FORM 8-K/A

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ICONIX BRAND GROUP, INC.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 3, 2007

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	0-10593	11-2481093
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1450 Broadway, New York, NY	10018
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (212) 730-0030

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

On October 9, 2007, Iconix Brand Group, Inc., a Delaware corporation (the "Registrant", "we", "us", "our" or similar pronouns), filed a Current Report on Form 8-K (the "Form 8-K") with the Securities and Exchange Commission (the "SEC") announcing, among other things, the October 3, 2007 completion of the acquisition of all the issued and outstanding limited liability company interests (the "Company Interests") of the Official Pillowtex LLC, a Delaware limited liability company (the "Company"), from the owners of such Company Interests pursuant to a purchase and sale agreement (the "Purchase Agreement") dated September 6, 2007 by and among the Registrant, the Company and the Company's members; Jubilee Limited Partnership, an Ohio limited partnership, Gordon Brothers Retail Partners, LLC, a Delaware limited liability company, Tiger PTX IP, LLC, a Delaware limited liability company, BFG PTX Group, LLC, a Delaware limited liability company, CCA Towels, LLC, a New York limited liability company, Franco 44 PT, LLC, a New York limited liability company, High Street Holdings, LLC, a Delaware limited liability company, Solwerd Enterprises, LLC, a Delaware limited liability company, and Mazel D & K, LLC, an Ohio limited liability company (collectively, the "Sellers"). The Registrant is now filing this amendment to the Form 8-K to include the financial statements and pro forma financial information described in Item 9.01 below.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Audited Financial Statements of Official Pillowtex LLC: (Filed herewith as Exhibit 99.1)

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Independent auditors report

Balance sheet as of December 31, 2006

Statement of income and members' interest for the year ended December 31, 2006

Statement of cash flows for the year ended December 31, 2006

Notes to financial statements

(b) Financial Statements of Businesses Acquired

Unaudited Financial Statements of Official Pillowtex LLC: (Filed herewith as Exhibit 99.2)

Table of Contents to Financial Statements

Balance sheets as of September 30, 2007 and December 31, 2006

Statements of income and members' interest for the nine months ended September 30, 2007 and September 30, 2006

Statements of cash flows for the nine months ended September 30, 2007 and September 30, 2006

Notes to unaudited financial statements

(c) Pro Forma Financial Information

Unaudited Pro Forma Condensed Combined Financial Statements: (Filed herewith as Exhibit 99.3)

Introduction

Unaudited Pro forma Condensed Combined Balance Sheet as of September 30, 2007

Unaudited Pro forma Condensed Combined Statements of Operations for the year ended December 31, 2006 and nine months ending September 30, 2007

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(c) Exhibits.

Exhibit 2.1*	Purchase and Sale Agreement dated September 6, 2007 by and among the Registrant, the Company and the Sellers. (1)
Exhibit 10.1	Escrow Agreement dated September 6, 2007 by and between the Registrant, Ben Kraner, on behalf of the Sellers as each Seller's authorized attorney-in-fact, and the Escrow Agent. (1)
Exhibit 23.1	Consent of BDO Seidman, LLP, Independent Registered Public Accounting Firm.
Exhibit 99.1	Independent auditors report; Balance sheet as of December 31, 2006; Statement of income and members' interest for the year ended December 31, 2006; Statement of cash flows for the years ended December 31, 2006; Notes to financial statements.
Exhibit 99.2	Unaudited balance sheet as of September 30, 2007 and December 31, 2006; Statements of income and members' interest for the nine months ended September 30, 2007 and September 30, 2006; Statements of cash flows for the nine months ended September 30, 2007 and September 30, 2006; Notes to unaudited financial statements.
Exhibit 99.3	Introduction; Unaudited Pro forma Condensed Combined Balance Sheet as of September 30, 2007; Unaudited Pro forma Condensed Combined Statements of Operations for the year ended December 31, 2006 and Nine Months Ended September 30, 2007; Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

(1) Previously filed as an exhibit to Registrant's Current Report on Form 8-K filed with the SEC on October 9, 2007.

* The Registrant has omitted certain schedules and exhibits pursuant to Item 601 (b)(2) of Regulation S-K and shall furnish by supplement to the Securities and Exchange Commission (the "SEC"), Copies of any of the omitted schedules and exhibits upon request by the SEC.

SIGNATURES

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

ICONIX BRAND GROUP, INC.
(Registrant)

Date: December 3, 2007

By: /s/ Warren Clamen
Name: Warren Clamen
Title: Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Iconix Brand Group Inc.

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-116716, 333-128425, 333-129075, 333-137383, 333-139575 and 333-146288), and on Form S-8 (Nos. 333-27655, 333-49178, 333-68906, 333-75658, 333-127416 and 333-138134) of Iconix Brand Group, Inc. of our report dated November 20, 2007, with respect to the consolidated financial statements of Official Pillowtex, LLC., which report appears in this Current Report on Form 8-K/A of Iconix Brand Group, Inc.

/s/ BDO Seidman, LLP

New York, New York
December 3, 2007

EXHIBIT 99.1

Official Pillowtex, LLC
(A Limited Liability Company)

Financial Statements

Official Pillowtex, LLC

Financial Statements

Year Ended December 31, 2006

Contents

Independent Auditors' Report

Board of Directors
Official Pillowtex, LLC
Columbus, Ohio

We have audited the accompanying balance sheet of Official Pillowtex, LLC ("the Company") as of December 31, 2006, and the related statements of income and changes in members' capital and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 10, on October 3, 2007 all of the issued and outstanding limited liability company interests were sold to Iconix Brand Group, Inc.

/s/ BDO Seidman, LLP

November 20, 2007
New York, NY

December 31, 2006

Assets	
Current:	
Cash and cash equivalents	**$8,453,962**
Royalty and marketing receivables	**989,533**
Prepaid expenses	**3,000**
Total current assets	**9,446,495**
Trademarks	**85,634,046**
Other assets	**491,402**
	$95,571,943
Liabilities and Members' Capital	
Current liabilities:	
Current portion of note payable	**$11,126,349**
Deferred income	**1,622,750**
Accrued expenses	**535,470**
Total current liabilities	**13,284,569**
Long-term liabilities:	
Noncurrent deferred income	**8,800,000**
Note payable, net of current	**40,873,651**
Total long-term liabilities	**49,673,651**
Total liabilities	**62,958,220**
Commitments and contingencies	
Members' capital:	
Members' capital	**32,432,329**
Other comprehensive income	**181,394**
Total members' capital	**32,613,723**
	$95,571,943

See accompanying notes to financial statements.

