

SKECHERS USA INC
Form DEF 14A
April 29, 2011

Table of Contents

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(AMENDMENT NO. ___)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

SKECHERS U.S.A., INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- Fee not required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- (1) Title of each class of securities to which transaction applies:

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Statement No.:

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Table of Contents

SKECHERS U.S.A., INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Wednesday, May 25, 2011

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the Annual Meeting) of Skechers U.S.A., Inc., a Delaware corporation, to be held at the Shade Hotel located at 1221 North Valley Drive, Manhattan Beach, California 90266 on Wednesday, May 25, 2011 at 12:00 p.m. Pacific Time.

Our Annual Meeting is being held for the following purposes:

1. To elect three members to the Board of Directors to serve for a three-year term as Class III Directors;
2. To conduct a non-binding advisory vote on the compensation of our Named Executive Officers;
3. To conduct a non-binding advisory vote on the frequency of holding future advisory votes on the compensation of our Named Executive Officers;
4. To re-approve the 2006 Annual Incentive Compensation Plan; and
5. To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has set the close of business on March 31, 2011 as the record date for determining those stockholders who will be entitled to vote at the Annual Meeting. The following proxy statement and enclosed proxy card are being sent to each stockholder as of the record date, and our 2010 annual report is enclosed with this notice to our stockholders.

The proxy statement and 2010 annual report are available in the SEC filings section of the investor relations page of our corporate information website at www.skx.com/investor.jsp.

You are cordially invited to attend the Annual Meeting, and if you plan to attend the Annual Meeting in person, you may find directions by going to the annual meeting of stockholders section of the investor relations page of our corporate information website at www.skx.com/investor.jsp. If you do not expect to attend, or if you plan to attend but desire the proxy holders to vote your shares, please date and sign your proxy card and return it in the enclosed postage-paid envelope. Returning a signed proxy card will not affect your right to vote in person in the event you find it convenient to attend. Please return the proxy card promptly to avoid the expense of additional proxy solicitation.

FOR THE BOARD OF DIRECTORS

Philip G. Paccione,
Corporate Secretary

Dated: April 28, 2011
Manhattan Beach, California

TABLE OF CONTENTS

PROXY STATEMENT

PROPOSAL NO. 1

PROPOSAL NO. 2

PROPOSAL NO. 3

PROPOSAL NO. 4

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

CORPORATE GOVERNANCE AND BOARD MATTERS

COMPENSATION DISCUSSION AND ANALYSIS

REPORT OF THE COMPENSATION COMMITTEE

EXECUTIVE COMPENSATION

REPORT OF THE AUDIT COMMITTEE

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSACTIONS WITH RELATED PERSONS

NOMINATIONS AND STOCKHOLDER PROPOSALS FOR 2012 ANNUAL MEETING

OTHER BUSINESS

SKECHERS U.S.A., INC. 2006 ANNUAL INCENTIVE COMPENSATION PLAN

Table of Contents

SKECHERS U.S.A., INC.

PROXY STATEMENT

**For Annual Meeting to be Held
May 25, 2011 at 12:00 p.m. Pacific Time**

This proxy statement is delivered to you by Skechers U.S.A., Inc., a Delaware corporation (we, us, our, our company or Skechers), in connection with our Annual Meeting of Stockholders to be held on May 25, 2011 at 12:00 p.m. Pacific Time at the Shade Hotel located at 1221 North Valley Drive, Manhattan Beach, California 90266 (the Annual Meeting). The approximate mailing date for this proxy statement and the enclosed proxy is April 28, 2011. If a proxy in the accompanying form is duly executed and returned, the shares represented by the proxy will be voted as directed. If no direction is given, the shares represented by the proxy will be voted for the election of the nominees for director named herein. Any proxy given pursuant to this solicitation may be revoked at any time prior to its exercise by notifying our Corporate Secretary, Philip Paccione, in writing of such revocation, by duly executing and delivering another proxy bearing a later date, or by attending and voting in person at the Annual Meeting. If your shares are held in street name and you want to change your vote, please contact your broker, bank or other nominee to find out how to do so. We will incur the cost of this solicitation of proxies that will be made by mail. In addition, our officers and other regularly engaged employees may, in a limited number of instances, solicit proxies personally or by telephone. We will reimburse banks, brokerage firms, other custodians, nominees and fiduciaries for reasonable expenses incurred in sending proxy materials to beneficial owners of our Class A Common Stock and Class B Common Stock.

Holders of our Class A Common Stock and Class B Common Stock of record at the close of business on March 31, 2011 will be entitled to vote at the Annual Meeting. There were 38,479,866 shares of Class A Common Stock and 11,310,610 shares of Class B Common Stock outstanding on that date. Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to ten votes, and the presence in person or by proxy of holders of a majority of the combined voting interest of the outstanding shares of Class A Common Stock and Class B Common Stock is necessary to constitute a quorum for the Annual Meeting. A quorum must be established to consider any matter.

Pursuant to Proposal No. 1, the three candidates for director receiving the most votes of the votes entitled to be voted at the Annual Meeting will become directors of Skechers. Stockholders may not cumulate their votes. Proposal No. 2 is a non-binding advisory proposal to approve the compensation of our Named Executive Officers and will be considered as having passed if it receives an affirmative for vote of a majority of the shares present in person or represented by proxy and entitled to vote on this matter at the Annual Meeting. Proposal No. 3 is a non-binding advisory proposal regarding the frequency of holding future advisory votes on the compensation of our Named Executive Officers, and the frequency every one, two or three years that receives an affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on this matter at the Annual Meeting will be considered the frequency recommended by our stockholders. If none of the frequency alternatives (one year, two years or three years) receives a majority vote, we will consider the alternative receiving the most votes of the shares present in person or represented by proxy and entitled to vote on this matter at the Annual Meeting as the frequency recommended by our stockholders.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In

Table of Contents

tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. However, shares represented by such broker non-votes will be counted in determining whether there is a quorum. A properly executed proxy marked Abstain with respect to any such proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Because directors are elected by a plurality of the votes cast, proxies marked Abstain as to Proposal No. 1 will not have any effect on the election of directors as long as one vote is cast for each director nominee. Proposal Nos. 2 and 4 will be determined by a majority of the votes cast, and proxies marked Abstain as to Proposal No. 2 and/or 4 will have the same effect as a vote cast against the respective proposals. Because Proposal No. 3 is a non-binding advisory vote, in the absence of an approval by a majority of the votes for any single alternative, we will consider the alternative receiving the most votes as the frequency recommended by the stockholders, and therefore, proxies marked Abstain as to Proposal No. 3 will not have any effect on the outcome of the vote on the proposal.

Our principal executive office is located at 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes, with each director serving a three-year term and until their successors are duly elected and qualified or until their death, resignation or removal. One class of directors is elected annually at our annual meeting of stockholders. Our bylaws provide for a variable Board of Directors with between five and nine members. We currently have nine members on our Board of Directors. Our bylaws give the Board of Directors the authority to increase or decrease the number of directors without the approval of our stockholders, and our bylaws also give our stockholders the authority to increase or decrease the size of our Board of Directors.

Unless otherwise directed by stockholders, within the limits set forth in our bylaws, the proxy holders will vote all shares represented by proxies held by them for the election of Geyer Kosinski, Richard Rappaport and Richard Siskind who are director nominees and are currently members of the Board of Directors. We have been advised by Geyer Kosinski, Richard Rappaport and Richard Siskind of their availability and willingness to serve if re-elected. In the event that any of Geyer Kosinski, Richard Rappaport and Richard Siskind becomes unavailable or unable to serve as a member of the Board of Directors prior to the voting, the proxy holders will refrain from voting for them or will vote for a substitute nominee in the exercise of their best judgment.

The Board of Directors recommends a vote FOR these director-nominees.

PROPOSAL NO. 2

ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

As required by Section 14A of the Securities Exchange Act of 1934, as amended (the Securities Exchange Act), which was added under the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are seeking stockholder approval on an advisory, non-binding basis of the compensation of our Named Executive Officers as disclosed in the section of this proxy statement titled *Executive Compensation*. In this Proposal No. 2, stockholders are being asked to vote on the following advisory resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2011 Annual

Meeting of Stockholders.

Stockholders are urged to read the Compensation Discussion and Analysis section of this Proxy Statement, which discusses in detail how our compensation policies and procedures implement our compensation philosophy, and to refer to the related executive compensation tables. The compensation of our Named Executive Officers is based on a design that ties a substantial percentage of an executive's compensation to our attainment of financial and other performance measures that, our Board of Directors believes, promote the creation of long-term stockholder

Table of Contents

value and position our company for long-term success. As described more fully in the Compensation Discussion and Analysis, the mix of fixed- and performance-based compensation, as well as the terms of restricted stock awards, are designed to enable our company to attract and maintain top talent while, at the same time, creating a close relationship between our company's performance and overall stockholder return and the Named Executive Officers' compensation. Our Compensation Committee and Board of Directors believe that the design of the program, and hence the compensation awarded to Named Executive Officers under the current program, fulfills this objective.

Although the vote is advisory and non-binding, our Board of Directors and Compensation Committee value the opinions that our stockholders express in their votes and will consider the voting results in connection with their ongoing evaluation of our compensation program.

The Board of Directors recommends a vote FOR the advisory, non-binding resolution approving the compensation of our Named Executive Officers.

PROPOSAL NO. 3

ADVISORY VOTE ON FREQUENCY OF FUTURE VOTES ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

Section 14A of the Securities Exchange Act, which was added under the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires us to submit a non-binding, advisory resolution to stockholders at least once every six years to indicate how frequently they believe we should seek an advisory vote on the compensation of our Named Executive Officers. In this Proposal No. 3, we are seeking an advisory, non-binding determination from our stockholders as to the frequency with which stockholders would have an opportunity to provide an advisory approval of our executive compensation program. We are providing stockholders the option of selecting a frequency of every one, two or three years, or abstaining. In voting on this proposal, you should mark your proxy for one, two or three years based on your preference as to the frequency with which future advisory votes on executive compensation should be held. You may also abstain from voting on this proposal.

Our Board of Directors recommends that future advisory votes on the compensation of our Named Executive Officers occur every three years because our Board and Compensation Committee believe that this frequency will provide the most effective means for conducting and responding to the advisory vote based on a number of considerations, including the following:

Our compensation program is designed to induce and reward performance over a multi-year period;

A three-year cycle will provide investors sufficient time to evaluate the effectiveness of our short- and long-term compensation strategies and the related business outcome of our company;

A three-year vote cycle gives our Board of Directors and Compensation Committee sufficient time to thoughtfully respond to stockholders' sentiments and to implement any necessary changes to our executive compensation policies and procedures; and

Our Board of Directors will continue to engage with our stockholders on executive compensation during the period between stockholder votes. As discussed under *Corporate Governance and Board Matters - Stockholder Communications with the Board of Directors*, we provide our stockholders an opportunity to communicate with the Board, including on issues of executive compensation.

Stockholders are not voting to approve or disapprove the recommendation of our Board of Directors, but rather to indicate their choice among these frequency options.

Although the result of this vote is advisory and non-binding, our Compensation Committee and Board of Directors value the opinions that our stockholders express in their votes and will consider our stockholders

Table of Contents

concerns and take them into account in determining how frequently future advisory votes on the compensation of our Named Executive Officers will occur.

The Board of Directors recommends a vote to hold future advisory votes on the compensation of our Named Executive Officers every THREE YEARS.

PROPOSAL NO. 4

RE-APPROVAL OF THE 2006 ANNUAL INCENTIVE COMPENSATION PLAN

We are asking our stockholders to approve a proposal with respect to the Skechers U.S.A., Inc. 2006 Annual Incentive Compensation Plan (the "2006 Plan"). The 2006 Plan, which was authorized by our Board of Directors and approved by our stockholders in 2006, generally provides for performance-based incentive awards to certain of our key employees. The 2006 Plan is designed to satisfy the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), so that we can take federal income tax deductions for the performance-based compensation paid under the 2006 Plan to certain of our executive officers who are considered "covered employees" within the meaning of Section 162(m) of the Code.

Section 162(m) of the Code generally limits the deductibility of compensation paid to certain executive officers of a publicly-held corporation to \$1,000,000 in any taxable year of the corporation. Certain types of compensation, including "qualified performance-based compensation," are exempt from this deduction limitation. In order to qualify for the exemption for qualified performance-based compensation, Section 162(m) of the Code generally requires that:

The compensation must be paid solely upon account of the attainment of one or more pre-established objective performance goals;

The performance goals must be established by a compensation committee comprised solely of two or more outside directors ;

The material terms of the performance goals (including the maximum amount of compensation that could be paid to the employee) must be disclosed to and approved by the stockholders; and

The compensation committee of "outside directors" must certify that the performance goals have been met prior to payment.

To continue to qualify for the exemption for qualified performance-based compensation, the stockholders must re-approve the material terms of the performance goals every five years. Our stockholders last approved the material terms of the 2006 Plan's performance goals when the 2006 Plan was initially approved by our stockholders in 2006 at our 2006 annual meeting of stockholders. We are now submitting for re-approval in 2011 the material terms of the 2006 Plan's performance goals, which have not changed from those that were included in the terms of the 2006 Plan as approved by our stockholders in 2006. Stockholder approval of the 2006 Plan under this proposal will constitute stockholder re-approval of the material terms of the performance goals for purposes of Section 162(m) of the Code.

