SKECHERS USA INC
Form DEF 14A
April 30, 2009

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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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to sec. 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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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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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 May 28, 2009

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 our corporate offices located at 330 South Sepulveda Boulevard, Manhattan Beach, California 90266 on May 28, 2009 at 10:00 a.m. Pacific Time.

Our Annual Meeting is being held to elect two members to the Board of Directors to serve for a three-year term as Class I Directors and 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, 2009 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 2008 annual report is enclosed with this notice to our stockholders.

The proxy statement and 2008 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. The giving of this 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 30, 2009
Manhattan Beach, California

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SKECHERS U.S.A., INC.

PROXY STATEMENT

For Annual Meeting to be Held
May 28, 2009 at 10:00 a.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 28, 2009 at 10:00 a.m. Pacific Time at our corporate offices located at 330 South Sepulveda Boulevard, Manhattan Beach, California 90266 (the Annual Meeting). The approximate mailing date for this proxy statement and the enclosed proxy is April 30, 2009. 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 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. Our principal executive office is located at 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266.

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, 2009 will be entitled to vote at the Annual Meeting. There were 33,603,653 shares of Class A Common Stock and 12,782,385 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. The two candidates for director receiving the most votes will become directors of Skechers. Stockholders may not cumulate their votes. Any other proposals require the affirmative for vote of a majority of the shares present in person or represented by proxy and entitled to vote on those proposals at the Annual Meeting. 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 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 matter 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.

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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 seven 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 Robert Greenberg and Morton D. Erlich, who are director nominees and are currently members of the Board of Directors. We have been advised by Robert Greenberg and Morton D. Erlich of their availability and willingness to serve if re-elected. In the event that Robert Greenberg and/or Morton D. Erlich 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.

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BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Information Concerning Director Nominees

Name	Age	Class and Year in Which Term Will Expire	Position
Robert Greenberg	69	Class I (2012)	Chairman of the Board and Chief Executive Officer
Morton D. Erlich(1)(2)	64	Class I (2012)	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

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

Morton D. 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.

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
Michael Greenberg	46	Class II (2010)	President and Director
David Weinberg	58	Class II (2010)	Executive Vice President; Chief Operating Officer and Director
Jeffrey Greenberg	41	Class II (2010)	Senior Vice President, Active Electronic Media and Director
Geyer Kosinski(1)	43	Class III (2011)	Director
Richard Siskind(1)(2)	63	Class III (2011)	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

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.

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

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 produces feature films and television programming and manages over 100 actors, writers and directors.

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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, and he is its sole shareholder, Chief Executive Officer, President and sole member of its 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.

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, see *Information Concerning Director Nominees* above, and for information concerning Michael Greenberg and David Weinberg, see *Directors Not Standing for Election* above.

Name	Age	Position
Frederick Schneider	52	Chief Financial Officer
Philip Paccione	47	General Counsel; Executive Vice President, Business Affairs; and Corporate Secretary
Mark Nason	47	Executive Vice President, Product Development

Frederick Schneider has served as our Chief Financial Officer since January 2006. From February 2004 to when he joined our company in January 2006, Mr. Schneider served on our Board of Directors and as Chairman of our Audit Committee. He also currently serves on the Board of Directors and as Chairman of the Audit Committee at each of Meade Instruments (NASDAQ:MEAD) and Sport Chalet, Inc. (NASDAQ:SPCHA and SPCHB). Mr. Schneider has served as a Board member and Audit Committee member at Meade Instruments since August 2004 and at Sport Chalet since May 2002. From July 2004 to December 2005, he served as a senior managing director at Pasadena Capital Partners, a private equity investment firm. Prior to working at Pasadena Capital Partners, Mr. Schneider was an independent private equity investor and consultant; from September 1994 to January 1998, he served as chief financial officer and principal of Leonard Green & Partners, L.P., a merchant banking firm specializing in leveraged buyouts; and from June 1978 to September 1994, he worked at KPMG LLP including five years as an audit and due diligence partner.

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.

CORPORATE GOVERNANCE AND BOARD MATTERS

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics, which applies to all directors, officers and employees, was adopted by the 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.

