

ICONIX BRAND GROUP, INC.
Form S-3ASR
September 25, 2007

As filed with the Securities and Exchange Commission on September 25, 2007

Registration No. 333-_____

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

FORM S-3

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
ICONIX BRAND GROUP, INC.
(Exact name of registrant as specified in its charter)**

**Delaware
(State or other
jurisdiction
of incorporation or
organization)**

**11-2481903
(I.R.S. employer
identification no.)**

**1450 Broadway
New York, New York 10018
Telephone: (212) 730-0030
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Neil Cole, Chief Executive Officer
Iconix Brand Group, Inc.
1450 Broadway
New York, New York 10018
Telephone: (212) 730-0030
(Name, address, including zip code, and telephone number, including area code, of agent for service)**

Copies to:

**Robert J. Mittman, Esq.
Elise M. Adams, Esq.
Blank Rome LLP
405 Lexington Avenue
New York, NY 10174
Telephone: (212) 885-5555
Facsimile: (212) 885-5001**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable on or after the effective date of this Registration Statement.

If any of the securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I. D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413 (b) under the Securities Act, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum				Amount of registration fee
	Amount to be registered	offering price per share (1)	aggregate offering price(1)	offering price(1)	
1.875% Convertible Senior Subordinated Notes due 2012	\$ 287,500,000	100%	\$ 287,500,000		\$ 8,826.25
Common Stock, par value \$.001 per share (2)	10,431,794(3)	(4)	(4)	(4)	(4)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended, or the Securities Act.

(2) Includes preferred share purchase rights. Prior to the occurrence of certain events, the preferred share purchase rights will not be evidenced separately from the common stock.

(3) This number represents the maximum number of shares of common stock issuable upon conversion of the 1.875% Convertible Senior Subordinated Notes due 2012 being registered hereunder (which notes are convertible into shares of our common stock only under certain limited circumstances), subject to certain customary adjustments. Pursuant to Rule 416 under the Securities Act, the number of shares of common stock registered hereby also includes such indeterminate number of additional shares of common stock as may be issued upon conversion of the notes to prevent dilution resulting from stock splits, stock dividends, recapitalizations or similar events or adjustments with respect to the registrant's common stock.

(4) Pursuant to Rule 457(i) under the Securities Act, no additional registration fee is required in connection with the registration of the common stock issuable upon conversion of the notes.

PROSPECTUS

\$287,500,000

ICONIX BRAND GROUP, INC.

**1.875% Convertible Senior Subordinated Notes due 2012
and
Shares of Common Stock Issuable Upon Conversion of the Notes**

We issued and sold \$287,500,000 aggregate principal amount of our 1.875% Convertible Senior Subordinated Notes due 2012, or the notes, in a private offering on June 20, 2007. This prospectus may be used by selling securityholders identified in this prospectus to resell from time to time in one or more transactions their notes and shares of our common stock issuable upon conversion of the notes at fixed prices, at prevailing market prices at the time of sale, at varying prices or at negotiated prices. The selling securityholders may sell these securities directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation from the selling securityholders in the form of discounts, concessions or commissions. We will not receive any of the proceeds from the sale of the notes or the shares of common stock issuable upon conversion of the notes by any of the selling securityholders.

The notes bear interest at the rate of 1.875% per year. Interest is payable in cash semiannually in arrears on June 30 and December 31 of each year, beginning December 31, 2007. The notes will mature on June 30, 2012. The notes are our direct unsecured obligations and rank junior in right of payment to all of our existing and any of our future secured senior indebtedness, equal in right of payment to all of our existing and any of our future unsecured senior indebtedness and senior in right of payment to all of our existing and any of our future subordinated indebtedness. Creditors of each of our subsidiaries, including trade creditors, generally have priority with respect to the assets and earnings of each subsidiary over the claims of our creditors, including the holders of the notes. The notes, therefore, are effectively subordinated to the claims of creditors, including trade creditors, of our subsidiaries.

Holders may convert their notes based on a conversion rate of 36.2845 shares of our common stock per \$1,000 principal amount of notes (which is equal to an initial conversion price of approximately \$27.56 per share), subject to adjustment, only under the following circumstances: (1) in the fiscal quarter after the closing price of our common stock reaches, or five business days after the trading price of the notes falls below, specified thresholds; (2) if specified distributions to holders of our common stock occur; (3) if a fundamental change, as defined herein, occurs; (4) if we choose to redeem the notes upon the occurrence of a specified accounting change, as defined herein; or (5) during the one month period from, and including, June 1, 2012 to, but excluding, the maturity date. Upon conversion, in lieu of shares of our common stock, for each \$1,000 principal amount of notes a holder will receive an amount in cash equal to the lesser of (a) \$1,000 and (b) the conversion value, determined in the manner set forth in this prospectus based on the number of shares of our common stock equal to the conversion rate. If the conversion value exceeds \$1,000, we will also deliver, at our election, cash or common stock or a combination of cash and common stock with respect to the remaining conversion value. If a holder elects to convert its notes in connection with a fundamental change or in connection with a redemption upon the occurrence of a specified accounting change, we will pay, to the extent described in this prospectus, the applicable make whole premium by increasing the conversion rate applicable to such notes.

For a more detailed description of the notes, see “Description of the Notes.”

We do not intend to apply to list the notes on any securities exchange or to include the notes in any automated quotation system. The notes are currently eligible for trading in the PORTAL Market SM by qualified institutional

buyers; however, any notes resold using this prospectus will no longer be eligible for trading in the PORTAL Market.

Our common stock is listed on the Nasdaq Global Market under the symbol “ICON.” On September 21, 2007, the last quoted sale price of our common stock was \$23.24 per share.

Investing in these securities involves risks. See “Risk Factors” beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 25, 2007

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About This Prospectus

This prospectus is part of a “shelf” registration statement that we have filed with the Securities and Exchange Commission, or the SEC. Selling securityholders identified in this prospectus in the section entitled “Selling Securityholders,” or in a supplement to this prospectus, as described below, may from time to time use this prospectus to offer and sell, in one or more transactions, the 1.875% Convertible Senior Subordinated Notes due 2012 that we issued on June 20, 2007, which we refer to as the notes, as well as the shares of common stock issuable upon conversion of the notes. We will not receive any proceeds from the resale by any selling securityholder of the notes or the shares of common stock issuable upon conversion of the notes.

For further information about our business and the securities offered by this prospectus, you should refer to the registration statement and its exhibits. The exhibits to our registration statement contain the full text of certain contracts and other important documents we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities offered hereby, you should review the full text of these documents. The registration statement can be obtained from the SEC at

indicated under the heading “Where You Can Find More Information.”

This prospectus provides you with a general description of the notes and shares of common stock being offered for resale by selling securityholders pursuant to this prospectus. Each time any selling securityholder sells securities, we may provide a prospectus supplement that will contain additional information about the terms of that offering. A prospectus supplement may also be provided to add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement, you should rely on the information in the applicable prospectus supplement. You should read both this prospectus, including the documents incorporated into this prospectus by reference as set forth under the heading “Incorporation of Certain Documents by Reference,” and any applicable prospectus supplement, together with additional information described under the heading “Where You Can Find More Information.”

You should rely only on the information incorporated by reference or provided in this prospectus and any prospectus supplement. We have not authorized anyone else to provide you with different information. This prospectus is not an offer to sell nor is it a solicitation of an offer to buy any security in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this prospectus nor any sale made under this prospectus shall, under any circumstances, imply that there has been no change in our affairs since the date of this prospectus or that the information contained in this prospectus or incorporated by reference herein is correct as of any time subsequent to its date. Our business, financial condition, results of operations and prospects may have changed since that date.

Except where the context requires otherwise, in this prospectus, the “Company,” “Iconix,” “we,” “us” and “our” refer to the combined business of Iconix Brand Group, Inc., a Delaware corporation, and all of its subsidiaries.

Candie’[®], Bongo[®], Joe Boxer[®], Rampage[®], Mudd[®] and London Fog[®] are the registered trademarks of our wholly-owned subsidiary, IP Holdings LLC; Badgley Mischka[®] is the registered trademark of our wholly-owned subsidiary, Badgley Mischka Licensing LLC; Mossimo[®] is the registered trademark of our wholly-owned subsidiary, Mossimo Holdings LLC; Ocean Pacific[®] and OP[®] are the registered trademarks of our wholly-owned subsidiary, OP Holdings LLC; and Danskin[®], Danskin Now[®] and Rocawear[®] are the registered trademarks of our wholly-owned subsidiary, Studio IP Holdings LLC. Each of the other trademarks, trade names or service marks of other companies appearing in this prospectus or information incorporated by reference into this prospectus is the property of its respective owner.

Forward-Looking Statements

Certain statements in this prospectus or the documents incorporated by reference in this prospectus constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to enjoy protection of the safe harbor for forward-looking statement provided by that Act. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our business and our industry. These statements include those relating to future events, performance and/or achievements, and include those relating to, among other things:

- future revenues, expenses and profitability;
- the future development and expected growth of our business;
- projected capital expenditures;
- future outcomes of litigation and/or regulatory proceedings;
- competition;
- expectations regarding the retail sales environment;
- continued market acceptance of our current brands and our ability to market and license brands we acquire;
- our ability to continue identifying, pursuing and making acquisitions;

- the ability of our current licensees to continue executing their business plans with respect to their product lines; and
- our ability to continue sourcing licensees that can design, distribute, manufacture and sell their own product lines.