If stockholders do not approve this proposal, we will not have the ability to structure cash bonus opportunities under the 2006 Plan that qualify as "qualified performance-based compensation" for tax deductibility purposes. In that case, the 2006 Plan will terminate and we will no longer pay bonuses under the 2006 Plan. If stockholders approve this proposal, we will have the ability to treat compensation earned under the 2006 Plan for fiscal years 2011 through 2015 as "qualified performance-based" compensation for tax-deductibility purposes.

Summary Description of the 2006 Plan

The 2006 Plan is intended to advance the interests of our company and its stockholders and assist us in attracting and retaining executive officers by providing incentives and financial rewards to such individuals, who, because of the extent of their responsibilities, can make significant contributions to our success by their ability, industry, loyalty and exceptional services. The following summary of the material features of the 2006 Plan is qualified in its entirety by reference to the terms of the 2006 Plan, a copy of which is attached as Appendix A to this Proxy Statement.

Table of Contents

Administration

The 2006 Plan is administered by the Compensation Committee of the Board of Directors (the Committee). The Committee has authority and discretion to administer and interpret the provisions of the 2006 Plan and to adopt such rules and regulations for the administration of the 2006 Plan as the Committee deems necessary or advisable. Decisions of the Committee will be final, conclusive and binding upon all parties, including, without limitation, the Company and participants in the 2006 Plan. The Committee may designate all or any portion of its power and authority under the 2006 Plan to any sub-committee of the Committee or to any of our executive officers, provided that any such designation is consistent with the requirements of Section 162(m) of the Code.

Eligibility and Participation

The individuals eligible to participate in the 2006 Plan shall be our Chief Executive Officer and any other executive officer of our company or a subsidiary thereof. Prior to or at the time performance objectives are established for a fiscal quarter, fiscal year or such other period as established by the Committee, in its sole discretion, not to exceed five years in length (a Performance Period), the Committee will approve those executive officers, including the Chief Executive Officer, who will in fact be participants for such Performance Period. Approximately twenty employees, including all of our Named Executive Officers, participated in the 2006 Plan for the 2010 fiscal year and have been identified to participate for the 2011 fiscal year.

Determination of Awards

Within the time period prescribed by Section 162(m) of the Code, for each Performance Period for which performance objectives are established, the Committee shall (i) determine the participants who are to be eligible to receive performance-based awards under the Plan, (ii) select the performance criteria to be used for each participant and (iii) establish, in terms of an objective formula or standard for each participant, the performance goal and the amount of each award which may be earned if such performance goal is achieved.

The performance criteria are limited to the following: net sales, revenue, revenue growth, operating income, pre- or after-tax income (before or after allocation of corporate overhead and bonus), net earnings, earnings per share, net income, financial goals (division, group or corporate), return on equity, total shareholder return, return on assets or net assets, attainment of strategic and operational initiatives, appreciation in and/or maintenance of the price of the shares of Class A Common Stock or any other publicly-traded securities of our company, market share, gross profits, earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization), economic value-added models, comparisons with various stock market indices, reductions in costs, cash flow (before or after dividends), cash flow per share (before or after dividends), return on capital (including return on total capital or return on invested capital), cash flow return on investment, and improvement in or attainment of expense levels or working capital levels.

In determining satisfaction with performance goals for a Performance Period, the Committee may direct that adjustments be made to the performance goals or actual financial performance results as reported to reflect extraordinary, unusual or non-recurring organizational, operational or other changes that have occurred during such Performance Period, in each case only to the extent that such adjustments are consistent with the requirements of Section 162(m) of the Code.

Maximum Award

The maximum dollar value of an award payable under the 2006 Plan to any participant in any 12-month period is \$5,000,000.

Current Awards

Bonuses paid to our Named Executive Officers under the 2006 Plan with respect to fiscal 2010 are reported under the column with the heading entitled *Non-Equity Incentive Plan Compensation* of the *Executive Compensation Summary Compensation Table* below. The Committee has established the performance goals for fiscal year 2011 with respect to awards to such participants by reference to the business criteria set forth in the

Table of Contents

2006 Plan. If the 2006 Plan is not approved by stockholders, any cash bonuses paid to the Named Executive Officers for 2011 would be made in the discretion of the Committee and would not be paid under the 2006 Plan.

Payment of Awards

At such time as it shall determine appropriate following the conclusion of each Performance Period, the Committee shall certify, in writing, the amount of the award for each participant for such Performance Period. The amount of an award actually paid to a participant may, in the sole discretion of the Committee, be reduced to less than the amount payable to the participant based on attainment of the performance goals for a Performance Period. Payment of an award to each participant shall be made no later than the fifteenth day of the third month following the end of the fiscal quarter of the Company in which the applicable Performance Period ends.

Duration and Amendment

If the Plan is re-approved by the stockholders at the Annual Meeting, it will be effective for fiscal years 2011 through 2015, after which our stockholders must re-approve the 2006 Plan for an additional five years again at our annual meeting of stockholders in 2016 in order for awards under the 2006 Plan to continue to qualify as performance-based compensation under Section 162(m) of the Code. The Committee may at any time alter, amend, suspend or terminate the 2006 Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law including Section 162(m) of the Code. No amendments to, or termination of, the 2006 Plan shall in any way impair the rights of a participant under any award previously granted without such participant's consent.

Payment of Taxes

We may deduct from any payments of awards under the 2006 Plan any applicable withholding taxes required by law to be withheld with respect to such payments.

Other Compensation

The 2006 Plan is not exclusive. We may pay other bonuses and other compensation to the Named Executive Officers and other key employees under other authority of our Board of Directors and applicable law.

Plan Benefits

Bonus awards, if any, that our executive officers and other employees may receive under the 2006 Plan for 2011 and future years are subject to the discretion of the Committee and will depend on meeting performance targets on a quarterly basis that are substantially uncertain. Although the Committee has pre-approved the awards granted to our Named Executive Officers under the 2006 Plan for the 2011 fiscal year, including the financial criteria that we will need to meet or exceed in order for the Named Executive Officers to earn quarterly bonuses, as of March 31, 2011, we are not able to determine any quarterly bonuses that may be received by the Named Executive Officers in 2011. Furthermore, any such determination with respect to future awards under the 2006 Plan to any of the Named Executive Officers are also subject to your approval of this proposal.

Table of Contents

Therefore, certain tables below under the general heading *Executive Compensation*, including the Summary Compensation Table and the Grants of Plan-Based Awards Table and the discussion under *Compensation Discussion and Analysis Annual Incentive Compensation*, set forth information with respect to prior awards granted to our Named Executive Officers under the 2006 Plan. In addition, the table below sets forth bonuses paid for the 2010 fiscal year to each of the following under the 2006 Plan.

**New Plan Benefits
Under 2006 Annual Incentive Compensation Plan in Fiscal Year 2010⁽¹⁾**

Name and Position	Dollar Value (\$)
Robert Greenberg Chairman of the Board and Chief Executive Officer	3,602,143
Michael Greenberg President and Director	1,498,250
David Weinberg Executive Vice President, Chief Operating Officer, Chief Financial Officer and Director	1,055,643
Mark Nason Executive Vice President, Product Development	813,036
Philip Paccione Executive Vice President, Business Affairs; General Counsel and Corporate Secretary	285,214
All current executive officers as a group	7,254,286
All current directors who are not executive officers as a group	427,821
All employees who are not executive officers as a group	5,276,465

(1) Future benefits under the 2006 Plan are not determinable at this time. Amounts shown represent amounts received by such individual or group under the 2006 Plan for our last completed fiscal year.

Recommendation of the Board of Directors

The Board of Directors believes that it is desirable and in the best interest of our company and its stockholders to enable our company to pay bonuses under the 2006 Plan that are deductible as qualified performance-based compensation under Section 162(m) of the Code. The Board further believes that the 2006 Plan provides an important incentive that complements our existing policies and other long-term plans in linking portions of executive compensation to our performance.

Four of the members of our Board of Directors are eligible for awards under the 2006 Plan and thus may have a personal interest in the approval of this proposal.

**The Board of Directors recommends a vote FOR re-approval
of the 2006 Annual Incentive Compensation Plan.**

Table of Contents**BOARD OF DIRECTORS AND EXECUTIVE OFFICERS****Information Concerning Director Nominees**

Name	Age	Class and Year in Which Term Will Expire	Position
Geyer Kosinski	45	Class III (2014)	Director
Richard Rappaport	51	Class III (2014)	Director
Richard Siskind	65	Class III (2014)	Director

Geyer Kosinski has served as a member of our Board of Directors since November 2001. Since July 2004, Mr. Kosinski has been the Chairman and Chief Executive Officer of Media Talent Group, a talent management and production company that produces feature films and television programming and manages over 50 actors, writers and directors. From April 1997 to June 2004, Mr. Kosinski was a Managing Partner and co-owner of Industry Entertainment, a talent management and production company that produced feature films and television programming and managed over 100 actors, writers and directors.

Mr. Kosinski's qualifications to serve on our Board include 18 years of leadership and transactional experience, specifically managing the careers of actors, writers and directors and developing and producing numerous feature films and television series in the entertainment industry.

Richard Rappaport has served as a member of our Board of Directors since September 2010. In 1999, Mr. Rappaport founded WestPark Capital, a full service investment banking and securities brokerage firm that serves the needs of both private and public companies worldwide, as well as individual and institutional investors, and he is its Chief Executive Officer. Mr. Rappaport received his B.S. in Business Administration from the University of California at Berkeley, and his M.B.A. from the University of California at Los Angeles.

In August 2004, Mr. Rappaport entered into a settlement agreement with the NASD (the *Settlement Agreement*) to settle claims that Mr. Rappaport failed in his capacity as Chief Compliance Officer of WestPark Capital to properly supervise the preparation of the six research reports released by WestPark Capital between July 2001 and October 2002 regarding public companies with speculative securities which WestPark Capital and Mr. Rappaport knew or had reason to know were misleading in light of certain omissions and exaggerated, unwarranted and misleading statements. Under the terms of the *Settlement Agreement*, and without admitting or denying any liability, Mr. Rappaport voluntarily surrendered his Series 24 license to act as a general securities principal on behalf of WestPark Capital for a period of 30 days restricting Mr. Rappaport's participation in principal activities (the *Temporary Principal Suspension*), was required to requalify his Series 24 license and paid a fine of \$50,000. Despite his good faith efforts to comply with the terms of the *Temporary Principal Suspension* and his reliance on the advice of legal counsel regarding the scope of the restricted activities, the NASD determined that certain of the activities that Mr. Rappaport engaged in during the *Temporary Principal Suspension* were considered principal activities. In September 2006, Mr. Rappaport entered into a letter of acceptance, waiver and consent (the *Consent*) with the NASD in connection with the violation of the *Temporary Principal Suspension*. Under the terms of the *Consent*, and without admitting or denying any liability, Mr. Rappaport voluntarily surrendered his Series 7 and 24 licenses for a second 30-day period and paid an additional fine of \$10,000. Mr. Rappaport fully complied with the terms of the *Consent* to the satisfaction of the NASD.

Mr. Rappaport's qualifications to serve on our Board include 23 years of experience in business development and corporate finance, specifically in the United States and international small cap investment banking and securities markets; he has completed over 50 public offerings of issuers' stock and numerous private financing and M&A transactions. During his career, he has helped companies plan and implement their financial and business development strategies.

Richard Siskind has served as a member of our Board of Directors since June 1999. In 1991, Mr. Siskind founded R. Siskind & Company, a business that purchases brand name men's and women's apparel and accessories and redistributes those items to off-price retailers. R. Siskind & Company also controls other companies that have licenses and distribution agreements for various brands, and he is its Chief Executive Officer and a member of its

Table of Contents

Board of Directors. From November 2002 to June 2006, Mr. Siskind served as a member of the Board of Directors of Magic Lantern Group, Inc. (AMEX:GML), which changed its name from JKC Group, Inc.

Mr. Siskind's qualifications to serve on our Board include 35 years of experience as chief executive officer of various companies in the consumer retail sector, including four years as Chief Executive Officer and six years as a Board member of Magic Lantern Group, a publicly traded apparel company, and 20 years as founder, majority shareholder and leader of R. Siskind & Company. Mr. Siskind's experience with consumer retail businesses includes expertise with business planning, operations, finance, inventory control, acquisitions and licenses.

Directors Not Standing for Election

The members of the Board of Directors who are continuing and not standing for election at this year's Annual Meeting are set forth below.

Name	Age	Class and Year in Which Term Will Expire	Position
Robert Greenberg	71	Class I (2012)	Chairman of the Board and Chief Executive Officer
Morton Erlich	66	Class I (2012)	Director
Thomas Walsh	69	Class I (2012)	Director
Michael Greenberg	48	Class II (2013)	President and Director
David Weinberg	60	Class II (2013)	Executive Vice President; Chief Operating Officer; Chief Financial Officer; and Director
Jeffrey Greenberg	43	Class II (2013)	Senior Vice President, Active Electronic Media and Director

Robert Greenberg has served as our Chairman of the Board and Chief Executive Officer since October 1993.

As our founder, leader and largest stockholder since our inception in 1992 and the driving force behind our brand and our products, Mr. Greenberg is uniquely qualified to serve on and lead our Board of Directors.

Morton Erlich has served as a member of our Board of Directors since January 2006 and has been an independent investor and consultant since September 2004. Mr. Erlich worked for 34 years at KPMG LLP including 24 years as an audit partner until retiring in September 2004. His last position at KPMG LLP was office managing partner of the office in Woodland Hills, California.

Mr. Erlich's qualifications to serve on our Board include 34 years of accounting and finance experience at KPMG LLP and being licensed as a certified public accountant (inactive) in California since 1974. While a partner with KPMG LLP, Mr. Erlich served as lead audit partner for numerous companies in a variety of industries including companies in consumer markets and manufacturing, distribution and retail sectors. His accounting and finance experience includes expertise with various types of transactions such as bank lines of credit, debt financings, equity financings including public offerings, and mergers and acquisitions.

