to direct the disposition of 0 shares. Loomis Sayles disclaims beneficial ownership of such securities.
- (10) Includes 30,000 shares of common stock issuable upon exercise of options.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Pursuant to its charter, our Audit Committee must review and approve, where appropriate, all related party transactions.

*The Candie s Foundation*

The Candie s Foundation is a charitable foundation founded by Neil Cole, the Company s former Chairman and Chief Executive Officer, for the purpose of raising national awareness about the consequences of teenage pregnancy. As of December 31, 2015 and December 31, 2014, respectively, the Company owed the Candie s Foundation less than \$100,000. The Company intends to pay-off the entire amount due the Candie s Foundation during 2016. As of December 31, 2015, the Candie s Foundation was no longer considered a related party to the Company.

*Travel*

The Company recorded expenses of approximately \$95,000 and \$90,000 for 2014 and 2013, respectively, for the hire and use of aircraft solely for business purposes owned by a company in which the Company s former Chairman, Chief Executive Officer and President was the sole owner. There were no such expenses in 2015. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties.

*Other*

The Company incurred advertising expenses with Complex Media, Inc. to promote certain of its Men s brands. The Company owns a minority interest in Complex Media, Inc. as previously disclosed in its Form 10-K for the fiscal year ended on December 31, 2015 and filed on March 30, 2016, as well as subsequent public filings. Advertising expenses with Complex Media, Inc. were approximately \$200,000, \$100,000, and \$100,000 for 2015, 2014 and 2013, respectively, and related accounts payable of approximately \$200,000 and \$100,000 million as of December 31, 2015 and December 31, 2014, respectively. Management believes that all transactions were made on terms and conditions no less favorable than those available in the marketplace from unrelated parties. In April 2016, Hearst Corporation and Verizon Communications, Inc. entered into an agreement to jointly acquire Complex Media, Inc. In July 2016, the Company received \$35.3 million in connection with the sale of its interest in Complex Media. An additional \$3.7 million is being held in escrow to satisfy specified indemnification claims, with a portion of such escrow expected to be released twelve months following the closing of the transaction and the remainder expected to be released eighteen months following the closing of the transaction, subject to any such claims.

During 2015, 2014 and 2013, the Company incurred \$100,000 per year in consulting fees in connection with a consulting arrangement entered into with Mark Friedman, a member of the Company s Board, relating to the provision by Mr. Friedman of investor relations services. Such consulting arrangement was terminated on May 3, 2016.

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

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

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

**AUDIT COMMITTEE REPORT**

In 2015 the Audit Committee met with management and representatives of BDO USA, LLP to review preparations for the audit, including review of control procedures required pursuant to implementation of Section 404 of the Sarbanes-Oxley Act of 2002, and the procedures and timing of the audit of our financial statements. Following completion of the audit of the financial statements, the Audit Committee met with representatives of BDO USA, LLP and management to review the audit findings. The Audit Committee also discussed with representatives of BDO USA, LLP the matters required to be discussed by Statement on Auditing Standards 16, as amended, Communication with Audit Committees, as adopted by the Public Company Accounting Oversight Board.

The Audit Committee received the written disclosures and the confirming letter from BDO USA, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence and discussed with BDO USA, LLP its independence from the Company.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for 2015, as amended.

THE AUDIT COMMITTEE

F. Peter Cuneo, Former Chairperson

Sue Gove, Current Chairperson

Drew Cohen

James Marcum

**PROPOSAL II**

**RATIFICATION OF THE APPOINTMENT OF**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

BDO USA, LLP has audited and reported upon our financial statements for our fiscal year ended December 31, 2015. The Audit Committee of the Board of Directors has re-appointed BDO USA, LLP as our independent registered public accountants for 2016. Although stockholder approval of the appointment of BDO USA, LLP is not required by law, the Audit Committee and the Board of Directors believe that it is advisable to give stockholders an opportunity to ratify this appointment. Furthermore, although the appointment of BDO USA, LLP is being submitted for stockholder ratification, the Audit Committee reserves the right, even after ratification by stockholders, to change the appointment of BDO USA, LLP our independent registered public accountants, at any time during the 2016 fiscal year, if it deems such change to be in our best interest. A representative of BDO USA, LLP is expected to be present at the Annual Meeting with the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

In addition to retaining BDO USA, LLP to audit our financial statements, we engage BDO USA, LLP from time to time to perform other services.

**Audit Fees.** The aggregate fees billed by BDO USA, LLP for professional services rendered for the audit of the Company's annual financial statements for 2015 and 2014, internal controls over financial reporting and the reviews of the financial statements included in the Company's Forms 10-Q, comfort letters and consents related to SEC registration statements for 2015 and 2014 totaled approximately \$2,272,390 and \$999,800, respectively.

**Audit-Related Fees.** There were approximately \$107,710 and \$111,100 aggregate fees billed by BDO USA, LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and other capital raising activities for 2015 and 2014, respectively, and that are not disclosed in the paragraph captioned "Audit Fees" above.

**Tax Fees.** The aggregate fees billed by BDO USA, LLP for professional services rendered for tax compliance and consulting for 2015 and 2014, were approximately \$225,460 and \$233,600, respectively.

**All Other Fees.** There were no fees billed by BDO USA, LLP, for products and services other than the services described in the paragraphs captioned "Audit Fees", "Audit-Related Fees" and "Tax Fees" above for 2015 and 2014.

The Audit Committee has established its pre-approval policies and procedures, pursuant to which the Audit Committee approved the foregoing audit services provided by BDO USA, LLP in 2015. Consistent with the Audit Committee's responsibility for engaging the Company's independent auditors, all audit and permitted non-audit services require pre-approval by the Audit Committee. The full Audit Committee approves proposed services and fee estimates for these services. The Audit Committee chairperson or their designee has been designated by the Audit Committee to approve any services arising during the year that were not pre-approved by the Audit Committee. Services approved by the Audit Committee chairperson are communicated to the full Audit Committee at its next regular meeting and the Audit Committee reviews services and fees for the fiscal year at each such meeting. Pursuant to these procedures, the Audit Committee approved all the foregoing audit services and permissible non-audit services provided by BDO USA, LLP.

**Recommendation**

**The Board of Directors unanimously recommends that you vote FOR approval of Proposal II and the ratification of the appointment of BDO USA, LLP as our independent registered public accountants for the fiscal year ending December 31, 2016.**



**PROPOSAL III**

**TO APPROVE, BY NON-BINDING ADVISORY VOTE, THE RESOLUTION APPROVING NAMED**

**EXECUTIVE OFFICER COMPENSATION**

We are asking stockholders to approve a non-binding advisory resolution on named executive officer compensation as reported in this Proxy Statement. As described within the Executive Compensation Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee has structured the Company's named executive officer compensation program to achieve the following objectives:

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 performance measures that promote long-term stockholder value, including EBITDA, Free Cash Flow and Diluted Earnings Per Share.

Ensure continuity of the services of named executive officers so that they will contribute to, and be a part of, the Company's long-term success and to promote and sustain stability in the executive team.

The Company and the Compensation Committee of our Board of Directors consistently review our executive compensation program to ensure that it reflects competition in the market place for talented individuals so that we can attract and retain skilled and committed long-term executives who we believe will contribute to accomplishing our vision. In response to feedback from stockholders, in 2015 we also made changes to our compensation practices, including amending our Plan to provide for a double trigger change in control provisions for acceleration of unvested equity awards, and adopting anti-pledging and anti-hedging policies. In 2016, we adopted an Annual Incentive Plan consistent with the commitment we made to stockholders in 2015 to eliminate discretionary annual cash bonuses for named executive officers. We continue to review our compensation plans closely and will make additional changes, as necessary, in an effort to ensure our practices are in keeping with industry norms and standards.

We urge stockholders to read the Executive Compensation Compensation Discussion and Analysis within, which describes in more detail how the Company's named executive officer compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving the Company's goals and that the compensation of our named executive officers reported in this Proxy Statement.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, the Company is asking stockholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the stockholders of Iconix Brand Group, Inc. (the Company) approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2016 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board of Directors. Although non-binding, the Board of Directors and the Compensation Committee will carefully review and consider the voting results when evaluating our named executive officer compensation program.

**Board Recommendation**

The affirmative vote of the holders of record of a majority in voting interest of the shares of stock entitled to be voted at the Annual Meeting, present in person or by proxy are required for approval of this proposal. **The Board of Directors unanimously recommends a vote FOR the approval of the non-binding advisory resolution on the Company's named executive officer compensation.**

**PROPOSAL IV**

**APPROVAL OF THE 2016 OMNIBUS INCENTIVE PLAN**

**Executive Summary of Proposal and Selected Plan Information**

**Introduction:**

On October 3, 2016, upon the recommendation of the Compensation Committee, our Board approved the Iconix Brand Group, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan"), subject to stockholder approval at the 2016 Annual Meeting. The 2016 Plan will replace and supersede our Amended and Restated 2009 Stock Incentive Plan (the "2009 Plan"). The 2009 Plan is the only Iconix compensation plan under which equity-based compensation may currently be awarded to our executives, directors and other employees. Awards currently outstanding under the 2009 Plan will continue to remain outstanding under the 2009 Plan in accordance with their terms.

As of September 30, 2016, the 2009 Plan had no shares available for future grants. If the 2016 Plan is not approved by our stockholders, we will no longer have shares to grant an appropriate level of equity awards in the next annual award cycle in 2017.

We believe that the adoption of the 2016 Plan is necessary in order to allow the Company to continue to utilize equity awards, including performance awards to attract, retain and motivate employees and to further align the interests of our employees with those of our stockholders. We also are requesting stockholder approval of the material terms of the 2016 Plan, including performance measures and individual award limits, in order to allow awards granted under the 2016 Plan which are intended to be performance-based compensation under Section 162(m) of the Internal Revenue Code ( "Section 162(m) ") to be exempt from the tax deduction limits of Section 162(m) if they meet the other requirements of Section 162(m).

If the 2016 Plan is approved by our stockholders, the 2016 Plan will become effective on November 4, 2016 (the "Effective Date"). If our stockholders do not approve the 2016 Plan, the 2009 Plan will remain in effect in its current form.

**Proposed Share Reserve:**

A total of 2,400,000 shares of common stock may be subject to awards granted under the 2016 Plan.

The proposed share reserve is subject to adjustment for certain events as more fully described below.

**Impact on Dilution and Expected Duration:**

Our Board recognizes the impact of dilution on our stockholders and has evaluated this share request very carefully in the context of the need to motivate, retain and ensure our leadership team is focused on our strategic and long-term growth priorities. Particularly at this time of transition, equity is an important component of a compensation program that aligns with our strategy of achieving



long-term, sustainable growth. The total potential voting power dilution as a result of the proposed share reserve is 11.40%<sup>1</sup>. Our Board believes that the increase in shares of common stock available for issuance represents a reasonable amount of potential equity dilution given our strategic and long-term growth priorities.

Based on our historical share usage and our current stock price, we currently expect the proposed share reserve will enable us to make equity awards for the next 1 to 2 years.

Governance Highlights of 2016 Plan:

The 2016 Plan incorporates certain compensation governance provisions that reflect best practices. These include:

No liberal share recycling of stock options or stock appreciation rights;

Minimum vesting period of one year from the date of grant for options and stock appreciation rights, subject to certain limited exceptions;

Minimum 100% fair market value exercise price for options and stock appreciation rights;

No repricing of options or stock appreciation rights and no cash buyout of underwater options and stock appreciation rights without stockholder approval;

No dividends or dividend equivalents on unearned performance awards;

No dividend equivalents on options or stock appreciation rights;

No evergreen provision;

No liberal change in control definition;

Double-trigger vesting for change in control benefits;

No excise tax gross-up on change in control benefits; and

Clawback provisions.

Date of Plan Expiration:

The 2016 Plan will terminate on November 4, 2026, unless terminated earlier by the Board, but awards granted prior to such date may extend beyond that date.

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As shown in the table below under "Dilution", total potential voting power dilution is calculated as (equity awards outstanding + shares available for grant + additional requested shares) / (common stock outstanding + equity awards outstanding + shares available for grant + additional requested shares), each calculated as of September 9, 2016.