We have attempted to identify forward-looking statements by the use of words such as “may,” “should,” “will,” “could,” “*estimate*,” “project,” “predict,” “potential,” “continue,” “anticipate,” “believe,” “plan,” “seek,” “expect,” “future” and “intend.” of these terms or other comparable expressions which are intended to identify forward-looking statements. These statements are only predictions and are not guarantees of future performance. They are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause our actual results to differ materially from those expressed or forecasted in, or implied by, the forward-looking statements. In evaluating these forward-looking statements, you should carefully consider the risks and uncertainties described in “Risk Factors” below and elsewhere in this prospectus or in documents incorporated by reference into this prospectus. These forward-looking statements reflect our view only as of the date of this prospectus or the date of the documents incorporated by reference into this prospectus. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in, or implied by, these forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained in this prospectus or in documents incorporated by reference into this prospectus.

Prospectus Summary

This summary highlights certain information about our company, the notes and the selling stockholders' offering of the notes and shares of common stock issuable upon conversion of the notes pursuant to this prospectus. It does not contain all of the information that may be important to you and to your investment decision and is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained in, or incorporated by reference into, this prospectus, including our financial statements and the related notes. You should also carefully consider, among other things, the matters discussed in this prospectus in the section entitled "Risk Factors."

Our company

We are a brand management company engaged in licensing, marketing and providing trend direction for our diversified and growing consumer brand portfolio. Our brands are sold across every major segment of retail distribution, from luxury to mass. As of June 30, 2007, we owned 11 iconic consumer brands and related trademarks—Candie's, Bongo, Badgley Mischka, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific, Danskin and Rocawear—which we license worldwide to leading retailers and wholesalers for use in connection with a broad variety of product categories, including women's, men's and children's apparel, footwear and accessories, home furnishings and beauty and fragrance. While we retain significant approval rights under our licensing agreements in order to ensure consistency with our overall brand direction, we transfer all product design, manufacturing and distribution responsibilities to our licensees. As a result, our business model reduces the risks and investment requirements associated with more traditional operating companies and allows us to focus on our core competencies of marketing and managing brands.

Our licensing agreements provide us with a predictable stream of guaranteed minimum royalties. For the year ended December 31, 2006 and the six months ended June 30, 2007, we had revenues of \$80.7 million and \$69.9 million, respectively, and, as of June 30, 2007, we had approximately 150 royalty producing licenses with respect to our brands.

Our growth strategy is focused on increasing our licensing revenue from our existing brands by expanding their retail penetration, entering into new product categories and optimizing our licensees' sales. We also intend to continue the international expansion of our brands through additional partnerships with leading licensees worldwide. Finally, we intend to continue acquiring iconic consumer brands that leverage our brand management expertise and existing infrastructure and that have applicability to a wide range of merchandise categories in order to further diversify our brand portfolio.

We were incorporated under the laws of the state of Delaware in 1978. Our principal executive offices are located at 1450 Broadway, New York, New York 10018 and our telephone number is (212) 730-0300. Our web site address, which we have included in this document as an inactive textual reference only, is www.iconixbrand.com. The information on our web site does not constitute part of this prospectus.

The offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see the section in this prospectus entitled "Description of the Notes".

Issuer	Iconix Brand Group, Inc.
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Selling securityholders	The securities to be offered and sold using this prospectus will be offered and sold by the selling securityholders named in this prospectus, or in an amendment or supplement to this prospectus. See "Selling Securityholders."
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Securities covered by this prospectus	<ul style="list-style-type: none"> · \$287,500,000 aggregate principal amount of our 1.875% Convertible Senior Subordinated Notes due 2012, and · The shares of common stock issuable upon conversion of the notes
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Maturity date of the notes June 30, 2012.

Interest on the notes 1.875% per year, payable semiannually in arrears in cash on June 30 and December 31 of each year, beginning December 31, 2007.

Conversion rights of noteholders Holders may convert their notes prior to the close of business on the business day before the maturity date based on the applicable conversion rate only under the following circumstances:

- during any fiscal quarter beginning after September 30, 2007 (and only during such fiscal quarter), if the closing price of our common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is more than 130% of the conversion price per share, which is \$1,000 divided by the then applicable conversion rate;
- during the five business day period immediately following any five consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each day of that period was less than 98% of the product of the closing price of our common stock for each day in that period and the conversion rate per \$1,000 principal amount of notes;
- if specified distributions to holders of our common stock or other specified events occur;
- if a fundamental change occurs;
- if we choose to redeem the notes upon the occurrence of a specified accounting change; or
- during the one month period from, and including, June 1, 2012 to, but excluding, the maturity date.

The initial conversion rate is 36.2845 shares of common stock per \$1,000 principal amount of notes. This is equivalent to an initial conversion price of approximately \$27.56 per share of common stock.

Upon conversion of each \$1,000 principal amount of notes, a holder will receive, in lieu of common stock, an amount in cash equal to the lesser of (i) \$1,000 and (ii) the conversion value, determined in the manner set forth in this prospectus based on a

number of shares of our common stock equal to the conversion rate. If the conversion value exceeds \$1,000 for such conversion date, we will also deliver, at our election, cash or common stock or a combination of cash and common stock with respect to the remaining conversion value.

Pursuant to Nasdaq Rule 4350, the maximum number of shares that we may issue upon conversion of the notes, absent stockholder approval may not exceed 19.99% of our total shares outstanding as of June 20, 2007, subject to certain adjustments. As a result, in no event will the aggregate number of shares of common stock to be issued upon conversion of any note exceed the aggregate share cap of 39.4 shares per \$1,000 principal amount of notes, subject to adjustment.

When a holder surrenders notes for conversion, the conversion agent may first offer the notes to a financial institution chosen by us for exchange in lieu of conversion. The designated institution will have the option, but not the obligation (unless separately agreed to by it and us at the time), to exchange those notes for the consideration that the holder of those notes would have been entitled to receive upon conversion. We may, but will not be obligated to, enter into a separate agreement with the financial institution which would compensate it for any such transaction. As soon as practicable following the conversion date, the designated institution or we, as the case may be, will deliver through the conversion agent such consideration that the holder of those notes would have been entitled to receive upon conversion. Delivery to the holder of such full consideration will be deemed to satisfy our obligation to pay the principal amount at maturity of the note whether made by us or by the designated institution.

See “Description of the Notes—Conversion rights.”

Our repurchase of notes at holders’ option
upon a fundamental change

If a fundamental change as described below under “Description of the Notes – Purchase at holders’ option upon a fundamental change” occurs, holders will have the right to require us to repurchase for cash all or any portion of their notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See “Description of the Notes—Purchase at holders’ option upon a fundamental change.”

Optional redemption of notes by us upon
a specified accounting change

If a specified accounting change as described under “Description of the Notes—Optional redemption upon a specified accounting change” occurs, we may redeem the notes in whole for cash, at a price equal to 102% of the principal amount of the notes plus accrued and unpaid interest to, but excluding, the redemption date. See “Description of the Notes—Optional redemption upon a specified accounting change.”

Make whole premium on notes converted
upon a fundamental change

If a fundamental change as described below under “Description of the Notes—Make whole premium upon a fundamental change” occurs, we will pay, to the extent described in this prospectus, a make whole premium on notes converted in connection with a fundamental change by increasing the conversion rate applicable to the notes.

The amount of the increase in the applicable conversion rate, if any, will be based on our common stock price and the effective date of the fundamental change. A description of how the increase in the applicable conversion rate will be determined and a table showing the increase that would apply at various common stock prices and fundamental change effective dates are set forth under “Description of the Notes—Make whole premium upon a fundamental change.”

Make whole premium on notes converted
in connection with a redemption upon a
specified accounting change

If we chose to redeem the notes upon a specified accounting change as described below under “Description of the Notes—Optional redemption upon a specified accounting change” and a holder chooses to convert its notes in connection with such redemption, we will pay, to the extent described in this prospectus, a make whole premium on the notes the holder converts in connection with such redemption by increasing the conversion rate applicable to such notes.

The amount of the increase in the applicable conversion rate, if any, will be based on a formula which takes into account our common stock price over a 10-day averaging period and the proposed redemption date described under “Description of the Notes—Optional redemption upon a specified accounting change.” A description of how the increase in the applicable conversion rate will be determined is set forth under “Description of the Notes—Make whole premium upon a specified accounting change.”

Ranking of the notes

The notes are our direct unsecured obligations. They are subordinated in right of payment to all of our existing and future secured senior indebtedness, rank equally in right of payment with all of our existing and any of our future unsecured senior indebtedness and are senior in right of payment to all of our existing and any of our future subordinated indebtedness, as described below under “Description of the Notes—Subordination provisions.” The notes are not guaranteed by any of our existing or any future subsidiaries and are effectively subordinated to the claims of creditors, including trade creditors, of our subsidiaries.

