

SKECHERS USA INC
Form DEF 14A
April 29, 2011

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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
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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)

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Fee not required.

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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

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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

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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

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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

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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.

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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

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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.

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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.**

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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

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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.

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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

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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.

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Audit Committee

Our Board of Directors has determined Morton Erlich, who is