

SKECHERS USA INC
Form DEF 14A
April 12, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional materials

Soliciting Material Pursuant to § 240.14a-12

SKECHERS U.S.A., INC.
(Name of Registrant as Specified in Its Charter)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (1) Amount previously paid:

- (2) Form, schedule or registration statement no.:

- (3) Filing party:

- (4) Date filed:

SKECHERS U.S.A., INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Tuesday, May 22, 2018

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 Tuesday, May 22, 2018 at 11:00 a.m. Pacific Time.

Our Annual Meeting is being held to elect the three nominees for election named in the enclosed proxy statement as 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 23, 2018 as the record date for determining those stockholders who will be entitled to vote at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 22, 2018: The proxy statement and 2017 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 and at www.proxyvote.com.

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.

This year, we are pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of our proxy materials, which include the Notice of Annual Meeting, our Proxy Statement, our 2017 Annual Report and a proxy card or voting instruction form. The Notice contains instructions on how to access those documents on the Internet and how to cast your vote via the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials. All stockholders who do not receive the Notice will receive a paper copy of the proxy materials by mail. If you receive a paper copy of our proxy materials, you can cast your vote by completing the enclosed proxy card and returning it in the postage-prepaid envelope provided, or by utilizing the telephone or Internet voting systems. Returning a signed proxy card or submitting a proxy over the Internet or by telephone will not affect your right to vote in person in the event you find it convenient to attend. Please submit your proxy promptly to avoid the expense of additional proxy solicitation.

FOR THE BOARD OF DIRECTORS

Philip G. Paccione, *Corporate Secretary*

Dated: April 12, 2018

Manhattan Beach, California

SKECHERS U.S.A., INC.

PROXY STATEMENT

For Annual Meeting of Stockholders to be Held

May 22, 2018 at 11:00 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 22, 2018 at 11:00 a.m. Pacific Time at our corporate offices located at 330 South Sepulveda Boulevard, Manhattan Beach, California 90266 (the Annual Meeting). The Board of Directors of Skechers (the Board) is soliciting proxies to be voted at the Annual Meeting.

As permitted by the Securities and Exchange Commission (SEC), Skechers is providing most stockholders with access to our proxy materials over the Internet rather than in paper form. Accordingly, on or about April 12, 2018, we will mail to most stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access the proxy materials over the Internet and mail printed copies of the proxy materials to the rest of our stockholders. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in our Proxy Statement and our 2017 Annual Report to Stockholders. The Notice also instructs you on how to submit your proxy via the Internet. If you receive the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

YOUR VOTE IS VERY IMPORTANT.

If a proxy is duly granted and returned over the Internet, by telephone or by mailing a proxy card in the accompanying form, 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, by submitting another proxy by telephone or via the internet (your latest telephone or internet voting instructions are followed) 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. In addition, our officers and other regularly engaged employees may, in a limited number of instances, solicit proxies. 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.

Shares Outstanding and Quorum

Holders of our Class A Common Stock and Class B Common Stock of record at the close of business on March 23, 2018 will be entitled to vote at the Annual Meeting. There were 135,712,476 shares of Class A Common Stock and 24,343,312 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. Your shares will be accounted as present at the Annual Meeting if you are present in person or have properly submitted a proxy card by mail or submitted a proxy by telephone or over the Internet.

How You Can Vote

You may vote by attending the Annual Meeting and voting in person or you may vote by submitting a proxy. If you are the record holder of your stock, you may vote by submitting your proxy via the Internet, by telephone or through the mail.

To vote via the Internet, follow the instructions on the Notice or go to the Internet address stated on your proxy card. To vote by telephone, call the number on your proxy card. If you receive only the Notice, you may follow the procedures outlined in the Notice to request a proxy card.

As an alternative to voting by telephone or via the Internet, you may vote by mail. If you receive only the Notice, you may follow the procedures outlined in the Notice to request a paper proxy card to submit your vote by mail. If you receive a paper copy of the proxy materials and wish to vote by mail, simply mark your proxy card, date and sign it and return it in the postage-prepaid envelope. If you do not have the postage-prepaid envelope, please mail your completed proxy card to the following address: Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If you hold your shares of common stock in street name you will receive the Notice from your broker, bank or other nominee that includes instructions on how to vote your shares. Your broker, bank or other nominee will allow you to deliver your voting instructions via the Internet and may also permit you to submit your voting instructions by telephone. In addition, you may request paper copies of our Proxy Statement and proxy card by following the instructions on the Notice provided by your broker, bank or other nominee.

The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on May 21, 2018. Stockholders who submit a proxy via the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by such stockholders. Stockholders who submit a proxy via the Internet or by telephone need not return a proxy card or the form forwarded by your broker, bank or other nominee by mail.