**Key Data**

The following table includes information regarding outstanding equity awards and shares available for future awards under the Company's 2009 Plan as of September 9, 2016 (and without giving effect to approval of the 2016 Plan under this Proposal No. IV):

	<b>2009 Plan</b>
Total shares underlying outstanding options	35,000
Weighted average exercise price of outstanding options	\$ 14.90
Weighted average remaining contractual life of outstanding options	1.69 years
Total shares subject to outstanding, unvested full-value awards	4,817,683
Total shares currently available for grant	-0-

As shown in the following table, the Company's three-year average annual burn rate was 2.01%, which is below the ISS burn rate threshold of 3.8% applied to our industry by Institutional Stockholder Services (ISS).

**Burn Rate**

The following table sets forth information regarding awards granted, the burn rate for each of the last three fiscal years and the average burn rate over the last three years under the 2009 Plan. The burn rate has been calculated as the quotient of (i) the sum of (x) all stock options/stock appreciation rights (SARs) granted in such year and (y) service-based restricted stock units (Service-based RSUs) granted, and the number of performance-based restricted stock units (Performance RSUs) earned in such year, divided by (ii) the weighted average number of shares of common stock outstanding at the end of such year. The Service-based RSUs and Performance RSUs are adjusted using a multiplier of 1.5 options per share, based on the methodology used by Institutional Stockholder Services (ISS) and the Company's 3-year average volatility.

**BURN RATE**

	<b>Year Ended December 31,</b>			<b>3-Year Average</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Options/SARs granted				
Service-based RSUs granted	355,588	122,620	251,048	
Performance RSUs earned	244,846	478,706	613,100	
Weighted average shares of common stock outstanding	48,293,000	48,431,000	56,281,000	
Burn rate(1)	1.86%	1.86%	2.30%	<b>2.01%</b>

- (1) Burn rate is calculated as (options granted + restricted stock/RSUs granted + Performance RSUs earned) / weighted average shares outstanding. All restricted stock/RSUs granted and Performance RSUs earned are adjusted using a multiplier of 1.5 options per share (based on the ISS methodology and the Company's 3-year average volatility of June 1, 2016).

**Overview of the 2016 Plan Awards**

The following types of awards or any combination of them may be granted under the 2016 Plan: of (1) Stock Options, (2) Stock Appreciation Rights, (3) Stock Grants, which for purposes of this Plan shall include (i) grants of Common Stock, (ii) unfunded and unsecured promises, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock (Stock Units) including Stock Units that are, or as to which the delivery of Stock or cash in lieu of Stock, is subject to the satisfaction of specific performance or other vesting conditions, and (4) Other Stock-Based Awards or (5) Performance Awards which may be in the form of cash awards or Stock Grants. Stock Grants, Other Stock-Based Awards, cash awards under the Plan and Performance Awards may, as determined by the Committee, in its discretion, constitute Performance-Based Awards that are intended to comply with the performance-based exception under Section 162(m). Awards are evidenced by award

agreements in such forms as the Compensation Committee approves from time to time. Each award is subject to such terms and conditions consistent with the 2016 Plan, as determined by the Compensation Committee and as set forth in the award agreement.

### **Eligibility and Participation**

All outside directors, executive officers and other employees of, and consultants and advisors to, the Company or any of its Subsidiaries, who are significantly responsible for the success and future growth and profitability of the Company, as determined by the Compensation Committee, are eligible to be participants in the 2016 Plan. As of the date of this proxy statement, 7 non-employee directors, 8 executive officers, including the CEO, and approximately 100 non-executive officer employees are eligible to be selected for participation in the 2016 Plan. We are presently unable to determine the number of consultants or advisors who may be eligible to receive awards under the 2016 Plan. The number of persons covered by the 2016 Plan may increase if we employ additional employees, elect additional directors or retain additional consultants and advisors. A participant's right, if any, to continue to serve the Company as a director, executive officer or other employee, or otherwise will not be enlarged or otherwise affected by his or her designation as a participant under the 2016 Plan. Participants may receive one or more awards under the 2016 Plan.

### **Plan Administration**

The 2016 Plan will be administered by the Compensation Committee or such other committee appointed by the Board to administer the Plan. For ease of reference, we refer to the committee responsible for administering the 2016 as the Compensation Committee or Committee. Unless the Board determines otherwise, the Compensation Committee (or such other committee) shall be comprised solely of not less than two members who each shall qualify as a (i) Non-Employee Director within the meaning of Rule 16b-3(b)(3) (or any successor rule) under the Securities Exchange Act of 1934, as amended (the Exchange Act) and (ii) an outside director within the meaning of Section 162(m). In addition, all Compensation Committee members shall be independent directors as defined in the applicable rules of the principal exchange or quotation system on which the Company's common equity is listed for trading.

The Compensation Committee shall have the authority to grant awards to non-employee directors, executive officers and other employees of, or consultants and advisors to, the Company or any of its Subsidiaries. Notwithstanding the foregoing, subject to any prohibition under applicable law, including any applicable exchange or trading market requirements, the Compensation Committee may delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine (other than the allocation of awards to the executive officers of the Company, persons who are officers of the Company within the meaning of Section 16 of the Exchange Act and the rules promulgated thereunder (Section 16 officers), or the non-employee directors of the Company); (ii) to one or more officers of the Company the authority to allocate Awards among such persons (other than to the executive officers of the Company or Section 16 officers or the non-employee directors of the Company) eligible to receive Awards under the Plan as such delegated officer or officers determine consistent with such delegation.

The Committee shall determine the terms and conditions, not inconsistent with the provisions of the Plan, of any award granted hereunder, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an award, and accelerations or waivers thereof, and any provisions related to clawback or recoupment with respect to on an award, based in each case on such considerations as the Committee in its sole discretion determines. The Compensation Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and interpretations and to take such action in connection with the Plan and any Awards granted hereunder as it deems necessary or advisable. The Committee reserves general discretion to accelerate vesting of awards including in case of death, disability, retirement,



termination without cause or a change in control. All determinations and interpretations made by the Committee shall be binding and conclusive on all persons and entities, including participants and their legal representatives.

#### Available Shares

Subject to certain adjustments set forth in the 2016 Plan, a total of 2,400,000 shares may be made subject to awards under the 2016 Plan, and shall consist of authorized but unissued shares of common stock or shares held in treasury. In addition, the maximum number of shares under the Plan that may be made subject to Incentive Stock Options is 1,000,000.

If (i) any shares of stock subject to an award are forfeited, an award expires or an award is settled for cash (in whole or in part), or (ii) after September 9, 2016 any shares of stock subject to an award under the 2009 Plan are forfeited, an award under the 2009 Plan expires or is settled for cash (in whole or in part), then in each such case the shares of stock subject to such award or an award under the 2009 Plan shall, to the extent of such forfeiture, expiration or cash settlement, be added to the shares available for awards under the 2016 Plan. In the event that withholding tax liabilities arising from an award *other than* a stock option or stock appreciation right or, after September 9, 2016, an award *other than* an option or stock appreciation right under the 2009 Plan are satisfied by the tendering of shares (either actually or by attestation) or by the withholding of shares of common stock by the Company, the shares so tendered or withheld shall be added to the shares available for awards under the Plan.

Notwithstanding anything to the contrary contained herein, the following shares shall not be added to the shares authorized for grant under the 2016 Plan: (i) shares tendered by the participant or withheld by the Company in payment of the purchase price of an option, (ii) shares tendered by the participant or withheld by the Company to satisfy any tax withholding obligation with respect to options or stock appreciation rights, (iii) shares subject to a stock appreciation right that are not issued in connection with its stock settlement on exercise thereof, and (iv) shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of options.

In the event that the Company or its subsidiaries makes an acquisition or is a party to a merger or consolidation and the Company assumes the options or other awards consistent with the purpose of the 2016 Plan of the entity acquired, merged or consolidated which are administered pursuant to the Plan, shares of stock subject to the assumed options or other awards shall not count as part of the total number of shares of stock that may be made subject to awards under the Plan.

#### Stock Options

Stock Options granted under the 2016 Plan may be either Incentive Stock Options (within the meaning of Section 422 of the Internal Revenue Code) or Non-Qualified Stock Options that do not qualify as Incentive Stock Options. See U.S. Federal Income Tax Consequences.

The Compensation Committee determines the exercise price at which shares underlying a Stock Option may be purchased, whether an Incentive Stock Option or a Non-Qualified Stock Option. However, the exercise price of a Stock Option may not be less than the fair market value of the shares of common stock on the date the Stock Option is granted. Stock Options granted under the 2016 Plan are exercisable at such times as specified in the 2016 Plan and the award agreement. No Stock Option will be exercisable later than ten years after the date it is granted (except in certain limited circumstances).

Incentive Stock Options may be granted only to executive officers and other employees of the Company or any of its Subsidiaries. The aggregate market value (determined as of the date of grant) of common stock with respect to which Incentive Stock Options are exercisable for the first time by a participant during any calendar year may not exceed \$100,000. Furthermore, Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all outstanding classes of stock of the Company or any of its subsidiaries, unless the exercise price is fixed at not less than 110%

of the fair market value of the common stock on the date of grant, and such an Incentive Stock Option cannot be exercised more than five years after the date of grant.

**Stock Appreciation Rights (SARs)**

The Compensation Committee is authorized to grant SARs in conjunction with a stock option or other award granted under the Plan, and to grant SARs separately. The grant price of a SAR may not be less than the fair market value of a share of common stock on the date the SAR is granted. The term of a SAR may be no more than ten years from the date of grant.

Upon exercise of an SAR, the participant will have the right to receive the excess of the fair market value of the shares covered by the SAR on the date of exercise over the grant price. Payment may be made in cash, shares of common stock or other property, or any combination thereof, as the committee may determine. Shares issued upon the exercise of SARs are valued at their fair market value as of the date of exercise.

**Stock Grants**

Stock Grants may consist of shares of common stock or Stock Units (unfunded and unsecured promises, denominated in shares of common stock, to deliver common stock or cash measured by the value of common stock). A Stock Grant may include restrictions on the vesting, sale or other disposition of the shares or cash covered by the award, and the Company may have the right to reacquire such shares for no consideration upon termination of the participant's employment within specified periods. The award agreement will specify whether the participant will have, with respect to the shares of common stock subject to a Stock Grant, all of the rights of a holder of shares of common stock, including the right to receive dividends, if any, and to vote the shares.

**Performance Awards**

The Compensation Committee will set performance targets at its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Awards that will be paid out to the participants and may attach to such Performance Awards one or more restrictions. Performance targets may be based upon company-wide, divisional and/or individual performance.

Payment of earned Performance Awards may be made in shares of common stock or in cash and will be made in accordance with the terms and conditions prescribed or authorized by the Compensation Committee. The participant may elect to defer, or the Compensation Committee may require or permit the deferral of, the receipt of Performance Awards upon such terms as the Compensation Committee deems appropriate.

**Other Stock-Based Awards**

The 2016 Plan also provides for the award of shares of common stock and other awards that are valued by reference to common stock or other property ( Other Stock-Based Awards ). Such awards may be granted above or in addition to other awards under the Plan. Other Stock-Based Awards may be paid in cash, shares of common stock or other property, or a combination thereof, as determined by the Compensation Committee.

**Performance-Based Awards**

Certain awards made under the 2016 Plan may be granted so that they qualify as performance-based compensation (as this term is used in Section 162(m) and the regulations thereunder) and are exempt from the deduction limitation imposed by Section 162(m) ( Performance-Based Awards ). Among other criteria, awards qualify as Performance-Based Awards if at the time of grant the Compensation Committee is comprised solely of two or more outside directors (as this term is used in Section 162(m) of the Code and the regulations thereunder). In making these awards, the Compensation Committee must establish and apply objective

performance goals and may use one or more or a combination of goals including sales; revenues; assets; costs; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return or stockholder value; sales of particular products or services; customer acquisition or retention; safety, health or environmental affairs performance; compliance; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings. Performance measures may be expressed in terms of overall Company performance or the performance of a division, business unit, subsidiary, or an individual, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or affiliate, either individually, alternatively or in any combination, and measured either quarterly, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee. Performance measures that are financial metrics may be determined in accordance with United States Generally Accepted Accounting Principles ( GAAP ) or financial metrics that are based on, or able to be derived from GAAP, and may be adjusted when established (or to the extent permitted under Section 162(m) of the Code, at any time thereafter) to include or exclude any items otherwise includable or excludable under GAAP

To the extent consistent with the requirements for satisfying the performance-based compensation exception under 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. The Committee may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the performance measures listed above, including without limitation: (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 Committee, the 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.