Statement of Income and Changes in Members' Capital

Year ended December 31, 2006

Royalty and marketing income	**$17,274,348**
Costs and expenses:	
Amortization expense	**41,852**
Brand management fees	**1,030,064**
Marketing expense	**369,355**
Payroll expense	**305,311**
Professional fees	**123,403**
Travel	**47,996**
Miscellaneous	**102,666**
Total costs and expenses	**2,020,647**
Operating income	**15,253,701**
Other income (expenses):	
Interest income	**563,839**
Other income	**23,543**
Interest expense	**(4,036,610)**
Total other expense	**(3,449,228)**
Income before income tax expense	**11,804,473**
Income tax expense - local	**(175,000)**
Income tax expense - foreign	**(74,395)**
Net income	**11,555,078**
Other comprehensive income	**223,881**
Total comprehensive income	**$11,778,959**
Net income	**$11,555,078**
Members' capital, beginning of year	**29,693,251**
Distributions	**(8,816,000)**
Members' capital, end of year	**$32,432,329**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2006	
Cash flows from operating activities:	
Net income	**$11,555,078**
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization	**118,933**
Change in fair value of derivative	**223,881**
Changes in operating assets and liabilities:	
Royalty and marketing receivables	**274,256**
Prepaid expenses	**15,000**
Other assets	**(223,880)**
Accrued expenses	**167,263**
Deferred income	**1,394,188**
Net cash provided by operating activities	**13,524,719**
Cash flows from investing activities:	
Capital expenditures	**(1,141)**
Purchase of trademarks	**(192,217)**
Net cash used in investing activities	**(193,358)**
Cash flows from financing activities:	
Principal payments on long-term obligations	**(7,000,000)**
Distributions	**(8,816,000)**
Net cash used in financing activities	**(15,816,000)**
Net decrease in cash and cash equivalents	**(2,484,639)**
Cash and cash equivalents, beginning of year	**10,938,601**
Cash and cash equivalents, end of year	**$8,453,962**
Supplemental disclosures of cash flow information:	
Cash paid for interest	**$3,961,405**
Cash paid for income taxes	**$79,117**

See accompanying notes to financial statements.

Notes to Financial Statements

1. Organization and Business Purpose

Official Pillowtex, LLC (the "Company") is a Delaware limited liability company formed on October 3, 2003, to acquire, manage, license, and market tradenames, trademarks, service marks, and other intellectual property. Pursuant to an Asset Purchase Agreement, dated as of July 29, 2003, as amended and restated on October 2, 2003, the Company acquired the Pillowtex trademarks from Pillowtex Corporation for $85,000,000. The acquisition was financed by Members' contributions. The principal trademarks acquired include Royal Velvet, Cannon, Fieldcrest, and Charisma.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. All cash is principally on deposit with one bank.

The Company has all of its cash in a major financial institution insured up to $100,000 by the Federal Deposit Insurance Corporation ("FDIC"). Although amounts at times may exceed the FDIC limits, the Company has not experienced any losses on this account.

Income Taxes

The Company is a limited partnership for federal income tax purposes. Consequently, the Company is not taxable as an entity under the Internal Revenue Code. Therefore, no provision for federal or state income taxes has been made. Revenues and expenses recognized by the Company for tax reporting purposes are allocated to the individual equity members based on the Operating Agreement (the "Agreement") between the Company and its members, for inclusion in their individual income tax returns. The Company is subject to local income taxes in the city in which its sales office is domiciled, where applicable. In addition, the Company is also subject to foreign income tax withholding in certain jurisdictions.

The company uses the asset and liability approach of accounting for income taxes and provides deferred income taxes for temporary differences that will result in taxable or deductible amounts in future years based on the reporting of certain costs in different periods for financial statements and income tax purposes. Valuation allowances are recorded when uncertainty regarding their realizability exists.

Members' Distributions

Since the members are obligated to pay federal and certain state income taxes on their share of Company earnings, the Company expects to make distributions in amounts sufficient to meet the members' tax obligations. Distributions are made in proportion to the members' capital accounts.

Allocations of Income or Loss

Income or loss is allocated to the members based upon their proportionate ownership interest as set forth in the Agreement.

Revenue Recognition

The Company has entered into various trade name license agreements that provide revenues based on minimum royalties and additional revenues based on a percentage of defined sales. Minimum royalty revenue is recognized on a straight-line basis over each period, as defined, in each license agreement. Royalties exceeding the defined minimum amounts are recognized as income during the period corresponding to the licensee's sales.

Allowances for chargebacks, returns and other charges are recorded at the sales date based on customer specific projections as well as historical rates of such allowances.

Concentrations of Credit Risk

Financial instruments, that potentially subject the Company to concentrations of credit risk, consist principally of royalty accounts receivable. Exposure to credit losses is monitored by the Company, and allowances for anticipated losses are maintained when appropriate.

Deferred Income

Deferred income consists of royalty revenues and contractual marketing payments received in advance.

Each quarter, most licensees remit advanced marketing payments to the Company. These payments are calculated as a percentage of sales as determined by the licensing agreement and are used by the Company to promote the Pillowtex trademarks through advertising. Advanced marketing payments received are deferred and recorded as a component of royalty and marketing income as related marketing expenses are incurred.

Trademarks

Trademarks consists of the original purchase price of the trademarks. Costs incurred to register the trademarks in new territories, and legal and other expenses incurred to protect the trademarks are capitalized. In accordance with the Financial Accounting Standards Board's (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets” (“SFAS No. 142”), the Company has determined that the trademarks have indefinite lives and thus does not amortize the trademarks. The trademarks are assessed for impairment at least annually, or when events indicate that impairment may exist. During 2006, the Company performed the SFAS No. 142 impairment tests and determined that no impairment of the trademark intangible assets existed. Capitalized trademark expenses at December 31, 2006 were $634,046.

Deferred Financing Costs

The Company incurred costs (primarily professional fees and placement agent fees) in connection with financing that occurred during 2005. These costs have been deferred and are being amortized over the life of the debt (5 years). At December 31, 2006, deferred financing costs amounted to $308,535, net of amortization of $94,392, and are included in other assets.

Brand Management Fees

The Company has an agreement with a third party vendor who procures licensees and develops, operates and administers licensing programs for the products bearing certain trademarks. The fee for such service is 15% of the royalty income collected from these licensees. The agreement expires at the same time as the related license agreements.

Marketing

Certain of the Company's licensees fund their own advertising programs. For the other licensees, the Company collects advanced marketing payments. These payments are recorded as revenue in Royalty and Marketing Revenue and expense in Costs and Expenses once the advertisement is run.

Recent Financial Accounting Standards

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS No. 157 requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not believe that the adoption of SFAS No. 157 will have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which provides companies with an option to report selected financial assets and liabilities at fair value. The standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. With certain limitations, early adoption is permitted. The Company is evaluating whether to adopt this new statement.

In June 2006, the FASB ratified the Emerging Issues Task Force ("EITF") position EITF 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" ("EITF No. 06-3"), that addresses disclosure requirements for taxes assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer, and may include, but is not limited to, sales, use, value-added, and some excise taxes. EITF No. 06-3 requires disclosure of the method of accounting for the applicable assessed taxes, and the amount of assessed taxes that are included in revenues if they are accounted for under the gross method. The provisions of EITF No. 06-3 are effective for interim and annual reporting periods beginning after December 15, 2006, with earlier application permitted. Taxes are withheld by licensees on income earned in foreign countries but reported on a gross basis. The Company will apply the provisions of this statement beginning with the fiscal year ending December 31, 2007.

3. Major Customers

The Company had two significant licensees in 2006, which accounted for approximately 49% and 26% of royalty and marketing income. The total royalty and marketing receivables for these two licensees as of December 31, 2006 were $206,176.

At December 31, 2006, royalty and marketing receivables includes $500,000 due from a single licensee.