Voting in Person

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the Annual Meeting, your vote in person at the Annual Meeting will not be effective unless you present a legal proxy, issued in your name from your broker, bank or other nominee. Even if you plan to attend the Annual Meeting, we encourage you to submit your proxy to vote your shares in advance of the Annual Meeting.

Stockholders who wish to attend the Annual Meeting will be required to present verification of ownership of our common stock, such as a bank or brokerage firm account statement and will be required to present a valid government-issued picture identification, such as a driver's license or passport, to gain admittance to the Annual Meeting.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

Counting of Votes

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Pursuant to Proposal No. 1, the three candidates for director receiving the most For votes of the votes entitled to be voted at the Annual Meeting will become directors of Skechers. Stockholders may not cumulate their votes.

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. With respect to our 2018 Annual Meeting, brokers are not permitted to vote on Proposal No. 1 without instructions from the beneficial owner. 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 and will not be counted in determining whether there is a quorum.

Because directors are elected by a plurality of the votes cast, a Withhold vote 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.

The SEC has adopted rules that permit companies and intermediaries such as banks and brokers to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies. This year, a number of banks and brokers with account holders who are our stockholders will be householding our proxy materials. A single proxy statement or Notice will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your bank or broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive separate copies of our Notice or proxy statement and annual report, please notify your bank or broker, direct your written request to Investor Relations, Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266, or contact our investor relations advisory firm, Addo Communications, by telephone at (310) 829-5400. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their bank or broker.

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 is 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. The nominees for election to our Board of Directors at our 2018 Annual Meeting of Stockholders are Robert Greenberg, Morton Erlich and Thomas Walsh. For more information regarding our nominees, please see *Information Concerning Director Nominees* below.

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, Morton Erlich and Thomas Walsh, who are director nominees and are currently members of the Board of Directors. We have been advised by Robert Greenberg, Morton Erlich and Thomas Walsh of their availability and willingness to serve if re-elected. In the event that any of Robert Greenberg, Morton Erlich and Thomas Walsh 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 each of these director nominees.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

For each director nominee and director, set forth below is his or her name, age, tenure as a director of the Company, and a description of his or her principal occupation, other business experience, public company and other directorships held during the past five years. The specific experiences, qualifications, attributes and skills that led the Board of Directors to conclude that each nominee should serve as a director at this time are described below.

Information Concerning Director Nominees

Name	Age	Class and Year in Which Term Will Expire if Re-elected	Position
Robert Greenberg	78	Class I (2021)	Chairman of the Board and Chief Executive Officer
Morton Erlich	73	Class I (2021)	Director
Thomas Walsh	76	Class I (2021)	Director

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

Mr. Greenberg is uniquely qualified to serve on and lead our Board of Directors with over 35 years of experience in the footwear industry, primarily in branding and product design, including more than 25 years as our founder, leader and one of our largest stockholders since our inception in 1992.

Morton Erlich has served as a member of our Board of Directors since January 2006 and has been an independent investor and consultant since October 2004. Since October 2013, Mr. Erlich has served as a member of the board of directors of American Vanguard Corporation. Mr. Erlich also serves as Chairman of the Audit Committee and member of each of the Compensation Committee and Nominating and Governance Committee at American Vanguard. 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 (currently 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, 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 and as a private investor and consultant since November 2006. From May 1993 until retiring in 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 including securitization 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.

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.

Class and Year in Which

Name	Age	Term Will Expire	Position
Michael Greenberg	55	Class II (2019)	President and Director
David Weinberg	67	Class II (2019)	Executive Vice President, Chief Operating Officer and Director
Jeffrey Greenberg	50	Class II (2019)	Senior Vice President of Active Electronics Media and Director
Geyer Kosinski	52	Class III (2020)	Director
Richard Rappaport	58	Class III (2020)	Director
Richard Siskind	72	Class III (2020)	Director

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.

Mr. Greenberg's qualifications to serve on our Board include over 30 years of experience in the footwear industry, specifically in sales, including his leadership as President of our company for 25 years.

David Weinberg has served as our Chief Operating Officer since January 2006, as our Chief Financial Officer from September 2009 to November 2017 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 over 25 years of experience in the footwear industry, specifically in finance and operations, including more than 20 years as our Chief Financial Officer and over ten years as our Chief Operating Officer.

Jeffrey Greenberg has served as our Senior Vice President of 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 of 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 over 25 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.

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, and prior to that he was the Managing Partner of Industry Entertainment.

Mr. Kosinski's qualifications to serve on our Board include over 25 years of leadership and transactional experience, as well as special expertise with respect to endorsement, branding, and licensing deals with celebrities and luxury brands.