**Participant Limits**

Subject to certain adjustments set forth in the 2016 Plan, the following limits will apply to awards of the specified type granted to any one Participant in any single fiscal year:

- (x) Appreciation Awards Stock Options and Stock Appreciation Rights: 1,500,000 shares;
- (y) Full Value Awards Stock Grants, Performance Awards and/or Other Stock-Based Awards that are denominated in shares of Common Stock: 1,500,000 shares; and
- (z) Cash Awards Performance Awards that are denominated in cash: \$5,000,000.

In applying the foregoing limits, (a) all awards of the specified type granted to the same participant in the same fiscal year will be aggregated and made subject to one limit; (b) the limits applicable to Stock Options and Stock

Appreciation Rights refer to the number of shares of common stock subject to those awards; (c) the share limit under clause (y) refers to the maximum number of shares of common stock that may be delivered under an award or awards of the type specified in clause (y) assuming a maximum payout; (d) the dollar limit under clause (z) refers to the maximum dollar amount payable under an award or awards of the type specified in clause (z) assuming a maximum payout, (e) the respective limits for awards of the type specified in clause (y) and clause (z) are only applicable to Performance-Based Awards that are intended to comply with the performance-based exception under Code Section 162(m), (f) if the Committee determines to settle a stock-denominated Performance-Based Award in cash, the maximum aggregate amount of cash that may be paid pursuant to such Awards to any Participant in any fiscal year of the Company shall be equal to the per share fair market value as of the relevant payment or settlement date multiplied by the number of shares of common stock described in the preceding clause (y), and (g) each of the specified limits in clauses (x), (y) and (z) is multiplied by two (2) for awards granted to a participant in the year employment commences.

**Non-employee Director Limits**

The maximum number of shares of common stock subject to awards granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, shall not exceed \$500,000 in total value (calculating the value of any such awards based on the grant date fair value of such awards for financial reporting purposes). The Compensation Committee may make exceptions to this limit for a non-executive chair of the Board or, in extraordinary circumstances, for other individual non-employee directors, as the Committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation.

**Minimum Vesting Requirement**

Except with respect to 5% of the shares of common stock available for awards under the 2016 Plan, no stock option or stock appreciation right award will become exercisable or otherwise nonforfeitable unless such award has been outstanding for a minimum period of one year from its date of grant.

**Effect of Change in Control**

The 2016 Plan generally provides the Committee with flexibility to determine the effects of a change in control (as defined in the 2016 Plan) on outstanding awards, including that underwater stock options and SARs may be cancelled without payment or that certain performance awards will be deemed to have been earned in full or in part or converted into other restricted awards. Unless otherwise expressly provided in an award agreement, if a successor company assumes or substitutes outstanding awards as of a change in control, then the awards will continue to remain outstanding in the ordinary course, subject to accelerated vesting or settlement if a participant has a qualifying termination within 24 months following the change in control, or such other period as may be specified in the award agreement. If a successor does not so assume or substitute awards in a change in control, the vesting and/or exercisability of awards will generally be accelerated as of immediately prior to the change in control.

**Dividends; Dividend Equivalents**

Awards other than options and SARs may, if determined by the Committee, provide that the participant will be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, stock, or other property dividends declared with respect to shares of Common Stock covered by an award. The Committee may provide that such amounts will be deemed to have been reinvested in additional shares of Common Stock or otherwise, and that they are subject to the same vesting or performance conditions as the underlying award. Any dividends or dividend equivalents provided with respect to awards that are subject to the attainment of specified performance goals will be subject to the same restrictions and risk of forfeiture as the underlying awards.

**No Repricing**

The Plan prohibits option and SAR repricings (other than to reflect stock splits, spin-offs or other corporate events described under Adjustments upon Changes in Capitalization below) unless stockholder approval is obtained. For purposes of the Plan, a repricing means a reduction in the exercise price of an option or the grant price of a SAR, the cancellation of an option or SAR in exchange for cash or another award (except in connection with a change in control) under the Plan if the exercise price or grant price of the option or SAR is greater than the fair market value of the Common Stock, or any other action with respect to an option or SAR that may be treated as a repricing under the rules of the principal securities exchange on which the Common Stock is traded.

**Adjustments upon Changes in Capitalization**

In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in our corporate structure affecting our common stock or the value thereof, appropriate adjustments to the Plan and awards will be made as the Compensation Committee determines to be appropriate, including adjustments in the number and class of shares of stock subject to the Plan, the number, class and option or exercise price of shares subject to awards outstanding under the Plan, and the limits on the number of awards that any person may receive. If applicable, adjustments may also be made by the Committee in the terms of any awards under the Plan to reflect such changes or distributions and to modify any other terms of outstanding awards on such basis that the Committee deems appropriate, including modifications of performance targets and changes in the length of performance periods.

**Termination of Employment**

If a participant's employment is terminated due to death or disability, then the participant's unvested awards become vested or exercisable, as applicable, immediately as of the date of the termination of the participant's employment. All Stock Options that were or became exercisable as of the date of the participant's death or termination of employment, will remain exercisable until the earlier of (i) the end of the one- year period following the date of the participant's death or following the date of the termination of his or her employment, as the case may be, or (ii) the date the Stock Option would otherwise expire. All unearned or unvested Performance Awards held by the participant on the date of the participant's death or the date of the termination of his or her employment, as the case may be, will immediately become earned or vested as of such date and will be paid out or settled within 60 days following such termination based on the participant's performance immediately prior to the date of the participant's death or the date of the termination of his or her employment on a pro- rated basis with a minimum of at least one year into a performance period.

Other than as set forth in an employment or other agreement, the award agreement or other written agreement, a participant whose employment is terminated for cause, as defined in the 2016 Plan, forfeits all awards granted to the participant under the 2016 Plan, whether or not vested, exercisable or earned, held by the participant on the date of such termination. A participant whose employment is terminated for any reason, other than for cause, death or disability, including, without limitation, retirement, forfeits all unvested, unexercisable and unearned awards granted to the participant. All exercisable Stock Options held by the participant on the date of the termination of his or her employment for any reason other than for voluntary termination, cause, death or disability will remain exercisable until the earlier of (i) the end of the 90- day period following the date of the termination of the participant's employment, or (ii) the date the Stock Option would otherwise expire. The 2016 Plan's provisions relating to termination of employment may be modified in the discretion of the Compensation Committee.

**Transferability**

Each award granted under the 2016 Plan to a participant who is subject to restrictions on transferability and/or exercisability is not transferable otherwise than by will or the laws of descent and distribution, and/or is

exercisable, during the participant's lifetime, only by the participant. The Compensation Committee also may permit an award (other than an Incentive Stock Option) to be transferred by a participant solely to members of the participant's immediate family or trusts or family partnerships for the benefit of such persons, subject to any restriction included in the award agreement.

**Clawback**

Notwithstanding anything to the contrary, an award agreement may provide that the Committee may cancel such award or recoup all or a portion of an award if the participant has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company while employed by or providing services to the Company or any subsidiary, including fraud or conduct contributing to any financial restatements or irregularities. The Committee may also provide in an award agreement that in such event, the participant will forfeit any compensation, gain or other value realized thereafter on the vesting, exercise or settlement of such award, the sale or other transfer of such award, or the sale of shares of common stock acquired in respect of such award, and must promptly repay such amounts to the Company.

The Committee may also provide in an award agreement that if the participant receives any amount in excess of what the participant should have received under the terms of the award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the participant shall be required to promptly repay any such excess amount to the Company. Furthermore, to the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of Nasdaq or any other securities exchange or inter-dealer quotation service on which the shares are listed or quoted, or if so required pursuant to a written policy adopted by the Company, awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements.

**Term and Amendment of the 2016 Plan**

The 2016 Plan will terminate on November 4, 2026. Subject to the provisions of the 2016 Plan, the Board or the Compensation Committee may amend the 2016 Plan from time to time, and suspend or terminate the 2016 Plan at any time. Without stockholder approval, no amendment may (i) increase the total number of shares which may be issued under the 2016 Plan or the maximum number of shares with respect to awards that may be granted to any individual under the 2016 Plan; (ii) modify the requirements as to eligibility for awards under the 2016 Plan; or (iii) effect the repricing of Stock Options or SARs.

**U.S. Federal Income Tax Consequences**

The following is a brief summary of the principal United States federal income tax consequences of awards under the 2016 Plan. This summary is based on the law as in effect on October 4, 2016. This summary is not intended to be exhaustive and does not describe state, local or foreign tax laws.

**Stock Awards.** The tax consequences of stock awards under the 2016 Plan are generally as follows: (i) a recipient of a restricted stock award generally must recognize as ordinary income the value of any shares at the time the restrictions lapse plus the amount of dividends to which the participant then becomes entitled; although the holder of a restricted stock award may make a Section 83(b) election if permitted by the Company, in which case the value of shares would be taxable at grant at ordinary income tax rates; (ii) a recipient of a stock unit award will generally recognize ordinary income at the time of payment equal to the value of the underlying shares or cash paid; and (iii) a recipient of an unrestricted stock award generally must recognize as ordinary income the value of the shares at the time of grant. In each of the foregoing cases, the Company will generally be entitled to a corresponding federal income tax deduction at the same time the participant recognized ordinary income, subject to the limitations of Section 162(m). If the participant is an employee, such ordinary income generally would be subject to withholding and employment taxes.

**Non-Qualified Stock Options.** The grant of a non-qualified stock option (i.e., a stock option that is not an incentive stock option) will not result in any immediate tax consequences to the Company or the participant. Upon the exercise of a non-qualified stock option, the participant will recognize ordinary income, and we will be entitled to a deduction, equal to the difference between the exercise price and the fair market value of the shares of common stock acquired at the time of exercise. If the non-qualified stock option were granted in connection with employment, this taxable income would also constitute wages subject to withholding and employment taxes. The foregoing summary assumes that any shares acquired upon exercise of a non-qualified option are not subject to a substantial risk of forfeiture. Any gain or loss upon a subsequent sale or exchange of the shares will be capital gain or loss, long-term or short-term, depending on how long the shares have been held.

**Incentive Stock Options.** The grant of an incentive stock option will not result in any immediate tax consequences to the Company or the participant. In addition, a participant will not recognize ordinary income, and we will not be entitled to any deduction, upon the exercise of an incentive stock option while the participant is an employee or within three months following termination of employment (longer, in the case of disability or death). In such event, the excess of the fair market value of the shares acquired over the exercise price will be includible only in the participant's alternative minimum taxable income for the year of exercise for purposes of the alternative minimum tax. If the participant does not dispose of the shares acquired within one year after their receipt (and within two years after the option was granted), gain or loss recognized on the subsequent disposition of the shares will be treated as long-term capital gain or loss. Capital losses of individuals are deductible only against capital gains and a limited amount of taxable ordinary income. In the event of an earlier disposition, the participant will recognize ordinary income in an amount equal to the lesser of (i) the excess of the fair market value of the shares on the date of exercise over the exercise price; or (ii) if the disposition is a taxable sale or exchange, the amount of any gain realized. Any additional gain to the participant will be treated as capital gain, long-term or short-term, depending on how long the shares have been held. Upon such a disqualifying disposition, we will be entitled to a deduction in the same amount and at the same time as the participant recognizes such ordinary income. A participant's stock options otherwise qualifying as incentive stock options would be treated for tax purposes as non-qualified options to the extent that, in the aggregate, they first become exercisable in any calendar year for stock having a fair market value (determined as of the date of grant) in excess of \$100,000.

**Stock Appreciation Rights.** The grant of either a tandem SAR or a freestanding SAR will not result in any immediate tax consequences to the Company or the participant. Upon the exercise of either a tandem SAR or a freestanding SAR, any cash received and the fair market value on the exercise date of any shares received will constitute taxable ordinary income to the grantee. We will be entitled to a deduction in the same amount and at the same time. If the SAR were granted in connection with employment, this taxable income would also constitute wages subject to withholding and employment taxes.