Thomas Walsh has served as a member of our Board of Directors since September 2010. From May 1993 to November 2006, Mr. Walsh served as senior vice president and portfolio manager with Colbie Pacific Capital, which is a factoring and asset-based lender located in Southern California.

Mr. Walsh's qualifications to serve on our Board include over 40 years of experience in managing and providing guidance to companies, the majority of which were in the apparel business, regarding debt financing options, issues with collateral on existing debt and action plans for companies with respect to distressed customers. His qualifications also include a background in accounting and extensive experience in evaluating businesses and evaluating their financial information.

Michael Greenberg has served as our President and a member of our Board of Directors since our company's inception in 1992, and from June 1992 to October 1993, he served as our Chairman of the Board.

Table of Contents

Mr. Greenberg's qualifications to serve on our Board include 25 years of experience in the footwear industry, specifically in sales, including his leadership as President of our company for the last 18 years.

David Weinberg has served as our Chief Operating Officer since January 2006, as our Chief Financial Officer since September 2009 and from October 1993 to January 2006, and as Executive Vice President and a member of our Board of Directors since July 1998.

Mr. Weinberg's qualifications to serve on our Board include more than 20 years of experience in the footwear industry, specifically in finance and operations, including 12 years as our Chief Financial Officer and four years as our Chief Operating Officer.

Jeffrey Greenberg has served as our Senior Vice President, Active Electronic Media since June 2005 and as a member of our Board of Directors since September 2000. From January 1998 to June 2005, Mr. Greenberg served as our Vice President, Active Electronic Media. Previously, Mr. Greenberg served as our Chief Operating Officer, Secretary and a member of our Board of Directors from June 1992 to July 1998, and as our Chief Executive Officer from June 1992 to October 1993.

Mr. Greenberg's qualifications to serve on our Board include 20 years of experience in the footwear industry, specifically in marketing and operations, including his role on our management team during our early years of growth following our company's inception in 1992.

Executive Officers

The following table sets forth certain information with respect to our executive officers who are not also members of our Board of Directors. For information concerning Robert Greenberg, Michael Greenberg and David Weinberg, see *Directors Not Standing for Election* above.

Name	Age	Position
Philip Paccione	49	General Counsel; Executive Vice President, Business Affairs; and Corporate Secretary
Mark Nason	49	Executive Vice President, Product Development

Philip Paccione has served as our Executive Vice President, Business Affairs since February 2000, as our Corporate Secretary since July 1998 and as our General Counsel since May 1998.

Mark Nason has served as our Executive Vice President, Product Development since March 2002. From January 1998 to March 2002, Mr. Nason served as our Vice President, Retail and Merchandising, and from December 1993 to January 1998, he served as our Director of Merchandising and Retail Development.

Robert Greenberg is the father of Michael Greenberg and Jeffrey Greenberg; other than the foregoing, no family relationships exist between any of our executive officers or directors.

Table of Contents**CORPORATE GOVERNANCE AND BOARD MATTERS****Board of Directors, Committees of the Board and Attendance at Meetings**

Our Corporate Governance Guidelines were adopted by our Board of Directors as of April 28, 2004 to assist the Board in the exercise of its responsibilities. The Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management levels, with a view to enhancing long-term stockholder value. The Corporate Governance Guidelines are posted in the corporate governance section of the investor relations page of our corporate information website located at www.skx.com/investor.jsp, and is available in print, without charge, upon written request to our Corporate Secretary at Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement.

Our Board of Directors met four times in 2010, and each of the directors attended all of the meetings. While we do not have a policy requiring our directors to attend our Annual Meeting of Stockholders, all of the directors attended the Annual Meeting of Stockholders held in 2010.

The Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The table below provides current membership and meeting information for 2010 for each of the committees. Each of the members of these committees is independent as defined by Section 303A of the New York Stock Exchange (NYSE) Listed Company Manual (collectively, the NYSE Rules), and each member of the Audit Committee is independent as defined by Section 10A(m)(3) of, and Rule 10A-3(b) under, the Securities Exchange Act. All committee meetings were attended by all respective committee members in 2010, except one meeting of the Audit Committee that Geyer Kosinski was unable to attend.

Name	Audit Committee	Compensation Committee	Nominating and Governance Committee
Morton Erlich	X *	X	X *
Geyer Kosinski	X		
Richard Siskind	X	X *	X
Total Meetings in 2010	6	8	4

* Committee Chairman

Each of these committees acts under a written charter that complies with the applicable NYSE Rules and Securities and Exchange Commission (SEC) rules. The functions performed by the committees are summarized below and are set forth in greater detail in their respective charters. The complete text of the charter for each committee can be found in the corporate governance section of the investor relations page of our corporate information website located at www.skx.com/investor.jsp, and copies are available in print, without charge, upon written request to our Corporate Secretary at Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement.

Director Independence

Our Board of Directors has nine members including six non-management directors, which are those directors who are not also serving as one of our executive officers. Our Board of Directors has affirmatively determined that the Board has five members who are independent as defined by Section 303A.02 of the NYSE Rules. These directors are Morton Erlich, Geyer Kosinski, Richard Rappaport, Richard Siskind and Thomas Walsh. The Board of Directors made this affirmative determination regarding these directors' independence based on discussions with the directors and on its review of the directors' responses to a questionnaire regarding employment and compensation history; affiliations, family and other relationships; and transactions with our company, its subsidiaries and affiliates. The Board considered relationships and transactions between each director or any member of his immediate family and our company and its subsidiaries and affiliates, including those reported in the section

Table of Contents

entitled *Transactions with Related Persons* in this proxy statement. The purpose of the Board's review with respect to each director was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent under the NYSE Rules.

Under Section 303A of the NYSE Rules, we were considered a *Controlled Company* until prior to share transfers by our largest stockholder, Robert Greenberg, which occurred on September 15, 2009. As a *Controlled Company*, we were exempt from certain NYSE Rules including the requirement that our Board of Directors must consist of a majority of independent members. Under NYSE Rules, our company needed to appoint additional independent directors and/or remove non-independent directors to ensure that the Board consisted of a majority of independent directors within one year of no longer constituting a *Controlled Company*. Therefore, we appointed two additional independent members to our Board of Directors as of September 10, 2010.

Board Leadership Structure

Robert Greenberg currently serves as both Chairman of the Board and Chief Executive Officer of our company. We believe combining the roles of Chairman and Chief Executive Officer is currently the appropriate leadership model for our company as it provides for clear accountability and efficient and effective leadership of our business.

Mr. Greenberg's knowledge regarding our operations and the industries and markets in which we compete positions him to best identify matters for Board review and deliberation. The dual role serves as a bridge between management and the Board of Directors that enables Mr. Greenberg to provide his insight and direction on important strategic initiatives to both groups, ensuring that they act with a common purpose. As our founder and our largest stockholder, with beneficial ownership of approximately 22.2% of the aggregate number of votes eligible to be cast by our stockholders and the ability to exert significant influence over matters requiring approval by our stockholders, we believe Mr. Greenberg is the appropriate person to lead both our Board of Directors and the management of our company.

To further strengthen our corporate governance structure and provide independent oversight of our company, our Board of Directors appointed Morton Erlich as our Lead Independent Director. As Lead Independent Director, Mr. Erlich acts as a liaison between the non-management directors on our Board and Robert Greenberg and the other members of our management team, chairs regularly held executive sessions without our management present, and performs other functions as requested by the non-management directors. Executive sessions are typically held in conjunction with regularly scheduled Audit Committee meetings and Board meetings, and additional sessions may be called by the Lead Independent Director in his own discretion or at the request of the Board of Directors.

Role of Board in Risk Oversight

Our Board of Directors is responsible for the oversight of risk management. The Board of Directors delegates much of this responsibility to the various committees of the Board. The Audit Committee is responsible for inquiring of management, our Director of Internal Audit and our independent registered public accounting firm about our financial reporting processes, internal controls and policies with respect to financial risk assessment and management. The Chairman of the Audit Committee has periodic discussions with our Director of Internal Audit about the adequacy and effectiveness of steps taken to monitor, control and report financial risk exposures, and the Director of Internal Audit also presents the Audit Committee with formal periodic status reports as well. The Compensation Committee oversees risks related to our compensation programs and the Nominating and Governance Committee is responsible for reviewing regulatory and other corporate compliance risks. The Board is advised by the committees of significant risks and management's response via periodic updates.

Stockholder Communications with the Board of Directors

Stockholders and other interested parties who wish to contact our Presiding Independent Director, Morton Erlich, or any of our other directors either individually or as a group may do so by writing to them c/o Philip Paccione, Corporate Secretary, Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266. Each writing interested party should specify whether the communication is directed to our entire Board of Directors, to only the non-management directors or to a particular director.

Table of Contents

Audit Committee

Our Board of Directors has determined Morton Erlich, who is the Chairman of the Audit Committee, is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K. The Audit Committee is responsible for overseeing and evaluating (i) the quality and integrity of our financial statements, (ii) the performance of our internal audit and internal controls functions in addition to financial risk assessment and management applicable to our company, (iii) our policies and procedures regarding transactions with related persons, as described in greater detail below in the section entitled *Transactions with Related Persons*, (iv) the appointment, compensation, independence and performance of our independent registered public accounting firm, and (v) our compliance with legal and regulatory requirements.

Compensation Committee

The Compensation Committee is responsible for (i) discharging the Board's responsibilities relating to compensation of our executive officers, (ii) overseeing the administration of our executive compensation plans, (iii) reviewing and discussing with our management the Compensation Discussion and Analysis required by the applicable SEC rules and recommending to the Board whether such disclosure should be included in our proxy statement and (iv) overseeing risks related to our compensation programs and (v) producing a report on executive compensation for inclusion in our proxy statement in accordance with the applicable rules of the SEC. This includes reviewing and approving the annual compensation of our Chief Executive Officer and other executive officers, reviewing and making recommendations to the Board with respect to executive compensation plans, including incentive compensation and equity-based compensation, and reviewing and approving performance goals and objectives with respect to the compensation of our Chief Executive Officer and other executive officers consistent with our executive compensation plans.

Neither of the members of our Compensation Committee has ever been an employee or officer of our company or any of its subsidiaries. None of our executive officers has served or currently serves on the board of directors or on the compensation committee of any other entity, which has officers who served on our Board of Directors or Compensation Committee during the fiscal year ended December 31, 2010.

Nominating and Governance Committee

The Nominating and Governance Committee, which was established on September 15, 2009, is responsible for (i) developing and recommending to our Board of Directors the criteria for selecting directors and assessing director independence, (ii) identifying individuals qualified to become members of our Board of Directors and recommending candidates as director nominees for election to the Board, (iii) considering and making recommendations to the Board regarding its size and composition, director assignments to the other Board committees and the appointment of a chairperson for each of the other Board committees, (iv) overseeing the evaluation of our management, the Board and its committees, (v) evaluating and recommending to the Board changes to the corporate governance guidelines applicable to our company, and (vi) reviewing regulatory and other corporate compliance risks applicable to us.

Director Nominations

The Nominating and Governance Committee recommends to our Board of Directors candidates to fill vacancies or for election or re-election to the Board. In the event of a vacancy on our Board of Directors, the process followed by the Nominating and Governance Committee to identify and evaluate director candidates includes requests to our Board members, management and others for recommendations, meeting from time to time to evaluate biographical information and qualifications relating to potential candidates and interviews of selected candidates by members of the committee and other directors. In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Nominating and Governance Committee applies the criteria set

forth in our Corporate Governance Guidelines. The committee also considers the statutory requirements applicable to the composition of the Board and its committees, including independence requirements of the NYSE. Our Board of Directors ultimately determines the director nominees approved for inclusion on the proxy card for each annual meeting of stockholders.

Table of Contents

Our Nominating and Governance Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees. Consistent with the committee's charter, when identifying director nominees, the committee considers general principles of diversity and does so in the broadest sense. The committee evaluates the abilities and skills, age and education, industry and professional background, and accounting and financial experience of all potential director nominees. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a diverse mix of background, experience, knowledge and skills that will best allow our Board to fulfill its responsibilities including oversight of our business.

The Nominating and Governance Committee will consider candidates recommended by stockholders for nomination for election as directors. The committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates recommended by our Board members, management and others. Stockholders wishing to submit recommendations must provide the following information by written notice to the attention of our General Counsel by certified or registered mail:

As to each person whom the stockholder proposes to nominate for election as a director:

the name, age, business address and residential address of the candidate;

the principal occupation or employment of the person;

the class and number of shares of our stock that are beneficially owned by the candidate; and

the candidate's consent to be named in the proxy statement as a nominee and to serve as a director if elected.

As to the stockholder recommending a candidate for director:

the name and address, as they appear on our stock transfer books, of the stockholder and of the beneficial owners, if any, of the stock registered in the stockholder's name and the name and address of other stockholders known by the stockholder to be supporting the nominee; and

the class and number of shares of our stock beneficially owned (i) by the stockholder and the beneficial owners, if any, and (ii) by any other stockholders known by the stockholder to be supporting such candidates.