In addition to running Media Talent Group, the Emmy and Golden Globe winner sits on the boards and executive teams of several other private companies including Motion Theory/Mirada, Social Ink, and Top Fan and has managed the careers of over 100 actors, writers and directors, and developing and producing feature films and television series, such as *Fargo* for FX.

Richard Rappaport has served as a member of our Board of Directors since September 2010. Since he founded WestPark Capital in 1999, Mr. Rappaport has served as its Chief Executive Officer. WestPark Capital is 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. 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.

Mr. Rappaport's qualifications to serve on our Board include over 25 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. Since he founded R. Siskind & Company in 1991, Mr. Siskind has served as its Chief Executive Officer and a member of its board of directors. R. Siskind & Company is 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.

Mr. Siskind's qualifications to serve on our Board include over 40 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 over 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.

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
John Vandemore	45	Chief Financial Officer
Philip Paccione	56	Executive Vice President of Business Affairs, General Counsel and Corporate Secretary
Mark Nason	56	Executive Vice President of Product Development

John Vandemore has served as our Chief Financial Officer since November 2017. Previously, he served as Executive Vice President, Divisional Chief Financial Officer of Mattel, Inc., from 2015 until 2017, and he served as Chief Financial Officer and Treasurer of International Game Technology from 2012 until 2015. Prior to 2012, Mr. Vandemore held various positions at The Walt Disney Company, AlixPartners, Goldman Sachs, and PricewaterhouseCoopers. Since December 2016, Mr. Vandemore has served as a member of the board of directors of Inspired Entertainment. Mr. Vandemore earned a Bachelor of Business Administration degree with a major in Accountancy from the University of Notre Dame and a Master of Business Administration degree from the J.L. Kellogg Graduate School of Management at Northwestern University.

Philip Paccione has served as our Executive Vice President of 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 of Product Development since March 2002. From January 1998 to March 2002, Mr. Nason served as our Vice President of 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 among any of our executive officers or directors.

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. 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 2017, and all directors except for Jeffrey Greenberg attended at least 75% of the combined total of (i) all Board meetings and (ii) all meetings of committees of the Board on which the director served. While we do not have a policy requiring our directors to attend our Annual Meeting of Stockholders, all but two of the directors attended the Annual Meeting of Stockholders held in 2017.

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 2017 for each of the committees. Each of the members of these committees is independent as defined by Section 303A of the NYSE Listed Company Manual (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. In addition, each member of the Compensation Committee is an outside director for purposes of Section 162(m) of the Code.

Name	Audit Committee	Compensation Committee	Nominating and Governance Committee
Morton Erlich	X*	X	X
Geyer Kosinski	X		
Richard Siskind	X	X*	X
Thomas Walsh		X	X*
Total Meetings in 2017	6	9	2

* Committee Chairman

Each of these committees acts under a written charter that complies with the applicable NYSE Rules and 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 entitled *Transactions with Related Persons* in this proxy statement. The purpose of the Board of Director'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.

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 one of our largest stockholders, with beneficial ownership of approximately 35.2% 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 Richard Siskind as our Lead Independent Director for a five-year term, effective as of April 1, 2017. The Lead Independent Director acts as a liaison between the non-management directors on our Board and Robert Greenberg and the other members of our management team, chairs and presides over 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 Vice President 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 Vice President of Internal Audit about the adequacy and effectiveness of steps taken to monitor, control and report financial risk exposures, and the Vice President 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 Lead Independent Director, Richard Siskind, 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. Copies of written communications received at such address will be provided to the Board of Directors or the relevant director unless such communications are considered, in the reasonable judgment of our Corporate Secretary, to be inappropriate for submission to the intended recipient(s).

Examples of communications that would be considered

inappropriate for submission to the Board of Directors include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to our company's business or communications that relate to improper or irrelevant topics. The Corporate Secretary may analyze and prepare a response to the information contained in communications received and may deliver a copy of the communication to other staff members or agents of our company who are responsible for analyzing or responding to complaints or requests.

Audit Committee

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

Compensation Committee

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

None of the members of our Compensation Committee has ever been an employee or officer of our company or any of its subsidiaries. None of our executive officers has served or currently serves on the board of directors or on the compensation committee of any other entity, which has officers who served on our Board of Directors or Compensation Committee during the fiscal year ended December 31, 2017.

