

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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from **to**

Commission File No. 001-33202



UNDER ARMOUR, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

**1020 Hull Street
Baltimore, Maryland 21230**

(Address of principal executive offices) (Zip Code)

52-1990078

(I.R.S. Employer
Identification No.)

(410) 454-6428

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

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

As of June 30, 2015 there were 179,961,526 shares of Class A Common Stock and 35,700,000 shares of Class B Convertible Common Stock outstanding.

UNDER ARMOUR, INC.
June 30, 2015
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Under Armour, Inc. and Subsidiaries Unaudited Consolidated Balance Sheets (In thousands, except share data)

	June 30, 2015	December 31, 2014	June 30, 2014
Assets			
Current assets			
Cash and cash equivalents	\$ 171,236	\$ 593,175	\$ 300,434
Accounts receivable, net	353,406	279,835	269,133
Inventories	836,605	536,714	662,388
Prepaid expenses and other current assets	125,130	87,177	97,190
Deferred income taxes	71,559	52,498	39,174
Total current assets	1,557,936	1,549,399	1,368,319
Property and equipment, net	430,536	305,564	255,018
Goodwill	591,771	123,256	123,395
Intangible assets, net	83,746	26,230	30,776
Deferred income taxes	32,387	33,570	37,706
Other long term assets	65,882	57,064	48,731
Total assets	<u>\$ 2,762,258</u>	<u>\$ 2,095,083</u>	<u>\$ 1,863,945</u>
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 375,431	\$ 210,432	\$ 334,001
Accrued expenses	150,824	147,681	110,649
Current maturities of long term debt	42,737	28,951	19,650
Other current liabilities	22,303	34,563	15,945
Total current liabilities	591,295	421,627	480,245
Long term debt, net of current maturities	373,003	255,250	176,987
Revolving credit facility	300,000	—	—
Other long term liabilities	82,380	67,906	65,954
Total liabilities	<u>1,346,678</u>	<u>744,783</u>	<u>723,186</u>
Commitments and contingencies (see Note 5)			
Stockholders' equity			
Class A Common Stock, \$0.0003 1/3 par value; 400,000,000 shares authorized as of June 30, 2015, December 31, 2014 and June 30, 2014; 179,961,526 shares issued and outstanding as of June 30, 2015, 177,295,988 shares issued and outstanding as of December 31, 2014 and 174,528,423 shares issued and outstanding as of June 30, 2014.	60	59	58
Class B Convertible Common Stock, \$0.0003 1/3 par value; 35,700,000 shares authorized, issued and outstanding as of June 30, 2015, 36,600,000 shares authorized, issued and outstanding as of December 31, 2014 and 38,750,000 shares authorized, issued and outstanding as of June 30, 2014.	12	12	13
Class C Common Stock, \$0.0003 1/3 par value; 400,000,000 shares authorized as of June 30, 2015; 0 shares issued and outstanding as of June 30, 2015, December 31, 2014 and June 30, 2014.	—	—	—
Additional paid-in capital	572,263	508,350	458,854
Retained earnings	870,640	856,687	681,380
Accumulated other comprehensive income (loss)	(27,395)	(14,808)	454
Total stockholders' equity	<u>1,415,580</u>	<u>1,350,300</u>	<u>1,140,759</u>
Total liabilities and stockholders' equity	<u>\$ 2,762,258</u>	<u>\$ 2,095,083</u>	<u>\$ 1,863,945</u>

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Unaudited Consolidated Statements of Income
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues	\$ 783,577	\$ 609,654	\$ 1,588,518	\$ 1,251,261
Cost of goods sold	404,524	309,702	831,801	650,619
Gross profit	379,053	299,952	756,717	600,642
Selling, general and administrative expenses	347,152	265,258	697,149	539,092
Income from operations	31,901	34,694	59,568	61,550
Interest expense, net	(4,262)	(1,227)	(6,472)	(2,073)
Other income (expense), net	41	247	(1,799)	(627)
Income before income taxes	27,680	33,714	51,297	58,850
Provision for income taxes	12,914	16,024	24,803	27,622
Net income	\$ 14,766	\$ 17,690	\$ 26,494	\$ 31,228
Net income available per common share				
Basic	\$ 0.07	\$ 0.08	\$ 0.12	\$ 0.15
Diluted	\$ 0.07	\$ 0.08	\$ 0.12	\$ 0.14
Weighted average common shares outstanding				
Basic	215,590	213,188	215,146	212,788
Diluted	219,921	217,294	219,721	217,134

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Unaudited Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 14,766	\$ 17,690	\$ 26,494	\$ 31,228
Other comprehensive income (loss):				
Foreign currency translation adjustment	603	359	(12,226)	(1,218)
Unrealized loss on cash flow hedge, net of tax of (\$127) and (\$287) for the three months ended June 30, 2015 and 2014, respectively, and (\$192) and (\$365) for the six months ended June 30, 2015 and 2014, respectively.	(884)	(409)	(361)	(522)
Total other comprehensive loss	(281)	(50)	(12,587)	(1,740)
Comprehensive income	\$ 14,485	\$ 17,640	\$ 13,907	\$ 29,488

See accompanying notes.

Under Armour, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities		
Net income	\$ 26,494	\$ 31,228
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	46,064	34,347
Unrealized foreign currency exchange rate (gains) losses	19,223	(100)
Loss on disposal of property and equipment	260	73
Stock-based compensation	21,296	23,860
Deferred income taxes	(15,539)	(7,388)
Changes in reserves and allowances	10,710	1
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(85,104)	(53,090)
Inventories	(312,745)	(195,406)
Prepaid expenses and other assets	(21,082)	(16,514)
Accounts payable	170,131	175,674
Accrued expenses and other liabilities	643	(14,286)
Income taxes payable and receivable	(40,264)	(24,065)
Net cash used in operating activities	(179,913)	(45,666)
Cash flows from investing activities		
Purchases of property and equipment	(165,485)	(68,901)
Purchase of businesses, net of cash acquired	(539,460)	(10,924)
Purchases of other assets	(2,321)	(260)
Net cash used in investing activities	(707,266)	(80,085)
Cash flows from financing activities		
Proceeds from revolving credit facility	300,000	—
Payments on revolving credit facility	—	(100,000)
Proceeds from term loan	150,000	150,000
Payments on long term debt	(18,461)	(6,286)
Excess tax benefits from stock-based compensation arrangements	37,672	26,301
Proceeds from exercise of stock options and other stock issuances	4,944	10,196
Payments of debt financing costs	(947)	(1,714)
Net cash provided by financing activities	473,208	78,497
Effect of exchange rate changes on cash and cash equivalents	(7,968)	199
Net decrease in cash and cash equivalents	(421,939)	(47,055)
Cash and cash equivalents		
Beginning of period	593,175	347,489
End of period	\$ 171,236	\$ 300,434
Non-cash investing and financing activities		
Decrease in accrual for property and equipment	\$ (5,693)	\$ (9,100)
Property and equipment acquired under build-to-suit leases	5,631	—
Non-cash acquisition of business	—	11,233

See accompanying notes.

Under Armour, Inc. and Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

1. Description of the Business

Under Armour, Inc. is a developer, marketer and distributor of branded performance apparel, footwear and accessories. These products are sold worldwide and worn by athletes at all levels, from youth to professional on playing fields around the globe, as well as by consumers with active lifestyles. The Under Armour Connected Fitness™ platform powers the world's largest digital health and fitness community. The Company uses this platform to engage its consumers and increase awareness and sales of its products.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Under Armour, Inc. and its wholly owned subsidiaries (the “Company”). Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and accounting principles generally accepted in the United States of America for interim consolidated financial statements. In the opinion of management, all adjustments consisting of normal, recurring adjustments considered necessary for a fair statement of the financial position and results of operations were included. All intercompany balances and transactions were eliminated. The consolidated balance sheet as of December 31, 2014 is derived from the audited financial statements included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2014 (the “2014 Form 10-K”), which should be read in conjunction with these consolidated financial statements. The results for the six months ended June 30, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015 or any other portions thereof.

On March 17, 2014, the Board of Directors declared a two-for-one stock split of the Company’s Class A and Class B common stock, which was effected in the form of a 100% common stock dividend distributed on April 14, 2014. Stockholders’ equity and all references to share and per share amounts in the accompanying consolidated financial statements have been retroactively adjusted to reflect the two-for-one stock split for all periods presented.

On January 5, 2015, the Company acquired 100% of the outstanding equity of Endomondo ApS (“Endomondo”), a Denmark-based digital connected fitness company. On March 17, 2015, the Company acquired 100% of the outstanding equity of MyFitnessPal, Inc. (“MFP”), a digital nutrition and connected fitness company. Both companies were acquired to expand the Under Armour Connected Fitness community. The purchase price allocation for each acquisition is reflected in the consolidated balance sheet as of June 30, 2015.

Concentration of Credit Risk

Financial instruments that subject the Company to significant concentration of credit risk consist primarily of accounts receivable. The majority of the Company’s accounts receivable is due from large sporting goods retailers. Credit is extended based on an evaluation of the customer’s financial condition and collateral is not required. The Company had a customer in North America that individually accounted for 20.8%, 23.4% and 25.5% of accounts receivable as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The Company’s largest customer accounted for 12.1% and 15.5% of net revenues for the six months ended June 30, 2015 and 2014, respectively.

Allowance for Doubtful Accounts

As of June 30, 2015, December 31, 2014 and June 30, 2014, the allowance for doubtful accounts was \$5.1 million, \$3.7 million and \$3.3 million, respectively.

Shipping and Handling Costs

The Company charges certain customers shipping and handling fees. These fees are recorded in net revenues. The Company includes the majority of outbound handling costs as a component of selling, general and administrative expenses. Outbound handling costs include costs associated with preparing goods to ship to customers and certain costs to operate the Company’s distribution facilities. These costs, included within selling, general and administrative expenses, were \$12.8 million and \$11.7 million for the three months ended June 30, 2015 and 2014, respectively, and \$25.8 million and \$23.0 million for the six months ended June 30, 2015 and 2014, respectively. The Company includes outbound freight costs associated with shipping goods to customers as a component of cost of goods sold.

Management Estimates

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

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update which supersedes the most current revenue recognition requirements. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. This guidance is currently effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption not permitted. In April 2015, the FASB approved a one-year deferral of the effective date of the new revenue recognition standard. The new standard will become effective for annual and interim periods beginning after December 15, 2017 with early adoption as of the original effective date permitted. The Company is currently evaluating this standard to determine the impact of its adoption on its consolidated financial statements.

In February 2015, the FASB issued an Accounting Standard Update which amends the current consolidation guidance. This guidance is effective for annual reporting periods beginning after December 15, 2015 and interim reporting periods within fiscal years beginning after December 15, 2016, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In April 2015, the FASB issued an Accounting Standard Update which requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the debt. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In July 2015, the FASB issued an Accounting Standard Update which simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost or net realizable value. This guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods therein. The Company is currently evaluating this standard to determine the impact of its adoption on its consolidated financial statements.

Recently Adopted Accounting Standards

In January 2015, the FASB issued an Accounting Standards Update which eliminates from GAAP the concept of extraordinary items and the need to separately classify, present, and disclose extraordinary events and transactions. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

3. Acquisitions

Endomondo

On January 5, 2015, the Company acquired 100% of the outstanding equity of Endomondo, a Denmark-based digital connected fitness company, to expand the Under Armour Connected Fitness community. The purchase price was \$85.0 million, adjusted for working capital.

The Company recognized \$0.6 million and \$0.8 million in acquisition related costs that were expensed during the three months ended March 31, 2015 and December 31, 2014, respectively. These costs are included in the consolidated statements of income in the line item entitled “Selling, general and administrative expenses.” Pro forma results are not presented, as the acquisition was not considered material to the consolidated Company.

MyFitnessPal

On March 17, 2015, the Company acquired 100% of the outstanding equity of MFP, a digital nutrition and connected fitness company, to expand the Under Armour Connected Fitness community. The final adjusted transaction value totaled \$474.0 million. The total consideration of \$463.9 million was adjusted to reflect the accelerated vesting of certain share awards of MFP, which are not conditioned upon continued employment, and transaction costs borne by the selling shareholders. The acquisition was funded with \$400.0 million of increased term loan borrowings and a draw on the revolving credit facility, with the remaining amount funded by cash on hand.

The Company recognized \$5.7 million of acquisition related costs that were expensed during the three months ended March 31, 2015. These costs are included in the consolidated statement of income in the line item entitled “Selling, general and administrative expenses.”

The following represents the pro forma consolidated income statement as if MFP had been included in the consolidated results of the Company for the three and six months ended June 30, 2015 and June 30, 2014:

<i>(In thousands)</i>	Three Months Ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net revenues	\$ 783,577	\$ 613,249	\$ 1,592,213	\$ 1,258,593
Net income	14,766	14,502	25,196	21,337

These amounts have been calculated after applying the Company’s accounting policies and adjusting the results of MFP to reflect the acquisition as if it closed on January 1, 2014. Pro forma net income for the six months ended June 30, 2014 reflects the impact of \$5.7 million in transaction expenses included in the consolidated statement of income for the six months ended June 30, 2015, but excluded from the calculation of pro forma net income for that period.

These acquisitions have been accounted for as business combinations under the acquisition method and, accordingly, the total purchase price is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the acquisition dates, with the remaining unallocated purchase price recorded as goodwill. These purchase price allocations are final. The following table summarizes the allocation of estimated fair values of the net assets acquired, including the related estimated useful lives, where applicable:

	MyFitnessPal		Endomondo	
	(in thousands)	Useful life (in years)	(in thousands)	Useful life (in years)
Finite-lived intangible assets:				
User base	\$ 38,300	10	\$ 10,600	10
Nutrition database	4,500	10	—	N/A
Technology	3,200	5	5,000	5
Trade name	2,300	5	400	5
Other assets acquired	16,190		3,738	
Liabilities assumed	(3,291)		(2,784)	
Net assets acquired	61,199		16,954	
Goodwill	402,728		70,290	
Total fair value of consideration	\$ 463,927		\$ 87,244	

The Company estimated the acquisition date fair values of intangible assets based on income-based discounted cash flow models using estimates and assumptions regarding future operations. The Company is amortizing the intangible assets on a straight-line basis over their estimated useful lives. These costs are included in the consolidated statements of income in the line item entitled “Selling, general and administrative expenses.”

The goodwill recorded as a result of the acquisitions primarily reflects unidentified intangible assets acquired, including operational synergies across the Company, assembled workforces, the value of integrating acquired technologies and engaging and growing the connected fitness community. The company is in the process of finalizing the goodwill allocation between its reportable segments. None of the goodwill is expected to be deductible for tax purposes.

4. Credit Facility and Other Long Term Debt

Credit Facility

In March 2015, the Company amended its existing credit agreement, providing an additional \$150.0 million of term loan borrowings, which were borrowed on the closing date of the amendment, resulting in aggregate term loan borrowings under the credit agreement of \$400.0 million. This amendment also increased revolving credit facility commitments available under the credit agreement from \$400.0 million to \$800.0 million, of which the Company borrowed \$250.0 million on the closing date of the amendment. These additional borrowings were used to fund, in part, the acquisition of MFP. At the Company’s request and the lenders’ consent, revolving and/or term loan borrowings may be increased by up to \$300.0 million in aggregate, subject to certain conditions as set forth in the credit agreement, as amended. Incremental borrowings are uncommitted and the availability thereof will depend on market conditions at the time the Company seeks to incur such borrowings.

Borrowings under the revolving credit facility may be made in U.S. Dollars, Euros, Pounds Sterling, Japanese Yen and Canadian Dollars. Up to \$50.0 million of the facility may be used for the issuance of letters of credit and up to \$50.0 million of the facility may be used for the issuance of swingline loans. There were no significant letters of credit or swingline loans outstanding as of June 30, 2015.