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Controlled Company Exemption under NYSE Rules

Under Section 303A of the New York Stock Exchange (NYSE) Listed Company Manual (collectively, the NYSE Rules), we are considered a Controlled Company because Robert Greenberg beneficially owns 61.8% of the voting power in our company (see *Transactions with Related Persons*). As a Controlled Company, we are exempt from certain NYSE Rules requiring a board of directors with a majority of independent members, a compensation committee composed entirely of independent directors and a nominating committee composed entirely of independent directors. However, notwithstanding this exemption, as described more fully below, we established a Compensation Committee in 2006 that is composed entirely of independent directors in accordance with Section 303A.05 of the NYSE Rules.

Director Independence

Our Board of Directors has affirmatively determined that the Board has three members who are independent consistent with Section 303A.02 of the NYSE Rules. These directors are Morton D. Erlich, who is Chairman of our Audit Committee and a member of our Compensation Committee, Geyer Kosinski, who is a member of our Audit Committee, and Richard Siskind, who is Chairman of our Compensation Committee and a member of our Audit Committee. 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 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.

Attendance of Directors at Board Meetings and Annual Meeting of Stockholders

Our Board of Directors met four times in 2008, and each of the directors attended all of the meetings, except Jeffrey Greenberg and Richard Siskind who were unable to attend one meeting. While we do not have a policy requiring our directors to attend our Annual Meeting of Stockholders, all but one of the directors attended the Annual Meeting of Stockholders held in 2008.

Audit Committee

Our Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), is responsible for overseeing (i) the quality and integrity of our financial statements, (ii) the appointment, compensation, independence and performance of the independent registered public accounting firm, (iii) our compliance with legal and regulatory requirements and (iv) the performance of internal audit and controls function.

The Audit Committee is currently composed of Chairman Morton D. Erlich, Geyer Kosinski and Richard Siskind, each of whom is independent under Sections 303A.02 of the NYSE Rules and Section 10A(m)(3) of, and Rule 10A-3(b) under, the Exchange Act. The Audit Committee held seven meetings in 2008, each of which was attended by all of its members.

Our Audit Committee currently acts under a written Audit Committee Charter adopted by the Board of Directors as of April 29, 2004 and amended by the Board as of January 15, 2007 and December 18, 2007. The Audit Committee Charter, which complies with the NYSE Rules, 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 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.

Audit Committee Financial Expert

Our Board of Directors has determined that Morton D. Erlich, who currently serves as Chairman of our Audit Committee, is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

Our 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 rules of the Securities and Exchange Commission (the SEC) and recommending to the Board whether such disclosure should be included in our proxy statement and (iv) producing an annual 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.

The Compensation Committee is composed of Chairman Richard Siskind and Morton D. Erlich. The Compensation Committee held five meetings in 2008, each of which was attended by both of its members.

Our Compensation Committee currently acts under a written Compensation Committee Charter adopted by the Board of Directors as of March 31, 2006 and amended by the Board as of December 12, 2006. The Compensation Committee Charter, which complies with the NYSE Rules and is subject to amendment from time to time by the Board of Directors, is posted in the corporate governance section of the investor relations page of our corporate information website located at www.skx.com/investor.jsp. 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.

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is composed of Richard Siskind and Morton D. Erlich, neither of whom 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, 2008.

Director Nominations

As a Controlled Company under the NYSE Rules, we are not required to and currently do not have a nominating committee. Our Chairman of the Board, in consultation with other members of management and directors, performs the functions of a nominating committee, including the identification and evaluation of director candidates. Nominees for directors are identified and recommended by the Chairman of the Board and presented to the full Board of Directors. Qualifications and skills that the Board of Directors requires of directors are set forth in our Corporate Governance Guidelines, which was adopted by the Board as of April 28, 2004 and is posted in the corporate governance section of the investor relations page of our corporate information website located at www.skx.com/investor.jsp. 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. Our Board of Directors seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Factors considered in evaluating a director candidate include the evaluation of diversity, age, skills and experience in the context of the needs of the Board. Additionally, directors should not serve on more than two boards of public companies in addition to our Board of Directors. The Board believes that the functions of a nominating committee are more than adequately performed by our Chairman of the Board and the Board of Directors as a whole.

Pursuant to our bylaws, a stockholder may nominate a person for election as a director at an annual meeting of stockholders only if written notice of such stockholder s intent to make such nomination has been given to our Corporate Secretary 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. Each notice is required to set forth certain information, including (i) the name and address of the stockholder and of the person or persons to be nominated, (ii) a description of all arrangements or understandings between the stockholder and each nominee pursuant to which the nomination is to be made, (iii) information regarding each nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the Board and (iv) the consent of each nominee to serve as a director if so elected. The stockholder must also promptly provide any other information that we reasonably request.