Nominating and Governance Committee

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

Director Nominations

The Nominating and Governance Committee recommends to our Board of Directors candidates to fill vacancies or for election or re-election to the Board. In the event of a vacancy on our Board of Directors, the

process followed by the Nominating and Governance Committee to identify and evaluate director candidates includes requests to our Board members, management and others for recommendations, meeting from time to time to evaluate biographical information and qualifications relating to potential candidates and interviews of selected candidates by members of the committee and other directors. In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, the Nominating and Governance Committee applies the criteria set forth in our Corporate Governance Guidelines. While the Nominating and Governance Committee has not established specific minimum qualifications for director nominees, the committee believes that candidates and nominees must reflect a board of directors that comprises directors who have as a whole: personal and professional integrity, ethics and values; experience in corporate management and a general understanding of marketing, finance and other elements relevant to the success of a publicly traded company; experience in our company's industry; and practical and mature business judgment, including ability to make independent analytical inquiries. The committee also considers the statutory requirements applicable to the composition of the Board and its committees, including independence requirements of the NYSE. Our Board of Directors ultimately determines the director nominees approved for inclusion on the proxy card for each annual meeting of stockholders.

While our Nominating and Governance Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees, we believe that the backgrounds and qualifications of our directors, considered as a group, should provide a diverse mix of background, experience, knowledge and skills that will best allow our Board to fulfill its responsibilities including oversight of our business. Consistent with the committee's charter, when identifying director nominees, the committee considers general principles of diversity and does so in the broadest sense. The committee considers diversity to include gender and ethnicity, age, skills and experience in the context of the needs of the Board as well as viewpoint, individual characteristics, qualities and skills resulting in the inclusion of naturally varying perspectives among the directors. The committee also considers whether these capabilities and characteristics will enhance and complement the full Board of Directors so that, as a unit, the Board of Directors possesses the appropriate skills and experience to oversee our company's business and serve the long-term interests of our stockholders.

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

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

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

the principal occupation or employment of the person;

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

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

As to the stockholder recommending a candidate for director:

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

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

To be considered for the 2019 Annual Meeting of Stockholders, nominations for director candidates must be received at our principal office within the time period set forth below under the section *Nominations and Stockholder Proposals for 2019 Annual Meeting* in this proxy statement. Stockholders are also advised to review our bylaws, which contain additional requirements with respect to nominations for director candidates.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics, which applies to all directors, officers and employees, was adopted by our Board of Directors as of April 28, 2004 and amended by the Board as of January 15, 2007. The purpose of the Code of Business Conduct and Ethics is to promote honest and ethical conduct. The Code of Business Conduct and Ethics is posted in the Corporate Governance section of the Investor Relations page of our corporate information website located at www.skx.com/investor.jsp. We intend to promptly post any amendments to or waivers of the Code of Business Conduct and Ethics on our website. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement.

Compensation of Directors

The following table sets forth information concerning the compensation earned by our non-employee directors during 2017. Robert Greenberg, Michael Greenberg, David Weinberg and Jeffrey Greenberg are not included because as employee directors, they did not earn any additional compensation for services provided as members of our Board of Directors.

Name	Fees Earned or Paid	
	in Cash \$(1)	Total Compensation(\$)
Morton D. Erlich	127,000	127,000
Geyer Kosinski	68,000	68,000
Richard Rappaport	56,000	56,000
Richard Siskind	110,000	110,000
Thomas Walsh	98,000	98,000

(1) This column reports the amount of cash compensation earned in 2017 for Board and committee service. *Non-Employee Directors.* We paid each of our non-employee directors annual compensation of \$50,000 for serving on the Board of Directors in 2017, which was increased to \$75,000 effective as of January 1, 2018. Our Audit Committee Chairman, Compensation Committee Chairman and Nominating and Governance Committee Chairman were paid additional annual fees of \$35,000, \$20,000 and \$20,000, respectively, in 2017, which were increased to \$100,000, \$30,000 and \$30,000, respectively, effective as of January 1, 2018. Non-employee directors also received fees of \$2,000 for each Board and committee meeting attended during 2017, which were increased to \$2,500 per meeting attended, effective as of January 1, 2018. Non-employee directors are reimbursed for reasonable costs and expenses incurred for attending any of our Board or committee meetings. Compensation, fees, and reimbursable costs and expenses are paid quarterly. During 2017, non-employee directors were eligible to receive equity awards covering shares of Class A Common Stock under the 2007 Incentive Award Plan (the 2007 Plan), which expired on May 24, 2017, and the 2017 Incentive Award Plan (the 2017 Plan) thereafter as determined by the Board of Directors. In 2017, none of our non-employee directors were granted any equity awards. On January 12, 2018, each of our non-employee directors received a discretionary award of 3,500 restricted shares of Class A Common Stock with a grant date fair value under FASB ASC Topic 718 of \$134,925, which is scheduled to vest as follows: 500 shares on May 1, 2019, 500 shares on May 1, 2020 and 2,500 shares on May 1, 2021, subject to the director's continued service through the applicable vesting dates.