The credit agreement contains negative covenants that, subject to significant exceptions, limit the ability of the Company and its subsidiaries to, among other things, incur additional indebtedness, make restricted payments, pledge their assets as security, make investments, loans, advances, guarantees and acquisitions, undergo fundamental changes and enter into transactions with affiliates. The Company is also required to maintain a ratio of consolidated EBITDA, as defined in the credit agreement, to consolidated interest expense of not less than 3.50 to 1.00 and is not permitted to allow the ratio of consolidated total indebtedness to consolidated EBITDA to be greater than 3.25 to 1.00 ("consolidated leverage ratio"). As of June 30, 2015, the Company was in compliance with these ratios. In addition, the credit agreement contains events of default that are customary for a facility of this nature, and includes a cross default provision whereby an event of default under other material indebtedness, as defined in the credit agreement, will be considered an event of default under the credit agreement.

Borrowings under the credit agreement bear interest at a rate per annum equal to, at the Company's option, either (a) an alternate base rate, or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made ("adjusted LIBOR"), plus in each case an applicable margin. The applicable margin for loans will be adjusted by reference to a grid (the "Pricing Grid") based on the consolidated leverage ratio and ranges between 1.00% to 1.25% for adjusted LIBOR loans and 0.00% to 0.25% for alternate base rate loans. The weighted average interest rates under the initial term loan, delayed draw term loan, new term loan and revolving credit facility were 1.31% during the three months ended June 30, 2015, and 1.25%, 1.25%, 1.31% and 1.31% during the six months ended June 30, 2015, respectively. As of June 30, 2015, \$300.0 million was outstanding under the Company's revolving credit facility. Additionally, the Company pays a commitment fee on the average daily unused amount of the revolving credit facility and certain fees with respect to letters of credit. As of June 30, 2015, the commitment fee was 15.0 basis points. The Company incurred and capitalized \$2.9 million in deferred financing costs in connection with the credit facility.

Other Long Term Debt

The Company has long term debt agreements with various lenders to finance the acquisition or lease of qualifying capital investments. Loans under these agreements are collateralized by a first lien on the related assets acquired. At June 30, 2015, December 31, 2014 and June 30, 2014, the outstanding principal balance under these agreements was \$0.7 million, \$2.0 million and \$3.4 million, respectively. Currently, advances under these agreements bear interest rates which are fixed at the time of each advance. The weighted average interest rates on outstanding borrowings were 3.2% and 3.1% for the three months ended June 30, 2015 and 2014, respectively, and 3.1% and 3.2% for the six months ended June 30, 2015 and 2014, respectively.

In December 2012, the Company entered into a \$50.0 million recourse loan collateralized by the land, buildings and tenant improvements comprising the Company's corporate headquarters. The loan has a seven year term and maturity date of December 2019. The loan bears interest at one month LIBOR plus a margin of 1.50%, and allows for prepayment without penalty. The loan includes covenants and events of default substantially consistent with the Company's credit agreement discussed above. The loan also requires prior approval of the lender for certain matters related to the property, including transfers of any interest in the property. As of June 30, 2015, December 31, 2014 and June 30, 2014, the outstanding balance on the loan was \$45.0 million, \$46.0 million and \$47.0 million, respectively. The weighted average interest rate on the loan was 1.7% for the three and six months ended June 30, 2015 and 2014.

Interest expense, net was \$4.3 million and \$1.2 million for the three months ended June 30, 2015 and 2014, respectively, and \$6.5 million and \$2.1 million for the six months ended June 30, 2015 and 2014, respectively. Interest expense includes the amortization of deferred financing costs, bank fees, capital lease interest and interest expense under the credit and other long term debt facilities.

The Company monitors the financial health and stability of its lenders under the credit and other long term debt facilities, however during any period of significant instability in the credit markets lenders could be negatively impacted in their ability to perform under these facilities.

5. Commitments and Contingencies

There were no significant changes to the contractual obligations reported in the 2014 Form 10-K other than those which occur in the normal course of business.

In connection with various contracts and agreements, the Company has agreed to indemnify counterparties against certain third party claims relating to the infringement of intellectual property rights and other items. Generally, such indemnification obligations do not apply in situations in which the counterparties are grossly negligent, engage in willful misconduct, or act in

bad faith. Based on the Company's historical experience and the estimated probability of future loss, the Company has determined that the fair value of such indemnifications is not material to its consolidated financial position or results of operations.

From time to time, the Company is involved in litigation and other proceedings, including matters related to commercial and intellectual property disputes, as well as trade, regulatory and other claims related to its business. Other than as described below, the Company believes that all current proceedings are routine in nature and incidental to the conduct of its business, and that the ultimate resolution of any such proceedings will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Following the Company's announcement of the creation of a new class of common stock, referred to as the Class C common stock, par value \$0.0003 1/3 per share, three purported class action lawsuits were brought against the Company and the members of the Company's Board of Directors on behalf of the stockholders of the Company, the first of which was filed on June 18, 2015. These lawsuits were filed in the Circuit Court for Baltimore City, Maryland, and have been consolidated into one action, *In re: Under Armour Shareholder Litigation*, Case No. 24-C-15-003240. The lawsuits generally allege that the individual defendants breached their fiduciary duties in connection with approving the creation of the Class C common stock, as well as in connection with recommending that certain governance related changes to the Company's charter be submitted to stockholders for approval at a special meeting to be held on August 26, 2015. Among other remedies, these lawsuits seek to enjoin any further actions from being taken with respect to both the issuance of any shares of Class C common stock and the matters being voted upon by stockholders at the special meeting. The lawsuits also seek unspecified money damages, costs and attorneys' fees. The Company believes that the claims are without merit and intends to defend the lawsuit vigorously. However, because of the inherent uncertainty as to the outcome of this proceeding, the Company is unable at this time to estimate the possible impact of this matter.

6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value accounting guidance outlines a valuation framework, creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures, and prioritizes the inputs used in measuring fair value as follows:

Level 1:	Observable inputs such as quoted prices in active markets;
Level 2:	Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
Level 3:	Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Financial assets and (liabilities) measured at fair value are set forth in the table below:

(In thousands)	June 30, 2015			December 31, 2014			June 30, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative foreign currency contracts (see Note 9)	\$ —	\$ 1,396	\$ —	\$ —	\$ 806	\$ —	\$ —	\$ (531)	\$ —
Interest rate swap contracts (see Note 9)	—	(1,032)	—	—	(607)	—	—	201	—
TOLI policies held by the Rabbi Trust	—	4,717	—	—	4,734	—	—	4,751	—
Deferred Compensation Plan obligations	—	(4,915)	—	—	(4,525)	—	—	(4,298)	—

Fair values of the financial assets and liabilities listed above are determined using inputs that use as their basis readily observable market data that are actively quoted and are validated through external sources, including third-party pricing services and brokers. The foreign currency contracts represent gains and losses on derivative contracts, which is the net difference between the U.S. dollar value to be received or paid at the contracts' settlement date and the U.S. dollar value of the foreign currency to be sold or purchased at the current market exchange rate. The interest rate swap contracts represent gains and losses on the derivative contracts, which is the net difference between the fixed interest to be paid and variable interest to be received over the term of the contract based on current market rates. The fair value of the trust owned life insurance ("TOLI") policies held by the Rabbi Trust is based on the cash-surrender value of the life insurance policies, which are invested primarily in mutual funds and a separately managed fixed income fund. These investments are initially made in the same funds and purchased in substantially the same amounts as the selected investments of participants in the Under Armour, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), which represent the underlying liabilities to participants in the Deferred Compensation Plan. Liabilities under the Deferred Compensation Plan are recorded at amounts due to participants, based on the fair value of participants' selected investments.

The carrying value of the Company's long term debt approximated its fair value as of June 30, 2015 and 2014. The fair value of the Company's long term debt was estimated based upon quoted prices for similar instruments (Level 2 input).

7. Stock-Based Compensation

During the six months ended June 30, 2015, 0.7 million performance-based restricted stock units and 0.3 million performance-based options were awarded to certain officers and key employees under the Company's Second Amended and Restated 2005 Omnibus Long-Term Incentive Plan. The awards have vesting conditions tied to the achievement of certain combined annual operating income targets for 2015 and 2016. Upon the achievement of the targets, one third of the restricted stock units will vest each in February 2017, February 2018 and February 2019. If certain lower levels of combined annual operating income for 2015 and 2016 are achieved, fewer or no restricted stock units will vest and the remaining restricted stock units will be forfeited. The Company deemed the achievement of certain operating income targets for 2015 and 2016 probable during the three months ended March 31, 2015. The Company assesses the probability of the achievement of the remaining operating income targets at the end of each reporting period. If it becomes probable that any remaining performance targets related to these performance-based restricted stock units will be achieved, a cumulative adjustment will be recorded as if ratable stock-based compensation expense had been recorded since the grant date. Additional stock based compensation of up to \$4.2 million would have been recorded during the six months ended June 30, 2015, for these performance-based restricted stock units and options had the achievement of the remaining operating income targets been deemed probable.

During 2014, the Company granted performance-based restricted stock units with vesting conditions tied to the achievement of certain combined annual operating income targets for 2014 and 2015. During the three months ended September 30, 2014, the Company deemed the achievement of certain operating income targets for 2014 and 2015 probable and recorded a cumulative adjustment of \$3.8 million. Additional stock based compensation of up to \$4.3 million would have been recorded during the six months ended June 30, 2015, for these performance-based restricted stock units had the achievement of the remaining operating income targets been deemed probable.

During 2012 and 2013, the Company granted performance-based restricted stock units with vesting conditions tied to the achievement of certain combined annual operating income targets for 2013 and 2014. During the three months ended March 31, 2014, the Company deemed the achievement of the remaining operating income targets for 2013 and 2014 probable and recorded a cumulative adjustment of \$6.6 million.

The Company issued approximately 289.7 thousand options to purchase shares of the Company's Class A common stock in connection with the acquisition of MFP, which are conditioned upon continuous employment. These shares have been excluded from purchase consideration and will be recognized over the requisite service period as stock-based compensation.

8. Stockholders' Equity

In June 2015, the Company's Board of Directors (the "Board") approved Articles Supplementary to the Company's charter which designated 400,000,000 shares of common stock as a new class of common stock, referred to as the Class C common stock, par value \$0.0003 1/3 per share. The Articles Supplementary became effective on June 15, 2015. The Company has not yet issued any shares of Class C common stock, but the Company has announced the intention of its Board to consider distributing shares of the Class C common stock as a dividend to the Company's holders of Class A and Class B common stock. The decision to proceed with, and timing of, this dividend will be made by the Board in its discretion and there can be no assurance that this dividend will be declared or paid. The terms of the Class C common stock are substantially identical to those of the Company's Class A common stock, except that the Class C common stock has no voting rights (except in limited circumstances), will automatically convert into Class A common stock under certain circumstances and includes provisions intended to ensure equal treatment of Class C common stock and Class B common stock in certain corporate transactions, such as mergers, consolidations, statutory share exchanges, conversions or negotiated tender offers, and including consideration incidental to these transactions.

9. Risk Management and Derivatives

Foreign Currency Risk Management

The Company is exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to transactions generated by its international subsidiaries in currencies other than their local currencies. These gains and losses are primarily driven by intercompany transactions and inventory purchases denominated in currencies other than the functional currency of the purchasing entity. From time to time, the Company may elect to enter into foreign currency contracts to reduce the risk associated with foreign currency exchange rate fluctuations on intercompany transactions and projected inventory

purchases for its international subsidiaries. As the Company expands its international business, it may expand the current hedging program to include additional currency pairs and instruments.

As of June 30, 2015, the aggregate notional value of the Company's outstanding foreign currency contracts was \$348.9 million, which was comprised of Canadian Dollar/U.S. Dollar, Euro/U.S. Dollar, Yen/Euro, Mexican Peso/Euro and Pound Sterling/Euro currency pairs with contract maturities ranging from one to eight months. A portion of the Company's foreign currency contracts are not designated as cash flow hedges, and accordingly, changes in their fair value are recorded in earnings. During 2014, the Company began entering into foreign currency contracts designated as cash flow hedges. For foreign currency contracts designated as cash flow hedges, changes in fair value, excluding any ineffective portion, are recorded in other comprehensive income until net income is affected by the variability in cash flows of the hedged transaction. The effective portion is generally released to net income after the maturity of the related derivative and is classified in the same manner as the underlying exposure. During the three and six months ended June 30, 2015, the Company reclassified \$1.0 million and \$1.4 million, respectively, from other comprehensive income to cost of goods sold related to foreign currency contracts designated as cash flow hedges. The fair values of the Company's foreign currency contracts were assets of \$1.4 million and \$0.8 million as of June 30, 2015 and December 31, 2014, respectively, and were included in prepaid expenses and other current assets on the consolidated balance sheet. The fair value of the Company's foreign currency contracts were liabilities of \$0.5 million as of June 30, 2014, and were included in accrued expenses on the consolidated balance sheet. Refer to Note 6 for a discussion of the fair value measurements. Included in other income (expense), net were the following amounts related to changes in foreign currency exchange rates and derivative foreign currency contracts:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Unrealized foreign currency exchange rate gains (losses)	\$ 2,193	\$ 755	\$ (19,223)	\$ 100
Realized foreign currency exchange rate gains (losses)	2,516	(229)	8,857	222
Unrealized derivative gains (losses)	(287)	(88)	(70)	(18)
Realized derivative gains (losses)	(4,381)	(191)	8,637	(931)

Interest Rate Risk Management

In order to maintain liquidity and fund business operations, the Company enters into long term debt arrangements with various lenders which bear a range of fixed and variable rates of interest. The nature and amount of the Company's long-term debt can be expected to vary as a result of future business requirements, market conditions and other factors. The Company may elect to enter into interest rate swap contracts to reduce the impact associated with interest rate fluctuations. The Company utilizes interest rate swap contracts to convert a portion of variable rate debt to fixed rate debt. The contracts pay fixed and receive variable rates of interest. The interest rate swap contracts are accounted for as cash flow hedges and accordingly, the effective portion of the changes in their fair value are recorded in other comprehensive income and reclassified into interest expense over the life of the underlying debt obligation. Refer to Note 4 for a discussion of long term debt.

As of June 30, 2015, the notional value of the Company's outstanding interest rate swap contracts was \$179.4 million. During the three months ended June 30, 2015 and 2014, the Company recorded a \$0.7 million and \$0.3 million increase in interest expense, respectively, representing the effective portion of the contract reclassified from accumulated other comprehensive income. During the six months ended June 30, 2015 and 2014, the Company recorded a \$1.4 million and \$0.4 million increase in interest expense, respectively, representing the effective portion of the contract reclassified from accumulated other comprehensive income. The fair value of the interest rate swap contracts was a liability of \$1.0 million and \$0.6 million as of June 30, 2015 and December 31, 2014, respectively, and was included in other long term liabilities on the consolidated balance sheet. The fair value of the interest rate swap contract was an asset of \$0.2 million as of June 30, 2014, and was included in other long term assets on the consolidated balance sheet.

The Company enters into derivative contracts with major financial institutions with investment grade credit ratings and is exposed to credit losses in the event of non-performance by these financial institutions. This credit risk is generally limited to the unrealized gains in the foreign currency contracts. However, the Company monitors the credit quality of these financial institutions and considers the risk of counterparty default to be minimal.