**Dividend Equivalents.** Dividend equivalents generally will be taxed at ordinary income rates when paid. In most instances, they will be treated as additional compensation that the Company may be able to deduct at that time, subject to the limitations of Section 162(m).

**Withholding.** Applicable taxes required by law will be withheld from all amounts paid in satisfaction of an award. Under the 2016 Plan, the amount of withholding to be paid in respect of non-qualified options exercised through the cashless method in which all shares are sold immediately after exercise will be determined by reference to the price at which the shares are sold.

**Section 162(m).** Section 162(m) generally limits the deductible amount of annual compensation paid by a public company to a covered employee (i.e., the CEO and any of the three other most highly paid executive officers except the CFO) to no more than \$1 million. Amounts payable upon exercise of stock options and SARs, which were granted at an exercise price of not less than fair market value at their date of grant, as well as amounts payable solely upon satisfaction of performance objectives pursuant to a Section 162(m) compliant plan, are

generally exempt from the \$1 million deduction limitation. It is possible that performance-based compensation that is intended to be exempt from the deduction limitation may not meet the requirements to qualify for such exemption.

**Section 409A.** Section 409A of the Code imposes restrictions on nonqualified deferred compensation. Failure to satisfy these rules results in accelerated taxation, an additional tax to the holder of the amount equal to 20% of the deferred amount and a possible interest charge. Stock options and SARs granted on shares of common stock with an exercise price that is not less than the fair market value of the underlying shares on the date of grant will not give rise to deferred compensation for this purpose unless they involve additional deferral features. Stock options and SARs that would be awarded under the 2016 Plan are intended to be eligible for this exception.

#### **New Plan Benefits**

On March 31, 2016, the Company approved a new long-term incentive grant (the 2016 Grant) and granted equity awards in the aggregate amount of 796,803 shares to certain employees, including our named executive officers. If the performance awards under the 2016 Grant are earned at the maximum level, there may not be enough shares of common stock available under the 2009 Plan to satisfy the Company's obligations under the 2016 Grant and, in that case, the applicable shortfall will be settled using the share reserve under the 2016 Plan (or, alternatively, in cash). (For the avoidance of doubt, the terms and conditions of the 2016 Grant will continue to be governed by the terms of the 2009 Plan and the applicable terms of the 2016 Grant award agreement.) For additional information about the 2016 Grant, please refer to the Company's Current Report on Form 8-K, dated March 31, 2016.

The Summary Compensation Table and the 2015 Grants of Plan-Based Awards Table appearing elsewhere in this Proxy Statement show the awards that were made under the 2009 Plan in 2015 to our named executive officers. Additionally, the following table shows the number of shares subject to awards granted under the 2009 Plan during 2016 to members of our executive officers (8 individuals, including the CEO), non-employee directors (Directors)(5 individuals) and other eligible employees (All Others) (approximately 140 colleagues).

Group	Options	Time-Based Awards	Performance-Based Awards	
			(Target)	(Maximum)
<i>Executive Officers</i>	0	514,784	1,415,828	1,909,806
<i>Non-Employee Directors</i>	0	72,890	0	0
<i>All Other Employees</i>	0	97,973	676,657	811,014

The future benefits and amounts that will be received by or allocated to participants under the 2016 Plan are not yet determinable because the types and amounts of awards and selection of participants are subject to the Compensation Committee's future determination.

#### **Reasons for Seeking Stockholder Approval**

In summary, we are seeking approval of the 2016 Plan in order, among other things, to: (i) establish a share reserve to allow Iconix to continue to utilize equity awards, including performance awards to attract, retain and motivate employees and to further align the interests of our employees with those of our stockholders; (ii) comply with Nasdaq rules requiring stockholder approval of equity compensation plans; (iii) allow the Compensation Committee to grant incentive stock options (ISOs) to employee participants in the 2016 Plan; (iv) approve the individual participant limits for non-employee directors and employees; and (v) allow the Compensation Committee the ability to continue to grant stock awards intended to qualify as performance-based compensation, thereby preserving the Company's tax deduction under Section 162(m) of the Code.



**STOCKHOLDER PROPOSALS FOR 2017 ANNUAL MEETING**

***Proxy Proposals Brought Under Rule 14a-8***

Stockholders who wish to present proposals appropriate for consideration at our annual meeting of stockholders to be held in the year 2017 must submit the proposal in proper form consistent with our By-Laws to us at our address set forth on the first page of this Proxy Statement and in accordance with applicable regulations under Rule 14a-8 of the Exchange Act not later than June 7, 2017 in order for the proposition to be considered for inclusion in our Proxy Statement and form of proxy relating to such annual meeting. Any such proposals, should contain the name and record address of the stockholder, the class and number of shares of our common stock beneficially owned as of the record date established for the meeting, a description of, and reasons for, the proposal and all information that would be required to be included in the Proxy Statement file with the SEC if such stockholder was a participant in the solicitation subject to Section 14 of the Securities Exchange Act of 1934. The proposal and as well as any questions related thereto, should be directed to the Company's Secretary.

***Director Nominations, Proposals for Action and Other Business Brought Before the Annual Meeting.***

Our bylaws require that proposals of stockholders made outside of the processes of Rule 14a-8 under the Exchange Act must be submitted, in accordance with the requirements of the bylaws, including providing all of the information specified in the bylaws no earlier than July 9, 2017 and not later than August 8, 2017; provided, however, that in the event that the annual meeting is called for a date that is more than 30 calendar days earlier or more than 60 calendar days later than November 4, 2017, notice by the stockholder in order to be timely must be so delivered or received no earlier than the close of business on the 120th calendar day prior to the date of such annual meeting and not later than the close of businesses on the later of the 90th calendar day prior to the date of such annual meeting or, if the first public disclosure of the date of such annual meeting is less than 100 calendar days prior to the date of such annual meeting, the 10th calendar day following the day on which public disclosure of the date of such annual meeting is first made. Stockholders are advised to review our bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

We did not receive notice of any proposed matter to be submitted by stockholders for a vote at this Annual Meeting and, therefore, in accordance with Exchange Act Rule 14a-4(c) any proxies held by persons designated as proxies by our Board of Directors and received in respect of this Annual Meeting will be voted in the discretion of our management on such other matter which may properly come before the Annual Meeting.

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**Stock Performance Graph**

The following graph compares the cumulative total stockholder return on Iconix Brand Group's common stock for the period January 1, 2015 through December 31, 2015 with the cumulative total stockholder return on the NASDAQ Composite Index and the 2016 Comparator Peer Group for the same period. Each cumulative total stockholder return was calculated assuming \$100 in each of the NASDAQ Composite Index, the 2016 Comparator Peer Group and Iconix Brand Group, Inc. common stock on January 1, 2015. The information set forth below is not indicative of future performance.

<b>Company/Market/Peer Group</b>	<b>12/31/2010</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2015</b>
Iconix Brand Group, Inc.	\$ 100.00	\$ 84.36	\$ 115.59	\$ 205.59	\$ 174.99	\$ 35.37
NASDAQ Composite Index	\$ 100.00	\$ 99.17	\$ 116.48	\$ 163.21	\$ 187.27	\$ 200.31
Peer Group Index	\$ 100.00	\$ 115.07	\$ 151.01	\$ 217.35	\$ 249.50	\$ 221.27

**WHERE YOU CAN FIND MORE INFORMATION**

Our 2015 Annual Report to stockholders is being made available to stockholders via the Internet. If you would like to receive a printed copy of our Proxy Statement and Annual Report, you should follow the instructions for requesting such information in the notice you receive.

Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as amended, will be provided upon written request to Iconix Brand Group, Inc. at 1450 Broadway, NY, NY 10018, Attention: Corporate Secretary. The Form 10-K also is available on our website at [www.iconixbrand.com](http://www.iconixbrand.com).

**OTHER INFORMATION**

Proxies for the Annual Meeting will be solicited by mail and through brokerage institutions and all expenses involved, including printing and postage, will be paid by us. We have engaged Morrow Sodali, referred to as Morrow to assist in the administration, distribution and solicitation of proxies for the annual meeting and we expect that their fees will not exceed \$15,000. Morrow's address is 470 West Avenue, Stamford, CT 06902. Stockholders can reach Morrow at (800) 245-1502. Banks and Brokerage Firms can reach Morrow at (203) 658-9400. Further solicitation of proxies from some stockholders may be made by our directors, officers and regular employees personally, by telephone, telegraph or special letter. In addition, we may request banks, brokers and other custodians, nominees and fiduciaries to solicit their customers whose shares of common stock are registered in nominee name. We will reimburse such persons for their reasonable out-of-pocket costs.

The Board of Directors is aware of no other matters, except for those incident to the conduct of the Annual Meeting, that are to be presented to stockholders for formal action at the Annual Meeting. If, however, any other matters properly come before the Annual Meeting or any adjournments thereof, it is the intention of the persons named in the proxy to vote the proxy in accordance with their judgment.

By order of the Board of Directors,

John Haugh

Director, President and Chief Executive Officer

October 4, 2016

**ICONIX BRAND GROUP, INC.****2016 OMNIBUS INCENTIVE PLAN****ICONIX BRAND GROUP, INC.****2016 OMNIBUS INCENTIVE PLAN****1. Purpose**

The 2016 Iconix Brand Group, Inc. Omnibus Incentive Plan (as amended from time to time, the Plan) is intended to provide incentives which will attract, retain, motivate and reward highly competent persons as non-employee directors, executive officers and other employees of, or consultants and advisors to, Iconix Brand Group, Inc. (the Company) or any corporation, limited liability company or other form of business entity now existing or hereafter formed or acquired that is a subsidiary of the Company within the meaning of Rule 405 under the Securities Act of 1933 (Subsidiaries), by providing them opportunities to acquire shares of common stock, par value \$.001 per share, of the Company (Common Stock or Stock) or to receive other Awards (as defined in Section 4 below) described herein. Furthermore, the Plan is intended to assist in further aligning the interests of such non-employee directors, executive officers and other employees, consultants and advisors, with those of the stockholders of the Company.

**2. Administration**

(a) The Plan generally shall be administered by a committee (the Committee) which shall be the Compensation Committee of the Board of Directors of the Company (the Board) or another committee appointed by the Board from among its members. In the absence of such Committee, the Board shall administer the Plan. The use of the term Committee shall be deemed to mean the Board if no Committee has been appointed by the Board. Unless the Board determines otherwise, the Committee shall be comprised solely of not less than two members who each shall qualify as a (i) Non-Employee Director within the meaning of Rule 16b-3(b)(3) (or any successor rule) under the Securities Exchange Act of 1934, as amended (the Exchange Act) and (ii) an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and the regulations thereunder. In addition, all Committee members shall be independent directors as defined in the applicable rules of the principal exchange or quotation system on which the Company's common equity is listed for trading. The Committee shall determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to clawback or recoupment with respect to on an Award, based in each case on such considerations as the Committee in its sole discretion determines. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and interpretations and to take such action in connection with the Plan and any Awards granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all persons and entities, including participants and their legal representatives.

(b) No member of the Board, no member of the Committee and no agent of the Committee who is an employee of the Company shall be liable for any act or failure to act hereunder, except in circumstances involving his or her bad faith, gross negligence or willful misconduct, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated. The Company shall indemnify members of the Board, members of the Committee and any agent of the Committee who is an employee of the Company against any and all liabilities or expenses to which

they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith, gross negligence or willful misconduct; provided, that the foregoing is not intended to be in limitation of any other rights of indemnification that any Board or Committee member, or agent of the Committee, may have, including under the Company's bylaws.

(c) The Committee shall have the authority to grant Awards to non-employee directors, executive officers and other employees of, or consultants and advisors to, the Company or any of its Subsidiaries. Notwithstanding the foregoing, subject to any prohibition under applicable law, including any applicable exchange or trading market requirements, the Committee may delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine (other than the allocation of Awards to the executive officers of the Company, persons who are officers of the Company within the meaning of Section 16 of the Exchange Act and the rules promulgated thereunder (Section 16 officers), or the non-employee directors of the Company) and (ii) to one or more officers of the Company the authority to allocate Awards among such persons (other than to the executive officers of the Company or Section 16 officers or the non-employee directors of the Company) eligible to receive Awards under the Plan as such delegated officer or officers determine consistent with such delegation.