Employee Directors. During fiscal 2017, Robert Greenberg, Michael Greenberg and David Weinberg were executive officers serving on our Board of Directors, and Jeffrey Greenberg was the only non-executive

employee serving on our Board of Directors. Employees of Skechers who are members of the Board of Directors are not paid any directors' fees or other compensation for their service on our Board of Directors. Compensation of Robert Greenberg, Michael Greenberg and David Weinberg earned in 2017 is set forth under *Executive Compensation*. Compensation of Jeffrey Greenberg earned in 2017 is described in the section entitled *Transactions with Related Persons* in this proxy statement. During the 2017 fiscal year, employee directors were eligible to receive awards of shares of Class A Common Stock, grants of options to purchase shares of Class A Common Stock and other equity-based compensation under the 2007 Plan, which expired on May 24, 2017, and the 2017 Plan thereafter as determined by the Board of Directors. In 2017, none of our employee directors were granted any equity awards.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis describes our compensation strategy, philosophy, policies, programs and practices for our Named Executive Officers for 2017 and 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; John Vandemore, Chief Financial Officer; Michael Greenberg, President; David Weinberg, Executive Vice President, Chief Operating Officer and former Chief Financial Officer; and Mark Nason, Executive Vice President of Product Development. Mr. Vandemore was appointed our Chief Financial Officer in November 2017, and Mr. Weinberg, who had previously been serving both as Chief Financial Officer and Chief Operating Officer, ceased serving as Chief Financial Officer in order to focus on his role as Chief Operating Officer. 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 may adopt in the future may differ materially from the compensation strategy, philosophy, policies, programs and practices summarized in this discussion.

Alignment of Executive Compensation with Financial Performance Highlights

Our executive compensation program is designed to reward superior performance by our company. The company delivered strong financial performance during the 2017 fiscal year, including the following highlights:

Sales increased \$600.9 million, or 16.9%, to \$4.16 billion compared to sales of \$3.56 billion in 2016.

Net earnings attributable to Skechers U.S.A., Inc. were \$179.2 million, a decrease of \$64.3 million, or 26.4%, compared to net earnings of \$243.5 million in 2016, which was primarily the result of increased income tax expense of \$99.9 million due to the enactment of the Tax Cuts and Jobs Act (the Tax Act) in December 2017. After adjusting for the increased income tax expense of \$99.9 million due to the Tax Act, adjusted net earnings were \$279.1 million, which was a \$35.6 million, or 14.6%, increase compared to 2016.

Diluted earnings per share attributable to Skechers U.S.A., Inc. was \$1.14, which reflected a 27.4% decrease from diluted earnings per share of \$1.57 in 2016. After adjusting for the Tax Act, adjusted diluted earnings per share was \$1.78, which was a 13.4% increase compared to 2016.

Our cash and cash equivalents increased \$17.9 million to \$736.4 million at December 31, 2017 from \$718.5 million at December 31, 2016.

The total compensation of all Named Executive Officers for 2017, which is disclosed in the *Executive Compensation Summary Compensation Table* below, decreased in comparison to 2016 due to no restricted stock awards being granted during 2017, which was partially offset by increases in base salary and incentive compensation. The Compensation Committee determined to increase the 2017 annual base salaries of each of the Named Executive Officers (other than John Vandemore) from their 2016 levels, following consideration of each executive's individual contributions to our strong financial performance in 2016 and the recommendations of our Chief Executive Officer, Robert Greenberg, and our Chief Operating Officer, David Weinberg.

Role of the 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 our 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 our management nor the Compensation Committee retained a compensation consultant in 2017 to review policies and procedures with respect to executive compensation or to advise us on compensation matters. The Compensation Committee ensures that each component of executive compensation, as well as compensation in the aggregate, is competitive by relying on its members' deep expertise and years of experience with the companies with which we compete for talent. For 2017, the Compensation Committee reviewed and considered management's compensation recommendations and then discussed these recommendations with management.

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 may adopt, modify or reject any of these recommendations.

Compensation Objectives

The basic compensation philosophy of 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, 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 the following four 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 reviewed and approved our compensation programs for 2017 to effectively balance executive officers' salaries with incentive compensation that

was performance-based. We believe that it served the needs of our stockholders to provide incentives commensurate with individual management responsibilities and past and future contributions to corporate objectives. The mix of compensation elements varied among the executive officers based on each executive officer's position, responsibilities and performance.

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 cash and equity compensation in a way that meets the objectives set forth above.

Elements of Compensation

Our executive compensation has historically consisted of three primary components:

base salary and benefits;

performance-based cash compensation, if any, under the 2006 Annual Incentive Compensation Plan (the 2006 Plan); and

equity compensation awarded under the 2007 Plan and, following the expiration of the 2007 Plan in May 2017, the 2017 Plan.

These components, individually and in the aggregate, are designed to accomplish one or more of the 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.