4. Notes Payable

In 2005, the Company signed a $60,000,000 note payable with a bank, bearing interest at LIBOR plus 2% (total of 7.367% at December 31, 2006), collateralized by the assets of the Company, due in quarterly payments through December 31, 2010. The agreement requires the Company to maintain certain financial and nonfinancial covenants. The Company was in compliance with all such covenants at December 31, 2006.

Future principal payments under the agreement are as follows:

2007	$ 11,126,349
2008	12,500,000
2009	13,000,000
2010	15,373,651
Total	$ 52,000,000

The Company has a $40,000,000 interest rate protection agreement, as required by the agreement described above, to manage its exposure to the variability of cash flows related to the interest rate changes on borrowing costs. The protection agreement amortizes over the life of the contract (remaining notional balance of $34,666,667 on December 31, 2006). The Company pays the bank a quarterly fixed rate of 4.795% and receives a quarterly variable rate payment based on the LIBOR rate. The Company does not require collateral for its interest rate protection agreement. The agreement is designated as a cash flow hedge. Hedging effectiveness is assessed periodically. The effective portion of the periodic gains and losses of the contract is deferred in other comprehensive income (loss). The derivative had a value of $181,394 at December 31, 2006, which is included in other assets.

Management has applied hedge accounting under SFAS 133 “Accounting for Derivative Instruments and Hedging Transactions” to this instrument. On a quarterly basis, the value of the derivative is adjusted to reflect its fair current value.

The carrying amount of the Company’s note payable approximated its fair value at December 31, 2006. The fair value is estimated based on current interest rates or market values of similar agreements.

On October 3, 2007, the entire balance of the note was repaid with the proceeds received from the sale discussed in note 10. At this date, the interest rate protection agreement was also terminated.

5. Members’ Capital

Members of the Company have contributed to the capital of the Company commensurate with their respective equity interest. Members are entitled to vote upon all matters which require the vote of members and have a voting interest as defined in the Agreement. The members are restricted, except as specifically set forth in the Agreement, to certain transactions that would affect the capital of the Company.

Pursuant to the Agreement, each member's liability is limited to those liabilities attributable to such member's gross negligence, fraudulent conduct, willful misconduct, bad faith, or to a continuing material breach of the Agreement. In addition, members are not liable for the debts, obligations, or liabilities of the other members.

6. Comprehensive income

Comprehensive income totaled $11,778,959 and consists of net income of $11,555,078 and the change in fair value of the interest rate swap of $223,881, as discussed in note 4.

7. Commitments

The Company enters into licensing contracts with customers to design, manufacture, promote, sell, and distribute licensed products. The duration of the contracts is generally between three and four years.

8. Contingencies

The Company has ongoing litigation, which has arisen in the normal course of business. Management believes this litigation will not have a material adverse effect on the results of operations, cash flows, or financial condition of the Company.

Certain license agreements give the licensee the option to purchase the rights in the relevant trademark for a specific time period and a right of refusal with respect to a proposed sale of the trademark.

9. Geographic Segments

Certain of the Company's license agreements cover multiple countries, including Canada, however the licensees do not report royalties by country. Therefore, the Company is not able to report revenue by geographic region. At the time of acquisition (see note 10), the Company did not allocate the value of the trademark to territories outside of the United States ("US") and therefore the full $85,000,000 was allocated to the US trademark. The ongoing registration of the trademark in territories outside of the US is not material and therefore, long lived assets are not reported by geographical region.

10. Subsequent Event

On October 3, 2007 (the "Closing Date"), Iconix Brand Group, Inc., a Delaware corporation ("Iconix"), completed its acquisition of all of the issued and outstanding limited liability company interests (the "Company Interests") of the Company from the owners of such Company Interests pursuant to a purchase and sale agreement (the "Purchase Agreement") dated September 6, 2007 by and among Iconix, the Company and the Company's members

EXHIBIT 99.2

Official Pillowtex, LLC
(A Limited Liability Company)

Financial Statements

Official Pillowtex, LLC

Financial Statements (unaudited)

Nine Months Ended September 30, 2007 and 2006

Official Pillowtex, LLC

Contents

Balance Sheets

	September 30, 2007 (unaudited)	December 31, 2006
Assets		
Current:		
Cash and cash equivalents	**$12,976,570**	$8,453,962
Royalty and marketing receivables	**1,280,826**	989,533
Prepaid expenses	**-**	3,000
Total current assets	**14,257,396**	9,446,495
Trademarks	**85,782,345**	85,634,046
Other assets	**158,975**	491,402
	$100,198,716	$95,571,943
Liabilities and Members' Capital		
Current liabilities:		
Current portion of note payable	**$14,625,000**	$11,126,349
Deferred income	**1,373,935**	1,622,750
Accrued expenses	**1,275,285**	535,470
Total current liabilities	**17,274,220**	13,284,569
Long-term liabilities:		
Non-current deferred income	**11,200,000**	8,800,000
Note payable, net of current	**31,498,651**	40,873,651
Total long-term liabilities	**42,698,651**	49,673,651
Total liabilities	**59,972,871**	62,958,220
Commitments and contingencies		
Members' capital:		
Members' capital	**40,320,941**	32,432,329
Other comprehensive income (loss)	**(95,096)**	181,394
Total members' capital	**40,225,845**	32,613,723
	$100,198,716	$95,571,943

See accompanying notes to financial statements.

Statements of Income and Changes in Members' Capital (Unaudited)

Nine months ended September 30,	**2007**	2006
Royalty and marketing income	**$17,101,966**	$13,560,057
Costs and expenses:		
Amortization expense	**41,308**	27,900
Bad debts	**115,687**	-
Brand management fees	**787,523**	860,188
Marketing expense	**198,776**	320,025
Payroll expense	**183,985**	147,199
Professional fees	**247,422**	74,239
Travel	**31,126**	38,090
Miscellaneous expenses	**102,377**	90,714
Total costs and expenses	**1,708,204**	1,558,355
Operating income	**15,393,762**	12,001,702
Other income (expenses):		
Interest income	**484,686**	398,731
Interest expense	**(2,648,732)**	(3,036,148)
Total other expense	**(2,164,046)**	(2,637,417)
Income before income tax expense	**13,229,716**	9,364,285
Income tax expense - local	**(131,887)**	(131,250)
Income tax expense - foreign	**(48,931)**	(53,627)
Net income	**13,048,898**	9,179,408
Other comprehensive income	**(276,490)**	203,630
Total comprehensive income	**$12,772,408**	$9,383,038
Net income	**$13,048,898**	$9,179,408
Members' capital, beginning of period	**32,432,329**	29,693,251
Distributions	**(5,160,286)**	(6,200,000)
Members' capital, end of period	**$40,320,941**	$32,672,659

See accompanying notes to financial statements.