(d) Other than pursuant to Section 12, the Committee shall not without the approval of the Company's stockholders (a) lower the exercise price of a Stock Option or Stock Appreciation Right after it is granted, (b) cancel a Stock Option or Stock Appreciation Right when the per share exercise price or grant price exceeds the Fair Market Value of one share on Common Stock in exchange for cash or another Award (other than in connection with a Change of Control), or (c) take any other action with respect to a Stock Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the shares of Common Stock are listed.

(e) Minimum Vesting Requirement. Participants who are granted Stock Options and Stock Appreciation Rights, will be required to continue to provide services to the Company (or an affiliate) for not less than one-year following the date of grant in order for any such Stock Options and Stock Appreciation Rights to fully or partially vest or be exercisable (other than in case of death, disability or a Change in Control). Notwithstanding the foregoing, up to five percent of the available shares of Common Stock authorized for issuance under the Plan pursuant to Section 5(a) may provide for vesting of Stock Options and Stock Appreciation Rights, partially or in full, in less than one-year.

(f) Limits On Dividends and Dividend Equivalents. Unless the Committee shall otherwise expressly provide, no dividends or dividend equivalents shall be payable with respect to any Award unless (and solely to the extent that) the underlying Award with respect to which such dividend or dividend equivalents are credited shall have become vested and payable. Notwithstanding anything to the contrary, (i) dividends or dividend equivalents with respect to any Award that vests based on achievement of performance goals shall either (x) not be paid or credited or (y) be accumulated, subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such dividend or dividend equivalent, and shall be paid at the time such restrictions and risk of forfeiture lapse, and (ii) no dividend equivalents shall be paid with respect to Stock Options or Stock Appreciation Rights.

### 3. Participants

Participants shall consist of such non-employee directors, executive officers and other employees of, or consultants and advisors to, the Company or any of its Subsidiaries and outside contractors who the Committee in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and who the Committee may designate from time to time to receive Awards under the Plan. Designation as a participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type, amount and other terms of Awards.

#### 4. Types of Awards and Vesting Restrictions

Awards under the Plan may be granted in any one or a combination of (1) Stock Options, (2) Stock Appreciation Rights, (3) Stock Grants, which for purposes of this Plan shall include (i) grants of Common Stock, (ii) unfunded and unsecured promises, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock ( Stock Units ) including Stock Units that are, or as to which the delivery of Stock or cash in lieu of Stock, is subject to the satisfaction of specific performance or other vesting conditions, (4) Other Stock-Based Awards or (5) Performance Awards which may be in the form of cash awards or Stock Grants (each individually an Award, and collectively, Awards ). Stock Grants, Other Stock-Based Awards, cash awards under the Plan and Performance Awards may, as determined by the Committee, in its discretion, constitute Performance-Based Awards, as described in Section 11 below. Awards shall be evidenced by Award agreements (which need not be identical) in such forms as the Committee may from time to time approve; provided, however, that in the event of any conflict between the provisions of the Plan and any such agreements, the provisions of the Plan shall prevail.

#### 5. Common Stock Available Under the Plan

(a) Shares Available. Subject to any adjustments made in accordance with Section 12 below, the aggregate number of shares of Common Stock that may be subject to Awards granted under this Plan shall be 2,400,000 shares of Common Stock. Any shares of Common Stock issued hereunder may consist, in whole or in part, authorized and unissued shares, treasury shares, or shares purchased in the open market or otherwise. After the Effective Date of the Plan (as defined in Section 27), no awards may be granted under the Amended and Restated 2009 Equity Incentive Plan (the Prior Plan ).

(b) Individual Maximum Limits for Code Section 162(m) Purposes. Subject to any adjustment made in accordance with Section 12 below, the following limits will apply to Awards of the specified type granted to any one participant in any single fiscal year of the Company (a Fiscal Year ):

(x) Appreciation Awards Options and Stock Appreciation Rights: 1,500,000 shares;

(y) Full Value Awards Stock Grants, Performance Awards and/or Other Stock-Based Awards that are denominated in shares of Common Stock: 1,500,000 shares; and

(z) Cash Awards Performance Awards that are denominated in cash: \$5,000,000.

In applying the foregoing limits, (a) all Awards of the specified type granted to the same participant in the same Fiscal Year will be aggregated and made subject to one limit; (b) the limits applicable to Options and Stock Appreciation Rights refer to the number of shares of Common Stock subject to those Awards; (c) the share limit under clause (y) refers to the maximum number of shares of Common Stock that may be delivered under an Award or Awards of the type specified in clause (y) assuming a maximum payout; (d) the dollar limit under clause (z) refers to the maximum dollar amount payable under an Award or Awards of the type specified in clause (z) assuming a maximum payout, (e) the respective limits for Awards of the type specified in clause (y) and clause (z) are only applicable to Performance-Based Awards that are intended to comply with the performance-based compensation exception under Code Section 162(m), (f) if the Committee determines to settle a stock-denominated Performance-Based Award in cash, the maximum aggregate amount of cash that may be paid pursuant to such Awards to any participant in any Fiscal Year shall be equal to the per share Fair Market Value as of the relevant payment or settlement date multiplied by the number of shares of Common Stock described in the preceding clause (y), and (g) each of the specified limits in clauses (x), (y) and (z) is multiplied by two (2) for Awards granted to a participant in the year the participant's employment commences.

(c) Shares Underlying Awards That Again Become Available. If (i) any shares of Common Stock subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) after September 9, 2016 any shares of Common Stock subject to an award under the Prior Plan are forfeited, an award under the Prior Plan expires or is settled for cash (in whole or in part), then in each such case the shares of

Common Stock subject to such Award or award under the Prior Plan shall, to the extent of such forfeiture, expiration or cash settlement, be added to the shares available for Awards under paragraph (a) of this Section. In the event that withholding tax liabilities arising from an Award *other than* a Stock Option or Stock Appreciation Right or, after September 9, 2016, an award *other than* an option or stock appreciation right under the Prior Plan are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of shares of Common Stock by the Company, the shares so tendered or withheld shall be added to the shares available for Awards under the Plan.

(d) Shares Underlying Awards That Do Not Become Available. Notwithstanding anything to the contrary contained herein, the following shares of Common Stock shall not be added to the shares authorized for grant under paragraph (a) of this Section: (i) Shares of Common Stock tendered by the participant or withheld by the Company in payment of the purchase price of a Stock Option or, after September 9, 2016, a stock option under the Prior Plan, (ii) shares of Common Stock tendered by the participant or withheld by the Company to satisfy any tax withholding obligation with respect to any Stock Option or Stock Appreciation Right or, after September 9, 2016, stock options or stock appreciation rights under the Prior Plan, (iii) shares of Common Stock subject to a Stock Appreciation Right or, after September 9, 2016, a stock appreciation right under the Prior Plan that are not issued in connection with its stock settlement on exercise thereof, and (iv) shares of Common Stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Stock Options or, after September 9, 2016, stock options under the Prior Plan.

(e) Treatment of Substitute Awards. Awards granted or shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines ( Substitute Awards ) shall not reduce the shares of Common Stock authorized for grant under the Plan or the limitations on grants to a participant under paragraph (b) above, nor shall shares of Common Stock subject to a Substitute Award be added to the shares of Common Stock available for Awards under the Plan as provided in paragraph (c) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for grant under the Plan (and shares of Common Stock subject to such Awards shall not be added to the shares of Common Stock available for Awards under the Plan as provided in paragraph (c) above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employees or directors prior to such acquisition or combination.

(f) Limit on Non-Employee Director Awards. The maximum number of shares of Common Stock subject to Awards granted during a single Fiscal Year to any non-employee director, taken together with any cash fees paid to such non-employee director during the Fiscal Year, shall not exceed \$500,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes). The Committee may make exceptions to this limit for a non-executive chair of the Board or, in extraordinary circumstances, for other individual non-employee directors, as the Committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation.

## 6. Stock Options

(a) In General. The Committee is authorized to grant Stock Options to non-employee directors, executive officers and other employees of, or consultants or advisors to, the Company or any of its Subsidiaries and shall,

in its sole discretion, determine which of such individuals shall receive Stock Options and the number of shares of Common Stock underlying each Stock Option. Stock Options may be (i) incentive stock options ( Incentive Stock Options ) within the meaning of Section 422 of the Code, or (ii) Stock Options which do not qualify as Incentive Stock Options ( Non-Qualified Stock Options ). The Committee may grant to a participant in the Plan one or more Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options. Each Stock Option shall be subject to such terms and conditions consistent with the Plan as shall be determined by the Committee and as set forth in the Award agreement. In addition, each Stock Option shall be subject to the following limitations set forth in this Section 6.

(b) Exercise Price. Each Stock Option granted hereunder shall have such per-share exercise price as the Committee may determine on the date of grant; provided, however, subject to Section 6(e) below, that the per-share exercise price shall not be less than 100 percent of the Fair Market Value (as defined in Section 17 below) of Common Stock on the date the Stock Option is granted. Notwithstanding anything to the contrary in this Section 6(b), any Stock Option issued as a Substitute Award pursuant to a substitution that occurs in connection with a transaction to which Code Section 424(a) is applicable, may provide for an exercise price computed in accordance with such Code Section (or Code Section 409A) and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Stock Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued option being replaced thereby.

(c) Payment of Exercise Price. Except for a Stock Option that is settled in the manner provided in Section 6(f) below, the Stock Option exercise price must be paid in cash. In the discretion of the Committee, a payment may also be made by delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price with the requirement of the broker same day reconciliation or as otherwise determined by the Company. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms. The Committee may prescribe any other method of paying the exercise price that it determines to be consistent with applicable law and the purpose of the Plan.

(d) Exercise Period. Stock Options granted under the Plan shall be exercisable at such time or times as specified in the Plan and the Award agreement; provided, however, that no Stock Option shall be exercisable later than ten years after the date it is granted. Notwithstanding the foregoing, in the event that on the last business day of the term of a Stock Option (other than an Incentive Stock Option) (i) the exercise of the Stock Option is prohibited by applicable law or (ii) shares of Common Stock may not be purchased or sold by certain employees or directors of the Company due to the black-out period of a Company policy or a lock-up agreement undertaken in connection with an issuance of securities by the Company, the term of the Option shall, to the extent permitted under Code Section 409A, be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

(e) Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to participants who are executive officers or other employees of the Company or any corporation that is a subsidiary corporation of the Company, within the meaning of Code Section 424(f), on the date of grant. The aggregate market value (determined as of the time the Stock Option is granted) of Common Stock with respect to which Incentive Stock Options (under all option plans of the Company) are exercisable for the first time by a participant during any calendar year shall not exceed \$100,000. For purposes of the preceding sentence, (i) Incentive Stock Options shall be taken into account in the order in which they are granted and (ii) Incentive Stock Options granted before 1995 shall not be taken into account. Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing (after the application of the attribution rules of Code Section 424(d)) more than 10 percent of the total combined voting power of all outstanding classes of stock of the Company or any of its Subsidiaries, unless the exercise price is fixed at not less than 110 percent of the Fair Market Value of Common Stock on the date of grant and the exercise of such option is prohibited by its terms after the expiration of five years from the date of grant of such option. In addition, no Incentive Stock Option



shall be issued to a participant in tandem with a Non-Qualified Stock Option. Solely for purposes of determining whether shares of Common Stock are available for the grant of Incentive Stock Options under the Plan, the maximum aggregate number of shares of Common Stock that may be issued pursuant to Incentive Stock Options granted under the Plan shall be 1,000,000 Shares, subject to adjustment as provided in Section 12.