In January 2017, the 2017 annual base salaries of each of the then employed Named Executive Officers were increased from their 2016 levels by \$500,000 for each of Robert Greenberg, Michael Greenberg and David Weinberg, and by \$250,000 for Mark Nason. These increases were based on the Compensation Committee's review of each executive's individual contributions to our strong financial performance in 2016 and the recommendations of our Chief Executive Officer, Robert Greenberg, and our Chief Operating Officer, David Weinberg, with respect to each other Named Executive Officer. John Vandemore commenced employment as our Chief Financial Officer in November 2017, with an annual base salary of \$750,000.

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 short-term performance goals. The 2006 Plan allows us to set performance periods equal to fiscal quarters, fiscal years or such other period that the Compensation Committee may establish up to five years in length, and

determine performance criteria and goals for such performance periods 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 of the Named Executive Officers for fiscal 2017 in January 2017. As in 2016, the performance criteria used in the formulae to calculate the incentive compensation of the Named Executive Officers for 2017 was our net sales growth because the Compensation Committee believes that it provides an accurate measure of our annual performance. Based on this performance goal, the Named Executive Officers were targeted to receive incentive compensation between 10% and 50% of their total cash compensation, calculated as the sum of base salary and earned incentive compensation for 2017 (Cash 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 additionally 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.

The Compensation Committee did not place a maximum limit on the incentive compensation that could have been earned by the Named Executive Officers in 2017, 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 potential payments of incentive compensation to our Named Executive Officers are performance-driven and therefore completely at risk. Any incentive compensation to be paid to the Named Executive Officers is earned based on the Compensation Committee's pre-approved performance criteria and formulae for the respective Named Executive Officers. The Named Executive Officers' annual incentive compensation is calculated on a quarterly basis by multiplying net sales growth, which is the amount by which net sales for the applicable quarter exceeded net sales for the corresponding quarter in the prior year, by the percentages that were pre-approved by the Compensation Committee, as set forth in the following tables:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter		
	(i)	(ii)	(iii)	(iv)		
Amount by which net sales for the quarter in fiscal 2017 exceeded net sales for the corresponding quarter in fiscal 2016 (\$)	94,014,445	148,123,982	152,412,015	206,299,433		
Incentive Compensation Calculated on a Quarterly Basis						
			(\$)		2017 Annual	
Name of Executive	Pre-approved Percentage (%)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Incentive Compensation (\$)
	(a)	(a)x(i)	(a)x(ii)	(a)x(iii)	(a)x(iv)	
Robert Greenberg	0.500	470,073	740,620	762,061	1,031,498	3,004,252

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John Vandemore						
Michael Greenberg	0.250	235,037	370,310	381,031	515,749	1,502,127
David Weinberg	0.150	141,022	222,186	228,619	309,450	901,277
Mark Nason	0.125	117,519	185,155	190,516	257,875	751,065

Based on our financial performance and the performance goals previously set by the Compensation Committee for each Named Executive Officer for 2017, the actual incentive compensation earned by each Named Executive Officer for 2017 was \$3,004,252 for Robert Greenberg, which represented 42% of his Cash Compensation; \$1,502,127 for Michael Greenberg, which represented 32% of his Cash Compensation; \$901,277 for David Weinberg, which represented 27% of his Cash Compensation; and \$751,065 for Mark Nason, which represented 34% of his Cash Compensation. Under the terms of his employment, John Vandemore did not begin participating in the 2006 Plan until the first quarter of 2018.

Cash incentive compensation awarded under the 2006 Plan incentivizes the achievement of our short-term performance objectives and complements the long-term equity compensation program described below.

Equity-Based Compensation

Our employees, including the Named Executive Officers, are eligible to receive, from time to time, awards of restricted stock, stock options and other equity-based compensation under the 2007 Plan and the 2017 Plan that 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 our company.

The Compensation Committee believes that stock ownership by management has been demonstrated to be beneficial to all stockholders. Historically, awards of restricted stock made to our Named Executive Officers are subject to certain time-vesting restrictions that generally lapse over a period of two to four years from the date of the award depending on the specific award.

We did not award restricted shares to the Named Executive Officers in 2017, except for John Vandemore, since the other Named Executive Officer already held restricted shares scheduled to vest in 2018, 2019 and 2020. Under the terms of his employment, the Compensation Committee awarded 60,000 restricted shares to Mr. Vandemore in November 2017, with one-quarter of the shares scheduled to vest in March 2019 and the first three anniversaries thereafter, subject to his continued service on the applicable vesting dates. On January 12, 2018, the Compensation Committee awarded 500,000, 410,000 and 327,000 restricted shares to Robert Greenberg, Michael Greenberg and David Weinberg, which are scheduled to vest over the next four years, subject to their continued service on the applicable vesting dates, with the majority (approximately 60%) of the shares not vesting until 2021 and 2022.