At June 30, 2007, we had \$500.0 million of indebtedness outstanding at the parent level, including \$212.0 million of secured senior indebtedness. In addition, our subsidiaries had approximately \$156.9 million of outstanding liabilities at June 30, 2007, including \$147.1 million of secured senior indebtedness and \$9.8 million of other liabilities (including trade payables, but excluding inter-company indebtedness and deferred tax liabilities).

Under the indenture governing the notes, we are not prohibited from incurring additional debt, other than unsecured indebtedness ranking senior in right of payment to the notes, and our subsidiaries are not prohibited from incurring any additional indebtedness.

Use of proceeds

We will not receive any proceeds from the sale by the selling securityholders of the notes or the shares of common stock issuable upon conversion of the notes offered and sold under this prospectus. See “Use of Proceeds.”

Registration rights

We entered into a registration rights agreement with the initial purchasers of the notes for the benefit of the holders of the notes pursuant to which we have filed a shelf registration statement, of which this prospectus forms a part, with the SEC covering the resale of the notes and the shares of common stock issuable upon conversion of the notes.

We have agreed to use our commercially reasonable efforts to keep such shelf registration statement continuously effective, subject to certain permitted suspensions, until the earlier of (i) June 20, 2009, (ii) the sale pursuant to the shelf registration statement of all of the notes and/or the shares of common stock issuable upon conversion of the notes and (iii) the expiration of the holding period applicable to such securities held by non-affiliates under Rule 144(k) under the Securities Act, or any successor provision, subject to certain permitted exceptions. We will be required to pay additional interest, subject to some limitations, to the holders of the notes if we fail to comply with our obligations to maintain the effectiveness of the registration statement (other than as permitted by the terms of the registration rights agreement) for the stated period. See “Description of the Notes—Registration rights.”

The notes will be issued in minimum denominations of \$1,000 and any integral multiple of \$1,000.

Trading

Our common stock is a publicly traded security on the Nasdaq Global Market and its last quoted sale price as of September 21, 2007 was \$23.24 per share.

We do not intend to apply to list the notes on any securities exchange or to include the notes in any automated quotation system. The notes are currently eligible for trading in the PORTAL Market by qualified institutional buyers; however any notes sold using this prospectus will no longer be eligible for trading on the PORTAL Market. We cannot assure you that any active or liquid market will develop for the notes.

Nasdaq symbol for common stock

Our common stock is quoted on the Nasdaq Global Market under the symbol “ICON.”

Certain U.S. federal income tax considerations

See “Certain U.S. Federal Income Tax Considerations” for a discussion of the U.S. tax considerations applicable to the purchase, ownership and conversion of the notes.

Trustee, registrar, paying agent and conversion agent for the notes

The Bank of New York

Transfer agent for our common stock

Continental Stock Transfer & Trust Company

Risk factors

See “Risk Factors” and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes or our common stock.

Risk Factors

You should consider carefully the following risks, together with all the other information contained in, or incorporated by reference into, this prospectus before making a decision to invest in our common stock or notes. If any of the following risks actually occurs, our business, financial condition, or results of operations may suffer. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business or financial condition in the future. Any adverse effect on our business, financial condition or operating results could result in our inability to repay the principal of and interest on the notes, a decline in the trading price of our common stock and/or our notes and your loss of all or part of your investment.

Risk factors related to our business

Our current business model is new and our operating history as solely a brand management company includes only two full fiscal years, which makes it difficult to evaluate our current business and future prospects.

We began our transition in 2003 from a procurer of manufacturing, seller and marketer of footwear and jeanswear products to a brand management company that owns, licenses and manages its own consumer brands. We only completed the elimination of our retail and manufacturing operations in mid-2004 and, therefore, have operated solely as a brand management company for only two full reporting fiscal years, which makes it difficult to evaluate our ability to successfully manage and grow our business long-term. Furthermore, our business model depends on a number of factors for its continued success, including the continued market acceptance of our brands, the production and sale of quality products by our licensees and the expansion of our brand portfolio through the acquisition of additional brands and the growth of our existing brands. While we believe our diversified brand portfolio protects us from the underperformance of any one brand and that we will be able to continue our growth through continued development of our existing brands, through the acquisition of additional brands and by expanding internationally, we cannot guarantee the continued success of our business.

The failure of our licensees to adequately produce, market and sell products bearing our brand names in their license categories could result in a decline in our results of operations.

We are no longer directly engaged in the sale of branded products and, consequently, our revenues are now almost entirely dependent on royalty payments made to us under our licensing agreements. Although the licensing agreements for our brands usually require the advance payment to us of a portion of the licensing fees and in most cases provide for guaranteed minimum royalty payments to us, the failure of our licensees to satisfy their obligations under these agreements or their inability to operate successfully or at all, could result in their breach, and/or the early termination, of such agreements, their non-renewal of such agreements or our decision to amend such agreements to reduce the guaranteed minimums due thereunder, thereby eliminating some or all of that stream of revenue. Moreover, during the terms of the license agreements, we are substantially dependent upon the abilities of our licensees to maintain the quality and marketability of the products bearing our trademarks, as their failure to do so could materially tarnish our brands, thereby harming our future growth and prospects. In addition, the failure of our licensees to meet their production, manufacturing and distribution requirements could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimums) due to us. This, in turn, could decrease our potential revenues. Moreover, the concurrent failure by several of our material licensees to meet their financial obligations to us could jeopardize our ability to meet the debt service coverage ratios required in connection with our senior secured term loan facility and the asset-backed notes issued by our subsidiary, IP Holdings LLC, and/or our ability or IP Holdings' ability to make required payments with respect to such indebtedness. The failure to meet such debt service coverage ratios or to make such required payments would, with respect to our term loan facility, give the lenders thereunder the right to foreclose on the Ocean Pacific, Danskin and Rocawear related trademarks and other related intellectual property assets securing the debt outstanding under such facility and, with respect to the IP Holdings' notes, give the holders of such notes the right to foreclose on the Candie's, Bongo, Joe

Boxer, Rampage, Mudd and London Fog trademarks and other related intellectual property assets securing such notes. Moreover, we will be required under the terms of our term loan facility to pledge assets acquired by us in certain future acquisitions made by us with proceeds from our June 2007 sale of convertible notes as additional security under our term loan facility, which, in the event we fail to meet our debt service coverage ratios or make required payments under such facility, would give the lenders thereunder the right to foreclose on such assets as well.

Our business is dependent on continued market acceptance of our brands and the products of our licensees bearing these brands.

Although most of our licensees guarantee minimum net sales and minimum royalties to us, a failure of our brands or of products bearing our brands to achieve or maintain market acceptance could cause a reduction of our licensing revenues. Such failure could also cause the devaluation of our trademarks, which are our primary assets, making it more difficult for us to renew our current licenses upon their expiration or enter into new or additional licenses for our trademarks. In addition, if such devaluation of our trademarks were to occur, a material impairment in the carrying value of one or more of our trademarks could also occur and be charged as an expense to our operating results. Continued market acceptance of our brands and our licensees' products, as well as market acceptance of any future products bearing our brands, is subject to a high degree of uncertainty, made more so by constantly changing consumer tastes and preferences. Maintaining market acceptance of our licensees' products and creating market acceptance of new products and categories of products bearing our marks will require our continuing and substantial marketing efforts, which may, from time to time, also include our expenditure of significant additional funds, to keep pace with changing consumer demands. Additional marketing efforts and expenditures may not, however, result in either increased market acceptance of, or additional licenses for, our trademarks or increased market acceptance, or sales, of our licensees' products. Furthermore, while we believe that we currently maintain sufficient control over the products our licensees' produce under our brand names through the provision of trend direction and our right to preview and approve a majority of such products, including their presentation and packaging, we do not actually design or manufacture products bearing our marks and therefore have more limited control over such products' quality and design than a traditional product manufacturer might have.

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

As of June 30, 2007, we had consolidated debt of approximately \$647.1 million, including secured debt of \$359.1 million (\$212.0 million under our senior secured term loan facility and \$147.1 million under asset-backed notes issued by our subsidiary, IP Holdings). We may also assume or incur additional debt, including secured debt, in the future in connection with, or to fund, future acquisitions. Our debt obligations:

- could impair our liquidity;
- could make it more difficult for us to satisfy our other obligations;
- require us to dedicate a substantial portion of our cash flow to payments on our debt obligations, which reduces the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements;
- could impede us from obtaining additional financing in the future for working capital, capital expenditures, acquisitions and general corporate purposes;
- impose restrictions on us with respect to future acquisitions;
- make us more vulnerable in the event of a downturn in our business prospects and could limit our flexibility to plan for, or react to, changes in our licensing markets; and
- place us at a competitive disadvantage when compared to our competitors who have less debt.

While we believe that by virtue of the guaranteed minimum royalty payments due to us under our licenses we will generate sufficient revenues from our licensing operations to satisfy our obligations for the foreseeable future, in the event that we were to fail in the future to make any required payment under agreements governing our indebtedness or fail to comply with the financial and operating covenants contained in those agreements, we would be in default regarding that indebtedness. A debt default could significantly diminish the market value and marketability of our common stock and could result in the acceleration of the payment obligations under all or a portion of our consolidated indebtedness. In the case of our term loan facility, it would enable the lenders to foreclose on the assets securing such debt, including the Ocean Pacific, Danskin and Rocawear related trademarks, and, in the case of IP Holdings' asset-backed notes, it would enable the holders of such notes to foreclose on the assets securing such notes, including the Candie's, Bongo, Joe Boxer, Rampage, Mudd and London Fog trademarks.