(f) Alternative Settlement of Stock Options. If provided in an Award agreement, or upon the receipt of written notice of exercise, or as otherwise provided for by the Board or Committee, as the case may be, either at or after the time of grant of the Stock Option, the Board or the Committee, as the case may be, may elect to settle all or part of any Stock Option by paying to the optionee an amount, in cash or Stock (valued at Fair Market Value on the date of exercise), equal to the product of the excess of the Fair Market Value of one share of Stock, on the date of exercise over the Stock Option exercise price, multiplied by the number of shares of Stock with respect to which the optionee proposes to exercise the Stock Option. Any such settlements which relate to Options which are held by optionee who are subject to Section 16(b) of the Exchange Act shall comply with any window period provisions of Rule 16b-3, to the extent applicable, and with such other conditions as the Board or Committee, as the case may be, may impose.

### 7. Stock Appreciation Rights

(a) In General. The Committee may grant Stock Appreciation Rights (i) in tandem with all or part of any Stock Option granted under the Plan or at any subsequent time during the term of such Stock Option, (ii) in tandem with all or part of any Award (other than a Stock Option) granted under the Plan or at any subsequent time during the term of such Award, or (iii) without regard to any Stock Option or other Award in each case upon such terms and conditions as the Committee may establish in its sole discretion.

(b) Exercise Price. A Stock Appreciation Right shall (i) have a grant price per share of Common Stock of not less than the Fair Market Value of one Share on the date of grant or, if applicable, on the date of grant of an Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Code Section 409A) except in the case of Substitute Awards or in connection with an adjustment provided in Section 12, and (ii) have a term not greater than ten (10) years. Notwithstanding clause (ii) of the preceding sentence, in the event that on the last business day of the term of a Stock Appreciation Right (x) the exercise of the Stock Appreciation Right is prohibited by applicable law or (y) shares of Common Stock may not be purchased or sold by certain employees or directors of the Company due to the black-out period of a Company policy or a lock-up agreement undertaken in connection with an issuance of securities by the Company, the term shall to the extent permitted by Code Section 409A be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

(c) Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

- (i) When Stock Appreciation Rights vest and become exercisable.
- (ii) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (x) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee shall so determine at any time during a specified period before the date of exercise) over (y) the grant price of the Stock Appreciation Right.
- (iii) The Committee shall determine in its sole discretion whether payment on exercise of a Stock Appreciation Right shall be made in cash, in whole shares of Common Stock or other property, or any combination thereof.
- (iv) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each recipient.
- (v) The Committee may impose such other terms and conditions on the exercise of any Stock Appreciation Right, as it shall deem appropriate.

### **8. Stock Grants**

The Committee is authorized to grant Stock Grants to non-employee directors, executive officers and other employees of, or consultants or advisors to, the Company or any of its Subsidiaries and shall, in its sole discretion, determine which of such individuals shall receive Stock Grants and the number of shares of Common Stock underlying each Stock Grant. Each Stock Grant shall be subject to such terms and conditions consistent with the Plan as shall be determined by the Committee and as set forth in the Award agreement, including, without limitation, restrictions on the sale or other disposition of such shares, and, if provided in the Award agreement or the terms of the grant as determined by the Committee, the right of the Company to reacquire such shares for no consideration upon termination of the participant's employment with, or services performed for, the Company or any of its Subsidiaries within specified periods. The Committee may require the participant to deliver a duly signed stock power, endorsed in blank, relating to Common Stock covered by such Stock Grant and/or that the stock certificates evidencing such shares be held in custody or bear restrictive legends until the restrictions thereon shall have lapsed. The Award agreement shall specify whether the participant shall have, with respect to the shares of Common Stock subject to a Stock Grant, all of the rights of a holder of shares of Common Stock, including the right to receive dividends or dividend equivalents, if any, and to vote the shares.

### **9. Performance Awards**

(a) In General. The Committee is authorized to grant Performance Awards to executive officers and other employees of the Company or any of its Subsidiaries and shall, in its sole discretion, determine such executive officers and other employees who will receive Performance Awards, and the number of shares of Common Stock and/or amount of cash or other property that may be subject to each Performance Award. Each Performance Award shall be subject to such terms and conditions consistent with the Plan as shall be determined by the Committee and as set forth in the Award agreement. The Committee shall set performance targets at its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Awards that will be paid out to the participants, and may attach to such Performance Awards one or more restrictions. Performance targets may be based upon, without limitation, Company-wide, divisional and/or individual performance or by reference to the Company's performance relative to an objective index or indices.

(b) Payout. Payment of earned Performance Awards may be made in shares of Common Stock or in cash and shall be made in accordance with the terms and conditions prescribed or authorized by the Committee. Subject to Section 23 below, if permitted by the Committee, the participant may elect to defer, or the Committee may require or permit the deferral of, the receipt of Performance Awards upon such terms as the Committee deems appropriate.

### **10. Other Stock-Based Awards**

(a) In General. Other Awards of shares of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares or other property ( Other Stock-Based Awards ), including deferred stock units, may be granted hereunder to participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation. The terms of Other Stock-Based Awards granted under the Plan shall be set forth in an Award agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan.

(b) Payout. Payment of Other Stock-Based Awards may be made in shares of Common Stock or in cash and shall be made in accordance with the terms and conditions prescribed or authorized by the Committee. Subject to Section 23 below, if permitted by the Committee, the participant may elect to defer, or the Committee may require or permit the deferral of, the receipt of Other Stock-Based Awards upon such terms as the Committee deems appropriate.

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## 11. Performance-Based Awards

(a) In General. All Stock Options and Stock Appreciation Rights granted under the Plan, specified Stock Grants, cash awards and Performance Awards granted under the Plan, and the compensation attributable to such Awards, may (i) qualify as Performance-Based Awards (as defined in the next sentence) or (ii) be otherwise exempt from the deduction limitation imposed by Section 162(m) of the Code. Certain Awards granted under the Plan may be granted in a manner such that Awards qualify as qualified performance-based compensation (as such term is used in Section 162(m) of the Code and the regulations thereunder) and thus be exempt from the deduction limitation imposed by Section 162(m) of the Code ( Performance-Based Awards ). No Performance-Based Awards may be granted after the first meeting of the stockholders of the Company held five (5) or more years after the date of approval of this Plan by the stockholders of the Company until the listed performance measures set forth in Section 11(d) below (as originally approved or as subsequently amended) have been resubmitted to and reapproved by the stockholders of the Company in accordance with the requirements of Section 162(m) of the Code, unless such grant is made contingent upon such approval.

(b) Stock Options. Stock Options granted under the Plan with an exercise price at or above the Fair Market Value of Common Stock on the date of grant are intended to qualify as Performance-Based Awards.

(c) Other Awards. Stock Grants, Other Stock-Based Awards, cash awards and Performance Awards granted under the Plan are intended to qualify as Performance-Based Awards if, as determined by the Committee, in its discretion, either the granting or vesting of such Award is subject to the achievement of a performance target or targets based on one or more of the performance measures specified in Section 11(d) below. With respect to such Awards intended to qualify as Performance-Based Awards:

- (1) The Committee shall establish in writing (x) the objective performance-based goals applicable to a given period and (y) the individual employees or class of employees to which such performance-based goals apply no later than 90 days after the commencement of such period (but in no event after 25 percent of such period has elapsed);
- (2) No Performance-Based Awards shall be payable to or vest with respect to, as the case may be, any participant for a given period until the Committee certifies in writing that the objective performance goals (and any other material terms) applicable to such period have been satisfied; and
- (3) Except in connection with an adjustment event under Section 12, after the establishment of a performance goal, the Committee shall not reduce such performance goal or increase the amount of compensation payable thereunder (as determined in accordance with Section 162(m) of the Code) upon the attainment of such performance goal.

(d) Performance Measures. The Committee may use the following performance measures (either individually or in any combination) to set performance targets with respect to Awards intended to qualify as Performance-Based Awards: net sales; net revenue; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income or loss (before or after taxes); return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share price; market share; gross profits; earnings or loss (including earnings or loss before interest and/or taxes, or earnings before interest, taxes, depreciation and/or amortization, including, in each case, subject to specified adjustments); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross

margin; cash margin; year-end cash; debt reduction; shareholder equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; research and development achievements; regulatory achievements (including submitting or filing applications or other documents with regulatory authorities or receiving approval of any such applications or other documents and passing pre-approval inspections; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the company's equity or debt securities; factoring transactions; sales or licenses of the company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); and implementation, completion or attainment of measurable objectives with respect to research, development, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel. Performance measures may be expressed in terms of overall Company performance or the performance of a division, business unit, subsidiary, or an individual, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Affiliate, either individually, alternatively or in any combination, and measured either quarterly, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee. A performance measure and any targets with respect thereto determined by the Committee need not be based upon an increase, a positive or improved result or avoidance of loss. Performance measures that are financial metrics may be determined in accordance with United States Generally Accepted Accounting Principles ( GAAP ) or financial metrics that are based on, or able to be derived from GAAP, and may be adjusted when established (or to the extent permitted under Section 162(m) of the Code, at any time thereafter) to include or exclude any items otherwise includable or excludable under GAAP.

(e) Adjustment of Performance Measures. To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m) of the Code, the 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 Committee, the 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.

## 12. Adjustment Provisions

In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the shares of Common Stock or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards in a manner the Committee deems appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, the

limitations in Section 5 (other than to Awards denominated in cash), the maximum number of shares of Common Stock that may be issued pursuant to Incentive Stock Options and, in the aggregate or to any Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company); provided, however, that the number of Shares subject to any Award shall always be a whole number. If applicable, adjustments may also be made in the terms of any Awards under the Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on such basis that the Committee deems appropriate, including modifications of performance targets and changes in the length of performance periods.

### 13. Change in Control

(a) Definition. Unless otherwise provided in an Award agreement, a Change in Control of the Company shall be deemed to have occurred upon any of the following events:

- (1) Any person or other entity (other than any of the Company's Subsidiaries or any employee benefit plan sponsored by the Company or any of its Subsidiaries) including any person as defined in Section 13(d)(3) of the Exchange Act, becomes the beneficial owner, as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of either (a) more than 50 percent of the total combined voting power of all classes of capital stock of the Company normally entitled to vote for the election of directors of the Company (the Voting Stock) or (b) more than fifty percent of the Fair Market Value of the Voting Stock;
- (2) Any person or entity or group (other than a person or entity or group that is related to the Company) acquires assets from the Company that have a total gross fair market value equal or exceeding 50 percent of the total gross fair market value of all of the Company's assets immediately prior to the date such acquisition of assets occurs (taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition of assets);
- (3) Any person or other entity (other than any of the Company's Subsidiaries or any employee benefit plan sponsored by the Company or any of its Subsidiaries) including any person as defined in Section 13(d)(3) of the Exchange Act, becomes the beneficial owner, as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of 50 percent or more of the Voting Stock, taking into account all such Voting Stock acquired by such person or entity during the 12-month period ending on the date of the most recent acquisition of such Voting Stock; or
- (4) A change in the Company's Board occurs during any 12-month period (the Measurement Period) with the result that the members of the Board at the commencement of the Measurement Period (the Incumbent Directors) no longer constitute a majority of such Board, provided that any person becoming a director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest or the settlement thereof, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose election or nomination for election was supported by a majority of the then Incumbent Directors shall be considered an Incumbent Director for purposes hereof.

Solely with respect to any Award that constitutes deferred compensation subject to Code Section 409A and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a change in the ownership, change in effective control, and/or a change in the ownership of a substantial portion of assets of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time or form of payment that complies with Code Section 409A, without altering the definition of Change in Control for purposes of determining whether a participant's rights to such Award become vested or otherwise unconditional upon the Change in Control.

(b) Impact on Certain Awards. Unless otherwise provided in an Award agreement, the Committee shall have the right to provide that in the event of a Change in Control of the Company: (i) Stock Options and Stock Appreciation Rights outstanding as of the date of the Change in Control shall be cancelled and terminated without payment if the Fair Market Value of one share of Common Stock as of the date of the Change in Control is less than the per share exercise price or grant price, and (ii) all Performance Awards shall, subject to Section 13(c), be (x) converted into restricted Stock Grants based on achievement of performance goals or based on target performance as of the date of the Change in Control or (y) considered to be earned and payable based on achievement of performance goals or based on target performance as of the date of the Change in Control.

(c) Assumption or Substitution of Certain Awards.