Statements of Cash Flows
(Unaudited)

Nine months ended September 30,	**2007**	2006
Cash flows from operating activities:		
Net income	**$13,048,898**	$9,179,408
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	**98,960**	85,552
Change in fair value of derivatives	**(276,490)**	203,630
Changes in operating assets and liabilities:		
Royalty and marketing receivables	**(291,293)**	(123,509)
Prepaid expenses	**3,000**	18,000
Other assets	**276,490**	(203,630)
Accrued expenses	**739,815**	136,259
Deferred income	**2,151,185**	540,422
Net cash provided by operating activities	**15,750,565**	9,836,132
Cash flows from investing activities:		
Capital expenditures	**(2,315)**	(1,141)
Purchase of trademarks	**(189,007)**	(109,825)
Net cash used in investing activities	**(191,322)**	(110,966)
Cash flows from financing activities:		
Principal payments on long-term obligations	**(5,876,349)**	(5,250,000)
Distributions	**(5,160,286)**	(6,200,000)
Net cash used in financing activities	**(11,036,635)**	(11,450,000)
Net increase (decrease) in cash and cash equivalents	**4,522,608**	(1,724,834)
Cash and cash equivalents, beginning of period	**8,453,962**	10,938,601
Cash and cash equivalents, end of period	**$12,976,570**	$9,213,767
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$1,701,700**	$2,978,496
Cash paid for income taxes	**$231,429**	$59,009

See accompanying notes to financial statements.

Notes to Unaudited Financial Statements

1. Organization and Business Purpose

Official Pillowtex, LLC (the "Company") is a Delaware limited liability company formed on October 3, 2003, to acquire, manage, license, and market tradenames, trademarks, service marks, and other intellectual property. Pursuant to an Asset Purchase Agreement, dated as of July 29, 2003, as amended and restated on October 2, 2003, the Company acquired the Pillowtex trademarks from Pillowtex Corporation for $85,000,000. The acquisition was financed by Members' contributions. The principal trademarks acquired include Royal Velvet, Cannon, Fieldcrest, and Charisma.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

The Company has all of its cash in a major financial institution insured up to $100,000 by the Federal Deposit Insurance Corporation ("FDIC"). Although amounts at times may exceed the FDIC limits, the Company has not experienced any losses on this account.

Income Taxes

The Company is a limited partnership for federal income tax purposes. Consequently, the Company is not taxable as an entity under the Internal Revenue Code. Therefore, no provision for federal or state income taxes has been made. Revenues and expenses recognized by the Company for tax reporting purposes are allocated to the individual equity members based on the Operating Agreement (the “Agreement”) between the Company and its members, for inclusion in their individual income tax returns. The Company is subject to local income taxes in the city in which its sales office is domiciled, where applicable. In addition, the Company is also subject to foreign income tax withholding in certain jurisdictions.

The company uses the asset and liability approach of accounting for income taxes and provides deferred income taxes for temporary differences that will result in taxable or deductible amounts in future years based on the reporting of certain costs in different periods for financial statements and income tax purposes. Valuation allowances are recorded when uncertainty regarding their realizability exists.

Members’ Distributions

Since the members are obligated to pay federal and certain state income taxes on their share of Company earnings, the Company expects to make distributions in amounts sufficient to meet the members’ tax obligations. Distributions are made in proportion to the members’ capital accounts.

Allocations of Income or Loss

Income or loss is allocated to the members based upon their proportionate ownership interest as set forth in the Agreement.

Revenue Recognition

The Company has entered into various trade name license agreements that provide revenues based on minimum royalties and additional revenues based on a percentage of defined sales. Minimum royalty revenue is recognized on a straight-line basis over each period, as defined, in each license agreement. Royalties exceeding the defined minimum amounts are recognized as income during the period corresponding to the licensee's sales.

Allowances for chargebacks, returns and other charges are recorded at the sales date based on customer specific projections as well as historical rates of such allowances.

Concentrations of Credit Risk

Financial instruments, that potentially subject the Company to concentrations of credit risk, consist principally of royalty accounts receivable. Exposure to credit losses is monitored by the Company, and allowances for anticipated losses are maintained when appropriate.

Deferred Income

Deferred income consists of royalty revenues and contractual marketing payments received in advance.

Each quarter, most licensees remit advanced marketing payments to the Company. These payments are calculated as a percentage of sales as determined by the licensing agreement and are used by the Company to promote the Pillowtex trademarks through advertising. Advanced marketing payments received are deferred and recorded as a component of royalty and marketing income as related marketing expenses are incurred.

Marketing

Certain of the Company's licensees fund their own advertising programs. For the other licensees, the Company collects advanced marketing payments. These payments are recorded as revenue in Royalty and Marketing Revenue and expense in Costs and Expenses once the advertisement is run.

Trademarks

Trademarks consists of the original purchase price of the trademarks. Costs incurred to register the trademarks in new territories, and legal and other expenses incurred to protect the trademarks are capitalized. In accordance with the Financial Accounting Standards Board's (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets” (“SFAS No. 142”), the Company has determined that the trademarks have indefinite lives and thus does not amortize the trademarks. The trademarks are assessed for impairment at least annually, or when events indicate that impairment may exist. During 2006, the Company performed the SFAS No. 142 impairment tests and determined that no impairment of the trademark intangible assets existed. Capitalized trademark expenses at September 30, 2007 and December 31, 2006 were $782,345 and $634,046.

Deferred Financing Costs

The Company incurred costs (primarily professional fees) in connection with financing that occurred during 2005. These costs have been deferred and are being amortized over the life of the debt (5 years). At September 30, 2007 and December 31, 2006, deferred financing costs amounted to $250,883 and $308,535, net of amortization of $152,044 and $94,392, respectively, and are included in other assets.

Recent Financial Accounting Standards

In September 2006, the FASB also issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS No. 157 also requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not believe that the adoption of SFAS No. 157 will have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"), which provides companies with an option to report selected financial assets and liabilities at fair value. The standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. With certain limitations, early adoption is permitted. The Company is evaluating whether to adopt this new statement.

In June 2006, the FASB ratified the Emerging Issues Task Force ("EITF") position EITF 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)" ("EITF No. 06-3"), that addresses disclosure requirements for taxes assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer, and may include, but is not limited to, sales, use, value-added, and some excise taxes. EITF No. 06-3 requires disclosure of the method of accounting for the applicable assessed taxes, and the amount of assessed taxes that are included in revenues if they are accounted for under the gross method. The provisions of EITF No. 06-3 are effective for interim and annual reporting periods beginning after December 15, 2006, with earlier application permitted. Taxes are withheld by licensees on income earned in foreign countries but reported on a gross basis. The Company has applied the provisions of this statement beginning with the fiscal year ending December 31, 2007.

3. Major Customers

The Company had two significant licensees in the nine months ended September 30, 2007. They accounted for approximately 60% and 19% of royalty and marketing income in 2007, and 47% and 30% in 2006. The total royalty and marketing receivables for these two licensees as of September 30, 2007 and December 31, 2006 was $685,192 and $206,176, respectively.

At September 30, 2007 and December 31, 2006 royalty and marketing receivables also includes $500,000 due from a single licensee.

4. Note Payable

In 2005, the Company signed a $60,000,000 note payable with a bank, bearing interest at LIBOR plus 2%, collateralized by the assets of the Company, due in quarterly payments through December 31, 2010. The agreement requires the Company to maintain certain financial and nonfinancial covenants. The Company was in compliance with all such covenants at September 30, 2007.