10. Provision for Income Taxes

The effective rates for income taxes were 48.4% and 46.9% for the six months ended June 30, 2015 and 2014, respectively. The effective tax rate for the six months ended June 30, 2015 was higher than the effective tax rate for the six months ended June 30, 2014 primarily due to continued international investments, along with increased non-deductible costs incurred in connection with our connected fitness acquisitions. The Company's annual 2015 effective tax rate is expected to be approximately 41.0%.

11. Earnings per Share

The following represents a reconciliation from basic earnings per share to diluted earnings per share:

<i>(In thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Numerator				
Net income	\$ 14,766	\$ 17,690	\$ 26,494	\$ 31,228
Denominator				
Weighted average common shares outstanding	215,590	213,188	215,146	212,788
Effect of dilutive securities	4,331	4,106	4,575	4,346
Weighted average common shares and dilutive securities outstanding	219,921	217,294	219,721	217,134
Earnings per share - basic	\$ 0.07	\$ 0.08	\$ 0.12	\$ 0.15
Earnings per share - diluted	\$ 0.07	\$ 0.08	\$ 0.12	\$ 0.14

Effects of potentially dilutive securities are presented only in periods in which they are dilutive. Stock options and restricted stock units representing 18.6 thousand and 48.6 thousand shares of common stock outstanding for the three months ended June 30, 2015 and 2014, respectively, were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive. Stock options and restricted stock units representing 436.4 thousand and 86.2 thousand shares of common stock outstanding for the six months ended June 30, 2015 and 2014, respectively, were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

12. Segment Data and Related Information

The Company's operating segments are based on how the Chief Operating Decision Maker ("CODM") makes decisions about allocating resources and assessing performance. As such, the CODM receives discrete financial information for the Company's principal business by geographic region based on the Company's strategy to become a global brand. These geographic regions include North America; Latin America; Europe, the Middle East and Africa ("EMEA"); and Asia-Pacific. Each geographic segment operates exclusively in one industry: the development, marketing and distribution of branded performance apparel, footwear and accessories. Beginning in the first quarter of 2015, the CODM began receiving discrete financial information for the Company's Connected Fitness business. Following the completion of the Company's acquisition of Endomondo and MFP in 2015, the Company has determined its Connected Fitness business is significant and will no longer be combined into other foreign countries for disclosure purposes. Due to the insignificance of the Latin America, EMEA and Asia-Pacific operating segments, they continue to be combined into other foreign countries for disclosure purposes.

The net revenues and operating income (loss) associated with the Company's segments are summarized in the following tables. Net revenues represent sales to external customers for each segment. In addition to net revenues, operating income (loss) is a primary financial measure used by the Company to evaluate performance of each segment. Intercompany balances were eliminated for separate disclosure. The majority of corporate service costs within North America have not been allocated to other foreign countries or Connected Fitness; however, certain costs and revenues included within North America in the prior period have been allocated to Connected Fitness in the current period. Prior period segment data has been recast by an immaterial amount within the tables below to conform to current period presentation.

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues				
North America	\$ 680,776	\$ 558,041	\$ 1,381,288	\$ 1,140,578
Other foreign countries	89,239	46,139	185,237	101,242
Connected Fitness	13,562	5,474	21,993	9,441
Total net revenues	\$ 783,577	\$ 609,654	\$ 1,588,518	\$ 1,251,261

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In thousands)</i>	2015	2014	2015	2014
Operating income (loss)				
North America	\$ 52,352	\$ 46,616	\$ 90,721	\$ 79,536
Other foreign countries	(4,388)	(7,074)	(54)	(7,727)
Connected Fitness	(16,063)	(4,848)	(31,099)	(10,259)
Total operating income	31,901	34,694	59,568	61,550
Interest expense, net	(4,262)	(1,227)	(6,472)	(2,073)
Other income (expense), net	41	247	(1,799)	(627)
Income before income taxes	\$ 27,680	\$ 33,714	\$ 51,297	\$ 58,850

Net revenues by product category are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In thousands)</i>	2015	2014	2015	2014
Apparel	\$ 515,252	\$ 420,028	\$ 1,070,707	\$ 879,277
Footwear	153,619	109,536	314,585	223,580
Accessories	83,040	59,932	146,191	111,470
Total net sales	751,911	589,496	1,531,483	1,214,327
License revenues	18,104	14,684	35,042	27,493
Connected Fitness	13,562	5,474	21,993	9,441
Total net revenues	\$ 783,577	\$ 609,654	\$ 1,588,518	\$ 1,251,261

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Some of the statements contained in this Form 10-Q constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the development and introduction of new products, the implementation of our marketing and branding strategies, future benefits and opportunities from acquisitions and our planned dividend of shares of our Class C common stock. In many cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “outlook,” “intends,” “potential” or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this Form 10-Q reflect our current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by these forward-looking statements, including, but not limited to, those factors described in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission (“SEC”) (our “2014 Form 10-K”) or in this Form 10-Q under “Risk Factors”, if included herein, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”). These factors include without limitation:

- changes in general economic or market conditions that could affect consumer spending and the financial health of our retail customers;
- our ability to effectively manage our growth and a more complex global business;
- our ability to successfully manage or realize expected results from acquisitions and other significant investments;
- our ability to effectively develop and launch new, innovative and updated products;
- our ability to accurately forecast consumer demand for our products and manage our inventory in response to changing demands;
- increased competition causing us to lose market share or reduce the prices of our products or to increase significantly our marketing efforts;
- fluctuations in the costs of our products;
- loss of key suppliers or manufacturers or failure of our suppliers or manufacturers to produce or deliver our products in a timely or cost-effective manner, including due to port disruptions;
- our ability to further expand our business globally and to drive brand awareness and consumer acceptance of our products in other countries;
- our ability to accurately anticipate and respond to seasonal or quarterly fluctuations in our operating results;
- risks related to foreign currency exchange rate fluctuations;
- our ability to effectively market and maintain a positive brand image;
- our ability to comply with trade and other regulations;
- the availability, integration and effective operation of information systems and other technology, as well as any potential interruption in such systems or technology;
- risks related to data security or privacy breaches;
- our potential exposure to litigation and other proceedings; and
- our ability to attract and retain the services of our senior management and key employees.

The forward-looking statements contained in this Form 10-Q reflect our views and assumptions only as of the date of this Form 10-Q. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Overview

We are a leading developer, marketer and distributor of branded performance apparel, footwear and accessories. The brand's moisture-wicking fabrications are engineered in many different designs and styles for wear in nearly every climate to provide a performance alternative to traditional products. Our products are sold worldwide and worn by athletes at all levels, from youth to professional, on playing fields around the globe, as well as by consumers with active lifestyles. The Under Armour Connected Fitness platform powers the world's largest digital health and fitness community and our strategy is focused on engaging with these consumers and increasing awareness and sales of our products. We plan to grow this community by developing innovative applications, services and other digital solutions to impact how athletes and fitness-minded individuals train, perform and live.

Our net revenues grew to \$3,084.4 million in 2014 from \$1,063.9 million in 2010. We reported net revenues of \$1,588.5 million for the first six months of 2015, which represented a 27.0% increase from the first six months of 2014. We believe that our growth in net revenues has been driven by a growing interest in performance products and the strength of the Under Armour brand in the marketplace. We plan to continue to increase our net revenues over the long term by increased sales of our apparel, footwear and accessories, expansion of our wholesale distribution sales channel, growth in our direct to consumer sales channel and expansion in international markets. Our direct to consumer sales channel includes our brand and factory house stores and websites. New product offerings for 2015 include Armour baselayer, our first signature basketball shoe, the Curry One, as well as new UA SpeedForm® running introductions, the SpeedForm Gemini and the SpeedForm Apollo Vent.

Our operating segments include North America; Latin America; Europe, the Middle East and Africa ("EMEA"); Asia-Pacific; and Connected Fitness. Due to the insignificance of the Latin America, EMEA, and Asia-Pacific operating segments, they have been combined into other foreign countries for disclosure purposes.

Segment operating income consists of the revenues generated by that segment, less the cost of goods sold and selling, general and administrative costs that are incurred directly by that segment, as well as an allocation of certain centrally managed costs. Corporate services costs, which are generally included in our North America operating segment, include company-wide administrative costs.

Recent Developments

In June 2015, our Board of Directors (the "Board") approved Articles Supplementary to our charter which designated 400,000,000 shares of common stock as a new class of common stock, referred to as the Class C common stock, par value \$0.0003 1/3 per share. The Articles Supplementary became effective on June 15, 2015. We have not yet issued any shares of Class C common stock, but we have announced the intention of our Board to consider distributing shares of the Class C common stock as a dividend to our holders of Class A and Class B common stock. The decision to proceed with, and timing of, this dividend will be made by the Board in its discretion and there can be no assurance that this dividend will be declared or paid. The terms of the Class C common stock are substantially identical to those of our Class A common stock, except that the Class C common stock has no voting rights (except in limited circumstances), will automatically convert into Class A common stock under certain circumstances and includes provisions intended to ensure equal treatment of Class C common stock and Class B common stock in certain corporate transactions, such as mergers, consolidations, statutory share exchanges, conversions or negotiated tender offers, and including consideration incidental to these transactions.

General

Net revenues comprise net sales, license revenues and Connected Fitness revenues. Net sales comprise sales from our primary product categories, which are apparel, footwear and accessories. Our license revenues primarily consist of fees paid to us by our licensees in exchange for the use of our trademarks on our products. Our Connected Fitness revenues consist of digital advertising, digital fitness platform licenses and subscriptions from our Connected Fitness business.

Cost of goods sold consists primarily of product costs, inbound freight and duty costs, outbound freight costs, handling costs to make products floor-ready to customer specifications, royalty payments to endorsers based on a predetermined percentage of sales of selected products and write downs for inventory obsolescence. The fabrics in many of our products are made primarily of petroleum-based synthetic materials. Therefore our product costs, as well as our inbound and outbound freight costs, could be affected by long term pricing trends of oil. In general, as a percentage of net revenues, we expect cost of goods sold associated with our apparel and accessories to be lower than that of our footwear. A limited portion of cost of goods

sold is associated with license and other revenues, primarily website hosting and other costs related to our Connected Fitness business.

We include outbound freight costs associated with shipping goods to customers as cost of goods sold; however, we include the majority of outbound handling costs as a component of selling, general and administrative expenses. As a result, our gross profit may not be comparable to that of other companies that include outbound handling costs in their cost of goods sold. Outbound handling costs include costs associated with preparing goods to ship to customers and certain costs to operate our distribution facilities. These costs were \$12.8 million and \$11.7 million for the three months ended June 30, 2015 and 2014, respectively, and \$25.8 million, and \$23.0 million for the six months ended June 30, 2015 and 2014, respectively.

Our selling, general and administrative expenses consist of costs related to marketing, selling, product innovation and supply chain and corporate services. Beginning in 2015, we consolidated our selling, general and administrative expenses into two primary categories; marketing and other. The other category is the sum of our previously outlined selling, product innovation and supply chain and corporate services categories. Personnel costs are included in these categories based on the employees' function. Personnel costs include salaries, benefits, incentives and stock-based compensation related to our employees. Our marketing costs are an important driver of our growth. Marketing costs consist primarily of commercials, print ads, league, team, player and event sponsorships and depreciation expense specific to our in-store fixture program for our concept shops.

Other income (expense), net consists of unrealized and realized gains and losses on our foreign currency derivative financial instruments and unrealized and realized gains and losses on adjustments that arise from fluctuations in foreign currency exchange rates relating to transactions generated by our international subsidiaries.

Results of Operations

The following table sets forth key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenues:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues	\$ 783,577	\$ 609,654	\$ 1,588,518	\$ 1,251,261
Cost of goods sold	404,524	309,702	831,801	650,619
Gross profit	379,053	299,952	756,717	600,642
Selling, general and administrative expenses	347,152	265,258	697,149	539,092
Income from operations	31,901	34,694	59,568	61,550
Interest expense, net	(4,262)	(1,227)	(6,472)	(2,073)
Other income (expense), net	41	247	(1,799)	(627)
Income before income taxes	27,680	33,714	51,297	58,850
Provision for income taxes	12,914	16,024	24,803	27,622
Net income	\$ 14,766	\$ 17,690	\$ 26,494	\$ 31,228

<i>(As a percentage of net revenues)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	51.6 %	50.8 %	52.4 %	52.0 %
Gross profit	48.4 %	49.2 %	47.6 %	48.0 %
Selling, general and administrative expenses	44.3 %	43.5 %	43.9 %	43.1 %
Income from operations	4.1 %	5.7 %	3.7 %	4.9 %
Interest expense, net	(0.6)%	(0.2)%	(0.4)%	(0.2)%
Other income (expense), net	— %	— %	(0.1)%	— %
Income before income taxes	3.5 %	5.5 %	3.2 %	4.7 %
Provision for income taxes	1.6 %	2.6 %	1.5 %	2.2 %
Net income	1.9 %	2.9 %	1.7 %	2.5 %

Consolidated Results of Operations

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Net revenues increased \$173.9 million, or 28.5%, to \$783.6 million for the three months ended June 30, 2015 from \$609.7 million during the same period in 2014. Net revenues by product category are summarized below:

(In thousands)	Three Months Ended June 30,			
	2015	2014	\$ Change	% Change
Apparel	\$ 515,252	\$ 420,028	\$ 95,224	22.7%
Footwear	153,619	109,536	44,083	40.2%
Accessories	83,040	59,932	23,108	38.6%
Total net sales	751,911	589,496	162,415	27.6%
License revenues	18,104	14,684	3,420	23.3%
Connected Fitness	13,562	5,474	8,088	147.8%
Total net revenues	\$ 783,577	\$ 609,654	\$ 173,923	28.5%

The increase in net sales was driven by:

- Apparel unit sales growth and new offerings in multiple lines led by training, golf and team sports; and
- Footwear unit sales growth, led by running and basketball and the expansion of our footwear offerings internationally.

License revenues increased \$3.4 million, or 23.3%, to \$18.1 million for the three months ended June 30, 2015 from \$14.7 million during the same period in 2014 driven by increased distribution and unit volume growth of our licensed products in North America.

Connected Fitness revenue increased \$8.1 million, or 147.8%, to \$13.6 million for the three months ended June 30, 2015 from \$5.5 million during the same period in 2014 primarily driven by our connected fitness acquisitions in the first quarter of 2015 and growth in our existing Connected Fitness business.

Gross profit increased \$79.1 million to \$379.1 million for the three months ended June 30, 2015 from \$300.0 million for the same period in 2014. Gross profit as a percentage of net revenues, or gross margin, decreased 80 basis points to 48.4% for the three months ended June 30, 2015 compared to 49.2% during the same period in 2014. The decrease in gross margin percentage was primarily driven by the following:

- approximate 60 basis point decrease due to strengthening of the U.S. dollar negatively impacting our gross margins within our international businesses, which we expect to continue through the rest of the year based on current rates; and
- approximate 50 basis point decrease driven by higher inbound airfreight costs necessary to service our customers. We expect this unfavorable airfreight impact to continue through the third quarter, but on a more limited basis.

The above decreases were partially offset by:

- approximate 20 basis point increase driven primarily by decreased sales mix of excess inventory through our factory house stores and increased higher margin Connected Fitness revenues. We expect these positive impacts to continue through the remainder of the year.