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

As of June 30, 2007, goodwill represented approximately \$96.5 million, or 8% of our total assets, and trademarks and other intangible assets represented approximately \$746.9 million, or 61% of our total assets. Under Statement of Financial Accounting Standard No. 142, or SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite life intangible assets, including some of our trademarks, are no longer amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually. While, to date, no impairment write-downs have been necessary, any write-down of goodwill or intangible assets resulting from future periodic evaluations would, as applicable, either decrease our net income or increase our net loss and those decreases or increases could be material.

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

Our licenses with Target, Kohl's and Kmart Corporation, were our three largest licenses during the three months and six months ended June 30, 2007, representing approximately 29% and 36%, respectively, of our total revenue for such periods. Our license agreement with Kohl's grants it the exclusive U.S. license with respect to the Candie's trademark for a wide variety of product categories for an initial term expiring in December 2010; our license agreement with Kmart grants it the exclusive U.S. license with respect to the Joe Boxer trademark for a wide variety of product categories for a term expiring in December 2010; and our license agreement with Target grants it the exclusive U.S. license with respect to the Mossimo trademark for substantially all Mossimo-branded products for an initial term expiring in January 2010. Because we are dependent on these licensees for a significant portion of our licensing revenue, if any of them were to have financial difficulties affecting its ability to make guaranteed payments, or if any of these licensees decides not to renew or extend its existing agreement with us, our revenue and cash flows could be reduced substantially. In addition, as of September 2006, Kmart had not approached the sales levels of Joe Boxer products needed to trigger royalty payments in excess of its guaranteed minimums since 2004, and, as a result, when we entered into the current license agreement with Kmart in September 2006 expanding its scope to include Sears stores and extending its term from December 2007 to December 2010, we agreed to reduce its guaranteed annual royalty minimums by approximately half, as a result of which our revenue from this license has been substantially reduced.

In March 2007, we also entered into a license agreement with Roc Apparel Group LLC in connection with our acquisition of certain assets and rights of Rocawear Licensing LLC, which grants the licensee the exclusive U.S. license with respect to the Rocawear trademark for men's and young men's apparel for an initial term expiring in March 2012. In addition, we also acquired an agreement in March 2007 in connection with our acquisition of certain assets and rights of Danskin, Inc. and Danskin Now, Inc., which grants Wal-Mart the exclusive right to use the Danskin Now

trademark for women's and girls' apparel and other products in the U.S. until the end of 2008. Each of these agreements provides for significant guaranteed payments to us and could represent a significant portion of our revenues in the future.

Our license agreement with Target could be terminated by Target in the event we were to lose the services of Mossimo Giannulli as our creative director with respect to Mossimo-branded products, thereby significantly devaluing the assets acquired by us in the Mossimo merger and decreasing our expected revenues and cash flows.

While we believe that there has been significant consumer acceptance of products sold under our recently-acquired Mossimo brand as a stand-alone brand, the image and reputation of Mossimo Giannulli, the creator of the brand, remain important factors to Target, the brand's primary licensee. Target has the right under its license agreement with us to terminate the agreement if Mr. Giannulli's services as our creative director for Mossimo-branded products are no longer available to Target, upon his death or permanent disability or in the event a morals clause in the agreement relating to his future actions and behavior is breached. Although we have entered into an agreement with Mr. Giannulli in which he has agreed to continue to provide us with his creative director services, including those required under the Target license, for an initial term expiring on January 31, 2010, there can be no assurance that he will continue to do so or that in the event we were to lose such services, Target would continue its license agreement with us. The loss of the Target license would significantly devalue the assets acquired by us in the Mossimo merger and decrease our expected revenues and cash flows until we were able to enter into one or more replacement licenses.

If we are unable to identify and successfully acquire additional trademarks, our growth may be limited, and, even if additional trademarks are acquired, we may not realize anticipated benefits due to integration or licensing difficulties.

A key component of our growth strategy is the acquisition of additional trademarks. If competitors pursue our brand management model, acquisitions could become more expensive and suitable acquisition candidates more difficult to find. In addition, even if we successfully acquire additional trademarks, we may not be able to achieve or maintain profitability levels that justify our investment in, or realize planned benefits with respect to, those additional brands. Although we seek to temper our acquisition risks by following acquisition guidelines relating to the existing strength of the brand, its diversification benefits to us, its potential licensing scale and the projected rate of return on our investment, acquisitions, whether they be of additional intellectual property assets or of the companies that own them, entail numerous risks, any of which could detrimentally affect our results of operations and/or the value of our equity. These risks include, among others:

· unanticipated costs;

· negative effects on reported results of operations from acquisition related charges and amortization of acquired intangibles;

· diversion of management's attention from other business concerns;

· the challenges of maintaining focus on, and continuing to execute, core strategies and business plans as our brand and license portfolio grows and becomes more diversified;

· adverse effects on existing licensing relationships;

· potential difficulties associated with the retention of key employees, and the assimilation of any other employees, that may be retained by us in connection with or as a result of our acquisitions; and

· risks of entering new domestic and international licensing markets (whether it be with respect to new licensed product categories or new licensed product distribution channels) or markets in which we have limited prior experience.

Acquiring additional trademarks could also have a significant effect on our financial position and could cause substantial fluctuations in our quarterly and yearly operating results. Acquisitions could result in the recording of significant goodwill and intangible assets on our financial statements, the amortization or impairment of which would reduce our reported earnings in subsequent years. Moreover, as discussed below, our ability to grow through the acquisition of additional trademarks will also depend on the availability of capital to complete the necessary acquisition arrangements. Any issuance by us of shares of our common stock as equity consideration in future acquisitions could dilute our common stock because it could reduce our earnings per share, and any such dilution could reduce the market price of our common stock unless and until we were able to achieve revenue growth or cost savings and other business economies sufficient to offset the effect of such an issuance. As a result, there is no guarantee that our stockholders will achieve greater returns as a result of any future acquisitions we complete.

We may require additional capital to finance the acquisition of additional brands and our inability to raise such capital on beneficial terms or at all could restrict our growth.

We may, in the future, require additional capital to help fund all or part of potential trademark acquisitions. If, at the time required, we do not have sufficient cash to finance those additional capital needs, we will need to raise additional funds through equity and/or debt financing. We cannot assure you that, if and when needed, additional financing will be available to us on acceptable terms or at all. If additional capital is needed and is either unavailable or cost prohibitive, our growth may be limited as we may need to change our business strategy to slow the rate of, or eliminate, our expansion plans. In addition, any additional financing we undertake could impose additional covenants upon us that restrict our operating flexibility, and, if we issue equity securities to raise capital, our existing stockholders may experience dilution or the new securities may have rights senior to those of our common stock.

Our licensees are subject to risks and uncertainties of foreign manufacturing that could interrupt their operations or increase their operating costs thereby affecting their ability to deliver goods to the market, reduce or delay their sales and decrease our potential royalty revenues.

Substantially all of the products sold by our licensees are manufactured overseas. There are substantial risks associated with foreign manufacturing, including changes in laws relating to quotas, and the payment of tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays and international political, regulatory and economic developments, any of which could increase our licensees' operating costs. Our licensees also import finished products and assume all risk of loss and damage with respect to these goods once they are shipped by their suppliers. If these goods are destroyed or damaged during shipment, the revenues of our licensees, and thus our royalty revenues over and above the guaranteed minimums, could be reduced as a result of our licensees' inability to deliver or their delay in delivering their products.

Because of the intense competition within our licensees' markets and the strength of some of their competitors, we and our licensees may not be able to continue to compete successfully.

Currently, most of our trademark licenses are for products in the apparel, footwear and fashion industries, in which industries our licensees face intense and substantial competition, including from our other brands and licensees. In general, competitive factors include quality, price, style, name recognition and service. In addition, various fads and the limited availability of shelf space could affect competition for our licensees' products. Many of our licensees' competitors have greater financial, distribution, marketing and other resources than our licensees and have achieved significant name recognition for their brand names. Our licensees may be unable to successfully compete in the markets for their products, and we may not be able to continue to compete successfully with respect to our licensing arrangements.

If our competition for retail licenses and brand acquisitions increases, our growth plans could be slowed.

We may face increasing competition in the future for retail licenses as other companies owning established brands may decide to enter into licensing arrangements with retailers similar to the ones we currently have in place. Furthermore, our current or potential retailer licensees may decide to develop or purchase brands rather than maintain or enter into license agreements with us. We also compete with traditional apparel and consumer brand companies and with other brand management companies for brand acquisitions. If our competition for retail licenses and brand acquisitions increases, it may take us longer to procure additional retail licenses and/or acquire additional brands, which could slow down our growth rate.

Our failure to protect our proprietary rights could compromise our competitive position and decrease the value of our brands.

We own, through our wholly-owned subsidiaries, U.S. federal trademark registrations and foreign trademark registrations for our brands that are vital to the success and further growth of our business and which we believe have significant value. We monitor on an ongoing basis unauthorized filings of our trademarks and imitations thereof, and rely primarily upon a combination of trademarks, copyrights and contractual restrictions to protect and enforce our intellectual property rights domestically and internationally. We believe that such measures afford only limited protection and, accordingly, there can be no assurance that the actions taken by us to establish, protect and enforce our trademarks and other proprietary rights will prevent infringement of our intellectual property rights by others, or prevent the loss of licensing revenue or other damages caused therefrom.