Future payments under the loan agreement are as follows:

For the year ending September 30,	
2008	$ 14,625,000
2009	12,875,000
2010	12,750,000
2011	5,873,651
Total	$ 46,123,651

The Company has a $40,000,000 interest rate protection agreement, as required by the loan agreement described above, to manage its exposure to the variability of cash flows related to the interest rate changes on borrowing costs. The protection agreement amortizes over the life of the contract (remaining notional balance of $30,749,101 on September 30, 2007 and $34,666,667 on December 31, 2006). The Company pays the bank a quarterly fixed rate of 4.795% and receives a quarterly variable rate payment based on the LIBOR rate. The Company does not require collateral for its interest rate protection agreement. The agreement is designated as a cash flow hedge. Hedging effectiveness is assessed periodically. The effective portion of the periodic gains and losses of the contract is deferred in other comprehensive income (loss). The protection agreement had a value of $(95,096) at September 30, 2007, and $181,394 at December 31, 2006 which is included in other assets.

Management has applied hedge accounting under SFAS 133 “Accounting for Derivative Instruments and Hedging Transactions” to this instrument. On a quarterly basis, the value of the derivative is adjusted to reflect its fair current value.

The carrying amount of the Company’s notes payable and interest rate protection agreement approximated their fair values at September 30, 2007 and December 31, 2006. The fair values were estimated based on current interest rates or market values of similar agreements.

On October 3, 0027, the entire balance of the note was repaid with the proceeds received from the sale discussed in note 10. At this date, the interest rate protection agreement was also terminated.

5. Members' Capital

Members of the Company have contributed to the capital of the Company commensurate with their respective equity interest. Members are entitled to vote upon all matters which require the vote of members and have a voting interest as defined in the Agreement. The members are restricted, except as specifically set forth in the Agreement, to certain transactions that would affect the capital of the Company.

Pursuant to the Agreement, each member's liability is limited to those liabilities attributable to such member's gross negligence, fraudulent conduct, willful misconduct, bad faith, or to a continuing material breach of the Agreement. In addition, members are not liable for the debts, obligations, or liabilities of the other members.

6. Comprehensive income

Comprehensive income totaled $12,772,408 and $9,383,038, and consists of net income of $13,048,898 and $9,179,408, and the change in fair value of the interest rate swap of $276,490 and $203,630, for the nine months ended September 30, 2007 and 2006, respectively, as discussed in note 4.

7. Commitments

The Company enters into licensing contracts with customers to design, manufacture, promote, sell, and distribute licensed products. The duration of the contracts is generally between three and four years.

8. Contingencies

The Company has ongoing litigation, which has arisen in the normal course of business. Management believes this litigation will not have a material adverse effect on the results of operations, cash flows, or financial condition of the Company.

Certain license agreements give the licensee the option to purchase the rights in the relevant trademark for a specific time period and a right of refusal with respect to a proposed sale of the trademark.

9. Geographic Segments

Certain of the Company's license agreements cover multiple countries, including Canada, however the licensees do not report royalties by country. Therefore, the Company is not able to report revenue by geographic region. At the time of acquisition (see note 10), the Company did not allocate the value of the trademark to territories outside of the United States ("US") and therefore the full $85,000,000 was allocated to the US trademark. The ongoing registration of the trademark in territories outside of the US is not material and therefore, long lived assets are not reported by geographical region.

10. Subsequent Event

On October 3, 2007 (the “Closing Date”), Iconix Brand Group, Inc., a Delaware corporation (“Iconix”), completed its acquisition of all of the issued and outstanding limited liability company interests (the “Company Interests”) of the Company from the owners of such Company Interests pursuant to a purchase and sale agreement (the “Purchase Agreement”) dated September 6, 2007 by and among Iconix, the Company and the Company’s members.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Introduction

On October 3, 2007 (the “Closing Date”), Iconix Brand Group, Inc., a Delaware corporation (the “Registrant”), completed its acquisition of all of the issued and outstanding limited liability company interests (the “Company Interests”) of Official Pillowtex LLC, a Delaware limited liability company (the “Company” or “Pillowtex”), from the owners of such Company Interests pursuant to a purchase and sale agreement (the “Purchase Agreement”) dated September 6, 2007 by and among the Registrant, the Company and the Company's members; Jubilee Limited Partnership, an Ohio limited partnership, Gordon Brothers Retail Partners, LLC, a Delaware limited liability company, Tiger PTX IP, LLC, a Delaware limited liability company, BFG PTX Group, LLC, a Delaware limited liability company, CCA Towels, LLC, a New York limited liability company, Franco 44 PT, LLC, a New York limited liability company, High Street Holdings, LLC, a Delaware limited liability company, Solwerd Enterprises, LLC, a Delaware limited liability company, and Mazel D & K, LLC, an Ohio limited liability company (collectively, the “Sellers”). The Company is the owner of a portfolio of home brands including four primary brands, Cannon, Royal Velvet, Fieldcrest and Charisma and numerous others home brands including St. Mary's and Santa Cruz. The closing of this transaction occurred following the early termination of the statutory waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

In accordance with the terms of the Purchase Agreement, on the Closing Date, the Registrant paid an aggregate of approximately $232,159,000 in cash, which is subject to adjustment to reflect certain prepaid royalties and royalties receivable, as the purchase price for the Company Interests, of which (i) approximately $208,000,000 was paid to the Sellers by the Registrant,(ii) $15,000,000, together with any interest and any other income earned thereon, was released to the Sellers by U.S. Bank National Association (the “Escrow Agent”) in accordance with the escrow agreement dated September 6, 2007 (the “Escrow Agreement”) by and among the Registrant, the Company and the Escrow Agent, and (iii) $9,000,000,together with any interest and any other income earned thereon, will be paid to the Sellers by the Escrow Agent on the twelve(12) month anniversary of the Closing Date, less any amounts due to the Registrant pursuant to the Sellers' indemnification obligations to the Registrant for breaches of the Sellers' representations, warranties, covenants and obligations made under the Purchase Agreement.

In addition, in accordance with the terms of the Purchase Agreement, the Sellers were granted a contingent right to receive aggregate additional payments of up to $15,000,000 in cash, based upon the Company brands surpassing specific revenue targets.

The description of the Purchase Agreement and the Escrow Agreement (the “Transaction Documents”) do not purport to be complete and are qualified in their entirety by reference to the full text of such documents, which are filed as exhibits to this Report. The Transaction Documents have been included to provide investors and security holders with information regarding their terms. They are not intended to provide any other factual information about the Registrant or the other parties thereto. The Transaction Documents contain representations and warranties the parties thereto made to, and solely for the benefit of, the other parties thereto. Accordingly, investors and security holders should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of such agreements. In addition, the Purchase Agreement is modified by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may change after the date of such agreements, which subsequent information may or may not be fully reflected in the Registrant's public disclosures.

The following unaudited pro forma condensed combined statement of operations give effect to (a) the Registrant's acquisition of Official Pillowtex, LLC, and (b) three transactions recently completed by the Registrant: (i) the Registrant's purchase of certain assets of Rocawear Licensing, LLC in March 2007, (ii) the Registrant's merger with Mossimo, Inc. in October 2006 and (iii) the Registrant's purchase of certain Mudd (USA) LLC assets in April 2006 related to its business of marketing, licensing and managing of the Mudd brands, trademarks, intellectual property and related names worldwide, excluding China, Hong Kong, Macau and Taiwan, under the purchase method of accounting. They do not give effect to our August 2006 purchase of the London Fog trademarks, the November 2006 purchase of the Ocean Pacific brand or the March 2007 acquisition of the Danskin brand; as such pro forma disclosure is not required with respect to such transactions under the rules and regulations of the Securities and Exchange Commission. These unaudited pro forma condensed combined statements are presented for illustrative purposes only. The pro forma adjustments are based upon available information and certain assumptions that the Registrant's management believes are reasonable. The unaudited pro forma condensed combined financial statements do not purport to represent what the Registrant's results of operations would actually have been if the merger and acquisitions had actually occurred at the beginning of the periods presented, nor do they purport to project the Registrant's results of operations for any future period.

Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their estimated fair values. The estimated fair values, useful lives and amortization of certain assets acquired are based on a preliminary valuation and are subject to final valuation adjustments. The Mudd, Mossimo, Rocawear, and Pillowtex trademarks have been determined to have an indefinite useful life and, therefore, consistent with SFAS No. 142, no amortization will be recorded in our consolidated statements of operations. Instead, the related intangible asset will be tested for impairment at least annually, with any related impairment charge recorded to the statement of operations at the time of determining such impairment.

The unaudited pro forma condensed combined balance sheet as of September 30, 2007 assumes that the acquisition of Official Pillowtex, LLC had occurred on that date. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2006 was prepared by combining our historical statement of operations for the year ended December 31, 2006 with the Official Pillowtex, LLC statement of income and for the year ended December 31, 2006, the Rocawear Licensing, LLC statement of income for the year ended December 31, 2006, the Mossimo, Inc. consolidated statement of earnings for the nine months ended September 30, 2006, and the Mudd USA (LLC) statement of revenues and direct operating expenses of the assets sold for the three months ended March 31, 2006, giving effect to each of the acquisitions and merger as though they had occurred at the beginning of the year (January 1, 2006). The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2007 was prepared by combining our historical statement of operations for the nine months ended September 30, 2007 with the Official Pillowtex, LLC historical statement of income for the nine months ended September 30, 2007 and the Rocawear Licensing, LLC statement of income for the period ended March 30, 2007, giving effect to the acquisitions as though they had occurred at the beginning of the period (January 1, 2007).

The financial information presented in the unaudited pro forma condensed combined financial statements is based on amounts and adjustments that our management believes to be factually supportable. We have made no attempt to include forward looking assumptions in such information.

Unaudited pro forma condensed combined balance sheet

As of September 30, 2007
(in thousands, except par value)

	Iconix as of 9/30/07 (historical)	Pillowtex as of 9/30/07 (historical)	Pro forma adjustments Note (a)	Pro forma adjustments Note (b)	Pro forma condensed combined
Assets					
Current assets:					
Cash (including restricted cash)	$ 255,987	$ 12,977	$ (208,108)	$ (12,977)	$ 47,879
Cash and cash equivalents in escrow for pending acquisition	24,000	-	(24,000)	-	-
Marketable securities	13,000	-	-	-	13,000
Accounts receivable, net	31,304	1,281	1,281	(1,281)	32,585
Due from affiliate	200	-	-	-	200
Promissory note receivable	1,000	-	-	-	1,000
Deferred income taxes	3,028	-	-	-	3,028
Prepaid advertising and other	5,644	-	-	-	5,644
Total current assets	334,163	14,258	(230,827)	(14,258)	103,336
Property and equipment:					
Furniture, fixtures and equipment	2,837	-	-	-	2,837
Less: accumulated depreciation and amortization	(1,502)	-	-	-	(1,502)
	1,335	-	-	-	1,335
Other assets:					
Restricted cash	14,507	-	-	-	14,507
Goodwill	101,026	-	23,004	-	124,030
Trademarks and other intangibles, net	745,463	85,782	219,100	(85,782)	964,563
Deferred financing costs, net	7,519	-	-	-	7,519
Deferred income taxes	28,143	-	-	-	28,143
Other	4,751	159	-	(159)	4,751
	901,409	85,941	242,104	(85,941)	1,143,513
Total assets	$ 1,236,907	$ 100,199	$ 11,277	$ (100,199)	$ 1,248,184
Liabilities and stockholders equity					
Current liabilities:					
Accounts payable and accrued expenses	$ 9,409	$ 1,275	$ 2,178	$ (1,275)	$ 11,587
Accounts payable, subject to litigation	4,886	-	-	-	4,886
Deferred revenue	3,686	1,374	-	(1,374)	3,686
Current portion of long term debt	25,882	14,625	-	(14,625)	25,882
Total current liabilities	43,863	17,274	2,178	(17,274)	46,041
Deferred income taxes	69,066	-	-	-	69,066
Long term debt, less current maturities	616,297	31,499	-	(31,499)	616,297
Long term deferred revenue	520	11,200	8,152	(11,200)	8,672
Total liabilities	729,746	59,973	10,330	(59,973)	740,076
Stockholders' equity:					
Common stock, $.001 par value--shares issued 56,227	57	-	-	-	57
Additional paid-in capital	466,249	-	947	-	467,196
Accumulated earnings	41,715	-	-	-	41,715

Members' capital	-	40,321		(40,321)	-
Accumulated other comprehensive income	(193)	(95)	-	(95)	(193)
Treasury stock--198 shares at cost	(667)	-	-	-	(667)
Total stockholders' equity	507,161	40,226	947	(40,226)	508,108
Total liabilities and stockholders' equity	$ 1,236,907	$ 100,199	$ 11,277	$ (100,199)	$ 1,248,184

See accompanying introduction and notes to unaudited pro forma condensed combined financial statements.

Unaudited pro forma condensed combined statement of operations

For the year ended December 31, 2006
(in thousands, except earnings per share data)

	Year ended 12/31/2006 Iconix (historical)	2006 closed Acquisitions (historical) Note (c)	2006 closed acquisitions (pro forma adjustments) Note (d)	Year ended 12/31/2006 Rocawear (historical)	Pro forma adjustment	Notes	Pro Forma Iconix	Year ended 12/31/2006 Pillowtex (historical)	Pro forma adjustment	Notes	Total pro Forma Condensed Combined	Notes
Net sales	$ -	$ 5,537	$ (5,537)	$ -	$ -		$-	$ -	$ -		$	
Licensing and commission revenue	80,694	19,630	2,000	34,578	2,940	(e)	139,842	17,275	-		157,117	
Net revenue	80,694	25,167	(3,537)	34,578	2,940		139,842	17,275	-		157,117	
Cost of goods sold	-	2,875	(2,875)	-	-		-	-	-		-	
Gross profit	80,694	22,292	(662)	34,578	2,940		139,842	17,275	-		157,117	
Selling, general and administrative expenses	24,527	19,504	(1,435)	4,655	2,264	(f)	49,515	2,098	1,334	(k)	52,947	
Special charges	2,494	-	-	-	-		2,494	-	-		2,494	
Operating income (loss)	53,673	2,788	773	29,923	676		87,333	15,177	(1,334)		101,676	
Net interest expense (income) and other income	13,837	(672)	8,323	1,413	16,349	(g)	39,250	3,447	5,700	(l)	48,397	
Gain on forgiveness of debt	-	-	-	1,574	(1,574)	(h)	-	-	-		-	
Income (loss) before income taxes	39,836	3,460	(7,550)	30,084	(17,247)		48,583	11,730	(7,034)		53,279	
Provision (benefit) for income taxes	7,335	1,606	(2,997)	-	4,391	(i)	10,335	175	1,422	(m)	11,932	
Net income (loss)	$ 32,501	$ 1,854	$ (4,553)	$ 30,084	$ (21,638)		$38,248	$ 11,555	(8,456)		$ 41,347	
Earnings per share:												
Basic	$ 0.81						$0.87				$ 0.94	(o)
Diluted	$ 0.72						$0.78				$ 0.84	(o)
Weighted number of common shares outstanding:												
Basic	39,937		3,825	-	13	(j)	43,775		13	(n)	43,788	
Diluted	45,274		3,825	-	30	(j)	49,129		13	(n)	49,142	

See accompanying introduction and notes to unaudited pro forma condensed combined financial statements.