Selling, general and administrative expenses increased \$81.9 million to \$347.2 million for the three months ended June 30, 2015 from \$265.3 million for the same period in 2014. As a percentage of net revenues, selling, general and administrative expenses increased to 44.3% for the three months ended June 30, 2015 compared to 43.5% for the same period in 2014. These changes were primarily attributable to the following:

- Marketing costs increased \$18.7 million to \$89.6 million for the three months ended June 30, 2015 from \$70.9 million for the same period in 2014. This increase was primarily due to investments in collegiate sponsorships and increased retail and sports marketing in connection with the growth of our international business. As a percentage of net revenues, marketing costs decreased to 11.4% for the three months ended June 30, 2015 from 11.6% for the same period in 2014.
- Other costs increased \$63.2 million to \$257.6 million for the three months ended June 30, 2015 from \$194.4 million for the same period in 2014. This increase was primarily due to higher personnel and other costs incurred for the continued expansion of our direct to consumer distribution channel, including increased investment for our brand house stores. This increase is also due to additional investment in our Connected Fitness business. As a percentage of net revenues, other costs increased to 32.9% for the three months ended June 30, 2015 from 31.9% for the same period in 2014.

Income from operations decreased \$2.8 million, or 8.1%, to \$31.9 million for the three months ended June 30, 2015 from \$34.7 million for the same period in 2014. Income from operations as a percentage of net revenues decreased to 4.1% for the three months ended June 30, 2015 from 5.7% for the same period in 2014.

Interest expense, net increased \$3.1 million to \$4.3 million for the three months ended June 30, 2015 from \$1.2 million for the same period in 2014. This increase was primarily due to interest on the increase of \$450.0 million in term loan and revolving credit facility borrowings during 2015.

Other income (expense), net decreased \$206.0 thousand to \$41.0 thousand for the three months ended June 30, 2015 from \$247.0 thousand for the same period in 2014. This decrease was due to higher net losses on the combined foreign currency exchange rate changes on transactions denominated in foreign currencies and our derivative financial instruments as compared to the prior period.

Provision for income taxes decreased \$3.1 million to \$12.9 million during the three months ended June 30, 2015 from \$16.0 million during the same period in 2014. For the three months ended June 30, 2015, our effective tax rate was 46.7% compared to 47.5% for the same period in 2014. The effective rate for the three months ended June 30, 2015 was lower than the effective tax rate for the three months ended June 30, 2014 primarily due to certain tax planning strategies. Our 2015 annual effective tax rate is expected to be approximately 41.0%.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Net revenues increased \$337.2 million, or 27.0%, to \$1,588.5 million for the six months ended June 30, 2015 from \$1,251.3 million during the same period in 2014. Net revenues by product category are summarized below:

(In thousands)	Six Months Ended June 30,			
	2015	2014	\$ Change	% Change
Apparel	\$ 1,070,707	\$ 879,277	\$ 191,430	21.8%
Footwear	314,585	223,580	91,005	40.7%
Accessories	146,191	111,470	34,721	31.1%
Total net sales	1,531,483	1,214,327	317,156	26.1%
License revenues	35,042	27,493	7,549	27.5%
Connected Fitness	21,993	9,441	12,552	133.0%
Total net revenues	\$ 1,588,518	\$ 1,251,261	\$ 337,257	27.0%

The increase in net sales was driven by:

- Apparel unit sales growth and new offerings in multiple lines led by training, golf and team sports; and
- Footwear unit sales growth, led by running and basketball and the expansion of our footwear offerings internationally.

License revenues increased \$7.5 million, or 27.5%, to \$35.0 million during the six months ended June 30, 2015 from \$27.5 million during the same period in 2014 driven by increased distribution and unit volume growth of our licensed products.

Connected Fitness revenue increased \$12.6 million, or 133.0%, to \$22.0 million during the six months ended June 30, 2015 from \$9.4 million during the same period in 2014 primarily driven by our connected fitness acquisitions in the first quarter of 2015 and growth in our existing Connected Fitness business.

Gross profit increased \$156.1 million to \$756.7 million for the six months ended June 30, 2015 from \$600.6 million for the same period in 2014. Gross profit as a percentage of net revenues, or gross margin, decreased 40 basis points to 47.6% for the six months ended June 30, 2015 compared to 48.0% for the same period in 2014. The decrease in gross margin percentage was primarily driven by the following:

- approximate 60 basis point decrease due to strengthening of the U.S. dollar negatively impacting our gross margins within our international businesses, which we expect to continue through the rest of the year based on current rates; and
- approximate 60 basis point decrease driven by higher inbound airfreight costs necessary to service our customers. We expect this unfavorable airfreight impact to continue through the third quarter, but on a more limited basis.

The above decreases were partially offset by:

- approximate 60 basis points increase driven primarily by North American apparel and footwear product margins. We expect the favorable North American apparel and footwear product margin impact to continue through the remainder of 2015, but on a more limited basis.

- approximate 10 basis point increase driven primarily by decreased sales mix of excess inventory through our factory house stores and increased higher margin Connected Fitness revenues. We expect these positive impacts to continue through the remainder of the year.

Selling, general and administrative expenses increased \$158.0 million to \$697.1 million for the six months ended June 30, 2015 from \$539.1 million for the same period in 2014. As a percentage of net revenues, selling, general and administrative expenses increased to 43.9% for the six months ended June 30, 2015 compared to 43.1% for the same period in 2014. These changes were primarily attributable to the following:

- Marketing costs increased \$38.2 million to \$197.0 million for the six months ended June 30, 2015 from \$158.8 million for the same period in 2014. This increase was primarily due to key North American television marketing campaigns, our investments in collegiate sponsorships and increased marketing in connection with the growth of our international business. As a percentage of net revenues, marketing costs decreased to 12.4% for the six months ended June 30, 2015 from 12.7% for the same period in 2014.
- Other costs increased \$119.8 million to \$500.1 million for the six months ended June 30, 2015 from \$380.3 million for the same period in 2014. This increase was primarily due to higher personnel and other costs incurred for the continued expansion of our direct to consumer distribution channel, including increased investment for our factory house and brand house stores. This increase is also due to additional investment in our Connected Fitness business, including the impact of the acquisitions of Endomondo and MyFitnessPal. As a percentage of net revenues, other costs increased to 31.5% for the six months ended June 30, 2015 from 30.4% for the same period in 2014.

Income from operations decreased \$2.0 million, or 3.2%, to \$59.6 million for the six months ended June 30, 2015 from \$61.6 million for the same period in 2014. Income from operations as a percentage of net revenues decreased to 3.7% for the six months ended June 30, 2015 from 4.9% for the same period in 2014.

Interest expense, net increased \$4.4 million to \$6.5 million for the six months ended June 30, 2015 from \$2.1 million for the same period in 2014. This increase was primarily due to interest on the increase of \$450.0 million in term loan and revolving credit facility borrowings during 2015.

Other income (expense), net decreased \$1.2 million to \$(1.8) million for the six months ended June 30, 2015 from \$(0.6) million for the same period in 2014. This decrease was due to higher net losses on the combined foreign currency exchange rate changes on transactions denominated in foreign currencies and our derivative financial instruments as compared to the prior period.

Provision for income taxes decreased \$2.8 million to \$24.8 million during the six months ended June 30, 2015 from \$27.6 million during the same period in 2014. For the six months ended June 30, 2015, our effective tax rate was 48.4% compared to 46.9% for the same period in 2014. The effective tax rate for the six months ended June 30, 2015 was higher than the effective tax rate for the six months ended June 30, 2014 primarily due to continued international investments, along with increased non-deductible costs incurred in connection with our connected fitness acquisitions. Our annual 2015 effective tax rate is expected to be approximately 41.0%.

Segment Results of Operations

The net revenues and operating income (loss) associated with our segments are summarized in the following tables. The majority of corporate service costs within North America have not been allocated to other foreign countries or Connected Fitness; however, certain costs and revenues included within North America in the prior period have been allocated to Connected Fitness in the current period. Prior period segment data has been recast by an immaterial amount within the tables to conform to the current period presentation.

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Net revenues by segment are summarized below:

<i>(In thousands)</i>	Three Months Ended June 30,			
	2015	2014	\$ Change	% Change
North America	\$ 680,776	\$ 558,041	\$ 122,735	22.0%
Other foreign countries	89,239	46,139	43,100	93.4%
Connected Fitness	13,562	5,474	8,088	147.8%
Total net revenues	<u>\$ 783,577</u>	<u>\$ 609,654</u>	<u>\$ 173,923</u>	<u>28.5%</u>

Net revenues in our North America operating segment increased \$122.8 million to \$680.8 million for the three months ended June 30, 2015 from \$558.0 million for the same period in 2014 primarily due to the items discussed above in the Consolidated Results of Operations. Net revenues in other foreign countries increased \$43.1 million to \$89.2 million for the three months ended June 30, 2015 from \$46.1 million for the same period in 2014 primarily due to unit sales growth in our Asia-Pacific and EMEA operating segments. Net revenues in our Connected Fitness operating segment increased \$8.1 million to \$13.6 million for the three months ended June 30, 2015 from \$5.5 million for the same period in 2014 primarily due to revenues generated from Endomondo and MyFitnessPal, which were acquired in the first quarter of 2015, and growth in our existing Connected Fitness business.

Operating income (loss) by segment is summarized below:

(In thousands)	Three Months Ended June 30,			
	2015	2014	\$ Change	% Change
North America	\$ 52,352	\$ 46,616	\$ 5,736	12.3 %
Other foreign countries	(4,388)	(7,074)	2,686	38.0 %
Connected Fitness	(16,063)	(4,848)	(11,215)	(231.3)%
Total operating income	\$ 31,901	\$ 34,694	\$ (2,793)	(8.1)%

Operating income in our North America operating segment increased \$5.8 million to \$52.4 million for the three months ended June 30, 2015 from \$46.6 million for the same period in 2014 primarily due to the items discussed above in the Consolidated Results of Operations. Operating loss in other foreign countries decreased \$2.7 million to \$4.4 million for the three months ended June 30, 2015 from \$7.1 million for the same period in 2014 primarily due to sales growth in our Asia-Pacific operating segment. Operating loss in our Connected Fitness segment increased \$11.3 million to \$16.1 million for the three months ended June 30, 2015 from \$4.8 million for the same period in 2014 primarily due to investments to support growth in our Connected Fitness business, including the impact of the acquisitions of Endomondo and MyFitnessPal.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Net revenues by segment are summarized below:

(In thousands)	Six Months Ended June 30,			
	2015	2014	\$ Change	% Change
North America	\$ 1,381,288	\$ 1,140,578	\$ 240,710	21.1%
Other foreign countries	185,237	101,242	83,995	83.0%
Connected Fitness	21,993	9,441	12,552	133.0%
Total net revenues	\$ 1,588,518	\$ 1,251,261	\$ 337,257	27.0%

Net revenues in our North America operating segment increased \$240.7 million to \$1,381.3 million for the six months ended June 30, 2015 from \$1,140.6 million for the same period in 2014 primarily due to the items discussed above in the Consolidated Results of Operations. Net revenues in other foreign countries increased \$84.0 million to \$185.2 million for the six months ended June 30, 2015 from \$101.2 million for the same period in 2014 primarily due to sales growth in our Asia-Pacific and EMEA operating segments. Net revenues in our Connected Fitness operating segment increased \$12.6 million to \$22.0 million for the six months ended June 30, 2015 from \$9.4 million for the same period in 2014 primarily due to revenues generated from Endomondo and MyFitnessPal, which were acquired in the first quarter of 2015, and growth in our existing Connected Fitness business.

Operating income (loss) by segment is summarized below:

(In thousands)	Six Months Ended June 30,			
	2015	2014	\$ Change	% Change
North America	\$ 90,721	\$ 79,536	\$ 11,185	14.1 %
Other foreign countries	(54)	(7,727)	7,673	99.3 %
Connected Fitness	(31,099)	(10,259)	(20,840)	(203.1)%
Total operating income	\$ 59,568	\$ 61,550	\$ (1,982)	(3.2)%

Operating income in our North America operating segment increased \$11.2 million to \$90.7 million for the six months ended June 30, 2015 from \$79.5 million for the same period in 2014 primarily due to the items discussed above in the Consolidated Results of Operations. Operating loss in other foreign countries decreased \$7.6 million to \$0.1 million for the six months ended June 30, 2015 from \$7.7 million for the same period in 2014 primarily due to sales growth in our Asia-Pacific

and EMEA operating segments. Operating loss in our Connected Fitness segment increased \$20.8 million to \$31.1 million for the six months ended June 30, 2015 from \$10.3 million for the same period in 2014 primarily due to investments to support growth in our Connected Fitness business, including the impact of the acquisitions of Endomondo and MyFitnessPal.

Seasonality

Historically, we have recognized a majority of our net revenues and a significant portion of our income from operations in the last two quarters of the year, driven primarily by increased sales volume of our products during the fall selling season, including our higher priced cold weather products, along with a larger proportion of higher margin direct to consumer sales. The level of our working capital generally reflects the seasonality and growth in our business.

Financial Position, Capital Resources and Liquidity

Our cash requirements have principally been for working capital and capital expenditures. We fund our working capital, primarily inventory, and capital investments from cash flows from operating activities, cash and cash equivalents on hand and borrowings available under our credit and long term debt facilities. Our working capital requirements generally reflect the seasonality and growth in our business as we recognize the majority of our net revenues in the last two quarters of the year. Our capital investments have included expanding our in-store fixture and branded concept shop program, improvements and expansion of our distribution and corporate facilities to support our growth, leasehold improvements to our brand and factory house stores, and investment and improvements in information technology systems.

Our inventory strategy is focused on continuing to meet consumer demand while improving our inventory efficiency over the long term by putting systems and processes in place to improve our inventory management. These systems and processes are designed to improve our forecasting and supply planning capabilities. In addition to systems and processes, key areas of focus that we believe will enhance inventory performance are added discipline around the purchasing of product, production lead time reduction, and better planning and execution in selling of excess inventory through our factory house stores and other liquidation channels.

In January 2015, we completed our acquisition of Endomondo. The purchase price was funded with the proceeds from our \$100.0 million delayed draw term loan, which we drew in November 2014 for general corporate purposes. In March 2015, we completed our acquisition of MyFitnessPal. The purchase was funded through a combination of \$250.0 million revolving credit facility borrowings, \$150.0 million of term loan facility borrowings and cash on hand.

In July 2015, we borrowed an additional \$175.0 million under the revolving credit facility to fund our working capital needs.

We believe our cash and cash equivalents on hand, cash from operations and borrowings available to us under our credit agreement and other financing instruments are adequate to meet our liquidity needs and capital expenditure requirements for at least the next twelve months. Although we believe we have adequate sources of liquidity over the long term, an economic recession or a slow recovery could adversely affect our business and liquidity. In addition, instability in or tightening of the capital markets could adversely affect our ability to obtain additional capital to grow our business and will affect the cost and terms of such capital.

Cash Flows

The following table presents the major components of net cash flows provided by and used in operating, investing and financing activities for the periods presented:

	Six Months Ended June 30,	
	2015	2014
<i>(In thousands)</i>		
Net cash provided by (used in):		
Operating activities	\$ (179,913)	\$ (45,666)
Investing activities	(707,266)	(80,085)
Financing activities	473,208	78,497
Effect of exchange rate changes on cash and cash equivalents	(7,968)	199
Net decrease in cash and cash equivalents	\$ (421,939)	\$ (47,055)

Operating Activities

Operating activities consist primarily of net income adjusted for certain non-cash items. Adjustments to net income for non-cash items include depreciation and amortization, unrealized foreign currency exchange rate gains and losses, losses on disposals of property and equipment, stock-based compensation, deferred income taxes and changes in reserves and allowances. In addition, operating cash flows include the effect of changes in operating assets and liabilities, principally inventories, accounts receivable, income taxes payable and receivable, prepaid expenses and other assets, accounts payable and accrued expenses.