- (1) The Committee shall have the right to provide that in the event of a Change in Control in which the successor company assumes or substitutes for a Stock Option or other Award (or in which the Company is the ultimate parent corporation and continues the Award), if a Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates, other than for Cause (as defined in Section 14) or, if the participant has an employment agreement and such employment agreement provides for a resignation by the participant for Good Reason and the participant terminates his or her employment for Good Reason under such employment agreement, in each case, within 24 months following such Change in Control (or such other period set forth in the Award agreement, including prior thereto if applicable): (i) Stock Options outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 12 months (or such other period of time set forth in the Award agreement, including prior thereto if applicable), (ii) the restrictions, limitations and other conditions applicable to restricted Stock Grants outstanding as of the date of such termination of employment shall lapse and the restricted Stock Grants shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any other Awards shall lapse, and such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. For the purposes of this Section 13(c), a Stock Option, restricted Stock Grant or other Award shall be considered assumed or substituted for if, following the Change in Control, the Award confers the right to purchase or receive, for each share of Stock subject to an Award, immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting the Change in Control by holders of shares of Stock for each share of Stock held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Award for each share of Stock subject thereto, will be solely common stock of the successor company with a fair market value substantially equal to the per share for Stock consideration received by holders of Stock in the transaction constituting a Change in Control. The determination of whether fair market value is substantially equal shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.
- (2) Unless otherwise provided in an Award agreement, in the event of a Change in Control, to the extent the successor company does not assume or substitute for an Award (or in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Stock Options outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) shall immediately vest and become fully exercisable, (ii) restrictions, limitations and other conditions applicable to restricted Stock Grants that are not assumed or substituted for (or continued) shall lapse and the restricted Stock Grants shall become free of all restrictions, limitations and conditions and become fully vested, (iii) the restrictions, other limitations and other conditions applicable to any other Awards that are not assumed or substituted for (or

continued) shall lapse, and such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant, and (iv) any Performance Award shall be deemed fully earned at the target amount as of the date on which the Change in Control occurs.

- (3) The Committee, in its discretion, may determine that, upon the occurrence of a Change in Control, each Stock Option outstanding shall terminate within a specified number of days after notice to the participant, and/or that each participant shall receive, with respect to each share of Stock subject to such Stock Option, an amount equal to the excess of the Fair Market Value of such share of Stock immediately prior to the occurrence of such Change in Control over the exercise price or grant price per share of Stock of such Stock Option of Stock Appreciation Right; such amount to be payable in cash, in one or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, shall determine.

#### 14. Termination of Employment

(a) Except as otherwise set forth in an Award agreement and subject to any written employment or other agreement between the participant and the Company or any of its Subsidiaries, if a participant's employment is terminated due to death or disability:

- (1) All unvested Stock Grants held by the participant on the date of the participant's death or the date of the termination of his or her employment as the case may be, shall immediately become vested as of such date;
- (2) All unexercisable Stock Options held by the participant on the date of the participant's death or the date of the termination of his or her employment, as the case may be, shall immediately become exercisable as of such date and shall remain exercisable until the earlier of (i) the end of the one-year period following the date of the participant's death or the date of the termination of his or her employment, as the case may be, or (ii) the date the Stock Option would otherwise expire;
- (3) All exercisable Stock Options held by the participant on the date of the participant's death or the date of the termination of his or her employment, as the case may be, shall remain exercisable until the earlier of (i) the end of the one-year period following the date of the participant's death or the date of the termination of his or her employment, as the case may be, or (ii) the date the Stock Option would otherwise expire; and
- (4) All unearned and/or unvested Performance Awards held by the participant on the date of the participant's death or the date of the termination of his or her employment, as the case may be, with regard to which a minimum of one year of the performance period (as defined by the Committee) has elapsed, shall immediately become earned or vested as of such date and shall be paid out and/or settled in a single sum within 60 days following such termination based on the participant's performance immediately prior to the date of the participant's death or the date of the termination of his or her employment on a pro-rated basis.

(b) Except as otherwise set forth in an Award agreement and subject to (i) any written employment or other written agreement between the participant and the Company or any of its Subsidiaries or (ii) the discretion of the Committee to provide otherwise either on or after the date of grant of an Award, if a participant's employment is terminated by the Company or any of its Subsidiaries, as the case may be, for Cause (as defined in Section 14(f) below), all Awards, whether or not vested, earned or exercisable, held by the participant on the date of the termination of his or her employment for Cause.

(c) Except as otherwise set forth in an Award agreement and subject to any written agreement between the participant and the Company or any of its Subsidiaries, if a participant's employment is terminated for any reason, including, without limitation, retirement, other than for Cause or other than due to death or disability:

- (1) All unvested, unearned or unexercisable Awards held by the participant on the date of the termination of his or her employment shall immediately be forfeited by such participant as of such date; and

- (2) All exercisable Stock Options held by the participant on the date of the termination of his or her employment shall remain exercisable until the earlier of (i) the end of the 90-day period following the date of the termination of the participant's employment, or (ii) the date the Stock Option would otherwise expire.
- (d) Notwithstanding anything contained in the Plan to the contrary, the Committee may, in its discretion, provide that:
- (1) Any or all unvested Stock Grants held by the participant on the date of the termination of the participant's employment shall immediately become vested as of such date;
  - (2) Any or all unexercisable Stock Options held by the participant on the date of the participant's death and/or the date of the termination of his or her employment shall immediately become exercisable as of such date and shall remain exercisable until a date that occurs on or prior to the date the Stock Option is scheduled to expire, provided, however, that Incentive Stock Options shall remain exercisable not longer than the end of the 90-day period following the date of the termination of the participant's employment;
  - (3) Any or all exercisable Stock Options held by the participant on the date of the participant's death and/or the date of the termination of his or her employment shall remain exercisable until a date that occurs on or prior to the date the Stock Option is scheduled to expire, provided, however, that Incentive Stock Options shall remain exercisable not longer than the end of the 90-day period following the date of the termination of the participant's employment; and/or
  - (4) A participant shall immediately become vested in all or a portion of any earned Performance Awards held by such participant on the date of the termination of the participant's employment, and such vested Performance Awards (or portion thereof) and/or any unearned Performance Awards (or portion thereof) held by such participant on the date of the termination of his or her employment shall immediately become payable to such participant as if all performance goals had been met as of the date of the termination of his or her employment, provided, however, that no portion of a payment shall be made if such portion would not be deductible under Section 162 of the Code.
- (e) Notwithstanding anything contained in the Plan to the contrary, (i) the provisions contained in this Section 14 shall be applied to an Incentive Stock Option only if the application of such provision maintains the treatment of such Incentive Stock Option as an Incentive Stock Option and (ii) the exercise period of an Incentive Stock Option in the event of a termination due to disability provided in Section 14(a)(3) above shall only apply if the participant's disability satisfies the requirement of permanent and total disability as defined in Section 22(e)(3) of the Code.
- (f) For purposes of this Section 14 and Section 13, (i) if there is an employment agreement between the participant and the Company or any of its Subsidiaries in effect, Cause shall have the same definition as the definition of cause contained in such employment agreement; or (ii) if Cause is not defined in such employment agreement or if there is no employment agreement between the participant and the Company or any of its Subsidiaries in effect, Cause shall include, but is not limited to:
- (1) Any willful and continuous neglect of or refusal to perform the employee's duties or responsibilities with respect to the Company or any of its Subsidiaries, insubordination, dishonesty, gross neglect or willful malfeasance by the participant in the performance of such duties and responsibilities, or the willful taking of actions which materially impair the participant's ability to perform such duties and responsibilities, or any serious violation of the rules or regulations of the Company;
  - (2) The violation of any local, state or federal criminal statute, including, without limitation, an act of dishonesty such as embezzlement, theft or larceny;
  - (3) Intentional provision of services in competition with the Company or any of its Subsidiaries, or intentional disclosure to a competitor of the Company or any of its Subsidiaries of any confidential or proprietary information of the Company or any of its Subsidiaries; or



- (4) Any similar conduct, including, without limitation, disparagement of the Company or any of its Subsidiaries, by the participant with respect to which the Company determines in its discretion that the participant has terminated employment under circumstances such that the payment of any compensation attributable to any Award granted under the Plan would not be in the best interest of the Company or any of its Subsidiaries.
- (g) Unless otherwise provided in an Award agreement, disability means that the participant is unable to render the services or perform the duties of the participant's employment by reason of illness, injury or incapacity (whether physical, mental, emotional or psychological) for a period of either (i) 90 consecutive days or (ii) a total of 180 days, whether or not consecutive, within the preceding 365-day period.
- (h) The Committee shall have the authority to determine whether the Cause or disability exists and whether subsequent actions on the part of the participant have cured the Cause.

#### 15. Transferability

Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or the laws of descent and distribution and may be exercised, during the participant's lifetime, only by the participant. In the event of the death of a participant, each Stock Option and Stock Appreciation Right theretofore granted to him or her shall be exercisable in accordance with Section 14 above and then only by the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant's rights under the Stock Option shall pass by will or the laws of descent and distribution. Notwithstanding the foregoing, at the discretion of the Committee, an Award (other than an Incentive Stock Option) may permit an Award to be transferred by a participant solely to members of the participant's immediate family or trusts or family partnerships for the benefit of such persons, subject to any restriction included in the Award agreement.

#### 16. Other Provisions

Awards granted under the Plan may also be subject to such other provisions (whether or not applicable to the Award granted to any other participant) as the Committee determines on the date of grant to be appropriate, including, without limitation, for the forfeiture of, or restrictions on resale or other disposition of, Common Stock acquired under any form of the Award, for the acceleration of exercisability or vesting of Awards, or to comply with federal and state securities laws, or understandings or conditions as to the participant's employment, in addition to those specifically provided for under the Plan. In addition, except as otherwise provided herein (including, without limitation Section 23 hereof), a participant may defer receipt or payment of any Award granted under this Plan, in accord with the terms of any deferred compensation plan or arrangement of the Company. The Committee shall have the authority to retract any Award granted under the Plan in case of a material restatement of the financial statements of the Company or if it is otherwise determined by the Committee that the previously granted Award was not earned by the participant.

**No shares of Stock shall be issued, delivered or transferred upon exercise or in payment of any Award granted hereunder unless and until all legal requirements applicable to the issuance, delivery or transfer of such shares have been complied with to the satisfaction of the Committee, and the Company, including, without limitation, compliance with the provisions of the Securities Act of 1933, the Exchange Act and the applicable requirements of the exchanges or trading markets on which the Company's Stock may, at the time, be listed. The Committee and the Company shall have the right to condition any issuance of shares of Stock made to any participant hereunder on such participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares as the Committee and/or the Company shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.**

#### **17. Fair Market Value**

For purposes of this Plan and any Awards granted hereunder, Fair Market Value shall be (i) the closing price of Common Stock on the applicable date of reference (or on the last preceding trading date if Common Stock was not traded on such date) if Common Stock is readily tradeable on a national securities exchange or other market system or (ii) if Common Stock is not readily tradeable, the amount determined in good faith by the Committee as the fair market value of Common Stock in a manner that complies with Code Section 409A Code, in the case of Non-Qualified Stock Options and Code Sections 421 and 422 in the case of Incentive Stock Options.

#### **18. Withholding**

All payments or distributions of Awards made pursuant to the Plan shall be net of any amounts required to be withheld pursuant to applicable federal, state and local or foreign tax withholding requirements. If the Company proposes or is required to distribute Common Stock pursuant to the Plan or a participant, it may require the participant receiving such Common Stock to remit to it or to the Subsidiary that employs such participant an amount sufficient to satisfy such tax withholding requirements prior to the delivery of any certificates for such Common Stock. In lieu thereof, the Company or the Subsidiary employing the participant shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Company or the Subsidiary, as the case may be, to the participant receiving Common Stock, as the Committee shall prescribe. The Committee may, in its discretion, and subject to such rules as the Committee may adopt (including any as may be required to satisfy applicable tax and/or non-tax regulatory requirements), permit a participant to pay all or a portion of the federal, state and local of foreign withholding taxes arising in connection with any Award consisting of shares of Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement, by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of tax to be withheld, such tax calculated at rates required by statute or regulation.