Unaudited pro forma condensed combined statement of operations

For the nine months ended September 30, 2007
(in thousands, except earnings per share data)

	Nine months ended 9/30/2007 Iconix (historical)	2007 closed acquisitions- Rocawear (historical) Note (p)	2007 closed acquisitions- Rocawear (pro forma adjustments)	Notes	Pro Forma Iconix	9 months ended 9/30/2007 Pillowtex (historical)	Pro forma adjustment	Notes	Total pro Forma Condensed Combined	Notes
Licensing and commission revenue	112,593	9,270	735	(q)	122,598	17,102	-		139,700	
Net revenue	112,593	9,270	735		122,598	17,102	-		139,700	
Gross profit	112,593	9,270	735		122,598	17,102	-		139,700	
Selling, general and administrative expenses	30,130	2,928	566	(r)	33,624	1,766	1,035	(v)	36,425	
Special charges	1,055	-	-		1,055	-	-		1,055	
Operating income (loss)	81,408	6,342	169		87,919	15,336	(1,035)		102,220	
Net interest expense and other income	14,254	-	4,068	(s)	18,322	2,155	3,628	(w)	24,105	
Income (loss) before income taxes	67,154	6,342	(3,899)		69,597	13,181	(4,663)		78,115	
Provision (benefit) for income taxes	22,625	-	1,038	(t)	23,663	132	2,764	(x)	26,559	
Net income (loss)	$ 44,529	$ 6,342	$ (4,937)		45,934	$ 13,049	(7,427)		$ 51,556	
Earnings per share:										
Basic	$ 0.79				$ 0.82				$ 0.91	(o)
Diluted	$ 0.73				$ 0.75				$ 0.84	(o)
Weighted number of common shares outstanding:										
Basic	56,569		13	(u)	56,582		13	(y)	56,595	
Diluted	61,289		30	(u)	61,319		13	(y)	61,332	

See accompanying introduction and notes to unaudited pro forma condensed combined financial statements

Notes to unaudited pro forma condensed combined financial statements:

(a) Reflects the preliminary allocation of cost associated with the acquisition of the Pillowtex brands, under the purchase method of accounting as though the acquisition occurred on September 30, 2007, and the impact of the financing associated with the acquisition, as well as the recording of cash paid, debt incurred, and equity issued in association with the acquisition.

Total purchase price was determined as follows:

(000's omitted except share and warrant information)

Cash paid at closing to sellers or into escrow[1]		$232,108
Fair value of 12,500 shares of $.001 par value common stock, at $23.66 fair market value per share issued as a cost of acquisition	296	
Fair value of 55,000 warrants ($23.66 exercise price) issued as a cost of the acquisition	651	
Total equity consideration		947
Other estimated costs of the acquisition		2,178
Total		$235,233

[1] Cash paid at closing to sellers or into escrow reflects cash that would have been paid had the acquisition taken place on September 30, 2007. Actual cash at closing to sellers or into escrow on October 3, 2007 was $232,159,000.

The preliminary purchase price allocation to the fair value of the assets acquired and liabilities assumed is as follows:

(000's omitted)

Trademarks	$212,000
License agreements	7,100
Accounts receivable	1,281
Deferred revenue	(8,152)
Goodwill	23,004
Total	$235,233

(b) Represents the elimination of the historical values of Pillowtex's assets and liabilities not acquired.

(c) Represents historical information for the 2006 closed acquisitions for the Mudd brand acquisition for the period from January 1, 2006 to March 31, 2006 and the merger with Mossimo for the period of January 1, 2006 to September 30, 2006.

(000's omitted)

	Mudd 1/1/06-3/31/06	Mossimo 1/1/06-9/30/06	2006 Closed Acquisitions Historical
Net Sales	$-	$5,537	$5,537
Licensing income	2,607	17,023	19,630
Cost of goods sold	-	2,875	2,875
Selling, general and administrative expenses	3,107	16,397	19,504
Operating income (loss)	(500)	3,288	2,788
Interest income- net	-	672	672
Income before income taxes	(500)	3,960	3,460
Provision for income taxes	-	1,606	1,606
Net income (loss)	$(500)	$2,354	$1,854

(d) Represents pro forma adjustments for the 2006 closed acquisitions for the Mudd brand acquisition for the period from January 1, 2006 to March 31, 2006 and the merger with Mossimo for the period of January 1, 2006 to September 30, 2006.

(000's omitted)

	Mudd 1/1/06-3/31/06		Mossimo 1/1/06-9/30/06		2006 Closed Acquisitions Pro Forma Adjustments
Net Sales	$ -		$ (5,537)	(vi)	$ (5,537)
Licensing Income	2,000	(i)	-		2,000
Cost of goods sold	-		(2,875)	(vi)	(2,875)
Selling, general and administrative expenses	217	(ii)	(1,652)	(vii)	(1,435)
Operating income (loss)	1,783		(1,010)		773
Interest expense (income) - net	1,126	(iii)	7,197	(viii)	8,323
Income (loss) before income taxes	657		(8,207)		(7,550)
Provision (benefit) for income taxes	53	(iv)	(3,050)	(ix)	(2,997)
Net income (loss)	$ 604		$ (5,157)		$ (4,553)
Weighted number of common share outstanding:					
Basic	817	(v)	3,008	(x)	3,825
Diluted	817	(v)	3,008	(x)	3,825

(i) Represents guaranteed minimum royalty revenues to be earned by us from the core jeans licensee, Mudd (USA) LLC, under the license agreement we signed with it as part of the acquisition. This license agreement is a two-year contract with guaranteed minimum payments to us of $8.0 million per year. Prior to the acquisition, revenue from the seller's jeans business was included in other of its operations that were not sold to us, which operations included businesses focused on the design, manufacture and sales of apparel goods.

(ii) Represents adjustments related to the amortization of the value assigned to the acquired Mudd licensing contracts of $700,000, Mudd domain name of $340,000 and non-compete agreement of $1.4 million, on a straight line basis over the remaining contract period or estimated lives of two, five and four years, respectively (approximately $768,000 annually). Additionally includes approximately $100,000 annually for contractual compensation expense related to the management of the brand.

(iii) Represents interest expense at a fixed interest rate of 8.99% related to incremental financing incurred for the Mudd acquisition (approximately $4.4 million annually) and amortization of deferred financing fees incurred in closing the Mudd financing arrangement over the five-year term of the financed debt (approximately $98,000 annually).

(iv) Represents the provision for income taxes at a 34% effective rate related to the pro forma adjustments to income and the historical pre-tax income. The taxes were not historically reflected due to the entity's prior status as a limited liability company.