To be considered by the Nominating and Governance Committee for the 2012 Annual Meeting of Stockholders, nominations for director candidates must be received at our principal office within the time period set forth below under the section *Nominations and Stockholder Proposals for 2012 Annual Meeting* in this proxy statement.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics, which applies to all directors, officers and employees, was adopted by our Board of Directors as of April 28, 2004 and amended by the Board as of January 15, 2007. The purpose of the Code of Business Conduct and Ethics is to promote honest and ethical conduct. The Code of Business Conduct and Ethics is posted in the corporate governance section of the investor relations page of our corporate information website located at www.skx.com/investor.jsp, and is available in print, without charge, upon written request to our Corporate Secretary at Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266. We intend to promptly post any amendments to or waivers of the Code of Business Conduct and Ethics on our website. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement.

Table of Contents**Compensation of Directors**

The following table sets forth information concerning the compensation earned by our non-employee directors during 2010. Robert Greenberg, Michael Greenberg, David Weinberg and Jeffrey Greenberg are not included because as employee directors, they did not earn any additional compensation for services provided as members of our Board of Directors.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Total (\$)
Morton Erlich	88,000		88,000
Geyer Kosinski	43,500		43,500
Richard Rappaport	10,500	114,200	124,700
Richard Siskind	73,000		73,000
Thomas Walsh	10,500	114,200	124,700

(1) This column reports the amount of cash compensation earned in 2010 for Board and committee service.

(2) This column represents the aggregate grant date fair value of restricted stock awards granted during 2010, as calculated in accordance with Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718). The grant date fair value was calculated using the closing price of our Class A Common Stock on the grant date for the shares awarded, which was \$22.84 per share on September 10, 2010. As of December 31, 2010, Messrs. Erlich, Kosinski and Siskind each held 7,000 shares of restricted stock and Messrs. Rappaport and Walsh each held 3,750 shares of restricted stock.

Non-Employee Directors. We paid each of our non-employee directors annual compensation of \$30,000 for serving on the Board of Directors in 2010. Our Audit Committee Chairman, Compensation Committee Chairman and Nominating and Governance Committee Chairman were paid additional annual fees of \$15,000, \$10,000 and \$10,000, respectively, in 2010. Non-employee directors also received fees of \$1,500 for each Board and committee meeting attended during 2010. Non-employee directors are reimbursed for reasonable costs and expenses incurred for attending any of our Board or committee meetings. Compensation, fees, and reimbursable costs and expenses are paid quarterly. During 2010, non-employee directors were eligible to receive awards of restricted shares of Class A Common Stock, grants of options to purchase shares of Class A Common Stock and other equity-based compensation under the 2007 Incentive Award Plan (the 2007 Plan) as determined by the Board of Directors. In September 2010, upon being appointed to our Board of Directors, Messrs. Rappaport and Walsh each received a discretionary award of 5,000 shares of restricted stock, of which 25% of the shares vested on September 10, 2010, and the remaining shares are scheduled to vest in three equal installments on each of September 10, 2011, 2012 and 2013. In 2010, there were no other issuances of restricted shares of Class A Common Stock or grants of options to purchase shares of Class A Common Stock to non-employee directors.

Employee Directors. As of December 31, 2010, Robert Greenberg, Michael Greenberg and David Weinberg were the only Named Executive Officers serving on our Board of Directors, and Jeffrey Greenberg was the only non-executive employee serving on our Board of Directors. Employees of Skechers who are members of the Board of Directors are not paid any directors fees. Compensation of Robert Greenberg, Michael Greenberg and David Weinberg earned in 2010 is set forth under *Executive Compensation*. Compensation of Jeffrey Greenberg earned in 2010 is described in the section entitled *Transactions with Related Persons* in this proxy statement. During the 2010 fiscal year, employee directors were eligible to receive awards of shares of Class A Common Stock, grants of options to purchase shares of

Class A Common Stock and other equity-based compensation under the 2007 Plan as determined by the Board of Directors. In 2010, employee directors were not issued any restricted shares of Class A Common Stock nor granted any options to purchase shares of Class A Common Stock.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our Named Executive Officers for 2010 should be read together with the compensation tables and related disclosures set forth below. The Named Executive Officers are those executive officers listed in the table captioned *Summary Compensation Table* in this proxy statement: Robert Greenberg, Chief Executive Officer; Michael Greenberg, President; David Weinberg, Chief Operating Officer and Chief Financial Officer; Mark Nason, Executive Vice President of Product Development; Philip Paccione, General Counsel and Corporate Secretary; and President of Fitness Group, Leonard Armato. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

Role of Compensation Committee

Our executive compensation program is administered by or under the direction of the Compensation Committee of our Board of Directors. Under the terms of its Charter, the Compensation Committee is responsible for (i) discharging the Board's responsibilities relating to compensation of our executive officers, (ii) overseeing the administration of our executive compensation plans, (iii) reviewing and discussing with Skechers' management this Compensation Discussion and Analysis required by the applicable SEC rules and recommending to the Board its inclusion in this proxy statement and (iv) producing the annual report on executive compensation included elsewhere in this proxy statement in accordance with the applicable SEC rules.

The Compensation Committee has the authority to retain the services of outside advisors, experts and other consultants to assist in the evaluation of the compensation of the Chief Executive Officer, the other executive officers and the Board of Directors. Neither we nor our Compensation Committee retained a compensation consultant in 2010 to review policies and procedures with respect to executive compensation or to advise us on compensation matters. For 2010, the Compensation Committee reviewed management's compensation recommendations and then discussed these recommendations with management. These recommendations were then approved by the Compensation Committee.

Role of Management in Compensation Decisions

Management, led by our Chief Executive Officer, President and Chief Operating Officer, annually makes recommendations to the Compensation Committee regarding (i) annual base salary and bonuses to be paid to executive officers, (ii) the formation and modification of our equity-based and incentive compensation plans for executive officers, (iii) awards to be granted under our equity-based compensation plan and (iv) performance metrics to be used to calculate incentive compensation that executive officers may earn under our incentive compensation plan. Management also meets periodically with the Compensation Committee to discuss these recommendations, which are based on management's assessment of the base salary, equity-based compensation and incentive compensation opportunities that are competitive within our industry and within the geographical labor markets in which we participate. The Compensation Committee has the authority to adopt, modify or reject any of these recommendations.

Compensation Objectives

The basic compensation philosophy of our management and the Compensation Committee is to provide competitive salaries and incentives to executive officers in order to promote superior financial performance. The Compensation Committee believes that compensation paid to executive officers should be closely aligned with our performance on

both a short-term and long-term basis, linked to specific, measurable results intended to create value for stockholders, and that such compensation should assist us in attracting and retaining key executives critical to our long-term success.

Our executive compensation policies are designed to achieve four primary objectives:

attract and motivate well-qualified individuals with the ability and talent to enable us to achieve our business objectives and corporate strategies;

Table of Contents

provide incentives to achieve specific short-term individual and corporate goals by rewarding achievement of those goals at established financial performance levels;

provide incentives to achieve longer-term financial goals and reinforce sense of ownership through award opportunities that can result in ownership of stock; and

promote retention of key executives and align the interests of management with those of the stockholders to reinforce achievement of continuing increases in stockholder value.

Consistent with our performance-based philosophy, the Compensation Committee reviews and approves our compensation programs to effectively balance executive officers' salaries with incentive compensation that is performance-based as well as to reward annual performance while maintaining a focus on longer-term objectives. We believe that it serves the needs of our stockholders and key executives to provide incentives commensurate with individual management responsibilities and past and future contributions to corporate objectives. The mix of compensation elements varies based on an executive officer's position and responsibilities with Skechers.

To maximize stockholder value, we believe that it is necessary to deliver consistent, long-term sales and earnings growth. Accordingly, the Compensation Committee reviews not only the individual compensation elements, but the mix of individual compensation elements that make up the aggregate compensation and attempts to balance the total compensation package between short-term, long-term and currently paid cash and equity compensation in a way that meets the objectives set forth above.

Elements of Compensation

Our executive compensation consists of three primary components:

base salary and benefits;

performance-based compensation, if any, under the 2006 Plan; and

equity compensation awarded under the 2007 Plan.

These components, individually and in the aggregate, are designed to accomplish one or more of the four compensation objectives described above.

Base Salary

Base salaries for our Named Executive Officers are established based on the scope of their respective responsibilities, taking into account market compensation paid by competitors within our industry and other companies of similar type, size and financial performance for individuals in similar positions. We set base compensation for our Named Executive Officers at levels that we believe enable us to hire and retain individuals in a competitive environment, and to reward satisfactory performance at an acceptable level based upon contributions to our overall business objectives.

Base salaries are generally reviewed annually, but may be adjusted from time to time to realign salaries with market levels. In reviewing base salaries, we consider various factors, including (i) each individual's level of responsibilities, performance and results achieved, and professional experience, (ii) a comparison to base salaries paid to employees in comparable positions by our competitors and companies of similar type, size and financial performance and (iii) cost of living increases.

While the annual base salaries of the Named Executive Officers remained unchanged for 2010, except for Philip Paccione who received a raise of \$100,000 from 2009, the total cash compensation, consisting of base salary and incentive compensation (Non-Equity Compensation), of all Named Executive Officers was greater in 2010 as compared to 2009, primarily due to our financial performance in 2010 being better than anticipated, which resulted in higher incentive compensation earned by all of them. Except for Robert Greenberg, the total compensation of all Named Executive Officers disclosed in the *Executive Compensation Summary Compensation Table* below was less in 2010 as compared to 2009, but this was largely due to the fact that the restricted stock awarded in September 2009 (for further information, see the section below entitled *Equity-Based Compensation Restricted Stock*) is recognized in full in 2009 for SEC reporting purposes even though the awards vest in 2010, 2011 and 2012. Thus,

Table of Contents

the year-over-year increase in total compensation earned by all Named Executive Officers in 2010, including the restricted stock that vested in November 2010, was commensurate with the continued positive financial performance by Skechers in fiscal 2010.

Annual Incentive Compensation

The 2006 Plan is intended to advance our interests and those of our stockholders and to assist us in attracting and retaining executive officers by providing incentives and financial rewards to such executives who, because of the extent of their responsibilities can make significant contributions to our success through their ability, industry expertise, loyalty and exceptional services.

The 2006 Plan provides executive employees including the Named Executive Officers with the opportunity to earn bonuses based on our financial performance by linking incentive award opportunities to the achievement of our performance goals. The 2006 Plan allows us to set annual performance criteria and goals that are flexible and change with the needs of our business. The Compensation Committee annually approves the performance criteria and goals that will be used in formulae to calculate our Named Executive Officers' incentive compensation on a quarterly basis for each fiscal year. By determining performance criteria and setting goals at the beginning of each fiscal year, our Named Executive Officers understand our goals and priorities during the current fiscal year. Following the conclusion of each quarter during the current fiscal year, the Compensation Committee certifies the amount of the award for each participant for each such quarter. The amount of an award actually paid to a participant each quarter may, in the sole discretion of the Compensation Committee, be reduced to less than the amount payable to the participant based on attainment of the performance goals for each such quarter.

The Compensation Committee approved the performance goals during the first quarter of 2010 for fiscal 2010. The business criteria used in the formulae to calculate the incentive compensation of our Chief Executive Officer, President, Chief Operating Officer and Executive Vice President of Product Development for 2010 were our EBITDA (earnings before interest, taxes, depreciation and amortization) and net sales because the Compensation Committee believes that they provide an accurate and comprehensive measure of our annual performance. For our General Counsel and President of Fitness Group, who were the only other Named Executive Officers, our net sales were used to calculate their incentive compensation for 2010.

The potential payments of incentive compensation to our Named Executive Officers are performance-driven and therefore completely at risk. The payment of any incentive compensation for a fiscal year under the 2006 Plan is conditioned on our company achieving at least certain threshold performance levels of the business criteria approved by the Compensation Committee, and no payments will be made to our Named Executive Officers if the threshold performance levels are not met. Any incentive compensation to be paid to the Named Executive Officers in excess of the threshold amounts is based on the Compensation Committee's pre-approved business criteria and formulae for the respective Named Executive Officers. The following table sets forth the two sets of performance criteria used to determine the Named Executive Officers' annual incentive compensation on a quarterly basis, either or both of which may be earned depending on our company's financial performance:

<p>Quarterly Incentive Compensation Earned if a Positive EBITDA is Achieved</p>	<p>Quarterly Incentive Compensation Earned Equals Amount by which Net Sales for the Applicable Quarter Exceeds Net Sales for the</p>
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Name of Executive	for Either the Applicable Quarter or the Last Four Quarters Combined (\$)	Corresponding Quarter in the Previous Year Multiplied by the Listed Percentage (%)
Robert Greenberg	187,500	0.500
Michael Greenberg	125,000	0.175
David Weinberg	50,000	0.150
Mark Nason	25,000	0.125
Philip Paccione	N/A	0.050
Leonard Armato	N/A	0.075

If positive EBITDA is achieved by our company for either the applicable quarter or the last four quarters combined, then each Named Executive Officer will earn a quarterly bonus equal to the amount set forth in the table above with respect to such quarter. If net sales for the applicable quarter exceed net sales for the corresponding quarter in the previous year, then the executive will earn a quarterly bonus equal to the amount of such excess

Table of Contents

multiplied by the percentage set forth in the table above with respect to such quarter. Except for Robert Greenberg, who did not receive an award of restricted stock in 2009, the pre-approved percentages for 2010 were lower than those in 2009 because the compensation paid to the other Named Executive Officers in 2009 included a restricted stock award that vests in 2010, 2011 and 2012. The Compensation Committee did not place a maximum limit on the incentive compensation that could have been earned by the Named Executive Officers in 2010, although the maximum amount of incentive compensation that any Named Executive Officer may earn in a 12-month period under the 2006 Plan is \$5,000,000.