Executive Sessions

Non-management directors meet regularly in executive sessions without our management. Non-management directors are those directors who are not also our executive officers and include directors, if any, who are not independent by virtue of the existence of a material relationship with our company. Executive sessions are led by a Presiding Independent Director. An executive session is typically held in conjunction with each regularly scheduled Audit Committee meeting and other sessions may be called by the Presiding Independent Director in his own discretion or at the request of the Board of Directors. Morton D. Erlich is currently designated as the Presiding Independent Director.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our Named Executive Officers for 2008 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; Frederick Schneider, Chief Financial Officer; and Mark Nason, Executive Vice President of Product Development. 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 2008 to review policies and procedures with respect to executive compensation or to advise us on compensation matters. For 2008, 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;
- 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 Annual Incentive Compensation Plan (the 2006 Plan); and

equity compensation awarded under the 2007 Incentive Award Plan (the 2007 Plan), including restricted stock and stock options.

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 base salaries of the Named Executive Officers remained unchanged for 2008, the total compensation for each Named Executive Officers was less for 2008 as compared to 2007, as a result of our financial results for 2008 falling short of our performance goals used to determine the incentive compensation provided to our Named Executive Officers. As discussed below, the incentive compensation component of each Named Executive Officer s total compensation is based on a combination of factors, including continued positive financial performance by Skechers, improved individual performances and increased responsibilities.

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 2008 for fiscal 2008. 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 2008 were our net sales and net earnings because the Compensation Committee believes that they provide an accurate and comprehensive measure of our annual performance. For our Chief Financial Officer, who is the only other Named Executive Officer, our net sales were used to calculate his incentive compensation for 2008.

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 threshold performance levels for 2008 were attainable based on our recent historical financial performance, and additional incentive compensation could have been earned based on our financial performance exceeding increasingly challenging levels of performance goals, none of which was certain to be achieved. There were no specific target amounts that can be determined, as any incentive compensation for each Named Executive Officer was based on pre-approved percentages in excess of certain threshold performance levels. The pre-approved percentages for 2008 were less than in prior years, as the Compensation Committee approved management s recommendation that executive employees including the Named Executive Officers be awarded shares of restricted stock in January 2008 in lieu of potential annual incentive compensation to be paid in cash, as described in greater detail below. The Compensation Committee did not place a maximum limit on the incentive compensation that could have been earned by the Named Executive Officers in 2008, 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 20% to 70% of their annual salaries for 2008 in annual bonus compensation, which was determined to be competitive in the marketplace for similar positions. 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 2008, the actual incentive compensation earned by each Named Executive Officer for 2008 was $939,457 for Robert Greenberg, which represented 43% of his total compensation; $632,605 for Michael Greenberg, which represented 35% of his total compensation; $313,661 for David Weinberg, which represented 21% of his total compensation, $194,718 for Mark Nason, which represented 15% of his total compensation; and $37,887 for Frederick Schneider, which represented 6% of his total compensation. Actual incentive compensation as a percentage of total compensation of the Named Executive Officers was less than the targeted amounts primarily due to our financial results for 2008 falling short of our previously set performance goals, and also because the pre-approved percentages for 2008 were less than in prior years, as the Named Executive Officers were awarded shares of restricted stock in January 2008 in lieu of the potential annual incentive compensation to be paid in cash for 2008 and 2009.

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 were awarded shares of restricted stock in January 2008 under the 2007 Plan as a component of their total compensation for the 2008 fiscal year. We have not granted any stock options to the

Named Executive Officers as part of their annual compensation since February 2004.

Equity-based compensation awards were previously granted under our 1998 Stock Option, Deferred Stock and Restricted Stock Plan (the 1998 Stock Plan). The 1998 Stock Plan was terminated and no additional awards under that plan were permitted after December 31, 2007. As of January 1, 2008, our employees including the Named

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Executive Officers were 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 four years from the date of award. This vesting schedule promoted retention and encouraged long-term investment in Skechers by our 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 shares to the Name Executive Officers on January 18, 2008 as part of their total compensation for the 2008 fiscal year in part due to these advantages. Of these restricted shares, 50% vested on March 1, 2009 and the remaining 50% will vest on March 1, 2010. This vesting schedule is less than the four years of vesting of previous awards because these shares were awarded in January 2008 in lieu of potential annual incentive compensation to be paid in cash to the Named Executive Officers for 2008 and 2009.