(v) Represents the effects of the shares of our common stock and warrants that we issued as part of the Mudd acquisition.

(vi) Represents the elimination of Modern Amusement from the Mossimo historical operations.

(vii) Represents the elimination of Modern Amusement from the Mossimo historical operations, net of adjustments aggregating $1.3 million related to the amortization of the acquired Mossimo licensing contracts and non-compete agreement on a straight-line basis over the remaining contract periods of 3.25 and 5.25 years, respectively (approximately $1.5 million annually). Additionally, it includes $250,000 annually for the consulting agreement with Mossimo Gianulli.

(viii) Represents the elimination of Modern Amusement from the Mossimo historical operations, net of interest expense at the current interest rate of 10.50% (LIBOR of 5.37% plus 5.125%) related to incremental financing incurred as part of the Mossimo merger of approximately $6.8 million for the nine months ended September 30, 2006. Additionally, it includes amortization of the deferred financing fees incurred in closing the Mossimo financing arrangement over the life (25.5 months) of the financed debt of approximately $369,000 for the nine months ended September 30, 2006.

(ix) Represents the provision/(benefit) for income taxes at an effective rate of approximately 34% related to the pro forma adjustments to income and the historical pre-tax income, less taxes assessed on historical pre-tax income.

(x) Represents the shares of our common stock issued upon the closing of the Mossimo merger.

(e) Represents $2,940,000 of incremental minimum royalties that would have been earned by the Registrant under the terms of the new licensing agreement between the Registrant and Roc Apparel LLC executed in accordance with the terms of the Purchase Agreement.

(f) Represents adjustments related to the amortization of the value assigned to the acquired Rocawear licensing contracts of $5.1 million and non-compete agreement of $3.0 million, on a straight line basis over the remaining weighted average contract period of 4.38 years and five years, respectively (approximately $1,764,000 annually). Additionally includes approximately $500,000 annually for contractual compensation related to the management of the brand.

(g) Represents pro forma adjustments for interest expense at a fixed interest rate of 7.35% related to financing incurred for the Rocawear asset acquisition (approximately $15.6 million annually) and amortization of deferred financing fees incurred in closing the Credit Agreement over the six year term of the Credit Agreement (approximately $652,000), net of an elimination of a non-recurring gain of $77,500 by Rocawear Licensing, LLC.

(h) Represents an adjustment to eliminate a non-recurring gain recognized by Rocawear Licensing, LLC.

(i) Represents the provision for income taxes at an effective rate of approximately 34% related to the pro forma adjustments to income and the historical pre-tax income. The taxes were not historically reflected due to the entity's prior status as a limited liability company.

(j) Represents the shares of the Regsitrant’s common stock and the warrants that were issued as part of the Rocawear asset acquisition.

(k) Represents adjustments related to the amortization of the value assigned to the acquired Pillowtex brands’ licensing contracts of $7.1 million, on a straight line basis over, the respective contract period which averaged 6 years (approximately $1.2 million annually), and trademark registration fees of approximately $151,000.

(l) Represents interest expense at a fixed interest rate of 1.875%, and approximately $1.3 million of convertible note discount amortization related to financing used in the Pillowtex asset acquisition.

(m) Represents the provision for income taxes at an effective rate of approximately 34% related to the pro forma adjustments to income and the historical pre-tax income, less taxes assessed on historical pre-tax income.

(n) Represents the shares of the Registrant’s common stock and the warrants that were issued as part of the Pillowtex asset acquisition.

(o) Below is a summary of the calculation used to determine pro forma basic and diluted earnings per share for the periods ended December 31, 2006 and September 30, 2007:

(in thousands)

	For the Year Ended December 31, 2006		For the Nine Months Ended September 30, 2007	
	Basic	**Diluted**	**Basic**	**Diluted**
Pro Forma Net Income	$ 41,347	$ 41,347	$ 51,556	$ 51,556
Weighted number of common shares outstanding, as reported in Iconix historical financial statements	39,937	45,274	56,569	61,289
Add: Incremental shares for pre-acquisition periods:				
Mossimo Common Shares	3,008	3,008	N/A	N/A
Mudd Common Shares	817	817	N/A	N/A
Rocawear related Restricted Shares	13	13	13	13
Rocawear related Warrants[1]	-	17	-	17
Subtotal prior to completion of Pillowtex acquisition	43,775	49,129	56,582	61,319
Pillowtex related Shares				
Pillowtex related Restricted Shares	13	13	13	13
Pillowtex related Warrants[2]	-	-	-	-
Pro Forma common and diluted shares outstanding[3]	**43,788**	**49,142**	**56,595**	**61,332**
Earnings per share	$ 0.94	$ **0.84**	$ 0.91	$ **0.84**

[1] Warrants included in the diluted share count were calculated using the Treasury Stock Method

[2] Warrants issued as part of the Pillowtex acquisition were anti-dilutive for the year ended December 31, 2006 and for the nine months ended September 30, 2007.

[3] Warrants issued in connection with the Registrant's convertible note financing were anti-dilutive and therefore not included in this calculation. Portions of the convertible note that would be subject to conversion to common stock were anti-dilutive as of the year ended December 31, 2006 and September 30, 2007 and therefore not included in this calculation.

(p) Represents historical information for the 2007 closed acquisition for the Rocawear brand acquisition for the period from January 1, 2007 to March 30, 2007.

(q) Represents $735,000 of incremental minimum royalties that would have been earned by the Registrant under the terms of the new licensing agreement between the Registrant and Roc Apparel LLC executed in accordance with the terms of the Purchase Agreement.

(r) Represents adjustments related to the amortization of the value assigned to the acquired Rocawear licensing contracts of $5.1 million and non-compete agreement of $3.0 million, on a straight line basis over the remaining weighted average contract period of 4.38 years and five years, respectively (approximately $441,000 for the period ended March 30, 2007).

Additionally includes approximately $125,000 quarterly for contractual compensation related to the management of the brand.

(s) Represents proforma adjustments for interest expense at a fixed interest rate of 7.35% related to financing incurred for the Rocawear asset acquisition ($3.9 million) and amortization of deferred financing fees incurred in closing the Credit Agreement over the six year term of the Credit Agreement (approximately $163,000) for the period from January 1, 2007 to March 30, 2007.

(t) Represents the provision for income taxes at an effective rate of approximately 34% related to the pro forma adjustments to income and the historical pre-tax income for the period from January 1, 2007 to March 30, 2007. The taxes were not historically reflected due to the entity's prior status as a limited liability company.

(u) Represents the shares of the Registrant’s common stock and the warrants that were issued as part of the Rocawear asset acquisition.

(v) Represents adjustments related to the amortization of the value assigned to the acquired Pillowtex brands’ licensing contracts of $7.1 million, on a straight line basis over the respective contract period which averaged 6 years (approximately $1.2 million annually), and trademark registration fees of approximately $148,000.

(w) Represents interest expense at a fixed interest rate of 1.875%, and approximately $323,000 of convertible note discount amortization related to financing used in the Pillowtex asset acquisition.

(x) Represents the provision for income taxes at an effective rate of approximately 34% related to the pro forma adjustments to income and the historical pre-tax income, less taxes assessed on historical pre-tax income.

(y) Represents the shares of the Registrant’s common stock and the warrants that were issued as part of the Pillowtex asset acquisition.