For instance, despite our efforts to protect and enforce our intellectual property rights, unauthorized parties may attempt to copy aspects of our intellectual property, which could harm the reputation of our brands, decrease their value and/or cause a decline in our licensees' sales and thus our revenues. Further, we and our licensees may not be able to detect infringement of our intellectual property rights quickly or at all, and at times we or our licensees may not be successful combating counterfeit, infringing or knockoff products, thereby damaging our competitive position. In addition, we depend upon the laws of the countries where our licensees' products are sold to protect our intellectual property. Intellectual property rights may be unavailable or limited in some countries because standards of registerability vary internationally. Consequently, in certain foreign jurisdictions, we have elected or may elect not to apply for trademark registrations. Further, trademark protection may not be available in every country where our licensees' products are sold. While we generally apply for trademarks in most countries where we license or intend to license our trademarks, we may not accurately predict all of the countries where trademark protection will ultimately be desirable. If we fail to timely file a trademark application in any such country, we may be precluded from doing so at a later date. Failure to adequately pursue and enforce our trademark rights could damage our brands, enable others to compete with our brands and impair our ability to compete effectively.

In addition, in the future, we may be required to assert infringement claims against third parties, and there can be no assurance that one or more parties will not assert infringement claims against us. Any resulting litigation or proceeding could result in significant expense to us and divert the efforts of our management personnel, whether or not such litigation or proceeding is determined in our favor. In addition, to the extent that any of our trademarks were ever deemed to violate the proprietary rights of others in any litigation or proceeding or as a result of any claim, we may be prevented from using them, which could cause a termination of our licensing arrangements, and thus our revenue stream, with respect to those trademarks. Litigation could also result in a judgment or monetary damages being levied against us.

We are dependent upon our president and other key executives. If we lose the services of these individuals we may not be able to fully implement our business plan and future growth strategy, which would harm our business and prospects.

Our successful transition from a manufacturer and marketer of footwear and jeanswear to a licensor of intellectual property is largely due to the efforts of Neil Cole, our president, chief executive officer and chairman. Our continued success is largely dependent upon his continued efforts and those of the other key executives he has assembled. Although we have entered into an employment agreement with Mr. Cole, expiring on December 31, 2007, as well as employment agreements with other of our key executives, there is no guarantee that we will not lose their services. To the extent that any of their services become unavailable to us, we will be required to hire other qualified executives, and we may not be successful in finding or hiring adequate replacements. This could impede our ability to fully implement our business plan and future growth strategy, which would harm our business and prospects.

Until recently, we incurred losses on a consistent basis and we may not be able to sustain our profitability in the future.

Although we have consistently recorded net income in connection with our new business model, prior to our transition to a brand management company in 2004, we consistently sustained net losses, including net losses of \$11.3 million, \$3.9 million and \$2.3 million in the fiscal years ended January 31, 2004, 2003 and 2002, respectively. We cannot guarantee you that we will continue to be profitable in the future.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws or interpretations thereof. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of recovering the amount of deferred tax assets recorded on the balance sheet and the likelihood of adverse outcomes resulting from examinations by various taxing authorities in order to determine the adequacy of our provision for income taxes. We cannot guarantee that the outcomes of these evaluations and continuous examinations will not harm our reported operating results and financial conditions.

The market price of our common stock has been, and may continue to be, volatile, which could reduce the market price of our common stock.

The publicly traded shares of our common stock have experienced, and may continue to experience, significant price and volume fluctuations. This market volatility could reduce the market price of our common stock, regardless of our operating performance. In addition, the trading price of our common stock could change significantly over short periods of time in response to actual or anticipated variations in our quarterly operating results, announcements by us, our licensees or our respective competitors, factors affecting our licensees' markets generally and/or changes in national or regional economic conditions, making it more difficult for shares of our common stock to be sold at a favorable price or at all. The market price of our common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the trademark licensing business or companies in the industries in which our licensees compete.

Future sales of our common stock may cause the prevailing market price of our shares to decrease.

We have issued a substantial number of shares of common stock that are eligible for resale under Rule 144 of the Securities Act and that may become freely tradable. We have also already registered a substantial number of shares of common stock that are issuable upon the exercise of options and warrants and have registered for resale a substantial

number of restricted shares of common stock issued in connection with our acquisitions. If the holders of our options and warrants choose to exercise their purchase rights and sell the underlying shares of common stock in the public market, or if holders of currently restricted shares of our common stock choose to sell such shares in the public market under Rule 144 or otherwise, the prevailing market price for our common stock may decline. The sale of shares issued upon the exercise of our derivative securities could also further dilute the holdings of our then existing stockholders, including holders of the notes that receive shares of our common stock upon conversion of their notes. In addition, future public sales of shares of our common stock could impair our ability to raise capital by offering equity securities.

Provisions in our charter and in our share purchase rights plan and Delaware law could make it more difficult for a third party to acquire us, discourage a takeover and adversely affect our stockholders (including holders of the notes who receive shares of our common stock upon conversion of their notes).

Certain provisions of our certificate of incorporation and our share purchase rights plan, either alone or in combination with each other, could have the effect of making more difficult, delaying or deterring unsolicited attempts by others to obtain control of our company, even when these attempts may be in the best interests of our stockholders. Our certificate of incorporation currently authorizes 150,000,000 shares of common stock to be issued. Based on our outstanding capitalization at September 21, 2007, and assuming the exercise of all outstanding options and warrants, there were still a total of approximately 87,437,026 shares of common stock available for issuance by our board of directors without stockholder approval. Our certificate of incorporation also authorizes our board of directors, without stockholder approval, to issue up to 5,000,000 shares of preferred stock, in one or more series, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of our common stock, none of which has been issued to date. Furthermore, under our share purchase rights plan, often referred to as a “poison pill,” if anyone acquires 15% or more of our outstanding shares, all of our stockholders (other than the acquirer) have the right to purchase additional shares of our common stock for a fixed price. We are also subject to the provisions of Section 203 of the Delaware General Corporation Law, which could prevent us from engaging in a business combination with a 15% or greater stockholder for a period of three years from the date it acquired that status unless appropriate board or stockholder approvals are obtained.

These provisions could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over the then current market price. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

Risks factors related to the notes

The notes are unsecured and subordinated to all of our existing and future secured senior indebtedness.

The notes are unsecured and subordinated in right of payment to our existing and future secured senior indebtedness. In the event of bankruptcy, liquidation or reorganization or upon acceleration of the notes due to an event of default and in specific other events, our assets will be available to pay obligations on the notes only after all secured senior indebtedness, including borrowings under our existing term loan facility, has been paid in full in cash or other payment satisfactory to the holders of such indebtedness has been made. Accordingly, upon an acceleration of the notes in the event of default, there may be no assets remaining from which claims of the holders of the notes could be satisfied or, if any assets remained, they might be insufficient to satisfy those claims in full. Additionally, the subordination provisions of our term loan facility may prevent us from making payments in cash upon a conversion.

In addition, the notes are not guaranteed by any of our existing or future subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due with respect to the notes or to make any funds available therefor, whether by dividends, loans or other payments. Creditors of our subsidiaries, including trade creditors, generally have priority with respect to the assets and earnings of each subsidiary over the claims of our creditors, including the holders of the notes. Therefore, the notes are effectively subordinate to the claims of creditors, including trade creditors, of our subsidiaries.

At June 30, 2007, we had \$500.0 million of indebtedness outstanding at the parent level, including \$212.0 million of secured senior indebtedness. In addition, our subsidiaries had approximately \$156.9 million of outstanding liabilities at June 30, 2007, including \$147.1 million of secured senior indebtedness and \$9.8 million of other liabilities (including trade payables, but excluding inter-company indebtedness and deferred tax liabilities).

There are no restrictive covenants in the indenture for the notes relating to our ability to incur future indebtedness (other than unsecured indebtedness ranking senior in right of payment to the notes) or complete other transactions.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of additional indebtedness (other than unsecured indebtedness ranking senior in right of payment to the notes), transactions with affiliates, incurrence of liens or the issuance or repurchase of securities by us or any of our existing or future subsidiaries. We, therefore, may incur additional debt, including additional secured debt, that would be effectively senior to the notes to the extent of the value of the assets securing such debt, and additional debt at the subsidiary level to which the notes would be structurally subordinated. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on our existing or future debt, including the notes offered hereby, or that future working capital, borrowings or equity financing will be available to pay or refinance any such debt.

Fluctuations in the price of our common stock may prevent you from being able to convert the notes prior to the month preceding the maturity date and may affect the price of the notes and make them more difficult to resell.

The ability of holders of the notes to convert the notes is conditioned on the closing price of our common stock reaching specified thresholds or the occurrence of specified events, such as a fundamental change. If the closing price threshold for conversion of the notes as described under “Description of the Notes—Conversion rights—Conversion based on common stock price” is satisfied during a fiscal quarter, holders may convert the notes only during the subsequent fiscal quarter. If such closing price thresholds are not satisfied and the other specified events that would permit a holder to convert notes do not occur, holders would only be able to convert their notes during the one month period from and including June 1, 2012 to, but excluding, the final maturity date on June 30, 2012.