The Named Executive Officers were generally targeted to receive from 10% to 50% of their Non-Equity Compensation for 2010 in annual incentive compensation, which was determined to be competitive in the marketplace for similar positions. These percentages were also consistent with the targeted percentages for 2009. In determining the potential awards that computed into these percentages, the Compensation Committee considered each Named Executive Officer's position, responsibilities and prospective contribution to the attainment of our performance goals. The percentage of total compensation represented by incentive awards is generally higher for more senior executives to reflect their greater influence on profits and sales and to put a larger percentage of their total potential cash compensation at risk. Accordingly, our Chief Executive Officer, Robert Greenberg, was at the top end of the range.

Based on our financial performance and the performance goals previously set by the Compensation Committee for each Named Executive Officer for 2010, the actual incentive compensation earned by each Named Executive Officer for 2010 was \$3,602,143 for Robert Greenberg, which represented 78% of his Non-Equity Compensation; \$1,498,250 for Michael Greenberg, which represented 60% of his Non-Equity Compensation; \$1,055,643 for David Weinberg, which represented 51% of his Non-Equity Compensation, \$813,036 for Mark Nason, which represented 45% of his Non-Equity Compensation; \$285,214 for Philip Paccione, which represented 39% of his Non-Equity Compensation; and \$427,822 for Leonard Armato, which represented 41% of his total compensation. These percentages, ranging from approximately 40% to 80%, were higher than the targeted percentages of 10% to 50% due to our financial performance in 2010 being better than anticipated.

Incentive compensation awarded under the 2006 Plan complements the approach of our equity compensation program described below, which is focused on our long-term achievements for earnings per share and total stockholder return.

Equity-Based Compensation

Awards of restricted stock, stock options and other forms of equity-based compensation under the 2007 Plan are designed to:

- closely align management and stockholder interests;
- promote retention and reward executives and other key employees for building stockholder value; and
- encourage long-term investment in Skechers by participating Named Executive Officers.

The Compensation Committee believes that stock ownership by management has been demonstrated to be beneficial to all stockholders and equity-based compensation awards have historically been granted by Skechers to executive officers and other employees for the foregoing reasons and as further discussed below. Certain executive employees, including all of the Named Executive Officers other than Robert Greenberg, were awarded shares of restricted stock in September 2009 under the 2007 Plan as a component of their total compensation for the 2009 fiscal year. During the 2010 fiscal year, Leonard Armato was the only Named Executive Officer to receive an award of restricted stock. We have not granted any stock options to the Named Executive Officers as part of their annual compensation since February 2004.

Our employees, including the Named Executive Officers, are eligible to receive, from time to time, issuances of restricted stock, grants of stock options and other equity-based compensation under the 2007 Plan.

Restricted Stock

Historically, awards of restricted stock made to our Named Executive Officers are subject to certain restrictions that generally lapse over a period of two to four years from the date of the award depending on the specific award. This

Table of Contents

vesting schedule promoted retention and encouraged long-term investment in our company by the Named Executive Officers, especially those who did not already hold shares of our Class A or Class B Common Stock. This also provided a reasonable time frame to align the Named Executive Officers' compensation with stockholder interests since any appreciation of our stock price will benefit both management and stockholders. An additional advantage of restricted stock is that, in comparison to stock options, fewer shares are required to deliver the same economic value. This may result in lower stockholder dilution than granting stock options. The Compensation Committee awarded restricted stock to the Named Executive Officers, except for Robert Greenberg, on September 4, 2009 as part of their total compensation for the 2009 fiscal year in part due to these advantages. These restricted stock awards are scheduled to vest in three equal installments, with one-third having vested on November 1, 2010 and one-third scheduled to vest on each of November 1, 2011 and 2012. This vesting schedule is less than the four years of vesting of previous awards because these shares were awarded in September 2009 in lieu of potential annual incentive compensation to be paid in cash to the Named Executive Officers for 2010, 2011 and 2012. Robert Greenberg did not receive an award of restricted stock in 2009 because management decided that it was in his best interests to maintain his targeted non-equity incentive compensation for 2010, 2011 and 2012 at rates similar to 2009 rather than receive an award of restricted stock in lieu of lower targeted non-equity compensation for those years as did the other Named Executive Officers. Leonard Armato was awarded restricted stock upon being hired in March 2010 that is also scheduled to vest in three equal installments in lieu of potential annual incentive compensation to be paid in cash for 2011, 2012 and 2013, with one-third having vested on March 1, 2011 and one-third scheduled to vest on each of March 1, 2012 and 2013.

Employment Agreements, Severance Benefits and Change of Control Provisions

We do not have any employment, severance or change-of-control agreements in effect with any of our Named Executive Officers.

The restricted stock awards granted under our 2007 Plan provide that in the event of a change of control, all outstanding unvested shares will vest in full.

A change of control is generally defined in the 2007 Plan, including the equity award agreements thereunder, as (i) the acquisition by certain persons of our securities representing 50% or more of the combined voting power of our outstanding securities; (ii) a change during any two-year period in a majority of the Board of Directors unless each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or whose election or nomination was so approved; (iii) approval by our stockholders of a merger or consolidation (except with certain permitted entities); or (iv) approval by our stockholders of a complete liquidation of our company or the sale or disposition of all or substantially all of our assets.

The Compensation Committee believes that our change of control policy is consistent with the objectives of providing the highest possible return to stockholders by allowing the Named Executive Officers to be able to effectively participate equally with stockholders in evaluating alternatives in the event of a change of control transaction, without compelling the Named Executive Officer to remain employed under new ownership.

Equity Award Practices

As described under the Equity Compensation section, equity-based awards are a key component of our overall executive compensation program. We do not backdate grants of awards nor do we coordinate the grant of awards with the release of material information that might result in favorable pricing. New hire grants of awards to executive officers and other new employees are generally based on the date of hire. It is our practice that the per share exercise price for all grants of stock options be equal to the closing price of a share of our Class A Common Stock on the New York Stock Exchange on the date of grant, and we have never re-priced any grants.

Perquisites and Other Benefits

We provide our Named Executive Officers with perquisites and other benefits that are reflected in the All Other Compensation column in the table captioned *Summary Compensation Table* in this proxy statement, which we believe are reasonable, competitive and consistent with our overall executive compensation program. The costs

Table of Contents

of these benefits constitute only a small percentage of each Named Executive Officer's total compensation and include the following:

Aircraft usage. We have an agreement with an aircraft operator for use of its aircraft for business travel. Each Named Executive Officer may also use the aircraft for personal use. If we are not reimbursed for costs associated with personal use of the aircraft, such costs are considered taxable income to the Named Executive Officer. During 2010, there was no personal use of the aircraft by any of the Named Executive Officers for which we were not reimbursed in full.

Automobile usage. During 2010, automobiles that we leased or purchased at our sole cost were used by Robert Greenberg, Michael Greenberg and David Weinberg. We also paid on their behalf the automobile insurance premiums related to their use of these automobiles.

Health Club Dues. During 2010, we paid health club membership fees for David Weinberg and Philip Paccione.

Impact of Regulatory Requirements

Tax Deductibility of Compensation

Section 162(m) of the Code places a limit of \$1,000,000 on the annual amount of compensation (other than compensation that qualifies as qualified performance-based compensation) that publicly held companies may deduct for federal income tax purposes for certain executive officers.

The Compensation Committee believes that tax deductibility is an important factor, but only one factor, to be considered in evaluating a compensation program. The Compensation Committee generally seeks to structure compensation in a manner that is intended to avoid the disallowance of deductions under Section 162(m) of the Code. Nevertheless, when warranted due to competitive and other factors, the Compensation Committee may in certain circumstances award compensation that exceeds the deductibility limit under Section 162(m) of the Code or otherwise pay non-deductible compensation.

Internal Revenue Code Section 409A

Section 409A of the Code requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and programs for all of our employees and other service providers, including the Named Executive Officers, so that they are either exempt from, or satisfy the requirements of, Section 409A of the Code.

Accounting Standards

FASB ASC Topic 718 requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of restricted stock and stock options under the 2007 Plan are accounted for under FASB ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Other Tax, Accounting and Regulatory Considerations

Many other Code provisions, SEC regulations and accounting rules affect the delivery of executive compensation and are generally taken into consideration as programs are developed. Our goal is to create and maintain plans that are efficient and in full compliance with these requirements.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (set forth above) with the management of Skechers, and, based on such review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and, through incorporation by reference from this proxy statement, in Skechers Annual Report on Form 10-K for the year ended December 31, 2010.

Respectfully submitted,

Richard Siskind, Chairman
Morton Erlich

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth selected information concerning the compensation earned by our Principal Executive Officer, Principal Financial Officer, each of our three most highly compensated executive officers who served in positions other than Principal Executive Officer and Principal Financial Officer at the end of the last completed fiscal year, and Leonard Armato, who would have qualified for such description based on his hiring as an executive officer in March 2010 but he was no longer serving as an executive officer in his capacity as President of Fitness Group at December 31, 2010 (the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	All Other Compensation (\$)	Total (\$)
Robert Greenberg Chairman of the Board and Chief Executive Officer	2010	1,000,000		3,602,143	34,977 ⁽³⁾	4,637,120
	2009	1,038,462		1,148,471	34,766 ⁽³⁾	2,221,699
	2008	1,000,000	508,588	939,457	32,424 ⁽³⁾	2,480,469
Michael Greenberg President and Director	2010	1,000,000		1,498,250	60,144 ⁽⁴⁾	2,558,394
	2009	1,038,462	5,403,000	778,930	62,377 ⁽⁴⁾	7,282,769
	2008	1,000,000	356,019	632,605	24,167 ⁽⁴⁾	2,012,791
David Weinberg Executive Vice President; Chief Operating Officer, Chief Financial Officer and Director	2010	1,000,000		1,055,643	84,521 ⁽⁵⁾	2,140,164
	2009	1,038,462	2,251,250	439,083	66,462 ⁽⁵⁾	3,795,257
	2008	1,000,000	305,156	313,661	55,083 ⁽⁵⁾	1,673,900
Mark Nason Executive Vice President, Product Development	2010	1,000,000		813,036	22,359 ⁽⁶⁾	1,835,405
	2009	1,038,462	1,350,750	299,236	21,656 ⁽⁶⁾	2,710,104
	2008	1,000,000	254,294	194,718	18,806 ⁽⁶⁾	1,467,818
Philip Paccione⁽⁷⁾ Executive Vice President, Business Affairs; General Counsel and Corporate Secretary	2010	473,077		285,214	23,377 ⁽⁸⁾	745,668
	2009	415,385	1,350,750	78,033	23,304 ⁽⁸⁾	1,867,472
Leonard Armato⁽⁹⁾ President, Fitness Group	2010	620,192	2,316,000	427,822	12,189 ⁽¹⁰⁾	3,376,203

(1)

Represents the aggregate grant date fair value of stock awards granted during the applicable fiscal year, as calculated in accordance with FASB ASC Topic 718. The fair value was calculated using the closing price of our Class A Common Stock on the grant dates for the shares awarded.

- (2) Represents the cash awards that the Named Executive Officers earned under our 2006 Annual Incentive Compensation Plan. Incentive compensation is paid quarterly based on performance levels that our company achieved in the prior quarter. The amounts listed for each year exclude any bonuses earned by the Named Executive Officers in the previous year that were paid in the indicated year and include incentive compensation earned in the fourth quarter of the indicated year that was paid in the following year. Additional information regarding the 2006 Annual Incentive Compensation Plan is described in the section entitled *Compensation Discussion and Analysis* in this proxy statement.
- (3) Represents health and life insurance payments of \$15,682, \$15,288 and \$13,371, and costs of \$19,295, \$19,478 and \$19,053 related to automobiles purchased by our company for use by Mr. Greenberg for 2010, 2009 and 2008, respectively. The aggregate incremental costs of automobile usage are based on depreciation expense for an automobile purchased in 2006 and automobile insurance premiums paid by our company on behalf of Mr. Greenberg.
- (4) Represents health and life insurance payments of \$22,229, \$21,521 and \$18,806, costs of \$37,915, \$33,544 and \$5,361 related to automobiles purchased by our company for use by Mr. Greenberg and automobile insurance premiums paid by our company on behalf of Mr. Greenberg, and annual matching contributions of \$0, \$7,312 and \$0 that we made under the 401(k) Plan for 2010, 2009 and 2008, respectively. The aggregate incremental costs of automobile usage are based on depreciation expense for automobiles purchased in 2008 and 2010, and automobile insurance premiums paid by our company on behalf of Mr. Greenberg.
- (5) Represents health and life insurance payments of \$22,229, \$17,561 and \$13,040, payments of health club membership fees of \$1,092, \$1,092 and \$1,656, costs of \$54,589, \$40,459 and \$40,387 related to automobiles leased or purchased by our company for use by Mr. Weinberg, and annual matching contributions of \$6,611, \$7,350 and \$0 that we made under the 401(k) Plan for 2010, 2009 and 2008, respectively. The aggregate incremental costs of automobile usage are based on depreciation expense for automobiles purchased in 2006 and 2010, and automobile insurance premiums paid by our company on behalf of Mr. Weinberg.
- (6) Represents health and life insurance payments of \$22,229, \$21,521 and \$18,806, and annual matching contributions of \$130, \$135 and \$0 that we made under the 401(k) Plan for 2010, 2009 and 2008, respectively.
- (7) Mr. Paccione was not a Named Executive Officer in 2008.