#### **19. Tenure**

A participant's right, if any, to continue to serve the Company or any of its Subsidiaries as a non-employee director, executive officer, other employee, consultant or advisor or otherwise shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

#### **20. Unfunded Plan**

Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

#### **21. No Fractional Shares**

No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

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## 22. Duration, Amendment and Termination

No Award shall be granted more than ten years after the Effective Date; provided, however, that the terms and conditions applicable to any Award granted prior to such date may thereafter be amended or modified by mutual agreement between the Company and the participant or such other persons as may then have an interest therein. Also, by mutual agreement between the Company and a participant under this Plan or under any other present or future plan of the Company, Awards may be granted to such participant in substitution and exchange for, and in cancellation of, any Awards previously granted to such participant under this Plan, or any other present or future plan of the Company. The Board or the Committee may amend the Plan from time to time or suspend or terminate the Plan at any time. However, no action authorized by this Section 22 shall reduce the amount of any existing Award or materially change the terms and conditions thereof without the participant's consent. No amendment of the Plan shall, without approval of the stockholders of the Company, (i) increase the total number of shares which may be issued under the Plan or the maximum number of shares with respect to Stock Options and other Awards that may be granted to any individual under the Plan (other than in connection with an equitable adjustment under Section 12); (ii) modify the requirements as to eligibility for Awards under the Plan; or (iii) amend the repricing prohibition in Section 2(d) of the Plan.

## 23. Code Section 409A

The Plan and all Awards granted hereunder are intended to comply with, or otherwise be exempt from, Code Section 409A. The Plan and all Awards shall be administered, interpreted, and construed in a manner that establishes an exemption, or compliance with, Code Section 409A. Any term or provision of the Plan, any Award agreement, or any other agreement or arrangement contemplated by the Plan, which is undefined or ambiguous, shall be interpreted in a manner that makes the payment or benefit in question exempt from, or compliant with, Code Section 409A. Should any provision of the Plan, any Award agreement, or any other agreement or arrangement contemplated by the Plan be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the grantee or holder of the Award, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. Notwithstanding the forgoing, no provision of the Plan, any Award agreement, or any other agreement or arrangement contemplated by the Plan shall be construed as a guarantee by the Company of any particular tax effect to grantees or holders of Awards. In any event, except as otherwise provided under the applicable Award agreement, the Company shall have no obligation to pay any applicable tax on income to grantee or holders of Awards.

With respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A:

- (a) Any payment due upon a Participant's termination of employment will be paid only upon such Participant's separation from service as defined in and determined in accordance with Section 1.409A-1(h) of the Treasury Regulations;
- (b) To the extent necessary to avoid the incurrence of adverse tax consequences under Code Section 409A, any payment to be made with respect to such Award in connection with the participant's separation from service will, if the participant is determined as of the date of separation from service to be a specified employee, as such term is defined in Code Section 409A(a)(2)(B)(i), be delayed until the date that is one day and six (6) months after the date of the participant's separation from service (or, if earlier, the participant's date of death), and (i) on such date, the participant will receive a lump sum payment equal to the sum of the Award payments that the participant would otherwise have received if

the commencement of such Award payments had not been delayed pursuant to this Section 23(b), and (ii) the balance of such Award payments, if any, shall be made in accordance with the payment schedule applicable to such Award; and

- (c) If the Award includes a series of installment payments (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the participant's right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

If any payment to be made with respect to an Award would occur at a time when the tax deduction with respect to such payment would be limited or eliminated by Code Section 162(m), such payment may be deferred by the Committee, in its sole discretion, in accordance with the applicable requirements of the regulations under Code Section 409A, until the earliest date that the Committee reasonably anticipates that the deduction or payment will not be limited or eliminated; provided, that such deferral shall be restricted to the portion of the Award payment that reasonably is anticipated not to be deductible.

#### **24. Governing Law**

This Plan, Awards granted hereunder and actions taken in connection herewith shall be governed and construed in accordance with the laws of the state of incorporation of the Company (regardless of the law that might otherwise govern under applicable principles of conflict of laws of the laws of the state of incorporation of the Company).

#### **25. Severability**

In case any provision of this Plan shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

#### **26. Clawback**

Notwithstanding anything to the contrary, all Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or Committee and as in effect from time to time; and (ii) applicable legal, regulatory or stock exchange requirements to which the Company is subject.

#### **27. Effective Date**

(a) The 2016 Omnibus Incentive Plan was approved by the Board on October 3, 2016 and shall be effective on the date on which the Plan is approved by the stockholders of the Company at an annual meeting or any special meeting of stockholders of the Company (the Effective Date) and such approval of stockholders shall be a condition to the right of each participant to receive Awards under the Plan.

(b) This Plan shall terminate on the 10th anniversary of the Effective Date (unless sooner terminated by the Board). Unless otherwise expressly provided in the Plan or in an applicable Award agreement, any Award granted hereunder, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award, shall nevertheless continue thereafter.

**Exhibit A**

Note: All items in the following reconciliation tables are attributable to Iconix Brand Group, Inc. and exclude results related to non-controlling interests.

(in thousands, except per share data)

**Non-GAAP Net income reconciliation**

(in thousands)

	(Unaudited)			(Unaudited)		
	Three Months Ended Dec. 31			Year Ended Dec. 31		
	2015	2014	% Change	2015	2014	% Change
Non-GAAP Net income (1)	\$ 12,291	\$ 22,679	(46%)	\$ 66,403	\$ 103,619	(36%)
GAAP net income (loss)	\$ (263,013)	\$ 17,525		\$ (189,303)	\$ 103,723	
Add: non-cash interest related to ASC 470	7,343	6,647	10%	28,643	26,804	7%
non-cash gain related to investment in joint venture				(49,990)	(28,897)	73%
special charges	1,646			11,136		
foreign currency translation loss (gain)	(2,051)	932		(9,921)	1,343	
write-down of certain intangible assets	420,800			420,800		
Deduct: Income taxes related to above	(152,434)	(2,425)		(144,962)	646	
Net	275,304	5,154		255,706	(104)	
Non-GAAP Net income	\$ 12,291	\$ 22,679	(46%)	\$ 66,403	\$ 103,619	(36%)

**Non-GAAP weighted average diluted shares reconciliation**

(in thousands)

	(Unaudited)			(Unaudited)		
	Three Months Ended Dec. 31			Year Ended Dec. 31		
	2015	2014	% Change	2015	2014	% Change
Non-GAAP weighted average diluted shares	49,957	50,352	(1%)	49,776	52,257	(5%)
GAAP weighted average diluted shares	48,310	54,552	(11%)	48,293	57,366	(16%)
Add: anti-dilutive shares resulting from net loss	1,647			2,070		
Less: additional incremental dilutive shares covered by hedges for: (2)						
2.50% Convertible Notes		(1,819)		(256)	(2,209)	
1.50% Convertible Notes		(2,381)		(331)	(2,900)	
Subtotal		(4,200)		(587)	(5,109)	
Non-GAAP weighted average diluted shares	49,957	50,352	(1%)	49,776	52,257	(5%)

**Non-GAAP Diluted EPS reconciliation**

	(Unaudited)			(Unaudited)		
	Three Months Ended			Year Ended		
	2015	2014	% Change	2015	2014	% Change
Non-GAAP diluted EPS (1)	\$ 0.25	\$ 0.45	(45%)	\$ 1.33	\$ 1.98	(33%)
GAAP diluted EPS	\$ (5.44)	\$ 0.32		\$ (3.92)	1.81	
Add:						
non-cash gain related to investment in joint venture				\$ (0.67)	\$ (0.33)	103%
special charges	\$ 0.02			\$ 0.15		
foreign currency translation gain	\$ (0.04)	\$ 0.02		\$ (0.19)	\$ 0.02	
Non-cash interest related to ASC 470, net of tax, and incremental dilutive shares covered by hedges	\$ 0.09	\$ 0.11	(18%)	\$ 0.34	\$ 0.48	(29%)
Write-down of certain intangible assets	\$ 5.62			\$ 5.62		
Non-GAAP diluted EPS	\$ 0.25	\$ 0.45	(45%)	\$ 1.33	\$ 1.98	(33%)

(in thousands, except per share data)

**Adjusted EBITDA Reconciliation from Net Income**

	(Unaudited)			(Unaudited)		
	Three Months Ended			Year Ended		
	2015	2014	% Change	2015	2014	% Change
Adjusted EBITDA(1)	\$ 37,976	\$ 44,326	(14%)	\$ 172,668	\$ 211,073	(18%)
Reconciliation of Adjusted EBITDA:						
Net income (loss)	\$ (263,013)	\$ 17,525		\$ (189,303)	\$ 103,723	
Add: Provision for income taxes	(140,427)	5,210		(95,344)	48,288	
Net income (loss) before taxes	(403,440)	22,735		(284,647)	152,011	
Add, net of non-controlling interests:						
Net interest expense	20,034	19,306	4%	81,205	80,550	1%
Foreign currency translation	(2,051)	932		(9,921)	1,343	
Goodwill impairment	28,957			28,957		
Trademark impairment	391,843			391,843		
Re-measurement gain				(49,990)	(28,897)	73%
Special charges	1,646			11,136		
Depreciation and amortization attributable to Iconix	988	1,354	(27%)	4,084	6,066	(33%)
Adjusted EBITDA	\$ 37,976	\$ 44,326	(14%)	\$ 172,668	\$ 211,073	(18%)

**Adjusted EBITDA Reconciliation from Cash Flow from Operations**

	2015	(Unaudited) Year Ended Dec 31 2014	% Change
Adjusted EBITDA(1)	\$ 172,668	\$ 211,073	(18%)
Reconciliation of Adjusted EBITDA:			
Net cash provided by operating activities	\$ 186,135	\$ 160,009	16%
Add/(Less):			
Gain from sale of trademarks & formation of joint ventures		6,399	
Cash interest expense, net	45,722	45,935	0%
Current income tax provision	17,492	16,164	8%
Special charges	11,136		
Accrued equity earnings on joint ventures, net of distributions	1,127	4,180	(73%)
Other	(1,639)	355	
Net income attributable to non-controlling interest, excluding impairment charges	(17,097)	(15,099)	13%
Stock compensation expense	(11,427)	(18,492)	(38%)
Provision for doubtful accounts	(25,128)	(9,627)	161%
Net change in balance sheet items	(33,653)	21,248	
Adjusted EBITDA	\$ 172,668	\$ 211,073	(18%)

- (1) Adjusted EBITDA, a non-GAAP financial measure, represents net income before income taxes, interest, other non-operating gains and losses, special charges, depreciation and amortization expenses. The Company believes Adjusted EBITDA provides additional information for determining its ability to meet future debt service requirements, investing and capital expenditures, and is useful because it provides supplemental information to assist investors in evaluating the Company's financial condition.

**Free Cash Flow Reconciliation**

	2015	2014	% Change
Free Cash Flow(2)	\$ 188,913	\$ 165,355	14%
Net cash provided by operating activities	188,234	160,009	18%
Less: Capital Expenditures	(1,433)	(1,505)	(5%)
Add: Cash received from sale of trademarks and formation of joint ventures	24,192	24,915	(3%)
Less: Distributions to non-controlling interests	(22,080)	(18,064)	22%
Free Cash Flow	\$ 188,913	\$ 165,355	14%

- (2) Free Cash Flow, a non-GAAP financial measure, represents net cash provided by operating activities, plus cash received from the sale of trademarks and formation of joint ventures, less distributions to non-controlling interests and capital expenditures. Free Cash Flow excludes notes receivable from sale of trademarks and the formation of joint ventures, cash used to acquire the membership interests of our joint venture partners, mandatory debt service requirements, and other non-discretionary expenditures. Free Cash Flow should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating results presented in accordance with GAAP. The Company believes Free Cash Flow is useful because it provides information regarding actual cash received in a specific period from the Company's comprehensive business strategy of maximizing the value of its brands through traditional licensing, international joint ventures and other arrangements. We have excluded the cash used to buy back our joint venture membership interests from the above definition because we believe that, like other acquisitions, such actions are capital transactions. It also provides supplemental information to assist investors in evaluating the Company's financial condition and ability to pursue opportunities that enhance shareholder value.