Cash used in operating activities increased \$134.2 million to \$179.9 million for the six months ended June 30, 2015 from \$45.7 million during the same period in 2014. The increase in cash used in operating activities was due to an increase in net cash outflows from operating assets and liabilities of \$160.7 million and a decrease in net income of \$4.7 million, partially offset by an increase in adjustments to net income for non-cash items of \$31.2 million. The increase in cash outflows related to changes in operating assets and liabilities period over period was primarily driven by the following:

- a larger increase in inventory investments of \$117.3 million in the current period as compared to the prior period primarily due to earlier purchases to better service consumer demand for our peak season and building inventory in our international businesses to support future growth; and
- a larger increase in accounts receivable of \$32.0 million in the current period compared to the prior period, primarily due to a higher proportion of sales to our international customers with longer payment terms compared to the prior year; partially offset by
- a larger increase in accrued expenses and other liabilities of \$14.9 million in the current period as compared to the prior period, due to higher accruals for our annual incentive plan as compared to the prior period.

Adjustments to net income for non-cash items increased in the six months ended June 30, 2015 as compared to the same period in 2014 primarily due to higher net losses on the combined foreign currency exchange rate changes on transactions denominated in foreign currencies and our derivative financial instruments in the current period as compared to the prior period.

Investing Activities

Cash used in investing activities increased \$627.2 million to \$707.3 million for the six months ended June 30, 2015 from \$80.1 million for the same period in 2014, primarily due to our acquisitions of MFP and Endomondo during the first quarter of 2015.

Capital expenditures for the full year 2015 are expected to be approximately \$330.0 million to \$340.0 million, comprised primarily of investments in a new distribution facility in North America, expansion of our corporate headquarters, and investments in our new and expanding SAP platform.

Financing Activities

Cash provided by financing activities increased \$394.7 million to \$473.2 million for the six months ended June 30, 2015 from \$78.5 million for the same period in 2014. This increase was primarily due to our amended credit agreement that provided an additional \$150.0 million in term loan facility proceeds and \$300.0 million in revolving credit facility proceeds during the six months ended June 30, 2015.

Credit Facility

In March 2015, we amended our existing credit agreement, providing an additional \$150.0 million of term loan borrowings, which were borrowed on the closing date of the amendment, resulting in aggregate term loan borrowings under the credit agreement of \$400.0 million. This amendment also increased revolving credit facility commitments available under the credit agreement from \$400.0 million to \$800.0 million, of which we borrowed \$250.0 million on the closing date. These additional borrowings were used to fund, in part, the acquisition of MyFitnessPal, Inc. At our request and the lenders' consent, revolving and/or term loan borrowings may be increased by up to \$300.0 million in aggregate, subject to certain conditions as set forth in the credit agreement, as amended. Incremental borrowings are uncommitted and the availability thereof will depend on market conditions at the time we seek to incur such borrowings.

Borrowings under the revolving credit facility may be made in U.S. Dollars, Euros, Pounds Sterling, Japanese Yen and Canadian Dollars. Up to \$50.0 million of the facility may be used for the issuance of letters of credit and up to \$50.0 million of the facility may be used for the issuance of swingline loans. There were no significant letters of credit or swingline loans outstanding as of June 30, 2015.

The credit agreement contains negative covenants that, subject to significant exceptions, limit our ability to, among other things, incur additional indebtedness, make restricted payments, pledge our assets as security, make investments, loans, advances, guarantees and acquisitions, undergo fundamental changes and enter into transactions with affiliates. We are also required to maintain a ratio of consolidated EBITDA, as defined in the credit agreement, to consolidated interest expense of not less than 3.50 to 1.00 and we are not permitted to allow the ratio of consolidated total indebtedness to consolidated EBITDA to be greater than 3.25 to 1.00. As of June 30, 2015, we were in compliance with these ratios. In addition, the credit agreement contains events of default that are customary for a facility of this nature, and includes a cross default provision whereby an event of default under other material indebtedness, as defined in the credit agreement, will be considered an event of default under the credit agreement.

Borrowings under the credit agreement bear interest at a rate per annum equal to, at our option, either (a) an alternate base rate, or (b) the adjusted LIBOR rate, plus in each case an applicable margin. The applicable margin for loans will be adjusted by reference to the Pricing Grid based on the consolidated leverage ratio and ranges between 1.00% to 1.25% for adjusted LIBOR rate loans and 0.00% to 0.25% for alternate base rate loans. The weighted average interest rates under the initial term loan, delayed draw term loan, new term loan and revolving credit facility were 1.31% during the three months ended June 30, 2015, and 1.25%, 1.25%, 1.31% and 1.31% during the six months ended June 30, 2015, respectively. \$300.0 million was outstanding under our revolving credit facility as of June 30, 2015. We pay a commitment fee on the average daily unused amount of the revolving credit facility and certain fees with respect to letters of credit. As of June 30, 2015, the commitment fee was 15.0 basis points. We incurred and capitalized \$2.9 million in deferred financing costs in connection with the credit facility.

Other Long Term Debt

We have long term debt agreements with various lenders to finance the acquisition or lease of qualifying capital investments. Loans under these agreements are collateralized by a first lien on the related assets acquired. At June 30, 2015, December 31, 2014 and June 30, 2014, the outstanding principal balance under these agreements was \$0.7 million, \$2.0 million and \$3.4 million, respectively. Currently, advances under these agreements bear interest rates which are fixed at the time of each advance. The weighted average interest rates on outstanding borrowings were 3.2% and 3.1% for the three months ended June 30, 2015 and 2014, respectively, and 3.1% and 3.2% for the six months ended June 30, 2015 and 2014, respectively.

In December 2012, we entered into a \$50.0 million recourse loan collateralized by the land, buildings and tenant improvements comprising our corporate headquarters. The loan has a seven year term and maturity date of December 2019. The loan bears interest at one month LIBOR plus a margin of 1.50%, and allows for prepayment without penalty. The loan includes covenants and events of default substantially consistent with our credit agreement discussed above. The loan also requires prior approval of the lender for certain matters related to the property, including transfers of any interest in the property. As of June 30, 2015, December 31, 2014 and June 30, 2014, the outstanding balance on the loan was \$45.0 million, \$46.0 million and \$47.0 million, respectively. The weighted average interest rate on the loan was 1.7% for the three and six months ended June 30, 2015 and 2014.

Interest expense, net was \$4.3 million and \$1.2 million for the three months ended June 30, 2015 and 2014, respectively, and \$6.5 million and \$2.1 million for the six months ended June 30, 2015 and 2014, respectively. Interest expense includes the amortization of deferred financing costs and interest expense under the credit and long term debt facilities.

We monitor the financial health and stability of our lenders under the credit and other long term debt facilities, however during any period of significant instability in the credit markets lenders could be negatively impacted in their ability to perform under these facilities.

Contractual Commitments and Contingencies

There were no significant changes to the contractual obligations reported in our 2014 Form 10-K other than those which occur in the normal course of business.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. To prepare these financial statements, we must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities. Actual results could be significantly different from these estimates. We believe the following addresses the critical accounting policies that are necessary to understand and evaluate our reported financial results.

Our significant accounting policies are described in Note 2 of the audited consolidated financial statements included in our 2014 Form 10-K. The SEC suggests companies provide additional disclosure on those accounting policies considered most critical. The SEC considers an accounting policy to be critical if it is important to our financial condition and results of operations and requires significant judgments and estimates on the part of management in its application. Our estimates are often based on complex judgments, probabilities and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same

facts and circumstances, could develop and support a range of alternative estimated amounts. For a complete discussion of our critical accounting policies, see the “Critical Accounting Policies” section of the MD&A in our 2014 Form 10-K. There were no significant changes to our critical accounting policies during the six months ended June 30, 2015.

Recently Issued Accounting Standards

In May 2014, the FASB issued an Accounting Standards Update which supersedes the most current revenue recognition requirements. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. This guidance is currently effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption not permitted. In April 2015, the FASB approved a one-year deferral of the effective date of the new revenue recognition standard. The new standard will become effective for annual and interim periods beginning after December 15, 2017 with early adoption as of the original effective date permitted. We are currently evaluating this standard to determine the impact of its adoption on our consolidated financial statements.

In February 2015, the FASB issued an Accounting Standard Update which amends the current consolidation guidance. This guidance is effective for annual reporting periods beginning after December 15, 2015 and interim reporting periods within fiscal years beginning after December 15, 2016, with early adoption permitted. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

In April 2015, the FASB issued an Accounting Standard Update which requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the debt. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015, with early adoption permitted. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

In July 2015, the FASB issued an Accounting Standard Update which simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost or net realizable value. This guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods therein. We are currently evaluating this standard to determine the impact of its adoption on our consolidated financial statements.

Recently Adopted Accounting Standards

In January 2015, the FASB issued an Accounting Standards Update which eliminates from GAAP the concept of extraordinary items and the need to separately classify, present, and disclose extraordinary events and transactions. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this pronouncement did not have a material impact on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We currently generate a majority of our consolidated net revenues in the United States, and the reporting currency for our consolidated financial statements is the U.S. dollar. As our net revenues and expenses generated outside of the United States increase, our results of operations could be adversely impacted by changes in foreign currency exchange rates. For example, as we recognize foreign revenues in local foreign currencies and if the U.S. dollar strengthens, it could have a negative impact on our foreign revenues upon translation of those results into the U.S. dollar upon consolidation of our financial statements. In addition, we are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates on transactions generated by our foreign subsidiaries in currencies other than their local currencies. These gains and losses are primarily driven by intercompany transactions and inventory purchases denominated in currencies other than the functional currency of the purchasing entity. These exposures are included in other expense, net on the consolidated statements of income.

From time to time, we may elect to use foreign currency contracts to reduce the risk from exchange rate fluctuations primarily for our international subsidiaries. As we expand our international business, we anticipate expanding our current hedging program to include additional currency pairs and instruments. We do not enter into derivative financial instruments for speculative or trading purposes.

As of June 30, 2015, the aggregate notional value of our outstanding foreign currency contracts was \$348.9 million, which was comprised of Canadian Dollar/U.S. Dollar, Euro/U.S. Dollar, Yen/Euro, Mexican Peso/Euro and Pound Sterling/Euro currency pairs with contract maturities of one to eight months. The foreign currency contracts outstanding as of June 30, 2015 have weighted average contractual foreign currency exchange rates of 1.23 CAD per \$1.00, €0.82 per \$1.00, 145.17 JPY per €1.00, 17.51 MXN per €1.00 and £0.73 per €1.00. A portion of our foreign currency contracts are not designated as cash flow hedges, and accordingly, changes in their fair value are recorded in earnings. During the second quarter of 2014, we began entering into foreign currency contracts designated as cash flow hedges. For foreign currency contracts designated as cash flow hedges, changes in fair value, excluding any ineffective portion, are recorded in other comprehensive income until net income is affected by the variability in cash flows of the hedged transaction. The effective portion is generally released to net income after the maturity of the related derivative and is classified in the same manner as the underlying exposure. During the three and six months ended June 30, 2015, we reclassified \$1.0 million and \$1.4 million, respectively, from other comprehensive income to cost of goods sold related to foreign currency contracts designated as cash flow hedges. The fair values of our foreign currency contracts were assets of \$1.4 million and \$0.8 million as of June 30, 2015 and December 31, 2014, respectively, and were included in prepaid expenses and other current assets on the consolidated balance sheet. The fair value of the Company's foreign currency contracts were liabilities of \$0.5 million as of June 30, 2014, and were included in accrued expenses on the consolidated balance sheet. Refer to Note 6 to the Consolidated Financial Statements for a discussion of the fair value measurements. Included in other income (expense), net were the following amounts related to changes in foreign currency exchange rates and derivative foreign currency contracts:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Unrealized foreign currency exchange rate gains (losses)	\$ 2,193	\$ 755	\$ (19,223)	\$ 100
Realized foreign currency exchange rate gains (losses)	2,516	(229)	8,857	222
Unrealized derivative gains (losses)	(287)	(88)	(70)	(18)
Realized derivative gains (losses)	(4,381)	(191)	8,637	(931)

We enter into foreign currency contracts with major financial institutions with investment grade credit ratings and are exposed to credit losses in the event of non-performance by these financial institutions. This credit risk is generally limited to the unrealized gains in the foreign currency contracts. However, we monitor the credit quality of these financial institutions and consider the risk of counterparty default to be minimal. Although we have entered into foreign currency contracts to minimize some of the impact of foreign currency exchange rate fluctuations on future cash flows, we cannot be assured that foreign currency exchange rate fluctuations will not have a material adverse impact on our financial condition and results of operations.

Interest Rate Risk

In order to maintain liquidity and fund business operations, we enter into long term debt arrangements with various lenders which bear a range of fixed and variable rates of interest. The nature and amount of our long-term debt can be expected to vary as a result of future business requirements, market conditions and other factors. We may elect to enter into interest rate swap contracts to reduce the impact associated with interest rate fluctuations. We utilize interest rate swap contracts to convert a portion of variable rate debt to fixed rate debt. The contracts pay fixed and receive variable rates of interest. The interest rate swap contracts are accounted for as cash flow hedges and accordingly, the effective portion of the changes in fair value are recorded in other comprehensive income and reclassified into interest expense over the life of the underlying debt obligation.

As of June 30, 2015, the notional value of our outstanding interest rate swap contracts was \$179.4 million. During the three months ended June 30, 2015 and 2014, we recorded a \$0.7 million and \$0.3 million increase in interest expense, respectively, representing the effective portion of the contract reclassified from accumulated other comprehensive income. During the six months ended June 30, 2015 and 2014, we recorded a \$1.4 million and \$0.4 million increase in interest expense, respectively, representing the effective portion of the contract reclassified from accumulated other comprehensive income. The fair value of the interest rate swap contracts was a liability of \$1.0 million and \$0.6 million as of June 30, 2015 and December 31, 2014, respectively, and was included in other long term liabilities on the consolidated balance sheet. The fair value of the interest rate swap contract was an asset of \$0.2 million as of June 30, 2014, and was included in other long term assets on the consolidated balance sheet.

Credit Risk

We are exposed to credit risk primarily on our accounts receivable. We provide credit to customers in the ordinary course of business and perform ongoing credit evaluations. We believe that our exposure to concentrations of credit risk with respect to trade receivables is largely mitigated by our customer base. We believe that our allowance for doubtful accounts is sufficient to cover customer credit risks as of June 30, 2015.

Inflation

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations in recent periods, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rules 13a-15(b) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or that is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are involved in litigation and other proceedings, including matters related to commercial and intellectual property, as well as trade, regulatory and other claims related to our business. See Note 5 to our Consolidated Financial Statements for information on certain legal proceedings, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

The Risk Factors included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2014 have not materially changed.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 6. EXHIBITS

Exhibit No.	
3.01	Amended and Restated Articles of Incorporation (filed to incorporate the previously filed amendment effective June 15, 2015).
3.02	Articles Supplementary setting forth the terms of Class C Common Stock, dated June 15, 2015 (incorporated by reference to Appendix F to the Company's Definitive Proxy Statement, filed on July 13, 2015).
10.01	Under Armour, Inc. Second Amended and Restated 2005 Omnibus Long-Term Incentive Plan.
10.02	Confidentiality, Non-Competition and Non-Solicitation Agreement, dated June 15, 2015, between the Company and Kevin Plank (incorporated by reference to Appendix E to the Company's Definitive Proxy Statement, filed on July 13, 2015).
31.01	Section 302 Chief Executive Officer Certification.
31.02	Section 302 Chief Financial Officer Certification.
32.01	Section 906 Chief Executive Officer Certification.
32.02	Section 906 Chief Financial Officer Certification.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNDER ARMOUR, INC.

By: /s/ BRAD DICKERSON

Brad Dickerson

Chief Operating Officer and Chief Financial Officer

Date: August 4, 2015

UNDER ARMOUR, INC.
ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: The name of the Corporation is Under Armour, Inc.