Because the notes are convertible based on the share price of our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the notes and could limit amounts payable upon conversion of the notes. Holders who receive common stock upon conversion of the notes will also be subject to the risk of volatility and depressed prices of our common stock.

The make whole premium that may be payable upon conversion in connection with a fundamental change or a redemption upon the occurrence of a specified accounting change may not adequately compensate you for the lost option time value of your notes as a result of such fundamental change or redemption.

If you convert notes in connection with a fundamental change or upon our election to redeem the notes upon the occurrence of a specified accounting change, we may be required to pay a make whole premium by increasing the conversion rate applicable to your notes, as described under “Description of the Notes— Make whole premium upon a fundamental change” and “Description of Notes—Make whole premium upon a specified accounting change.” While these increases in the applicable conversion rate are designed to compensate you for the lost option time value of your notes as a result of a fundamental change or redemption, such increases are only an approximation of such lost value and may not adequately compensate you for such loss. In addition, even if a fundamental change occurs or we elect to redeem upon a specified accounting change, in some cases described below under “Description of the Notes— Make whole premium upon a fundamental change” or “Description of Notes—Make whole premium upon a specified accounting change” there will not be a make whole premium. Further, our make-whole obligation could be considered a penalty, in

which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Because your right to require repurchase of the notes is limited, the trading price of the notes may decline if we enter into a transaction that does not constitute a fundamental change under the indenture.

The term “fundamental change” under the indenture is limited and may not include every event that might harm our economic condition, cause the trading price of the notes to decline or result in a downgrade of the credit rating of the notes. The term “fundamental change” does not apply to transactions in which 100% of the consideration paid for our common stock in a merger or similar transaction is publicly traded common stock. Our obligation to repurchase the notes upon a fundamental change may not preserve the value of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction. See “Description of Notes—Purchase at holders’ option upon a fundamental change.”

We could enter into various transactions, such as acquisitions, refinancings, recapitalizations or other highly leveraged transactions, which would not constitute a fundamental change under the terms of the notes, but which could nevertheless increase the amount of our outstanding debt at such time, or adversely affect our capital structure or credit ratings, or otherwise adversely affect holders of the notes.

Under the terms of the notes, a variety of acquisition, refinancing, recapitalization or other highly leveraged transactions would not be considered fundamental change transactions. The term “fundamental change” is limited to certain specified transactions and may not include other events that might harm our financial condition. In addition, the term “fundamental change” does not apply to transactions in which 100% of the consideration paid for our common stock in a merger or similar transaction is publicly traded common stock. As a result, we could enter into any such transactions without being required to make an offer to repurchase the notes even though the transaction could increase the total amount of our outstanding debt, adversely affect our capital structure or credit ratings or otherwise materially adversely affect the holders of the notes. In addition, if such transaction is not considered a fundamental change under the terms of the notes, holders may not be able to convert their notes or be eligible to receive a make whole premium adjustment in connection with such conversion. Accordingly, our obligation to offer to purchase the notes upon a fundamental change would not necessarily afford you protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

If you hold notes, you are not entitled to any rights with respect to our common stock until conversion, but you are subject to all changes made with respect to our common stock.

If you hold notes, you are not entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you are subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock to you in exchange for your notes and in limited cases under the anti-dilution adjustments applicable to the notes. For example, in the event that an amendment is proposed to our restated charter or by-laws which requires stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to your conversion of the notes and delivery of the common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

We may not have the ability to repurchase notes when required under the terms of the notes.

Holders of notes may require us to purchase for cash all or a portion of their notes upon the occurrence of certain specific fundamental change events. Our ability to repurchase notes upon the occurrence of a fundamental change is subject to important limitations. The occurrence of a fundamental change could cause an event of default under, or be prohibited or limited by, the terms of our indebtedness. Further, we cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the repurchase price for all the notes that might be delivered by holders of notes seeking to exercise the repurchase right. Any failure by us to repurchase the notes when required following a fundamental change would result in an event of default under the indenture. Any such default may, in turn, cause a default under our other indebtedness, if any.

We may not be able to pay the cash portion of the conversion price pursuant to any conversion of the notes.

We may not have sufficient cash to pay, or may not be permitted to pay, the cash portion of the required consideration that we may need to pay if the notes are converted. As described under “Description of Notes – Conversion rights,” upon conversion of a note, we will be required to pay to the holder of such note a cash payment equal to the lesser of (a) the principal amount of such note and (b) its conversion value. This part of the payment must be made in cash, not in shares of our common stock. As a result, we may be required to pay significant amounts in cash to holders of the notes upon their conversion.

If we do not have sufficient cash on hand at the time of conversion, we may have to raise funds through debt or equity financing. Our ability to raise such financing will depend on prevailing market conditions. Further, we may not be able to raise such financing within the period required to satisfy our obligation to make timely payment upon any conversion. In addition, the terms of any current or future debt, including our outstanding term loan facility, may prohibit us from making these cash payments or otherwise restrict our ability to make such payments and/or may restrict our ability to raise any such financing. In particular, the terms of our outstanding term loan facility restrict the amount of proceeds from collateral pledged to secure our obligations thereunder that may be used by us to make payments in cash under certain circumstances, including payments to the notes holders upon conversion. Although the terms of our outstanding term loan facility do not restrict our ability to make payments in cash with assets not pledged as collateral to secure our obligations thereunder, such assets may not generate sufficient cash to enable us to satisfy our obligations to make timely payment of the notes upon conversion. A failure to pay the required cash consideration upon conversion would constitute an event of default under the indenture, which might constitute a default under the terms of our other debt.

You should consider the U.S. federal income tax consequences of a conversion of the notes.

The U.S. federal income tax treatment of the conversion of the notes into a combination of our common stock and cash is uncertain. You are urged to consult your tax advisors with respect to the U.S. federal income tax consequences resulting from the conversion of notes into a combination of cash and common stock. A discussion of the U.S. federal income tax consequences of a conversion of the notes is contained in this prospectus under the heading “Certain U.S. Federal Income Tax Considerations.”

You may have to pay taxes with respect to distributions on our common stock that you do not receive.

The conversion rate of the notes is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, cash dividends and certain other actions by us that modify our capital structure. If, for example, the conversion rate is adjusted as a result of a distribution that is taxable to holders of our common stock, such as a cash dividend, you may be required to include an amount in income for U.S. federal income tax purposes, notwithstanding the fact that you do not receive an actual distribution. In addition, holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding taxes (including backup withholding

taxes or withholding taxes for payments to foreign persons). If we pay withholding taxes on behalf of a holder, we may, at our option, set off such payments against payments of cash and delivery of common stock on the notes. See “Certain U.S. Federal Income Tax Considerations” for more details.

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

We have entered into convertible note hedges with affiliates of Merrill Lynch, Peirce, Fenner & Smith Incorporated and Leman Brothers Inc., the initial purchasers of the notes. These transactions are expected but are not guaranteed to eliminate the potential dilution upon conversion of the notes. We have also entered into sold warrant transactions with the same hedge counterparties. In connection with hedging these transactions, the hedge counterparties entered into various over-the-counter derivative transactions with respect to our common stock and purchased our common stock; and they may enter into or unwind various over-the-counter derivatives and/or purchase or sell our common stock in secondary market transactions in the future (including during any conversion reference period related to a conversion of notes).

Such activities could have the effect of increasing, or preventing a decline in, the price of our common stock. Such effect is expected to be greater in the event we elect to settle converted notes entirely in cash. The hedge counterparties are likely to modify their hedge positions from time to time prior to conversion or maturity of the notes or termination of the transactions by purchasing and selling shares of our common stock, other of our securities, or other instruments they may wish to use in connection with such hedging. In particular, such hedging modification may occur during any conversion reference period for a conversion of notes, which may have a negative effect on the value of the consideration received in relation to the conversion of those notes. In addition, we intend to exercise options we hold under the convertible note hedge transactions whenever notes are converted and we have elected, with respect to such conversion, to pay a portion of the consideration then due by us to the noteholder in shares of our common stock. In order to unwind their hedge positions with respect to those exercised options, the hedge counterparties will likely sell shares of our common stock in secondary market transactions or unwind various over-the-counter derivative transactions with respect to our common stock during the conversion reference period for the converted notes.

The effect, if any, of any of these transactions and activities on the trading price of our common stock or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock and the value of the notes and, as a result, the number of shares and value of the common stock you may receive upon the conversion of the notes.

Also, the sold warrant transaction could have a dilutive effect on our earnings per share to the extent that the price of our common stock exceeds the strike price of the warrants.

Proposed changes in the accounting method for convertible debt securities could, if implemented, have an adverse impact on our reported or future financial results.

For the purpose of calculating diluted earnings per share, a convertible debt security providing for net share settlement of the excess of the conversion value over the principal amount, if any, and meeting specified requirements under Emerging Issues Task Force, or EITF, Issue No. 90-19, "Convertible Bonds with Issuer Option to Settle for Cash upon Conversion," is accounted for similar to non-convertible debt, with the stated coupon constituting interest expense and any shares issuable upon conversion of the security being accounted for under the treasury stock method. The effect of the treasury stock method is that the shares potentially issuable upon conversion of the notes are not included in the calculation of our diluted earnings per share until the conversion price is "in the money," and we are assumed to issue the number of shares of common stock necessary to settle.