This vesting schedule promotes retention and encourages long-term investment in our company by the Named Executive Officers, while also providing 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, which may result in lower stockholder dilution than granting stock options.

Employment Agreements 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 except for Michael Greenberg. The following is a description of the material terms of the

employment agreement with Mr. Greenberg and the change of control provisions of the restricted stock granted under our 2007 Plan and 2017 Plan.

Michael Greenberg

On August 7, 2015, we entered into an employment agreement with Michael Greenberg, and on December 5, 2017, we entered into an amendment with Mr. Greenberg to extend the term of his employment

under the agreement (as amended, the *Employment Agreement*). The terms of the *Employment Agreement* are effective as of January 1, 2015 and were negotiated by the Compensation Committee with Mr. Greenberg prior to the date he and our company entered into the agreement. Subject to certain termination provisions, the *Employment Agreement* provides for Mr. Greenberg's continued employment by us as our President through December 31, 2021.

The *Employment Agreement* provides for the following compensation and benefits:

base salary at the annual rate of not less than \$2,200,000 (subject to annual review by the Board or the Compensation Committee);

annual incentive compensation, as calculated on a quarterly basis, equal to not less than 0.25% of the amount by which net sales for the applicable quarter exceeds net sales by the corresponding quarter in the prior year (subject to annual review by the Board or the Compensation Committee);

acknowledgement of an award of 200,000 shares of our Class A Common Stock on a pre-split basis that was granted on October 21, 2014, of which 50,000 shares vest on each of November 1, 2015 and the first three anniversaries thereof, subject to the terms and conditions of the 2007 Plan and the restricted stock agreement previously entered into between Mr. Greenberg and our company (the *2014 Restricted Stock Agreement*); and

participation in our other benefit plans and policies on terms consistent with those generally applicable to our other senior executives (including, without limitation, vacation benefits and other perquisites).

The *Employment Agreement* also provides for certain severance payments and benefits upon certain terminations of employment, including in connection with a change in control of our company, as described in greater detail under *Executive Compensation Termination and Change of Control Benefits*.

David Weinberg

On April 2, 2018, we entered into an employment agreement with David Weinberg (the *Weinberg Agreement*). The terms of the *Weinberg Agreement* are effective as of January 1, 2018 and were negotiated by the Compensation Committee with Mr. Weinberg prior to the date he and our company entered into the agreement. Subject to certain termination provisions, the *Employment Agreement* provides for Mr. Weinberg's continued employment by us as our Chief Operating Officer through December 31, 2021.

The *Weinberg Agreement* provides for the following compensation and benefits:

base salary at the annual rate of not less than \$2,875,000 (subject to annual review by the Board or the Compensation Committee);

annual incentive compensation, as calculated on a quarterly basis, equal to not less than 0.165% of the amount by which net sales for the applicable quarter exceeds net sales by the corresponding quarter in the prior year (subject to annual review by the Board or the Compensation Committee);

acknowledgement of awards of (i) 90,000 shares of our Class A Common Stock (post-stock-split basis) that were granted on October 21, 2014, of which 45,000 shares vested on each of March 1, 2017 and 2018, (ii) 175,000 shares of our Class A Common Stock that were granted on March 30, 2016, of which 50,000 shares vested on May 1, 2017, 50,000 shares vest on May 1, 2018 and 37,500 shares vest on each of May 1, 2019 and 2020, and (iii) 327,000 shares of our Class A Common Stock that were granted on January 12, 2018, of which 63,500 shares vest on each of March 1, 2019 and 2020 and 100,000 shares vest on each of March 1, 2021 and 2022, subject to the terms and conditions of the 2007 Plan and the 2017 Plan, as the case may be, and the applicable restricted stock agreements previously entered into between Mr. Weinberg and our company; and

participation in our other benefit plans and policies on terms consistent with those generally applicable to our other senior executives (including, without limitation, vacation benefits and other perquisites).

The Weinberg Agreement also provides for certain severance payments and benefits upon certain terminations of employment, including in connection with a change in control of our company, as described in greater detail under *Executive Compensation Termination and Change of Control Benefits*.

Change of Control Provisions

The restricted stock awards granted under our 2007 Plan and our 2017 Plan provide that in the event of a change of control, all outstanding unvested shares will vest in full if the awards are not converted, assumed, or replaced by a successor entity.

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

A change of control is generally defined in the 2017 Plan, including the equity award agreements thereunder, as (i) the acquisition by certain persons of our securities representing 50% or more of the combined voting power of our outstanding securities, (ii) a change during any two-year period in a majority of the Board of Directors unless each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or whose election or nomination was so approved, (iii) the consummation of a merger, consolidation, other business combination, sale of all or substantially all of our assets, or the acquisition of assets or stock of another entity, subject to certain exceptions, or (iv) the approval by our stockholders of a complete liquidation or dissolution of our company.