SECOND: The Corporation shall have a perpetual existence.

THIRD: The purpose for which the Corporation is formed is to engage in any lawful act or activities permitted by a corporation organized under the General Corporation Law of the State of Maryland (the "MGCL").

The enumeration of the purposes, objects and business of the Corporation is made in furtherance, and not in limitation, of the powers conferred upon the Corporation by law, and is not intended, by the mention of any particular purpose, object or business, in any manner to limit or restrict the generality of any other purpose, object or business mentioned, or to limit or restrict any of the powers of the Corporation, and the said Corporation shall enjoy and exercise all of the powers and rights now or hereafter conferred by statute upon corporations. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business or exercise any power or do any act which a corporation formed under the laws of the State of Maryland may not at the time lawfully carry on or do.

FOURTH: The post office address of the principal office of the Corporation is 1020 Hull Street, 3rd Floor, Baltimore, MD 21230.

FIFTH: The name of the resident agent of the Corporation within the State of Maryland is CSC-Lawyers Incorporating Service Company and the address of such agent is 11 East Chase Street, Baltimore, Maryland 21202.

SIXTH: The total number of shares of capital stock that the Corporation has the authority to issue is Eight Hundred and Thirty-Five Million, Seven Hundred Thousand (835,700,000) shares, all of which consist of common stock, par value \$0.0003 1/3 per share (the "Common Stock"), of which Four Hundred Million (400,000,000) shares are designated as shares of Class A Common Stock, par value \$0.0003 1/3 per share (the "Class A Common Stock"), and Thirty-Five Million, Seven Hundred Thousand (35,700,000) shares are designated as shares of Class B Common Stock, par value \$0.0003 1/3 per share (the "Class B Common Stock"), having an aggregate par value of Two Hundred and Seventy-Eight Thousand, Five Hundred and Sixty-Six Dollars and Sixty-Six and Two-Thirds Cents (\$278,566.66 2/3). **[Amended June 15, 2015]** The Board of Directors, with the approval of a majority of the entire Board of Directors, and without any action by the stockholders of the Corporation, may amend the Charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

A description of each class of stock of the Corporation, including any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, is as follows:

(a) Common Stock. The powers, preferences and rights, and the qualifications, limitations and restrictions, of each class of the Common Stock are as follows:

(i) Ranking. Except as otherwise expressly provided in this Charter, the powers, preferences and rights of the holders of Class A Common Stock and holders of Class B Common Stock, and the qualifications, limitations and restrictions thereof, shall be in all respects identical.

(ii) Voting. Except as otherwise expressly required by law or provided in this Charter, and subject to any voting rights provided to holders of hereafter created preferred stock at any time outstanding, the holders of any outstanding shares of Class A Common Stock and the holders of any outstanding shares of Class B Common Stock shall vote together as a single class on all matters with respect to which stockholders are entitled to vote under applicable law, this Charter or the Bylaws of the Corporation, or upon which a vote of stockholders is otherwise duly called for by the Corporation. At each annual or special meeting of stockholders, each holder of record of shares of Class A Common Stock on the relevant record date shall be entitled to cast one (1) vote in person or by proxy for each share of Class A Common Stock standing in such holder's name on the stock transfer records of the Corporation. At each annual or special meeting of stockholders, each holder of record of shares of Class B Common Stock on the relevant record date shall be entitled to cast ten (10) votes in person or by proxy for each share of Class B Common Stock standing in such holder's name on the stock transfer records of the Corporation.

(iii) No Cumulative Voting. Neither the holders of shares of Class A Common Stock nor the holders of shares of Class B Common Stock shall have cumulative voting rights.

(iv) Amendments Affecting Stock.

(1) So long as any shares of Class A Common Stock are outstanding, the Corporation shall not, without the affirmative vote of at least a majority of the outstanding shares of Class A Common Stock voting as a single class, amend, alter or repeal any provision of this Article SIXTH setting forth the terms of the Class A Common Stock so as to have a material adverse effect on the rights of the Class A Common Stock.

(2) So long as any shares of Class B Common Stock are outstanding, the Corporation shall not, without the affirmative vote of at least a majority (or such higher percentage, if any, as may then be required by applicable law) of the outstanding shares of Class B Common Stock voting as a single class, amend, alter or repeal any provision of this Article SIXTH setting forth the terms of the Class B Common Stock so as to have a material adverse effect on the rights of the Class B Common Stock.

(v) Dividends; Stock Splits. Subject to any rights provided to holders of any hereafter created preferred stock at any time outstanding, and subject to any other provisions of this Charter, as it may be amended from time to time, holders of shares of Class A Common Stock and shares of Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation when, as and if declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(1) If, at any time, a dividend or other distribution in cash or other property (other than dividends or other distributions payable in shares of Common Stock or other voting securities of the Corporation, or rights, options or warrants to purchase shares of Common Stock or other voting securities of the Corporation or securities convertible into or exchangeable for shares of Common Stock or other voting securities of the Corporation) is declared or paid on the shares of Class A Common Stock or shares of Class B Common Stock, a like dividend or other distribution in cash or other property shall also be declared or paid, on the shares of Class B Common Stock or shares of Class A Common Stock, as the case may be, in an equal amount per share.

(2) If, at any time, a dividend or other distribution payable in shares of Common Stock or other voting securities of the Corporation, or rights, options or warrants to purchase shares of Common Stock or other voting securities of the Corporation, or securities convertible into or exchangeable for shares of Common Stock or other voting securities of the Corporation (“Voting Securities”) is paid or declared on shares of Class A Common Stock or Class B Common Stock, a like dividend or other distribution shall also be paid or declared, on the shares of Class B Common Stock or Class A Common Stock, as the case may be, in an equal amount per share; provided that, for this purpose, if a dividend consisting of shares of Class A Common Stock or other voting securities of the Corporation, or rights, options or warrants to purchase shares of Class A Common Stock or other voting securities of the Corporation or securities convertible into or exchangeable for shares of Class A Common Stock or other voting securities of the Corporation is paid on shares of Class A Common Stock, and a dividend consisting of shares of Class B Common Stock or voting securities identical to the other voting securities paid on the shares of Class A Common Stock or rights, options or warrants to purchase shares of Class B Common Stock or such other voting securities or securities convertible into or exchangeable for shares of Class B Common Stock or such other voting securities is paid on shares of Class B Common Stock, in an equal amount per share of Class A Common Stock and Class B Common Stock, such dividend or other distribution shall be deemed to be a like dividend or other distribution.

(3) The Corporation shall not have the power to issue shares of Class B Common Stock as a dividend or other distribution paid on shares of Class A Common Stock, and the Corporation shall not have the power to issue shares of Class A Common Stock as a dividend or other distribution paid on shares of Class B Common Stock.

(4) In the case of any split, subdivision, combination or reclassification of shares of Class A Common Stock or Class B Common Stock, the shares of Class B Common Stock or Class A Common Stock, as the case may be, shall

also be split, subdivided, combined or reclassified so that the respective numbers of shares of Class A Common Stock and Class B Common Stock outstanding immediately following such split, subdivision, combination or reclassification shall bear the same relationship to each other as did the respective numbers of shares of Class A Common Stock and Class B Common Stock outstanding immediately prior to such split, subdivision, combination or reclassification, such that the relative voting rights of the shares of Class A Common Stock and Class B Common Stock remain the same.

(vi) Liquidation, Dissolution, etc. In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution after payments to creditors and to the holders of any hereafter created preferred stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them, respectively, without regard to class.

(vii) Merger, etc. In the event of a merger or consolidation of the Corporation with or into another entity (whether or not the Corporation is the surviving entity), the holders of each share of Class A Common Stock and Class B Common Stock shall be entitled to receive the same consideration on a per share basis.

(viii) No Preemptive or Subscription Rights. No holder of shares of Class A Common Stock or Class B Common Stock shall be entitled to preemptive or subscription rights.

(ix) Rights of Class B Common Stock.

(1) (A) The Class B Common Stock shall be owned only by Kevin A. Plank or a Kevin A. Plank Family Entity. A “**Kevin A. Plank Family Entity**” means (i) any not-for-profit corporation controlled by Kevin A. Plank, his wife or children, or any combination thereof, (ii) any other corporation if at least 66% of the value and voting power of its outstanding equity is owned by Kevin A. Plank, his wife or children, or any combination thereof; (iii) any partnership if at least 66% of the value and voting power of its partnership interests are owned by Kevin A. Plank, his wife or children, or any combination thereof; (iv) any limited liability or similar company if at least 66% of the value and voting power of the company and its membership interests are owned by Kevin A. Plank, his wife or children; or (v) any trust the primary beneficiaries of which are Kevin A. Plank, his wife, children and/or charitable organizations, which if the trust is a wholly charitable trust, at least 66% of the trustees of such trust are appointed by Kevin A. Plank or his wife.

(B) A share of Class B Common Stock shall be automatically converted into one share of Class A Common Stock effective immediately upon (i) any purported sale, pledge, transfer, assignment or disposition of such share of Class B Common Stock to any person or legal entity other than to Kevin A. Plank or a Kevin A. Plank Family Entity; *provided, however*, that a pledge of Class B Common Stock, prior to default thereunder, which does not grant to the pledgee the power to vote or direct the

vote of the pledged share or the power to vote or direct the disposition of the pledged share prior to a default, without any foreclosure or transfer of ownership shall not trigger the conversion of such share of Class B Common Stock, or (ii) the holder of such share of Class B Common Stock ceasing to be either Kevin A. Plank or a Kevin A. Plank Family Entity.

(C) Each share of Class B Common Stock shall be automatically converted into one share of Class A Common Stock effective immediately upon (i) the record date for any meeting of the Corporation's stockholders, if the aggregate number of shares of Class A Common Stock and Class B Common Stock beneficially owned on such record date by Kevin A. Plank and each Kevin A. Plank Family Entity, when taken together, is less than 15.0% of the total number of shares of Class A Common Stock and Class B Common Stock outstanding on that record date, (ii) the death of Kevin A. Plank, or (iii) Kevin A. Plank's ceasing to be affiliated with the Corporation in any capacity as a result of a permanent disability.

(D) Shares of Class B Common Stock may be voluntarily converted into an equal number of shares of Class A Common Stock by the submission by the holder of such shares of a notice of election to the Corporation that sets forth the number of shares of Class B Common Stock to be so converted.

(E) In the event of any conversion of Class B Common Stock pursuant to this Article SIXTH, Section (a)(ix)(1), certificates formerly representing outstanding shares of Class B Common Stock will thereafter be deemed to represent an equal number of shares of Class A Common Stock until the certificates representing such Class B Shares are promptly exchanged for new certificates representing an equal number of Class A Shares, as contemplated by Article SIXTH, Section (a)(ix)(5) below.

(2) Upon any conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to Article SIXTH, Section (a)(ix)(1), no adjustment with respect to dividends shall be made; only those dividends shall be payable on the shares so converted as have been declared and are payable to holders of record of shares of Class B Common Stock as of a record date prior to the conversion date with respect to the shares so converted; and only those dividends shall be payable on shares of Class A Common Stock issued upon such conversion as have been declared and are payable to holders of record of shares of Class A Common Stock as of a record date on or after such conversion date.

(3) Shares of the Class B Common Stock converted into shares of Class A Common Stock pursuant to Article SIXTH, Section (a)(ix)(1) shall be retired and the Corporation shall not be authorized to reissue such shares of Class B Common Stock.

(4) Such number of shares of Class A Common Stock as may from time to time be required for issuance upon conversion of outstanding shares of Class B Common Stock pursuant to Article SIXTH, Section (a)(ix)(1) shall be at all times reserved for such purpose.

(5) As promptly as practicable after the presentation and surrender for conversion, during usual business hours at any office or agency of the Corporation, of any certificate representing shares (or fractions of shares) of Class B Common Stock that have been converted into shares of Class A Common Stock pursuant to Article SIXTH, Section (a)(ix) (1) hereof, the Corporation shall issue and deliver at such office or agency, to or upon the written order of the holder thereof, a certificate an equal number of shares of Class A Common Stock issuable upon such conversion. The issuance of certificates for shares of Class A Common Stock issuable upon the conversion of shares of Class B Common Stock held by the registered holder thereof shall be made without charge to the converting holder for any tax imposed on the Corporation in respect to the issue thereof. The Corporation shall not, however, be required to pay any tax which may be payable with respect to any transfer involved in the issue and delivery of any certificate in a name other than that of the registered holder of the shares being converted, and the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issue thereof shall have paid to the Corporation the amount of such tax or has established to the satisfaction of the Corporation that such tax has been paid.

(b) Preferred Stock. Shares of hereafter created preferred stock may be issued in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors of the Corporation, and the Board of Directors is hereby expressly vested with authority, to the full extent now or hereafter provided by law, to adopt any such resolution or resolutions.

The authority of the Board of Directors with respect to each series of hereafter preferred stock shall include, but not be limited to, determination of the following: (i) the number of shares constituting that series and the distinctive designation thereof; (ii) the dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which dates, and the relative rights of priority, if any, of payment of dividends on shares of that series; (iii) whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights; (iv) whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine; (v) whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; (vi) whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund; (vii) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and (viii) any other relative rights, preferences and limitations of that series.

The Board of Directors shall have the power from time to time to classify or reclassify any unissued shares of the capital stock of the Corporation by setting or changing

the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms and conditions of redemption of such shares and, in such event, the Corporation shall file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by Maryland law.

SEVENTH: The following provisions are hereby adopted for the purposes of describing the rights and powers of the Corporation and of the directors and stockholders:

(a) The business and affairs of the Corporation shall be managed under the direction of the Board of Directors (the "Board of Directors" or the "Board"). The number of directors of the Corporation which shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors in accordance with the Bylaws of the Corporation, but shall never be less than the minimum number required by the MGCL.

(b) The directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until the next annual meeting of the stockholders and until his successor shall be elected and shall qualify or until his earlier resignation or removal.

(c) Subject to the rights of the holders of any class of hereafter created preferred stock then outstanding and entitled to elect one or more directors, any director or the entire Board of Directors may be removed from office at any time, but only for cause and then only by the affirmative vote of at least two-thirds of the combined voting power of all classes of shares of capital stock entitled to vote in the election of directors so removed.

(d) The Board of Directors of the Corporation is hereby empowered to authorize the issuance from time to time of shares of stock of any class, whether now or hereafter authorized, and securities convertible into shares of its stock of any class, whether now or hereafter authorized, without the approval of the stockholders of the Corporation, for such consideration as said Board of Directors may deem advisable, subject to such limitations and restrictions, if any, as may be set forth in the Charter and Bylaws of the Corporation.

(e) Subject to the terms of any one or more classes or series of any hereafter created preferred stock, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. A director elected by the Board of Directors to fill a vacancy serves until the next annual meeting of stockholders and until his successor is elected and qualifies.

(f) In considering a potential acquisition of control of the Corporation, the Board of Directors of the Corporation may consider the effect of such potential acquisition of control on: (i) the stockholders, employees, suppliers, customers, and creditors of the Corporation; and (ii) the communities in which offices or other establishments of the Corporation are located.

(g) The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation.

(h) The Board of Directors of the Corporation has the sole power to alter, amend or repeal the Bylaws of the Corporation, or to adopt new Bylaws of the Corporation.

(i) With respect to any corporate action to be taken by the Corporation which, under the general laws of the State of Maryland, would (in the absence of this subparagraph (i) of this Article SEVENTH) require the authorization or approval of a greater proportion than a majority of all votes entitled to be cast for such action to be effective and valid, such corporate action shall be effective and valid if authorized or approved by at least a majority of all the votes entitled to be cast thereon, after due authorization and/or approval and/or advice of such action by the Board of Directors as required by law.