The EITF is currently reviewing, among other things, the accounting method for net share settled convertible debt securities, and one of its subcommittees is considering alternative methods for such accounting. One such proposed method would require the debt and equity components of the security to be bifurcated and accounted for separately. The effect of such a change in accounting on the issuer of the security would be that the equity component of the security would be accounted for as an original issue discount and included in the paid-in-capital section of stockholders' equity on the issuer's balance sheet. As a result, net income attributable to common stockholders would be lower because accretion of the discounted carrying value of the convertible debt securities (the notes) to their face amount would be recognized as additional interest expense. The diluted earnings per share calculation would continue to be calculated based on the treasury stock method.

We cannot predict the outcome of the EITF deliberations, whether the EITF will require net share settled convertible debt securities to be accounted for under the existing method, the method described above or some other method, when any change would be implemented or whether such a change would be implemented retrospectively or prospectively. The EITF subcommittee may even recommend broader reconsideration of other forms of convertible debt securities. We also cannot predict any other changes in generally accepted accounting principals that may be made affecting accounting for convertible debt securities. Any change in the accounting method for convertible debt securities could have an adverse impact on our reported or future financial results. These impacts could adversely affect the trading price of our common stock and in turn negatively impact the trading price of the notes.

In the event the proposed method of accounting described above is adopted, we will have the right for a period of 90 days thereafter, at our option, to call the notes for redemption as described in "Description of the Notes—Optional redemption upon a specified accounting change." However, although we will have such redemption right, we may not have sufficient cash to pay, or may not be permitted to pay, the required cash portion of the consideration that would be due to holders of the notes in the event we elected to exercise such right or the ability to raise funds through debt or equity financing within the time period required for us to make such an election.

An active trading market for the notes may not develop, and the absence of a trading market may adversely affect the price of the notes and your ability to liquidate your investment.

There is currently no public market for the notes. We have been advised by the initial purchasers of the notes that they are making a market in the notes. However, the initial purchasers are not obligated to do so and may cease their market-making at any time without notice. If the initial purchasers cease to act as market makers for the notes, we cannot assure you another firm or person will make a market in the notes. In addition, the liquidity of any market for the notes and the market price quoted for the notes, may be adversely affected by changes in the overall market for fixed income securities and by changes in our financial performance or prospects or in the prospects for companies in our industry in general. As a result, an active trading market for the notes may not develop or continue and you may not be able to resell your notes at their fair market value or at all. In addition, although the notes are currently eligible for trading on Nasdaq's PORTAL Market by qualified institutional buyers, the notes resold pursuant to this prospectus will no longer be eligible for trading on the PORTAL Market. We have no plans to list the notes on a securities exchange or to include the notes in any automated quotation system.

The liquidity of any market for the notes will also depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors. Accordingly, the development or liquidity of any market for the notes is uncertain. To the extent that an active trading market does not develop, the liquidity and trading prices for the notes may be harmed. If the notes are traded, they may trade at a discount depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and certain other factors.

Changes in our credit rating or the credit and equity markets could adversely affect the price of the notes.

The trading price for the notes will be based on a number of factors, including our rating with major credit rating agencies, the market for our common stock, the prevailing interest rates being paid by other companies similar to us and the overall-conditions of the financial markets. The conditions of the credit and equity markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually monitor and periodically revise their ratings for the companies that they follow, including us. Credit rating agencies may not maintain their ratings on our long-term debt. These ratings affect our ability to raise debt and the cost of such debt to us. A negative change in our rating could have an adverse effect on the price of the notes.

Conversion of the notes may dilute the ownership interest of our then existing stockholders, including holders of the notes that previously received shares upon conversion of their notes.

The conversion of some or all of the notes may dilute the ownership interests of then existing stockholders to the extent we elect to pay any conversion value in excess of the principal amount of such notes in the form of shares of our common stock instead of in cash. Any sales in the public market of the common stock issued upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants.

Failure to comply with covenants in our existing or future financing agreements could result in cross-defaults under some of our financing agreements, which cross-defaults could jeopardize our ability to satisfy our obligations under the notes.

Various risks, uncertainties and events beyond our control could affect our ability to comply with the covenants, financial tests and ratios required by the instruments governing our financing arrangements. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions, including the indenture governing the notes. A default would permit lenders to cease to make further extensions of credit, accelerate the maturity of the debt under these agreements and foreclose upon any collateral securing that debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain financing. We may also amend the provisions and limitations of our credit facilities from time to time without the consent of the holders of the notes.

Our debt contains prepayment or acceleration rights at the election of the holders upon a default or change of control. It is possible that we would be unable to fulfill all of these obligations and make payments on the notes simultaneously.

Use of Proceeds

We will not receive any proceeds from the sale by any selling stockholder of the notes or the shares of common stock issuable upon conversion of the notes. We have agreed to pay certain expenses in connection with the registration of the shares and notes being offered by the selling stockholders.

Price Range of Our Common Stock

Our common stock is listed on the Nasdaq Global Market under the symbol "ICON." The table below sets forth the high and the low closing sales prices of our common stock as reported on the Nasdaq Global Market for the periods indicated.

	High	Low
Year ending December 31, 2007:		
Third quarter (through September 21, 2007)	\$ 23.43	\$ 19.44
Second quarter	22.90	18.98
First quarter	23.13	18.15
Year ended December 31, 2006:		
Fourth quarter	\$ 20.39	\$ 14.49
Third quarter	17.00	12.64
Second quarter	18.09	13.70
First quarter	14.89	9.51
Year ended December 31, 2005:		
Fourth quarter	\$ 10.64	\$ 7.66
Third quarter	10.21	6.30
Second quarter	6.98	4.16
First quarter	5.50	4.25

On September 21, 2007, the last reported sale price of our common stock on the Nasdaq Global Market was \$23.24 per share. As of September 21, 2007, there were approximately 2,256 holders of record of our common stock. The number of record holders does not include beneficial owners whose shares are held in the name of banks, brokers, nominees or other fiduciaries.

Ratio of Earnings to Fixed Charges

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Years ended		11 months ended	Years ended		Six months ended
	January 31,	2004	December 31,	December 31,	2006	June 30,
	2003		2004	2005		2007
Ratio of earnings to fixed charges (1)	— (2)		1.08	3.20	3.61	4.70

(1) For the purposes of calculating the ratio of earnings to fixed charges, earnings represent pretax income from continuing operations, plus fixed charges. Fixed charges consist of interest expense, amortization of deferred financing costs and our estimate of the interest within rental expense.

(2) For the 12 months ended January 31, 2003 and 2004, earnings were not sufficient to cover fixed charges by \$4.1 million and \$11.3 million, respectively.

Selling Securityholders

The notes were originally issued by us to Merrill Lynch, Pierce, Fenner & Smith Incorporated and Lehman Brothers Inc., referred to as the initial purchasers, in a transaction exempt from the registration requirements of the Securities Act. The initial purchasers immediately resold the notes to persons reasonably believed by them to be “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act in transactions exempt from the registration requirements of the Securities Act. The selling securityholders, including their transferees, pledges or donees or their successors, may from time to time offer and sell pursuant to this prospectus or a supplement hereto any or all of the notes and shares of common stock issuable upon conversion of the notes.

The table below sets forth the name of each selling securityholder, the aggregate principal amount of notes beneficially owned by each selling securityholder that may be offered pursuant to this prospectus and the number of shares of common stock into which those notes are convertible that may be offered pursuant to this prospectus. We have prepared the table based on the latest information given to us by the referenced securityholders. Unless otherwise disclosed in the footnotes to the table, no selling securityholder has indicated that it has held any position, office or other material relationship with us or our affiliates during the past three years or beneficially owns one percent or more of our common stock.

The selling securityholders may offer and sell, from time to time, any or all of their notes or common stock issued upon conversion of the notes. Because the selling securityholders may offer all or only some portion of the notes and shares of common stock listed in the table, no estimate can be given as to the amount or percentage of the notes and shares of common stock that will be held by the selling securityholders upon termination of the offering. In addition, the selling securityholders identified below may have sold, transferred or otherwise disposed of all or a portion of their notes since the date on which they provided the information regarding their notes in transactions exempt from the registration requirement of the Securities Act. Transferees who acquire notes in such transactions prior to the effective date of the registration statement of which this prospectus forms a part may not use this prospectus for resales of their notes unless information regarding such transferees is set forth in a post-effective amendment to such registration statement.

Information about the selling securityholders may change over time and changed information will be set forth in supplements to this prospectus if and when necessary. In addition, from time to time, additional information concerning ownership of the notes and shares of common stock may rest with certain holders of the notes not named in the table below and of whom we are unaware.