Table of Contents

- (8) Represents health and life insurance payments of \$15,674 and \$14,862, annual payments of health club membership fees of \$1,092 and annual matching contributions of \$6,611 and \$7,350 that we made under the 401(k) Plan for 2010 and 2009, respectively.
- (9) Mr. Armato was not an employee prior to 2010, and he would have been one of our three most highly compensated executive officers in 2010, other than our principal executive officer and principal financial officer, but for the fact that he was no longer serving as an executive officer at the end of the fiscal year.
- (10) Represents health and life insurance payments of \$12,189 for 2010.

Grants of Plan-Based Awards in Fiscal 2010

The following table provides information about plan-based awards granted to the Named Executive Officers in 2010: (i) the grant date; (ii) the estimated future payouts under non-equity incentive plan awards, which consist of potential payouts under the 2006 Plan that were awarded in 2010 for the performance period covering fiscal 2010; (iii) the number of shares underlying all other stock awards and (iv) the grant date fair value of each equity award computed under FASB ASC Topic 718.

Name of Executive	Grant Date	Estimated Future Payments Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽³⁾
		Threshold (\$)	Target (\$)	Maximum (\$)		
Robert Greenberg	1/19/10	0	750,000	5,000,000		
Michael Greenberg	1/19/10	0	500,000	5,000,000		
David Weinberg	1/19/10	0	200,000	5,000,000		
Mark Nason	1/19/10	0	100,000	5,000,000		
Philip Paccione	1/19/10	0	0	5,000,000		
Leonard Armato	3/5/10	0	0	5,000,000		
	3/5/10				75,000	2,316,000

- (1) These columns are intended to show the potential value of the payments for each Named Executive Officer under the 2006 Plan if the threshold, target or maximum goals are satisfied for the performance measures. The potential payments are performance-driven and therefore completely at risk. Incentive compensation is conditioned on our company achieving a minimum or threshold performance level, and no payments are made to the Named Executive Officers if the threshold performance levels are not met. The Compensation Committee approved the performance goals during the first quarter of 2010 for fiscal 2010. Additional information regarding the business measurements and performance goals for determining the payments are described in the section entitled *Compensation Discussion and Analysis* in this proxy statement. The target amounts presented in this table represent the annual amount payable to each of our Named Executive Officers for fiscal 2010, one-quarter of which is determined on a quarterly basis if positive EBITDA is achieved by our company for either the applicable quarter or the last four quarters combined under the 2006 Plan. There are no specific target amounts

that can be determined with respect to the net sales component of incentive compensation under the 2006 Plan for fiscal 2010 because any amounts payable are determined on a quarterly basis based on pre-approved percentages for each Named Executive Officer multiplied by the amount, if any, that net sales for the applicable quarter exceed net sales for the corresponding quarter in the previous year. When determining the performance goals, the Compensation Committee did not place a limit on the non-equity incentive compensation that could be earned by the Named Executive Officers in fiscal 2010; however, the maximum amount of incentive compensation that any Named Executive Officer may earn in a 12-month period under the 2006 Plan is \$5,000,000.

- (2) This column shows the number of shares of restricted stock granted in 2010 to the Named Executive Officers under the 2007 Plan. Of the 75,000 restricted shares of Class A Common Stock awarded on March 5, 2010, the shares are scheduled to vest in three equal installments on March 1, 2011, 2012 and 2013.
- (3) This column shows the aggregate grant date fair value of stock awards in 2010, as calculated in accordance with FASB ASC Topic 718. The fair value was calculated using the closing price of our Class A Common Stock on the grant date for the shares awarded, which was \$30.88 per share on March 5, 2010.

Table of Contents**Options Exercised and Stock Vested in Fiscal 2010**

The following table provides information for the Named Executive Officers regarding stock options exercised in 2010, including the number of shares acquired upon exercise and the value realized, and the number of shares acquired in 2010 upon the vesting of restricted stock awards and the value realized, each before payment of any applicable withholding tax and broker commissions.

Name of Executive	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
Robert Greenberg			14,819	470,503
Michael Greenberg	37,500	896,647	110,374	2,253,375
David Weinberg	111,453	2,601,574	50,559	1,083,994
Mark Nason	80,205	1,892,516	32,410	716,268
Philip Paccione	7,500	68,148	27,964	575,107
Leonard Armato				

(1) Amounts are calculated by multiplying the number of shares of the Company's Class A Common Stock acquired on exercise of the related option awards by the difference between the fair market value of the shares acquired at the time of exercise and the exercise price of the stock options.

(2) Amounts are calculated by multiplying the number of shares acquired on vesting of the related stock awards by the closing price per share of the Company's Class A Common Stock on the date of vesting.

Outstanding Equity Awards at 2010 Fiscal Year-End

The following table provides information on the outstanding stock option and stock awards held by the Named Executive Officers as of December 31, 2010. This table includes unexercised option awards and unvested shares of restricted stock. Each equity award is shown separately for each Named Executive Officer. The market value of the stock award is based on the closing price of our Class A Common Stock as of December 31, 2010, which was \$20.00. For additional information about option awards and stock awards, see the description of equity-based compensation in the section entitled *Compensation Discussion and Analysis* in this proxy statement.

Name of Executive	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Robert Greenberg						

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Michael Greenberg					200,000 ⁽¹⁾	4,000,000
David Weinberg	30,000	0	10.58	11/6/11	83,333 ⁽¹⁾	1,666,660
	30,000	0	24.00	4/1/11		
Mark Nason	199	0	10.58	11/6/11	50,000 ⁽¹⁾	1,000,000
	10,048	0	8.35	2/5/14		
	27,448	0	24.00	4/1/11		
Philip Paccione					50,000 ⁽¹⁾	1,000,000
Leonard Armato					75,000 ⁽²⁾	1,500,000

- (1) Shares of restricted stock scheduled to vest in two equal installments on each of November 1, 2011 and 2012.
- (2) 25,000 shares of restricted stock vested on March 1, 2011, and remaining 50,000 shares scheduled to vest in two equal installments on each of March 1, 2012 and 2013.

Change of Control Benefits

Upon a change of control under the 2007 Plan, Michael Greenberg, David Weinberg, Mark Nason, Philip Paccione and Leonard Armato would be entitled to full vesting of their outstanding restricted stock valued at \$4,000,000, \$1,666,680, \$1,000,000, \$1,000,000 and \$1,500,000, respectively, based on the closing price of our

Table of Contents

Class A Common Stock on December 31, 2010, which was \$20.00 per share. Robert Greenberg did not hold any shares of restricted stock on December 31, 2010. As of December 31, 2010, the Named Executive Officers did not hold any shares of restricted stock or unvested stock options under our Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan (the 1998 Stock Plan) or any unvested stock options under the 2007 Plan.

For additional information about change of control terms under the 2007 Plan, see the description provided in the section entitled *Compensation Discussion and Analysis* in this proxy statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2010 regarding compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance.

Plan Category	Number of Securities to be Issued Upon	Weighted-Average	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	Exercise of Outstanding Options, Warrants and Rights (a)	Exercise Price of Outstanding Options, Warrants and Rights (b)	Reflected in Column (a) (c)
Equity compensation plans approved by security holders:			
1998 Stock Plan	451,308	\$ 11.26	
2007 Plan			5,099,382
2008 ESPP			2,574,842
Total plans approved by security holders	451,308 ⁽¹⁾	\$ 11.26	7,674,224 ⁽²⁾
Equity compensation plans not approved by security holders			
Total	451,308		7,674,224

(1) Amount does not include an additional 1,493,329 shares of restricted stock, which were awarded under the 2007 Plan, that were outstanding with a weighted-average grant date fair value of \$18.97.

(2) The shares available for issuance under the 2007 Plan are available for issuance as restricted stock and other forms of equity-based compensation in addition to stock options, warrants and rights. The number of shares available for future issuance under the 2008 Employee Stock Purchase Plan (the 2008 ESPP) may be adjusted annually on January 1 for increases equal to the least of 500,000 shares, 1% of the outstanding shares of our capital stock on such date or a lesser amount as may be determined by our Board of Directors. The 1998 Stock Plan and the Amended and Restated 1998 Employee Stock Purchase Plan were terminated and no additional

granting of awards or rights under those plans was permitted after December 31, 2007.

Relationship of Risk to Compensation Policies and Practices

In March 2011, our company's management and Compensation Committee reviewed our compensation programs and identified the potential pay risks related to our compensation policies and practices for executives and other employees. The Compensation Committee discussed these potential pay risks with management, and we determined that any such pay risks are not reasonably likely to have a material adverse effect on our company. Base salaries are fixed in amount and thus do not encourage risk taking. While maximum bonus opportunities under our annual incentive compensation plan for executives, including our Named Executive Officers, are based on our EBIDTA and net sales, we concluded that with the internal controls that we have over financial reporting, one or more participating employees would not be reasonably likely to be able to directly and materially affect such financial criteria. Equity awards of restricted stock make up a substantial portion of each of our executive's total compensation opportunity and these awards align executives' interests with those of our stockholders. We believe that these awards do not encourage unnecessary or excessive risk taking because the ultimate value of the awards is tied to our stock price, and the awards are subject to long-term vesting schedules to help ensure that executives always have significant value tied to long-term stock price performance. Potential risks are also mitigated by the significant amounts of our Class B Common Stock that are beneficially owned by Robert Greenberg and other members of the Greenberg family who are employed by us.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

The Audit Committee consists of three non-employee directors who are independent under the standards adopted by the Board of Directors and applicable NYSE Rules and SEC standards. The Audit Committee is responsible for oversight and evaluation of (i) the quality and integrity of Skechers' financial statements, (ii) the performance of Skechers' internal audit and internal controls functions in addition to financial risk assessment and management applicable to Skechers, (iii) Skechers' policies and procedures regarding transactions with related persons, (iv) the appointment, compensation, independence and performance of Skechers' registered public accounting firm, KPMG LLP, and (v) Skechers' compliance with legal and regulatory requirements.

The Audit Committee has reviewed and discussed with Skechers' management, internal finance staff, internal auditors and KPMG LLP, with and without management present, Skechers' audited financial statements for the fiscal year ended December 31, 2010, management's assessment of the effectiveness of Skechers' internal controls over financial reporting and KPMG LLP's evaluation of Skechers' internal controls over financial reporting. The Audit Committee has also discussed with KPMG LLP the results of its examinations and the judgments concerning the quality, as well as the acceptability, of Skechers' accounting principles and such other matters that Skechers is required to discuss with its independent registered public accounting firm under applicable rules, regulations and U.S. generally accepted auditing standards (including Statement on Auditing Standards No. 61). In addition, the Audit Committee has received from KPMG LLP the written disclosures and the letter from Skechers' independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with KPMG LLP their independence from Skechers and management, including a consideration of the compatibility of non-audit services with their independence, the scope of the audit and the fees paid to KPMG LLP during the year.

Based on our review and the discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Skechers' Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

Respectfully submitted,

Morton Erlich, Chairman
Geyer Kosinski
Richard Siskind

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****Fees to Independent Registered Public Accounting Firm for Fiscal Years 2010 and 2009**

We retained KPMG LLP to provide services for fiscal years 2010 and 2009 in the categories and amounts as follows:

Service	2010	2009
Audit fees ⁽¹⁾	\$ 1,654,000	\$ 1,493,000
Audit-related fees ⁽²⁾	30,000	
Tax fees ⁽³⁾	335,000	200,000
All other fees		
Total audit and non-audit fees	\$ 2,019,000	\$ 1,693,000

(1) These are fees for the audit of our annual financial statements and the review of our annual report on Form 10-K, the review of financial statements included in our quarterly reports on Form 10-Q, the attestation of the effectiveness of internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and consultations regarding financial accounting and reporting, as well as for services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) These are fees for assurance, accounting research and services related to the audit or a review of our financial statements that are not reported as Audit fees.

(3) These are fees for U.S. federal, state and international tax compliance and tax consulting.

Pre-Approval Policy

The Audit Committee's Pre-Approval Policy provides for pre-approval of specifically described audit, audit-related, tax and all other services by the Audit Committee in order to ensure that the provision of such services does not impair the independent registered public accounting firm's independence. The Pre-Approval Policy also provides a list of prohibited non-audit services. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, the requested service will require specific pre-approval by the Audit Committee. The term of any pre-approved services is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will periodically review and may revise the list of pre-approved services, based on subsequent determinations. Pre-approval fee levels for all services to be provided by the independent registered public accounting firm are established annually by the Audit Committee after the independent registered public accounting firm's appointment for the then current fiscal year has been approved by the Audit Committee. Any fees for proposed services exceeding these levels will also require specific pre-approval by the Audit Committee.

Attendance at Annual Meeting

A representative of KPMG LLP will attend the Annual Meeting to make any statements he or she may desire and to respond to appropriate stockholder questions.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of Class A Common Stock and Class B Common Stock as of March 31, 2011 by (i) each of our directors, (ii) each of our Named Executive Officers, (iii) each person that we know to be a beneficial owner of more than 5% of either class of our Common Stock and (iv) all of our directors and executive officers as a group.

Each stockholder's percentage of ownership in the following table is based upon 38,479,866 shares of Class A Common Stock and 11,310,610 shares of Class B Common Stock outstanding as of March 31, 2011. Our Class B Common Stock is convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership is determined in accordance with SEC rules and regulations. In computing the number of shares of our Class A Common Stock beneficially owned by a person and the percentage of beneficial ownership of that person, shares of Class A Common Stock underlying notes, options or shares of Class B Common Stock held by that person that are convertible or exercisable, as the case may be, within 60 days of March 31, 2011 are included. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. See the section entitled *Transactions with Related Persons* in this proxy statement for a description of transactions between the Greenberg Family Trust, of which Robert Greenberg is a trustee, Michael Greenberg and our company. To our knowledge, unless otherwise indicated in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares of Class A and Class B Common Stock set forth opposite such person's name. Unless otherwise indicated in the footnotes below, the address of each beneficial owner listed below is c/o Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266.