Stock Options

Historically, grants of stock options made to our Named Executive Officers generally vest over a period of three years, with 25% vesting on the date of grant and 25% vesting each anniversary thereafter, with all such options exercisable on the third anniversary of the date of grant. This vesting schedule promotes retention while the nature of stock options provides Named Executive Officers and other key employees with an incentive to contribute to stockholder value in the long term. Stock options are typically priced at the closing price of our Class A Common Stock on the New York Stock Exchange on the date of grant. All stock options expire ten years from the date of grant. This provides 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. While playing a lesser role in our current equity-based compensation program, stock options are still an appropriate and highly motivating vehicle for delivering long-term incentives. Stock options provide a direct link with stockholder interests as they have zero intrinsic value unless our stock price increases above the grant date price. Despite these considerations, we have not granted any stock options to the Named Executive Officers as part of their annual compensation since February 2004, and the Compensation Committee decided to award shares of restricted stock rather than grant stock options to the Named Executive Officers in January 2008 as part of their total compensation for the 2008 fiscal year.

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.

As mentioned above in this Compensation Discussion and Analysis under the heading *Equity-Based Compensation,* as of December 31, 2008, we had granted certain stock options and awarded shares of restricted stock that are subject to accelerated vesting in full upon a change of control of Skechers. Generally, for all shares of restricted stock awarded under the 1998 Stock Plan prior to its termination in 2007, 20% of the shares vested immediately on the date of award and the remaining shares vest 20% per year on each anniversary of the date of award, with restrictions on all shares lapsing on the fourth anniversary of the date of award. For all shares of restricted stock awarded to date under the 2007 Plan, 50% of the shares vested on March 1, 2009 and the remaining 50% will vest on March 1, 2010. In the event of a change of control, all shares of restricted stock and grants of stock options previously awarded under these plans would vest in full, although as of January 1, 2008, there were no outstanding stock options held by the Named Executive Officers that had not already fully vested.

A change of control is generally defined in both the 1998 Stock Plan and the 2007 Plan, including the equity award agreements thereunder, as (i) the acquisition by certain persons of our securities representing 50% or more of

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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. Initial grants of awards to executive officers and other new employees are based on the timing of date of hire. The exercise price for all grants of stock options is the closing price of our Class A Common Stock on the New York Stock Exchange on the date of grant, and no grants have ever been re-priced.

Perquisites and Other Benefits

We provide our Named Executive Officers with perquisites and other benefits, reflected in the All Other Compensation column in the table captioned *Summary Compensation Table* in this proxy statement, that we believe are reasonable, competitive and consistent with our overall executive compensation program. The costs 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 2008, 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 2008, 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 2008, we paid health club membership fees for David Weinberg and Frederick Schneider.

Impact of Regulatory Requirements

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code and, collectively, Section 162(m)), 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. Thus, while the 2006 Plan has generally been designed to satisfy the requirements of Section 162(m) and administered to maintain tax deductibility, and the 2007 Plan permits the Compensation Committee to grant awards that constitute qualified performance-based compensation, the Compensation Committee believes competitive and other circumstances may require that the interests of Skechers and its stockholders are best served by providing compensation that is not fully tax deductible. Accordingly, the

Compensation Committee may continue to exercise discretion to provide base salaries or other compensation that may not be fully tax deductible by Skechers.

Internal Revenue Code Section 409A

Section 409A of the Code (Section 409A) 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. With respect to our compensation and benefit plans that are subject to Section 409A, in accordance with Section 409A and regulatory guidance issued by the U.S. Internal Revenue Service, we are currently operating such plans in compliance with Section 409A. Pursuant to that regulatory guidance, we have amended our plans and arrangements to either make them exempt from or have them comply with Section 409A.

Accounting Standards

Statement of Financial Accounting Standards No. 123(R) Share-Based Payment (SFAS 123R) 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 and 1998 Stock Plan are accounted for under SFAS 123R. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to the 2007 Plan and equity award programs thereunder. 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.

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 inclusion of the Compensation Discussion and Analysis 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, 2008.

Respectfully submitted,

Richard Siskind, Chairman
Morton D. Erlich

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