Name of Selling Securityholder	Notes		Common Stock	
	Principal amount beneficially owned	Principal amount offered	Number of shares beneficially owned(1)(2)	Number of shares offered(1)
CIBC World Markets Corp. (3)	\$ 3,300,000	\$ 3,300,000	119,738	119,738
Goldman Sachs & Co. Profit Sharing Master Trust (4) (5)	\$ 92,000	\$ 92,000	3,338	3,338
OZ Special Funding (OZMD) LP (5)	\$ 7,908,000	\$ 7,908,000	286,937	286,937
Piper Jaffray & Co. (3)	\$ 2,500,000	\$ 2,500,000	90,711	90,711
San Diego City Retirement Systems (4) (6)	\$ 2,170,000	\$ 2,170,000	78,737	78,737
Arkansas Teacher Retirement System (4) (6)	\$ 5,215,000	\$ 5,215,000	189,223	189,223
San Diego County Employee Retirement Assoc. (4) (7)	\$ 2,580,000	\$ 2,580,000	93,614	93,614

Engineers Joint Pensions Fund (4) (6)	\$	385,000	\$	385,000	13,969	13,969
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Name of Selling Securityholder	Notes		Common Stock	
	Principal amount beneficially owned	Principal amount offered	Number of shares beneficially owned(1)(2)	Number of shares offered(1)
Nicholas Applegate U.S. Convertible Fund (4) (6)	\$ 2,125,000	\$ 2,125,000	77,104	77,104
Baptist Health of South Florida, Inc. (4) (6)	\$ 1,225,000	\$ 1,225,000	44,448	44,448
Allstate Insurance Company (4) (8)	\$ 2,500,000	\$ 2,500,000	114,331	90,711
The California Wellness Foundation (9)	\$ 220,000	\$ 220,000	7,982	7,982
North Slope Borough (9)	\$ 120,000	\$ 120,000	4,354	4,354
Cal Farley's Boys Ranch Foundation (9)	\$ 95,000	\$ 95,000	3,447	3,447
Dunham Appreciation and Income Fund (3) (4)	\$ 120,000	\$ 120,000	4,354	4,354
CALAMOS Growth & Income Portfolio - CALAMOS Advisors Trust (9)	\$ 145,000	\$ 145,000	5,261	5,261
CALAMOS Growth & Income Fund - CALAMOS Investment Trust (9)	\$ 24,300,000	\$ 24,300,000	881,713	881,713
CNH CA Master Account, L.P. (10)	\$ 15,000,000	\$ 15,000,000	544,267	544,267
AIP Convertible Arbitrage Fund of a Series of Underlying Fund Trust (11)	\$ 1,000,000	\$ 1,000,000	36,284	36,284
Vicis Capital Master Fund (12)	\$ 15,000,000	\$ 15,000,000	544,267	544,267
Columbia Convertible Securities Fund (13)	\$ 3,000,000	\$ 3,000,000	108,853	108,853
Steelhead Pathfinder Master LP (14)	\$ 500,000	\$ 500,000	18,142	18,142
Van Kampen Harbor Fund (3) (15)	\$ 3,300,000	\$ 3,300,000	119,738	119,738
Morgan Stanley Convertible Securities Fund (3) (16)	\$ 1,700,000	\$ 1,700,000	61,683	61,683
Froley Revy Alternative Strategies (17)	\$ 500,000	\$ 500,000	18,142	18,142
FPL Group Employees Pension Plan (17)	\$ 1,000,000	\$ 1,000,000	36,284	36,284
Attorney's Title Insurance Fund (17)	\$ 120,000	\$ 120,000	4,354	4,354
Alabama Children's Hospital Foundation (17)	\$ 100,000	\$ 100,000	3,628	3,628
Boilermakers Blacksmith Pension Trust (17)	\$ 2,050,000	\$ 2,050,000	74,383	74,383
Arkansas Pers (17)	\$ 1,760,000	\$ 1,760,000	63,860	63,860
Morgan Stanley & Co. Incorporated (3)	\$ 2,500,000	\$ 2,500,000	96,912	90,711
Guardian Life Insurance Company (4) (18)	\$ 7,000,000	\$ 7,000,000	253,991	253,991
Family Service Life Insurance Company (4) (18)	\$ 100,000	\$ 100,000	3,628	3,628
Guardian Pension Trust (4) (18)	\$ 400,000	\$ 400,000	14,513	14,513
	\$ 1,265,000	\$ 1,265,000	45,899	45,899

Wolverine Convertible Arbitrage Funds Trading Limited (19)						
GPX LX, LLC (4) (20)	\$	95,000	\$	95,000	3,447	3,447

Name of Selling Securityholder	Notes		Common Stock	
	Principal amount beneficially owned	Principal amount offered	Number of shares beneficially owned(1)(2)	Number of shares offered(1)
Castlerigg Master Investments Ltd. (21)	\$ 10,000,000	\$ 10,000,000	595,356	362,845
HFR CA Select Fund (22)	\$ 400,000	\$ 400,000	14,513	14,513
Zazove Hedged Convertible Fund, L.P. (22)	\$ 1,000,000	\$ 1,000,000	36,284	36,284
Zazove Convertible Arbitrage Fund, L.P. (22)	\$ 1,500,000	\$ 1,500,000	54,426	54,426
Institutional Benchmarks Series (Master Feeder) LTD. (22)	\$ 400,000	\$ 400,000	14,513	14,513
Silvercreek Limited Partnership (23)	\$ 7,000,000	\$ 7,000,000	253,991	253,991
Silvercreek II Limited (23)	\$ 4,800,000	\$ 4,000,000	174,165	174,165
Subtotal	\$ 136,490,000	\$ 136,490,000	5,214,784	4,952,452
All other holders of notes or future transferees, pledges or successors of any holders (24)	\$ 151,010,000	\$ 151,010,000	5,479,322 ⁽²⁵⁾	5,479,322
Total	\$ 287,500,000	\$ 287,500,000	10,694,106	10,431,774

- (1) Includes the maximum number of shares of common stock issuable upon conversion of the notes assuming that all outstanding notes are converted and that for each \$1,000 in principal amount of the notes a maximum of 36.2845 shares of common stock are issuable upon conversion. This conversion rate is subject to adjustment, however, as described in this prospectus under “Description of Notes.” As a result, the maximum number of shares of our common stock issuable upon conversion of the notes could increase or decrease in the future. In addition, the number of shares of common stock listed for each identified selling securityholder does not include fractional shares.
- (2) In addition to shares of common stock issuable upon conversion of the notes as described in footnote (1) above, also includes for each selling securityholder any other shares of common stock identified to us by the selling securityholder as beneficially owned by it.
- (3) The selling securityholder is a broker-dealer.
- (4) The selling securityholder is an affiliate of a broker-dealer.
- (5) Mr. Daniel S. Och is the senior managing member of Oz Management, LP, the investment manager to the selling securityholder, and as such may be deemed to have voting power and investment control of the notes and common stock held by the selling securityholder. Mr. Och’s address is 9 West 57th Street, 39th floor, New York, NY 10019.
- (6) Nicholas-Applegate Capital Management LLC (“Nicholas-Applegate”) is an investment adviser registered under the Investment Advisers Act of 1940. Nicholas-Applegate is an affiliate of Nicholas-Applegate Securities LLC, a limited purpose broker-dealer registered with the NASD effective April 1993. Nicholas-Applegate Securities LLC was organized in December 1992 for the sole purpose of distributing mutual funds sponsored by Nicholas-Applegate.

This selling securityholder has delegated full investment authority to Nicholas-Applegate, as investment adviser, over these securities, including full dispositive power. The Chief Investment Officer of

Nicholas-Applegate is Horacio A. Valeiras, CFA who, in such capacity, has oversight authority over all portfolio managers at Nicholas-Applegate. Mr. Valeiras' address is 600 West Broadway, 32^d Floor, San Diego, CA 92101. To the knowledge of Nicholas-Applegate, the securities listed herein were not acquired as compensation for employment, underwriting or any other services performed by the selling securityholder for our benefit.

- (7) As to \$700,000 principal amount of notes and the shares underlying such notes, the selling securityholder has advised us that Mr. Gene Pretti has sole voting and investment control over such \$700,000 principal amount of notes and the shares underlying such notes. Mr. Pretti's address is 940 Southwood Blvd., Incline Village, NV 89451. As to \$1,880,000 principal amount of notes and the shares underlying such notes, the selling securityholder has advised us that it has delegated full investment authority to Nicholas-Applegate, as investment adviser, over these securities, including full dispositive power. The Chief Investment Officer of Nicholas-Applegate is Horacio A. Valeiras, CFA who, in such capacity, has oversight authority over all portfolio managers at Nicholas-Applegate. Mr. Valeiras' address is 600 West Broadway, 32^d Floor, San Diego, CA 92101. To the knowledge of Nicholas-Applegate, the \$1,880,000 principal amount of securities listed herein were not acquired as compensation for employment, underwriting or any other services performed by the selling securityholder for our benefit.
- (8) The selling securityholder has advised us that in addition to the shares held directly by the selling securityholder and the shares underlying the selling securityholder's notes, the shares shown as beneficially owned by the selling securityholder include 1,900 and 6,800 shares of our common stock held by two of its affiliates, Agents Pension Plan and Allstate Retirement Plan, respectively.

- (9) Mr. Nick Calamos, Chief Investment Officer of Calamos Advisors LLC, has voting power and investment control over the securities held by the selling securityholder. Mr. Calamos' address is 2020 Calamos Court, IL 60563-2787.