Name of Beneficial Owner	Number of Class A Shares Beneficially Owned	Percentage of Class A Shares Beneficially Owned	Number of Class B Shares Beneficially Owned	Percentage of Class B Shares Beneficially Owned
5% stockholders:				
Janus Capital Management LLC	2,775,985 ⁽¹⁾	7.2%		
BlackRock, Inc.	2,526,744 ⁽²⁾	6.6		
Cadian Capital Management, LLC	2,400,000 ⁽³⁾	6.2		
Gil Schwartzberg	6,100,766 ⁽⁴⁾	13.7	6,100,766 ⁽⁵⁾	53.9%
Named Executive Officers and directors:				
Robert Greenberg	3,374,261 ⁽⁶⁾	8.1	3,365,030 ⁽⁷⁾	29.8
Michael Greenberg	859,648 ⁽⁸⁾	2.2	540,341 ⁽⁹⁾	4.8
Jeffrey Greenberg	710,614 ⁽¹⁰⁾	1.8	403,209 ⁽¹¹⁾	3.6
David Weinberg	220,772 ⁽¹²⁾	*		
Mark Nason	77,499 ⁽¹³⁾	*		
Philip Paccione	50,475	*		
Leonard Armato	50,000	*		
Morton Erlich	21,000 ⁽¹⁴⁾	*		
Geyer Kosinski	9,700	*		
Richard Rappaport	11,000	*		
Richard Siskind	61,333 ⁽¹⁵⁾	*		

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Thomas Walsh	3,850	*		
All current directors and executive officers as a group (12 persons)	5,450,152 ₍₁₆₎	12.7%	4,308,580	38.1%

* Less than 1.0%

(1) Information is based on a Schedule 13G filed with the SEC on February 14, 2011, which disclosed the number of shares beneficially owned as of December 31, 2010. Janus Capital Management LLC (Janus Capital) has a direct 94.5% ownership stake in INTECH Investment Management (INTECH) and a direct 77.8% ownership stake in Perkins Investment Management LLC (Perkins LLC). Due to the above ownership structure, holdings for Janus Capital, Perkins LLC and INTECH are aggregated for purposes of their Schedule 13G and this table. Janus Capital, Perkins LLC and INTECH are registered investment advisers, each furnishing investment advice to various investment companies registered under Section 8 of the Investment Company Act of 1940 and to individual and institutional clients (collectively

Table of Contents

referred to herein as Managed Portfolios). As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Perkins LLC may be deemed to be the beneficial owner of 2,775,985 shares of Class A Common Stock held by such Managed Portfolios, or 7.2% of our shares outstanding of Class A Common Stock. However, Perkins LLC does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights. Perkins Mid Cap Value Fund (Perkins Fund) is an investment company registered under the Investment Company Act of 1940 and is one of the Managed Portfolios to which Janus Capital provides investment advice. The principal business offices of Janus Capital and Perkins Fund are located at 151 Detroit Street, Denver, Colorado 80206.

- (2) Information is based on a Schedule 13G filed with the SEC on February 8, 2011 and represents the number of shares beneficially owned as of December 31, 2010. BlackRock, Inc. has sole voting power and sole dispositive power with respect to 2,526,744 shares. The principal business office of BlackRock, Inc. is located at 40 East 52nd Street, New York, New York 10022.
- (3) Information is based on a Schedule 13G filed with the SEC on February 14, 2011 and represents the number of shares beneficially owned as of December 31, 2010. Cadian Capital Management, LLC and Eric Bannasch have shared voting power and shared dispositive power with respect to 2,400,000 shares. The principal business office of Cadian is located at 461 Fifth Avenue, 24th Floor, New York, New York 10017.
- (4) Represents 6,100,766 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership of these shares is described in greater detail in note 5 below.
- (5) Represents 1,550,383 shares of Class B Common Stock held by the Robert Y. Greenberg 2009 Annuity Trust, 1,550,383 shares of Class B Common Stock held by the M. Susan Greenberg 2009 Annuity Trust, 1,500,000 shares of Class B Common Stock held by the Robert Y. Greenberg 2010 Annuity Trust, 1,500,000 shares of Class B Common Stock held by the M. Susan Greenberg 2010 Annuity Trust. Gil Schwartzberg may be deemed to beneficially own these shares as sole trustee of the trusts, and Mr. Schwartzberg has sole voting power and sole dispositive power with respect to the shares held by these trusts. Mr. Schwartzberg disclaims beneficial ownership of any of these shares except to the extent of his pecuniary interest therein. The principal business office of Mr. Schwartzberg is located at 269 S. Beverly Drive, Suite 1315, Beverly Hills, California 90212.
- (6) Includes 3,365,030 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership of these shares is described in greater detail in note 7 below.
- (7) Represents 3,365,030 shares of Class B Common Stock held by the Greenberg Family Trust (the Trust) that Robert Greenberg, our Chief Executive Officer and Chairman of the Board, is deemed to beneficially own as a trustee of the Trust. His wife, Susan Greenberg, is also a trustee of the Trust and is also deemed to beneficially own all shares held by the Trust.
- (8) Includes 540,341 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis, and 50,262 shares of Class A Common Stock beneficially owned by Michael Greenberg, our President and a member of our Board of Directors, indirectly through his wife, Wendy Greenberg, and their children. Mr. Greenberg disclaims beneficial ownership of these 50,262 shares except to the extent of his pecuniary interest therein. Beneficial ownership of the 540,341 shares of Class B Common Stock is described in greater detail in note 9 below.

- (9) Represents 489,041 shares of Class B Common Stock held by the Michael and Wendy Greenberg Family Trust that Michael Greenberg is deemed to beneficially own as trustee of such trust, and 51,300 shares of Class B Common Stock held in various trust accounts for Mr. Greenberg's minor children and of which a third party acts as trustee. Mr. Greenberg disclaims beneficial ownership of these 51,300 shares except to the extent of his pecuniary interest therein.
- (10) Includes 403,209 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis, 62,740 shares of Class A Common Stock held by the Jeffrey Greenberg 2010 GRAT that Mr. Greenberg is deemed to beneficially own as his wife is trustee of such annuity trust, which is for the benefit of his two daughters who are minors, and 9,204 shares of Class A Common Stock held by the Chloe July Greenberg 2004 Trust and 9,204 shares of Class A Common Stock held by the Catherine Elle Greenberg 2006 Trust that Mr. Greenberg is deemed to beneficially own as trustee of such trusts. Mr. Greenberg disclaims beneficial ownership of the 62,740 shares held in the annuity trust except to the extent of his pecuniary interest therein. Beneficial ownership of the 403,209 shares of Class B Common Stock is described in greater detail in note 11 below.
- (11) Represents 26,849 shares of Class B Common Stock held by the Jeffrey and Lori Greenberg Family Trust that Jeffrey Greenberg, a member of our Board of Directors, is deemed to beneficially own as trustee of such trust, and 287,260 shares of Class B Common Stock held by the Jeffrey Greenberg 2010 GRAT that Mr. Greenberg is deemed to beneficially own as his wife is trustee of such annuity trust, which is for the benefit of his two daughters who are minors. Also represents 70,816 shares of Class B Common Stock held in various trust accounts for Mr. Greenberg's two daughters who are minors and of which Mr. Greenberg is deemed to beneficially own as he or his wife is trustee of such trusts, and 10,792 shares of Class B Common Stock held by the Chloe July Greenberg custodial account and 7,492 shares of Class B Common Stock held by the Catherine Elle Greenberg custodial account, for which one of his siblings acts as custodian. These custodial accounts are for the benefit of Mr. Greenberg's two daughters who are minors, and he disclaims beneficial ownership of the 287,260 shares held in the annuity trust and the 18,284 shares held in the two custodial accounts except to the extent of his pecuniary interest therein.
- (12) Includes 107,438 shares of Class A Common Stock that David Weinberg, our Chief Operating Officer, Chief Financial Officer, Executive Vice President and a member of our Board of Directors, is deemed to beneficially own as sole trustee of The David Weinberg Trust dated September 7, 2000, and 30,000 shares of Class A Common Stock underlying options that are currently exercisable.
- (13) Includes 27,448 shares of Class A Common Stock underlying options that are currently exercisable.
- (14) Includes 14,000 shares of Class A Common Stock held by The Erlich Family Trust that Morton Erlich, a member of our Board of Directors, is deemed to beneficially own as a trustee of such trust.
- (15) Includes 35,000 shares of Class A Common Stock underlying options that are currently exercisable.
- (16) Includes 92,448 shares of Class A Common Stock underlying options that are currently exercisable by our executive officers and Board of Directors. The group of 12 current directors and executive officers excludes Leonard Armato, who was hired as our Chief Marketing Officer in March 2010 but is no longer serving as an executive officer in his current capacity as President of Fitness Group.

Table of Contents

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act requires our officers, directors and persons who own more than ten percent of a registered class of our securities, to file with the SEC reports of initial ownership (Form 3 s) and reports of changes in ownership (Form 4 s and 5 s) of our securities. Officers, directors and greater than ten percent stockholders are required by the SEC s regulations to furnish us with copies of all Section 16(a) forms that they file. Based on our review of copies of Form 3 s, 4 s and 5 s furnished to us as well as communications with our officers, directors and greater than ten percent stockholders, we believe that all of them complied with the filing requirements of Section 16(a) and we are not aware of any late or missed filings of such reports for the 2010 fiscal year, except that Jeffrey Greenberg filed late reports with respect to two gifts and three sales transactions that occurred during the most recent fiscal year, and Philip Paccione filed a late report with respect to one sales transaction that occurred during the most recent fiscal year.

TRANSACTIONS WITH RELATED PERSONS

Policies and Procedures

As provided in our Audit Committee Charter, the Audit Committee shall review (i) at least annually a summary of directors and executive officers related party transactions and potential conflicts of interest and our policies relating to the avoidance of conflicts of interest (which is discussed in our Code of Business Conduct and Ethics), (ii) past and proposed transactions between our company, on the one hand, and any of our directors or executive officers, on the other hand, and (iii) policies and procedures as well as audit results associated with directors and executive officers expense accounts and perquisites, including the use of corporate assets.

Our Policies and Procedures for Related Person Transactions (the Policy), which was adopted by the Board of Directors as of March 8, 2007, covers any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, (including any indebtedness or guarantee of indebtedness) in which (i) the aggregate amount involved will or may be expected to exceed \$100,000 in any calendar year, (ii) we are a participant, and (iii) any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than ten percent beneficial owner of another entity). A Related Person is any (a) person who is or was (since the beginning of the last fiscal year for which we have filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director of Skechers, (b) greater than five percent beneficial owner of our Class A or Class B Common Stock or (c) immediate family member of either of the foregoing.

Certain categories of transactions with Related Persons (such as transactions involving competitive bids) have been reviewed and pre-approved by the Audit Committee under the Policy. The Audit Committee shall review the material facts of all other transactions with Related Persons that require the Committee s approval. If advance approval by the Audit Committee of a transaction with a Related Person is not feasible, then the transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee s next regularly scheduled meeting. Factors that the Audit Committee will take into account include whether the transaction with a Related Person is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person s interest in the transaction. No Audit Committee member shall participate in any discussion or approval of a transaction with a Related Person pursuant to which he is a Related Person except for providing material information concerning the transaction. For those transactions with a Related Person that are ongoing, the Audit Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Person to determine that the Related Person remains appropriate.

The following list of transactions with Related Persons includes all such transactions equal to or greater than \$120,000 that took place since January 1, 2010, which were identified by the Audit Committee, and each of these transactions was reviewed, and approved or ratified by the Audit Committee, pursuant to the policies and procedures discussed herein.

Table of Contents

Related Person Transactions

As of March 31, 2011, Robert Greenberg, who is our Chairman of the Board and Chief Executive Officer, his children and the Greenberg Family Trust, collectively, beneficially own 45.3% of our Class B Common Stock and approximately 34.9% of the combined voting power of our Class A and Class B Common Stock. Robert Greenberg, directly and indirectly through the Greenberg Family Trust, beneficially owns approximately 22.2% of the combined voting power of our Class A and Class B Common Stock. As a result, Robert Greenberg is a control person of Skechers within the meaning of the rules and regulations promulgated under the Securities Act of 1933, as amended, and we are considered a Controlled Company under the NYSE Rules and are thereby exempt from certain listing requirements and regulations as set forth in the NYSE Rules. Michael Greenberg, who is our President, and Jeffrey Greenberg, both of whom are members of our Board of Directors, are each beneficiaries of the Greenberg Family Trust, which influences the election of Robert Greenberg, Michael Greenberg and Jeffrey Greenberg to our Board of Directors.

Michael Greenberg owns a 12% beneficial ownership interest in Manhattan Inn Operating Company, LLC (MIOC), the primary business of which is to own and operate the Shade Hotel in Manhattan Beach, California. Michael Greenberg, David Weinberg, who is our Chief Operating Officer, Chief Financial Officer, Executive Vice President and a member of our Board of Directors, and Michael Greenberg's brothers Jeffrey Greenberg, who is a director of Skechers, and Jason and Joshua Greenberg, all of whom are senior vice presidents of Skechers, own in aggregate a 17% beneficial ownership interest in MIOC. During 2010, we paid approximately \$319,000 to the Shade Hotel for lodging, food and events that were held there including our annual holiday party.