(j) The Corporation hereby elects not to be governed by any of the provisions of Section 3-602 of subtitle 6 of Title 3 of the MGCL as to any business combinations or as to any existing or future interested stockholders of the Corporation or their affiliates. For purposes of applying Section 3-603(e)(1)(iii) of the MGCL, this provision shall be deemed to part of the original articles of incorporation as defined in Section 3-601(n)(2) of the MGCL.

(k) The Corporation hereby elects not to be governed by any of the provisions of Section 3-803 of subtitle 8 of Title 3 of the MGCL as to the classification of the Board of Directors of the Corporation or to otherwise permit the classification of the Board of Directors into more than one class without the recommendation of the Board of Directors and the affirmative vote of the holders of not less than a majority of all votes cast on the matter at an annual meeting or a special meeting called for that purpose.

The enumeration and definition of a particular power of the Board of Directors included in the foregoing is for descriptive purposes only and shall in no way limit or restrict the terms of any other clause of this or any other Article of this Charter, or in any manner exclude or limit any powers conferred upon the Board of Directors under the MGCL now or hereafter in force. The current directors of the Corporation, who shall serve until their successors are duly elected and qualify, are Kevin Plank, Thomas Sippel, Harvey Sanders, A.B. Krongard, Douglas Coltharp, Byron Adams and William McDermott.

EIGHTH: No director or officer of the Corporation shall be liable to the Corporation or to its Stockholders for money damages except (i) to the extent that it is proved that such director or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (ii) to the extent that a judgment or other final adjudication adverse to such director or officer is entered in a proceeding based on a finding in the proceeding that such director's or officer's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

NINTH: The Corporation shall indemnify and advance expenses to a director or officer of the Corporation in connection with a proceeding to the fullest extent permitted by and in accordance with the indemnification provision of the MGCL now or hereafter in force. With respect to an employee or agent, other than a director or officer of the Corporation, the Corporation may, as determined by and in the discretion of the Board of Directors of the Corporation, indemnify and advance expenses to such employees or agents in connection with a proceeding to the extent permitted by and in accordance with the indemnification provision of the MGCL now or hereafter in force.

TENTH: The Charter may be amended only upon the recommendation of the Board of Directors and the affirmative vote of the holders of not less than a majority of all of the outstanding capital stock entitled to vote on the matter; *provided, however*, that the Charter provisions regarding removal of directors (see Article Seventh, paragraph (c)), vacancies on the board of directors (see Article Seventh, paragraph (e)) and amendments to the Bylaws of the Corporation (see Article Seventh, paragraph (h)) may be amended only by the affirmative vote of holders of not less than two-thirds of all of the outstanding capital stock entitled to vote the matter.

UNDER ARMOUR, INC.

SECOND AMENDED AND RESTATED

2005 OMNIBUS LONG-TERM INCENTIVE PLAN

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UNDER ARMOUR, INC.

SECOND AMENDED AND RESTATED

2005 OMNIBUS LONG-TERM INCENTIVE PLAN

Under Armour, Inc., a Maryland corporation (the “Company”), sets forth herein the terms of its Second Amended and Restated 2005 Omnibus Long-Term Incentive Plan (the “Plan”) as follows:

1. PURPOSE

The Plan is intended to enhance the Company’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such officers, directors, key employees, and other persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock and dividend equivalent rights. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein. The effective date of the Amended and Restated 2005 Omnibus Long-Term Incentive Plan was November 18, 2005. Effective February 17, 2015, subject to shareholder approval, the Company amended and restated the Plan, without increasing the number of reserved shares pursuant to Section 4, to: (a) extend the expiration date of the Plan until the tenth anniversary of the approval of the second amended and restated Plan by the stockholders of the Company, and (b) to make certain other changes as set forth herein.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 “**Affiliate**” means any company or other trade or business that “controls,” is “controlled by” or is “under common control” with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

2.2 “**Award**” means a grant of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Unrestricted Stock, or Dividend Equivalent Rights under the Plan.

2.3 “**Award Agreement**” means the written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award.

- 2.4 **“Board”** means the Board of Directors of the Company.
- 2.5 **“Change in Control”** shall have the meaning set forth in **Section 15.2**.
- 2.6 **“Code”** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.
- 2.7 **“Committee”** means a committee of the Board comprised of at least two (2) members appointed by the Board. Each Committee member shall be a “non-employee director” within the meaning of the exemption under Rule 16b-3 of the Exchange Act and an “outside director” within the meaning of Section 162(m) of the Code.
- 2.8 **“Company”** means Under Armour, Inc., a Maryland corporation, or any successor corporation.
- 2.9 **“Disability”** means, unless otherwise stated in the applicable Award Agreement, a physical or mental condition of the Grantee with respect to which the Grantee is eligible for benefits under a long-term disability plan sponsored by the Company or an Affiliate or would be eligible if the Grantee had purchased coverage under such long-term disability plan; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
- 2.10 **“Dividend Equivalent Right”** means a right, granted to a Grantee under **Section 13** hereof, to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.
- 2.11 **“Effective Date”** This Second Amended and Restated 2005 Omnibus Long-Term Incentive Plan is effective February 17, 2015, subject to shareholder approval; provided, however, approval by the stockholders of the Company must occur within the period ending twelve (12) months after the date the Plan is adopted by the Board.
- 2.12 **“Exchange Act”** means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.
- 2.13 **“Fair Market Value”** means the value of a share of Stock, determined as follows: if on the grant date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc. or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is more than one such exchange or market, the Committee shall determine the appropriate exchange or market) on the grant date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the

next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Committee in good faith using a reasonable valuation method in accordance with Section 409A of the Code.

2.14 **“Family Member”** means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the applicable individual, any person sharing the applicable individual’s household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the applicable individual) control the management of assets, and any other entity in which one or more of these persons (or the applicable individual) own more than fifty percent of the voting interests.

2.15 **“Grantee”** means a person who receives or holds an Award under the Plan.

2.16 **“Incentive Stock Option”** means an “incentive stock option” within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.17 **“Non-qualified Stock Option”** means an Option that is not an Incentive Stock Option.

2.18 **“Option”** means an option to purchase one or more shares of Stock pursuant to the Plan.

2.19 **“Option Price”** means the exercise price for each share of Stock subject to an Option.

2.20 **“Plan”** means this Second Amended and Restated Under Armour, Inc. 2005 Omnibus Long-Term Incentive Plan.

2.21 **“Purchase Price”** means the purchase price for each share of Stock pursuant to a grant of Restricted Stock or Unrestricted Stock.

2.22 **“Restricted Stock”** means shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.

2.23 **“Restricted Stock Unit”** means a bookkeeping entry representing the equivalent of shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.

2.24 **“SAR Exercise Price”** means the per share exercise price of an SAR granted to a Grantee under **Section 9** hereof.

2.25 **“Section 409A”** shall mean Section 409A of the Code and the regulations and other binding guidance promulgated thereunder.

2.26 “**Securities Act**” means the Securities Act of 1933, as now in effect or as hereafter amended.

2.27 “**Service**” means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate; provided, however, if any Award governed by Section 409A is to be distributed on a termination of Service, then Service shall be terminated when the Grantee has a “separation from service” within the meaning of Section 409A. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Committee, which determination shall be final, binding and conclusive.

2.28 “**Service Provider**” means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser currently providing services to the Company or an Affiliate.

2.29 “**Stock**” means the class A common stock, par value \$.0003 1/3 per share, of the Company.

2.30 “**Stock Appreciation Right**” or “**SAR**” means a right granted to a Grantee under **Section 9** hereof.

2.31 “**Subsidiary**” means any “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code.

2.32 “**Termination Date**” means the date upon which an Option shall terminate or expire, as set forth in **Section 8.3** hereof.

2.33 “**Ten Percent Stockholder**” means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

2.34 “**Unrestricted Stock**” means an Award pursuant to **Section 11** hereof.

3. ADMINISTRATION OF THE PLAN

3.1. General.

The Committee shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and bylaws and applicable law. The Committee shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Committee deems to be necessary or appropriate to

the administration of the Plan. The interpretation and construction by the Committee of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive. Without limitation, the Committee shall have full and final authority, subject to the other terms and conditions of the Plan, to:

- (i) designate Grantees,
- (ii) determine the type or types of Awards to be made to a Grantee,
- (iii) determine the number of shares of Stock to be subject to an Award,
- (iv) establish the terms and conditions of each Award (including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),
- (v) prescribe the form of each Award Agreement, and
- (vi) amend, modify, or supplement the terms of any outstanding Award, including the authority, in order to effectuate the purposes of the Plan, to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom.

Notwithstanding the foregoing, no amendment or modification may be made to an outstanding Option or SAR that (i) causes the Option or SAR to become subject to Section 409A, or (ii) without the approval of the stockholders of the Company, (a) reduces the Option Price or SAR Exercise Price, either by lowering the Option Price or SAR Exercise Price or by canceling the outstanding Option or SAR and granting a replacement Option or SAR with a lower Option Price or SAR Exercise Price, (b) would be treated as a re-pricing under the rules of The New York Stock Exchange or the otherwise applicable stock exchange, or (c) provides for the cash repurchase of Options or SARs when the Fair Market Value of a share of Stock is lower than the Option Price of such Option or the SAR Exercise Price of such SAR; provided, that, appropriate adjustments may be made to outstanding Options and SARs pursuant to **Section 15**.

3.2. No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award or Award Agreement.

3.3. Book Entry.

Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

4. STOCK SUBJECT TO THE PLAN

Subject to adjustment as provided in **Section 15**, the maximum number of shares of Stock available for issuance under the Plan shall be 40.0 million. All such shares of Stock available for issuance under the Plan shall be available for issuance pursuant to Incentive Stock Options. Subject to adjustment as provided in **Section 15** hereof, the maximum number of shares of Stock with respect to which Options or Stock Appreciation Rights may be granted pursuant to the Plan in any calendar year to any one Service Provider or other participant in the Plan shall be 1.0 million. Stock issued or to be issued under the Plan shall be authorized but unissued shares; or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company.

The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments in accordance with this **Section 4**. Subject to any limitations of the Code, the following shares of Stock subject to an Award shall not reduce the number of shares of Stock available for delivery in connection with future Awards under the Plan: (a) any shares of Stock that are subject to any Award which for any reason expires or is terminated, forfeited or canceled without having been fully exercised or satisfied, (b) any Award based on shares of Stock that is settled for cash, expires or otherwise terminates without the issuance of such Stock, and (c) Stock delivered under the Plan in connection with the continuation, assumption or substitution of Options and SARs pursuant to **Section 15.4**. To the extent that the Option Price of any Option granted under the Plan, or if pursuant to **Section 16.3** the withholding obligation of any Grantee with respect to an Option or other Award, is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation) or by withholding shares of Stock, such shares of Stock shall be deemed to have been delivered for purposes of the limits set forth in this **Section 4**. Upon the exercise of a SAR, the total number of Shares subject to such exercise shall reduce the number of Shares available for delivery under the Plan.

5. EFFECTIVE DATE, DURATION AND AMENDMENTS

5.1. Term.

The Plan shall be effective as of the Effective Date. No further Awards may be made under the Plan on or after the ten (10) year anniversary of the Effective Date.

5.2. Amendment and Termination of the Plan.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any Awards which have not been made. An amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. No Awards shall be made after termination of the Plan. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded; provided, however, that the Board may amend the Plan and the Committee may amend any Award or Award Agreement, either retroactively or prospectively, without the consent of the Grantee, (x) so as to

preserve or come within any exemptions from liability under Section 16(b) of the Exchange Act, and/or so that any Award that is intended to qualify as performance-based compensation qualifies for such exception under Code Section 162(m), or (y) if the Board or the Committee determines in its discretion that such amendment either (I) is required or advisable for the Company, the Plan or the Award to satisfy, comply with or meet the requirements of any law, regulation, rule or accounting standard or (II) is not reasonably likely to significantly diminish the benefits provided under such Award, or that such diminishment has been or will be adequately compensated.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers and Other Persons.

Subject to this **Section 6**, Awards may be made to: (i) any Service Provider, including any Service Provider who is an officer or director of the Company or of any Affiliate, as the Committee shall determine and designate from time to time, and (ii) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Committee.

6.2. Successive Awards.

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

6.3. Stand-Alone, Additional, Tandem, and Substitute Awards.

Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Committee shall have the right to require the surrender of such other Award in consideration for the grant of the new Award.

7. AWARD AGREEMENT

Each Award shall be evidenced by an Award Agreement, in such form or forms as the Committee shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

8.1. Option Price.

The Option Price of each Option shall be fixed by the Committee and stated in the related Award Agreement. The Option Price of each Option shall be at least the Fair Market Value on the grant date of a share of Stock; provided, however, that (a) in the event that a Grantee is a Ten Percent Stockholder as of the grant date, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the grant date, and (b) with respect to Awards made in substitution for or in exchange for awards made by an entity acquired by the Company or an Affiliate, the Option Price does not need to be at least the Fair Market Value on the grant date.

8.2. Vesting.

Subject to **Section 8.3** hereof, each Option shall become exercisable at such times and under such conditions as shall be determined by the Committee and stated in the Award Agreement. For purposes of this **Section 8.2**, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number.

8.3. Term.

Each Option shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the grant date, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the related Award Agreement (the "Termination Date"); provided, however, that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option at the grant date shall not be exercisable after the expiration of five years from its grant date. An Award Agreement may provide that the period of time over which an Option (other than an Incentive Stock Option) may be exercised shall be automatically extended if on the scheduled expiration date of such Option the Grantee's exercise of such Option would violate an applicable law or the Grantee is subject to a "black-out" period; provided, however, that during such extended exercise period the Option may only be exercised to the extent the Option was exercisable in accordance with its terms immediately prior to such scheduled expiration date; provided further, however, that such extended exercise period shall end not later than thirty (30) days after the exercise of such Option first would no longer violate such law or be subject to such "black-out" period.

8.4. Termination of Service.

Each Award Agreement at the grant date shall set forth the extent to which the Grantee shall have the right to exercise the Option following termination of the Grantee's Service. Such provisions

shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued, and may reflect distinctions based on the reasons for termination of Service.

8.5. Method of Exercise.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, on the form specified by the Company. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to an Award.

8.6. Rights of Holders of Options.

Unless otherwise stated in the related Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in **Section 15** hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

8.7. Delivery of Stock Certificates.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled, subject to **Section 3.3** hereof, to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

8.8. Transferability of Options.

Except as provided in **Section 8.9**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetence, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in **Section 8.9**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.9. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.9**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights, or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 8.9**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent

transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this **Section 8.9** or by will or the laws of descent and distribution. Notwithstanding the foregoing, the Committee may also provide that Options may be transferred to persons other than Family Members. The events of termination of Service of **Section 8.4** hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

8.10. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1. Right to Payment.

An SAR shall confer on the Grantee a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the SAR Exercise Price, as determined by the Committee. The Award Agreement for an SAR shall specify the SAR Exercise Price, which may be fixed at the Fair Market Value of a share of Stock on the grant date or may vary in accordance with a predetermined formula while the SAR is outstanding; provided that the SAR Exercise Price may not be less than the Fair Market Value of a share of Stock on the grant date, except with respect to Awards made in substitution for or in exchange for awards made by an entity acquired by the Company or an Affiliate, in which case the SAR Exercise Price does not need to be at least the Fair Market Value on the grant date. SARs may be granted alone or in conjunction with all or part of an Option or at any subsequent time during the term of such Option or in conjunction with all or part of any other Award. An SAR granted in tandem with an outstanding Option following the grant date of such Option may have a SAR Exercise Price that is equal to the Option Price; provided, however, that the SAR Exercise Price may not be less than the Fair Market Value of a share of Stock on the grant date of the SAR.

9.2. Other Terms.

The Committee shall determine at the grant date or thereafter, the time or times at which and the circumstances under which an SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or

forms in which Stock will be delivered or deemed to be delivered to Grantees, whether or not an SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS

10.1. Restrictions.

At the time of grant, the Committee may, in its sole discretion, establish a period of time (a “restricted period”) and any additional restrictions including the satisfaction of corporate or individual performance objectives applicable to an Award of Restricted Stock or Restricted Stock Units. Each Award of Restricted Stock or Restricted Stock Units may be subject to a different restricted period and additional restrictions. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other applicable restrictions.

10.2. Restricted Stock Certificates.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates or other evidence of ownership, subject to **Section 3.3** hereof, representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the grant date. The Committee may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee’s benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends that comply with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

10.3. Rights of Holders of Restricted Stock.

Unless the Committee otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Committee may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

10.4. Rights of Holders of Restricted Stock Units.

10.4.1. Settlement of Restricted Stock Units.

Restricted Stock Units may be settled in cash or Stock, as determined by the Committee and set forth in the Award Agreement.

10.4.2. Voting and Dividend Rights.

Holders of Restricted Stock Units shall have no rights as stockholders of the Company. The Committee may provide in an Award Agreement that the holder of such Restricted Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Restricted Stock Unit held equal to the per-share dividend paid on the Stock, which may be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid to shareholders.

10.4.3. Creditor's Rights.

A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.5. Termination of Service.

Unless the Committee otherwise provides in an Award Agreement or in writing after the Award Agreement is issued, upon the termination of a Grantee's Service, any Restricted Stock or Restricted Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited, and the Grantee shall have no further rights with respect to such Award.

10.6. Consideration.

The Committee may grant Restricted Stock or Restricted Stock Units to a Grantee in respect of Services rendered and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

10.7. Delivery of Stock.

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Committee, the restrictions applicable to shares of Restricted Stock or Restricted Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, subject to **Section 3.3** hereof, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS

The Committee may, in its sole discretion, grant (or sell at a Purchase Price determined by the Committee) an Award of unrestricted stock or unrestricted stock units to any Grantee pursuant to which such Grantee may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Awards of Unrestricted Stock may be granted or sold as described in the preceding sentence in respect of Services rendered and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee. The provisions of Section 10.4 shall apply to any awards of unrestricted stock units.

12. FORM OF PAYMENT FOR AWARDS

12.1. General Rule.

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price, if any, for Restricted Stock, Restricted Stock Units or Unrestricted Stock, shall be made in cash or in cash equivalents acceptable to the Company, except as provided in this **Section 12**.

12.2. Surrender of Stock.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price, if any, for Restricted Stock, Restricted Stock Units or Unrestricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price has been paid thereby, at their Fair Market Value on the date of exercise or surrender.

12.3. Cashless Exercise.

To the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price, and any withholding taxes described in **Section 16.3**, on the date of exercise.

12.4. Net Exercise.

To the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price may be made by instructing the Committee to withhold a number of shares of Stock otherwise deliverable to the Grantee pursuant to exercise of the Option having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price.

12.5. Other Forms of Payment.

To the extent the Award Agreement so provides, payment of the Option Price or the Purchase Price may be made in any other form that is consistent with applicable laws, regulations and rules.

13. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

13.1. Dividend Equivalent Rights.

A Dividend Equivalent Right is an Award entitling the Grantee to receive credits based on cash or stock distributions that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the Grantee. A Dividend Equivalent Right may be granted hereunder to any Grantee as a component of another award or as a freestanding Award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the Committee. A Dividend Equivalent Right granted as a component of another award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award. Notwithstanding any provision of this **Section 13.1** to the contrary, no Dividend Equivalent Right may provide for settlement directly or indirectly contingent upon the exercise of an Option or Stock Appreciation Right.

13.2. Termination of Service.

Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon the Grantee's termination of Service for any reason.

14. REQUIREMENTS OF LAW

14.1. General.

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares

subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Specifically, in connection with the Securities Act, upon the exercise of any Option or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Committee has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

14.2. Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act.

15. EFFECT OF CHANGES IN CAPITALIZATION

15.1. Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which grants of Options and other Awards may be made under the Plan, including the maximum number of shares of Stock with respect to which Options or Stock Appreciation Rights may be granted pursuant to the Plan in any calendar year to any one Service Provider or other participant in the Plan, shall be adjusted proportionately and accordingly by the Company; provided that any such adjustment shall comply with Section 409A. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and

accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Exercise Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or SAR, as applicable, but shall include a corresponding proportionate adjustment in the Option Price or SAR Exercise Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary cash dividend but excluding a non-extraordinary dividend payable in cash or in stock of the Company) without receipt of consideration by the Company, the Company may, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares subject to outstanding Awards and/or (ii) the exercise price of outstanding Options and Stock Appreciation Rights to reflect such distribution.

15.2. Definition of Change in Control.

“Change in Control” shall mean the occurrence of any of the following:

- a. Any ‘person’ (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the ‘beneficial owner’ (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then-outstanding voting securities, provided, however, that a Change in Control shall not be deemed to occur if an employee benefit plan (or a trust forming a part thereof) maintained by the Company, and/or Kevin Plank and/or his immediate family members, directly or indirectly, become the beneficial owner, of more than fifty percent (50%) of the then-outstanding voting securities of the Company after such acquisition;
- b. A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. ‘Incumbent Directors’ shall mean directors who either (A) are directors of the Company as of the Effective Date, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);
- c. The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in (a) the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power

represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation in substantially the same proportion as prior to such merger or consolidation; or (b) the directors of the Company immediately prior thereto continuing to represent at least fifty percent (50%) of the directors of the Company or such surviving entity immediately after such merger or consolidation; or

d. The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets.

15.3. Effect of Change in Control

The Committee shall determine the effect of a Change in Control upon Awards, and such effect shall be set forth in the appropriate Award Agreement. Unless otherwise determined by the Committee, Awards that would become vested within the twelve months following the effective date of such Change in Control shall be immediately vested on such Change in Control. The Committee may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, the actions that will be taken upon the occurrence of a Change in Control, including, but not limited to, accelerated vesting, termination or assumption. The Committee may also provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in **Sections 15.1 and 15.2**. Notwithstanding any other provision of this **Section 15.3**, (i) no Change in Control shall trigger payment of an Award subject to the requirements of Section 409A unless such Change in Control qualifies as a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, as described in Section 409A, and (ii) any Award that otherwise is intended to satisfy the requirements of Section 409A shall not be amended or modified (directly or indirectly, in form or operation) to the extent such amendment or modification would cause compensation deferred under the applicable Award (and applicable earnings) to be included in income under Section 409A.

15.4. Reorganization, Merger or Consolidation.

If the Company undergoes any reorganization, merger, or consolidation of the Company with one or more other entities and there is a continuation, assumption or substitution of Options and SARs in connection with such transaction, any Option or SAR theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price or SAR Exercise Price per share so that the aggregate Option Price or SAR Exercise Price thereafter shall be the same as the aggregate Option Price or SAR Exercise Price of the shares remaining subject to the Option or SAR immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation.

If the Company undergoes any reorganization, merger, or consolidation of the Company with one or more other entities and there is not a continuation, assumption or substitution of Options and SARs in connection with such transaction, then in the discretion and at the direction of the Committee, each Option and SAR may be canceled unilaterally in exchange for the same consideration that the Grantee otherwise would receive as a shareholder of the Company in connection with such transaction (or cash equal to such consideration) if the Grantee held the number of shares of Stock obtained by dividing (i) the excess of the Fair Market Value of the number of such shares which remain subject to the exercise of the vested portion of such Option or SAR immediately before such Change in Control over the total Option Price or SAR Exercise Price for such vested portion, as the case may be, by (ii) the Fair Market Value of a share of Stock on such date, which number shall be rounded down to the nearest whole number. An Option or SAR may be cancelled without consideration and without the Grantee's consent if such Award has no value, as determined by the Committee, in its sole discretion.

15.5. Adjustments.

Adjustments under this **Section 15** related to shares of Stock or securities of the Company shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

15.6. No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

16. GENERAL PROVISIONS

16.1. Disclaimer of Rights.

No provision in the Plan or in any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider, if applicable. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in

no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

16.2. Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals), including, without limitation, the granting of stock options as the Board in its discretion determines desirable.

16.3. Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld (i) with respect to the vesting of or other lapse of restrictions applicable to an Award, (ii) upon the issuance of any shares of Stock upon the exercise of an Option, or (iii) pursuant to an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. A Grantee who has made an election pursuant to this **Section 16.3** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

16.4. Captions.

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or any Award Agreement.

16.5. Other Provisions.

Each Award Agreement may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

16.6. Number and Gender.

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

16.7. Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.8. Governing Law.

The validity and construction of this Plan and the instruments evidencing the Award hereunder shall be governed by the laws of the State of Maryland, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

16.9. Clawback Events.

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement) and the Committee, in its sole and exclusive discretion, may require that any Grantee reimburse the Company all or part of the amount of any payment in settlement of any Award granted hereunder.

16.10. Beneficiary Designation.

In accordance with procedures adopted by the Committee from time to time, a Grantee may designate a beneficiary to exercise the rights of the Grantee and to receive any distribution with respect to any Award upon the Grantee's death. Each such designation shall revoke all prior designations by the same Grantee, shall be in a form prescribed by the Committee, and will be effective only when filed by the Grantee in writing with the Committee during the Grantee's lifetime. A beneficiary, legal representative, or other person claiming any rights under the Plan shall be subject to all terms and conditions of the Plan, any applicable Award Agreement, and to any other conditions deemed appropriate by the Committee. In the absence of any such beneficiary designation, a Grantee's unexercised Awards, or amounts due but remaining unpaid to such Grantee, at the Grantee's death,

shall be exercised or paid as designated by the Grantee by will or by the laws of descent and distribution.

16.11. Section 409A.

It is intended that each Award either be exempt from the requirements of Section 409A or will comply (in form and operation) with Section 409A so that compensation deferred under an applicable Award (and any applicable earnings) will not be included in income under Section 409A. Any ambiguities in this Plan will be construed to affect the intent as described in this **Section 16.11**. If an Award is subject to Section 409A, the Award Agreement will satisfy the written documentation requirement of Section 409A either directly or by incorporation by reference to other documents.

17. TERMS AND CONDITIONS OF PERFORMANCE AWARDS

17.1. Performance Awards.

“Performance Award” means an Award made subject to the attainment of performance goals (as described in **Section 17.3**) over a performance period established by the Committee in its discretion.

17.2. Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to adjust the amounts payable under any Award subject to performance conditions, except as limited under **Sections 17.3** hereof in the case of a Performance Award intended to qualify under Code Section 162(m).

17.3. Performance Awards Qualifying as Performance-Based Compensation.

If and to the extent that the Committee determines that an Award to be granted to a Grantee should qualify as “performance-based compensation” for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Performance Award shall be contingent upon achievement of pre-established, objective performance goals and other terms set forth in this **Section 17.3**.

17.3.1. Performance Goals Generally.

The performance goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 17.3**. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder. A

performance goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. The Committee may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Grantee or to different Grantees.

17.3.2. Business Criteria.

One or more of the following business criteria for the Company, on a consolidated basis, and/or specified subsidiaries or business units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used exclusively by the Committee in establishing performance goals for such Performance Awards: (1) total stockholder return; (2) such total stockholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, a Standard & Poor's stock index; (3) net revenues; (4) net income; (5) earnings per share; (6) income from operations; (7) operating margin; (8) gross profit; (9) gross margin; (10) pretax earnings; (11) earnings before interest expense, taxes, depreciation and amortization; (12) return on equity; (13) return on capital; (14) return on investment; (15) return on assets; (16) working capital; (17) free cash flow; and (18) ratio of debt to stockholders' equity.

17.3.3. Timing for Establishing Performance Goals.

Performance goals shall be established in writing by the Committee not later than 90 days after the beginning of any performance period applicable to such Performance Awards, provided that the outcome is substantially uncertain at the time the Committee actually establishes the goal and provided that it is established at or before 25 percent of the performance period has elapsed, or at such other date as may be required or permitted for "performance-based compensation" under Code Section 162(m).

17.3.4. Adjustment of Performance-Based Compensation.

The Committee may provide in any Award that any evaluation of achievement of performance goals may, among other things, include or exclude any of the following events that occur during or otherwise impact a performance period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary and/or nonrecurring items as described in the Company's financial statements or notes thereto and/or in management's discussion and analysis of financial condition and results of operations, and in any case appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to a Grantee, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility. Awards that are intended to qualify as performance-based compensation may not be adjusted upward; however, the Committee shall retain the discretion to adjust

such Awards downward, either on a formula or discretionary basis, or any combination, as the Committee determines.

17.3.5. Settlement of Performance Awards; Other Terms.

Settlement of such Performance Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce (but not increase) the amount of a settlement otherwise to be made in connection with such Performance Awards. The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a performance period or settlement of Performance Awards.

17.3.6. Committee Certification.

The Committee must certify in writing prior to payment of, or other event that results in the inclusion of income (for example, the vesting of Restricted Stock) from, the related compensation that the performance goals and any other material terms were in fact satisfied. Approved minutes of the Committee meeting in which the certification is made shall be treated as a written certification.

17.3.7. Annual Share Limits.

Section 4 sets forth the maximum number of shares of Stock with respect to which Options or Stock Appreciation Rights may be granted pursuant to the Plan in any calendar year to any one Service Provider. Subject to adjustment as provided in **Section 15** hereof, the maximum number of shares of Stock that may be granted to any one Service Provider under a Performance Award, other than an Option or Stock Appreciation Right, in any calendar year shall be 500,000.

17.4. Written Determinations.

All determinations by the Committee as to the establishment of performance goals, the amount of any Performance Award pool or potential individual Performance Awards, and the achievement of performance goals relating to Performance Awards shall be made in writing in the case of any Award intended to qualify under Code Section 162(m). To the extent permitted by Code Section 162(m), the Committee may delegate any responsibility relating to such Performance Awards.

17.5. Status of Section 17.3 Awards Under Code Section 162(m).

It is the intent of the Company that Performance Awards under **Section 17.3** hereof shall constitute “qualified performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of **Section 17.3** and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. If any provision of the Plan or any agreement relating to such Performance Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision

shall be construed or deemed amended to the extent necessary to conform to such requirements. In addition, in the event that changes are made to Code Section 162(m) to permit greater flexibility with respect to any Performance Awards, the Committee may make any adjustments to the process described in **Section 17.3** it deems appropriate.

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kevin A. Plank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Under Armour, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2015

/s/ KEVIN A. PLANK

Kevin A. Plank

*Chairman of the Board of Directors and
Chief Executive Officer*

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brad Dickerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Under Armour, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2015

/s/ BRAD DICKERSON

Brad Dickerson

Chief Operating Officer and Chief Financial Officer

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer's knowledge, that:

- (i) the quarterly report on Form 10-Q of the Company for the period ended June 30, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2015

/s/ KEVIN A. PLANK

Kevin A. Plank

*Chairman of the Board of Directors and
Chief Executive Officer*

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Under Armour, Inc. and will be retained by Under Armour, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Under Armour, Inc. (the “Company”) hereby certifies, to such officer's knowledge, that:

- (i) the quarterly report on Form 10-Q of the Company for the period ended June 30, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2015

/s/ BRAD DICKERSON

Brad Dickerson

Chief Operating Officer and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Under Armour, Inc. and will be retained by Under Armour, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.