On July 29, 2010, we formed Skechers Foundation (the Foundation), which is a 501(c)(3) non-profit entity that does not have any shareholders or members. The Foundation is not a subsidiary of and is not otherwise affiliated with Skechers, and Skechers does not have a financial interest in the Foundation. However, two officers and directors of Skechers, Michael Greenberg who is our President and David Weinberg who is our Chief Operating Officer and Chief Financial Officer, are also officers and directors of the Foundation. During the year ended December 31, 2010, we contributed \$350,000 to the Foundation to use for various charitable causes.

Jeffrey Greenberg, Jason Greenberg, Joshua Greenberg and Jennifer Greenberg Messer, who are the children of Robert Greenberg and also the siblings of Michael Greenberg, are non-executive employees of Skechers, and they earned total compensation of \$983,138, \$989,457, \$973,962 and \$245,512, respectively, in 2010. Jeffrey Greenberg was also a member of our Board of Directors in 2010, but did not earn any additional compensation for services provided as a director.

NOMINATIONS AND STOCKHOLDER PROPOSALS FOR 2012 ANNUAL MEETING

Stockholder proposals intended to be presented at our next Annual Meeting of Stockholders to be held in 2012 must be received at our principal executive offices no later than December 30, 2011 to be considered for inclusion in the proxy statement and form of proxy relating to that meeting. Proposals must comply with the proxy rules relating to stockholder proposals, in particular Rule 14a-8 under the Securities Exchange Act, to be included in our proxy materials. Stockholders who wish to submit a proposal for consideration at our 2012 Annual Meeting of Stockholders, but who do not wish to submit a proposal for inclusion in our proxy statement, must, in accordance with our bylaws, deliver a copy of their proposal no later than the close of business on the 60th day nor earlier than the close of business on the 90th day in advance of such meeting. In either case, proposals should be sent by certified or registered mail, return receipt requested, to Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266, Attention: General Counsel.

Table of Contents

OTHER BUSINESS

Our Board of Directors does not know of any other matter to be acted upon at the meeting. However, if any other matter shall properly come before the meeting, the proxyholders named in the proxy accompanying this proxy statement will have authority to vote all proxies in accordance with their discretion.

BY ORDER OF THE BOARD OF DIRECTORS

Philip G. Paccione,
Corporate Secretary

Dated: April 28, 2011
Manhattan Beach, California

Table of Contents

APPENDIX A

**SKECHERS U.S.A., INC.
2006 ANNUAL INCENTIVE COMPENSATION PLAN**

Skechers USA, Inc. (the Company), a Delaware corporation, hereby establishes and adopts the following 2006 Annual Incentive Compensation Plan (the Plan) to provide incentive awards that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

1. PURPOSES OF THE PLAN

The purposes of the Plan are to advance the interests of the Company and its stockholders and assist the Company in attracting and retaining executive officers of the Company and its Affiliates who, because of the extent of their responsibilities can make significant contributions to the Company's success by their ability, industry, loyalty and exceptional services, by providing incentives and financial rewards to such executive officers.

2. DEFINITIONS

2.1. Affiliate shall mean any corporation, partnership or other organization of which the Company owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests.

2.2. Award shall mean any amount granted to a Participant under the Plan.

2.3. Board shall mean the board of directors of the Company.

2.4. Code shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

2.5. Committee shall mean the Compensation Committee of the Board or any subcommittee thereof formed by the Compensation Committee to act as the Committee hereunder. For purposes of satisfying the requirements of Section 162(m) of the Code and the regulations thereunder, the Committee is intended to consist solely of outside directors as such term is defined in Section 162(m) of the Code.

2.6. Disability means any physical or mental condition of a Participant that in the opinion of the Committee renders the Participant incapable of continuing to be an employee of the Company and its Affiliates.

2.7. Participant shall mean the Company's Chief Executive Officer and each other executive officer of the Company or an Affiliate selected by the Committee pursuant to Section 4.1 to participate in this Plan.

2.8. Performance Criteria shall mean net sales; revenue; revenue growth; operating income; pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income; division, group or corporate financial goals; return on equity; total shareholder return; return on assets or net assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of shares of the Class A Common Stock or any other publicly-traded securities of the Company; market share; gross profits; earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization); economic value-added models; comparisons with various stock market indices; reductions in costs; cash flow (before or after dividends) cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital; cash flow return on investment; and improvement in or attainment of expense levels or working capital levels.

2.9. Performance Period shall mean the Company's fiscal quarter, fiscal year or such other period that the Committee, in its sole discretion, may establish, provided no Performance Period shall be more than five years in length.

A-1

Table of Contents

3. ELIGIBILITY AND ADMINISTRATION

3.1. Eligibility. The individuals eligible to participate in the Plan shall be the Company's Chief Executive Officer and any other executive officer of the Company or an Affiliate.

3.2. Administration.

(a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Participants to whom Awards may from time to time be granted hereunder; (ii) determine the terms and conditions, not inconsistent with the provisions of the Plan, of each Award; (iii) determine the time when Awards will be granted and paid and the Performance Period to which they relate; (iv) determine the performance goals for Awards for each Participant in respect of each Performance Period based on the Performance Criteria and certify the calculation of the amount of the Award payable to each Participant in respect of each Performance Period; (v) determine whether payment of Awards may be deferred by Participants; (vi) interpret and administer the Plan and any instrument or agreement entered into in connection with the Plan; (vii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (viii) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Affiliate, any Participant and any person claiming any benefit or right under an Award or under the Plan.

(c) To the extent not inconsistent with applicable law or the rules and regulations of the New York Stock Exchange (or such other principal securities market on which the Company's securities are listed or qualified for trading), including the applicable provisions of Section 162(m) of the Code, the Committee may delegate to one or more officers of the Company or a committee of officers the authority to take actions on its behalf pursuant to the Plan.

4. AWARDS

4.1. Performance Period; Performance Goals. Not later than the earlier of (i) 90 days after the commencement of each fiscal year of the Company and (ii) the expiration of 25% of the Performance Period, the Committee shall, in writing, designate one or more Performance Periods, determine the Participants for such Performance Periods and determine the performance goals for determining the Award for each Participant for such Performance Period(s) based on attainment of specified levels of one or any combination of the Performance Criteria. Such performance goals may be based solely by reference to the Company's performance or the performance of an Affiliate, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. The Committee may also exclude charges related to an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (b) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (c) the cumulative effects of tax or accounting changes in accordance with generally accepted accounting principles. Such performance goals shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder. For competitive reasons, specific performance goals determined by the Committee for each Performance Period will not be publicly disclosed.

4.2. Certification. At such time as it shall determine appropriate following the conclusion of each Performance Period, the Committee shall certify, in writing, the amount of the Award for each Participant for such Performance Period.

4.3. Payment of Awards. The amount of the Award actually paid to a Participant may, in the sole discretion of the Committee, be less than the amount otherwise payable to the Participant based on attainment of the

Table of Contents

performance goals for the Performance Period as determined in accordance with Section 4.1. The actual amount of the Award determined by the Committee for a Performance Period shall be paid in cash or, to the extent provided in such plan share awards under a shareholder-approved stock plan of the Company. Payment to each Participant shall be made no later than the fifteenth day of the third month following the end of the fiscal quarter of the Company in which the applicable Performance Period ends.

4.4. *Commencement or Termination of Employment.* If a person becomes a Participant during a Performance Period (whether through promotion or commencement of employment) or if a person who otherwise would have been a Participant dies, retires or is Disabled, or if the person's employment is otherwise terminated, during a Performance Period (except for cause, as determined by the Committee in its sole discretion), the Award payable to such a Participant may, in the discretion of the Committee, be proportionately reduced based on the period of actual employment during the applicable Performance Period.

4.5. *Maximum Award.* The maximum dollar value of an Award payable to any Participant in any 12-month period is \$5,000,000.

5. MISCELLANEOUS

5.1. *Amendment and Termination of the Plan.* The Committee may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including Section 162(m) of the Code. No amendments to, or termination of, the Plan shall in any way impair the rights of a Participant under any Award previously granted without such Participant's consent.

5.2. *Section 162(m) of the Code.* Unless otherwise determined by the Committee, the provisions of this Plan shall be administered and interpreted in accordance with Section 162(m) of the Code to ensure the deductibility by the Company of the payment of Awards.

5.3. *Tax Withholding.* The Company or an Affiliate shall have the right to make all payments or distributions pursuant to the Plan to a Participant, net of any applicable federal, state and local taxes required to be paid or withheld. The Company or an Affiliate shall have the right to withhold from wages, Awards or other amounts otherwise payable to such Participant such withholding taxes as may be required by law, or to otherwise require the Participant to pay such withholding taxes. If the Participant shall fail to make such tax payments as are required, the Company or an Affiliate shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant or to take such other action as may be necessary to satisfy such withholding obligations.

5.4. *Right of Discharge Reserved; Claims to Awards.* Nothing in this Plan shall provide any Participant a right to receive any Award or payment under the Plan with respect to a Performance Period. Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Participant the right to continue in the employment of the Company or an Affiliate or affect any right that the Company or an Affiliate may have to terminate the employment of (or to demote or to exclude from future Awards under the Plan) any such Participant at any time for any reason. Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of the termination of employment of any Participant. No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants under the Plan.

5.5. *Nature of Payments.* All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or an Affiliate, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan constitute a special incentive payment to the Participant and shall not be taken into

account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or an Affiliate except as may be determined by the Committee or by the Board or board of directors of the applicable Affiliate.

5.6. Other Plans. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

Table of Contents

5.7. Severability. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

5.8. Construction. As used in the Plan, the words include and including, and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words without limitation.

5.9. Unfunded Status of the Plan. The Plan is intended to constitute an unfunded plan for incentive compensation and deferred compensation if permitted by the Committee. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

5.10. Governing Law. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of California without reference to principles of conflict of laws that might result in the application of the laws of another jurisdiction, and shall be construed accordingly.

5.11. Effective Date of Plan. The Plan shall be effective on the date of the approval of the Plan by the holders of the then outstanding securities of the Company entitled to vote generally in the election of directors. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled. Any amounts paid under the provisions of this Plan in advance of expected shareholder approval shall be repaid to the Company by January 31, 2007 if shareholder approval of this Plan is not obtained by December 31, 2006.

5.12. Captions. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

Table of Contents

**ANNUAL MEETING OF STOCKHOLDERS OF
SKECHERS U.S.A., INC.**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder
Meeting to Be Held on Wednesday, May 25, 2011**

The Notice of Annual Meeting, Proxy Statement, 2010 Annual Report and other SEC filings are available at the investor relations page of our corporate information website at <http://www.skx.com/investor.jsp>.

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

⌘ Please detach along perforated line and mail in the envelope provided. ⌘

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE NOMINEES LISTED IN PROPOSAL 1, FOR PROPOSALS 2 AND 4, AND THREE YEARS FOR PROPOSAL 3. PLEASE SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE. x

1. Election of Directors FOR ALL THE NOMINEES WITHHOLD AUTHORITY FOR ALL EXCEPT NOMINEES:
FOR ALL NOMINEES (See instructions below)

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Geyer <input type="radio"/> Kosinski <input type="radio"/> Richard <input type="radio"/> Rappaport <input type="radio"/> Richard <input type="radio"/> Siskind
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INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and mark the box next to each nominee you wish to withhold, as shown here: x

2. Advisory Vote on Compensation of Named Executive Officers.

FOR	AGAINST	ABSTAIN
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Advisory Vote on Frequency of Vote on Compensation of Named Executive Officers.

ONE YEAR	TWO YEARS	THREE YEARS	ABSTAIN
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Re-Approval of the 2006 Annual Incentive Compensation Plan.

FOR	AGAINST	ABSTAIN
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Each of the persons named as proxies herein are authorized, in such person's discretion, to vote upon such other matters as may properly come before the Annual Meeting of Stockholders, or any adjournments thereof.

To change the address on your account, please fill in the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be

Please check here if you plan to attend the meeting.

submitted via this method. o

Signature of
Stockholder:

Date:

Signature of
Stockholder:

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Table of Contents

**SKECHERS U.S.A., INC.
PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, MAY 25, 2011**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder(s) of Skechers U.S.A., Inc. a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated April 28, 2011, and hereby appoints David Weinberg and Morton Erlich and each of them, with full power of substitution, as attorneys-in-fact and proxies for, and in the name and place of, the undersigned, and hereby authorizes each of them to represent and to vote all of the shares which the undersigned is entitled to vote at the Annual Meeting of Stockholders of Skechers U.S.A., Inc. to be held at the Shade Hotel located at 1221 North Valley Drive, Manhattan Beach, California 90266, on Wednesday, May 25, 2011, at 12:00 p.m. Pacific time, and at any adjournments thereof, upon the matters as set forth in the Notice of Annual Meeting of Stockholders and Proxy Statement, receipt of which is hereby acknowledged. Directions to the Annual Meeting may be found by going to the annual meeting section of the investor relations page of our corporate information website at www.skx.com/investor.jsp.

THIS PROXY, WHEN PROPERLY EXECUTED AND RETURNED IN A TIMELY MANNER, WILL BE VOTED AT THE ANNUAL MEETING AND AT ANY ADJOURNMENTS THEREOF IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO SPECIFICATION IS MADE, THE PROXY WILL BE VOTED FOR ELECTION OF THE NOMINEES LISTED IN PROPOSAL 1, FOR APPROVAL OF PROPOSALS 2 AND 4, AND FOR THREE YEARS UNDER PROPOSAL THREE AS DESCRIBED IN THE PROXY STATEMENT, AND IN ACCORDANCE WITH THE JUDGMENT OF THE PERSONS NAMED AS PROXIES HEREIN ON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

(continued, and to be signed and dated, on reverse side)