The Compensation Committee believes that the change of control benefits provided under the Employment Agreement and our restricted stock award agreements are 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 significant component of our overall executive compensation program. We do not backdate grants of awards nor do we coordinate the grant of awards with the release of material information that might result in favorable pricing. New hire grants of awards to executive officers and other new employees are generally based on the date of hire. It is our practice that the per share exercise price for all grants of stock options be equal to the closing price of a share of our Class A Common Stock on the NYSE on the date of grant, and we have never re-priced any grants.

Perquisites and Other Benefits

We provide our Named Executive Officers with certain perquisites and other benefits that are reflected in the *All Other Compensation* column in the table captioned *Summary Compensation Table* in this proxy statement, which we believe are reasonable, competitive and consistent with our overall executive compensation program. These benefits are intended to facilitate the efficient operation of our business by allowing our Named Executive Officers to better focus their time, attention and capabilities on our company or permit them to be

better accessible to the business. The costs of these benefits constitute only a small percentage of each Named Executive Officer's total compensation and include the following:

Aircraft usage. During 2017, Robert Greenberg, Michael Greenberg and David Weinberg used our aircraft for personal travel. 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, who is also provided a tax gross-up reimbursement for the applicable income.

Automobile usage. During 2017, automobiles that we 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. These costs are considered taxable income to the Named Executive Officers, each of whom is also provided a tax gross-up reimbursement for the applicable income.

Country club dues and health club fees. During 2017, we paid country club membership dues and health club membership fees for David Weinberg.

Finance and tax services. During 2017, we paid fees for financial planning and tax preparation services that Robert Greenberg and Michael Greenberg received from their personal accountant.

Profit Sharing and Retirement Plans

The Skechers U.S.A., Inc. 401(k) Profit Sharing Plan (the "401(k) Plan") is a U.S. tax qualified retirement savings plan pursuant to which all eligible U.S. employees, including the Named Executive Officers, are able to make pre-tax contributions from their cash compensation. The 401(k) Plan provides for us to make discretionary matching contributions to the participants. The amounts and timing of any such discretionary contributions is determined each year in the sole discretion of our management, as the administrator of the 401(k) Plan, subject to approval by our Compensation Committee. For fiscal 2017, the Compensation Committee approved a matching contribution for each eligible employee equal to 50% of the employee's contribution up to 6% of total eligible compensation.

In May 2013, we adopted the Skechers U.S.A., Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"), effective as of May 1, 2013. We maintain the Deferred Compensation Plan primarily for the purpose of providing a means for deferral of compensation to a select group of employees, including all of our Named Executive Officers, who are limited in their participation under our 401(k) profit sharing plan under statutory requirements. Pursuant to the Deferred Compensation Plan, participants may defer receipt of a portion of their respective cash compensation and elect to have such amounts paid to them (or their beneficiaries in the event of death) upon retirement, termination of employment, death, disability or some other date chosen by the respective participants, in each case, consistent with the terms of the Deferred Compensation Plan. We are not funding the Deferred Compensation Plan, and we will make payments under the Deferred Compensation Plan to each participant as permitted by law and in accordance with the participant's election decisions. In addition to providing a means to defer compensation for payment at a later date, the Deferred Compensation Plan also provides for us to make discretionary contributions to the participants. The amounts and timing of any such discretionary contributions will be determined in the sole discretion of our Compensation Committee, as the administrator of the Deferred Compensation Plan. For fiscal 2017, the Compensation Committee approved a matching contribution for each eligible employee equal to 50% of the employee's deferral up to 6% of total eligible compensation less the amount of any matching contribution received under the 401(k) Plan for the same fiscal year. A description of the material terms of the Deferred Compensation Plan can be found in the section entitled *Executive Compensation Non-qualified Deferred Compensation Plan* in this proxy statement.

Impact of Regulatory Requirements

Tax Deductibility of Compensation

Section 162(m) of the Code places a limit of \$1,000,000 on the annual amount of compensation that publicly held companies may deduct for federal income tax purposes for certain executive officers or covered employees. Prior to the Tax Cuts and Jobs Act of 2017, covered employees generally consisted of our Chief Executive Officer and each of the next three highest compensated officers serving at the end of the taxable year other than our Chief Financial Officer, and compensation that qualified as performance-based under Section 162(m) was exempt from this \$1 million deduction limitation. As part of the Tax Cuts and Jobs Act of 2017, the ability to rely on this exemption was, with certain limited exceptions, eliminated; in addition, the definition of covered employees was expanded to generally include all named executive officers.

The Compensation Committee believes that tax deductibility is a factor to be considered in evaluating a compensation program. Nevertheless, when warranted due to competitive and other factors, the Compensation Committee may award compensation that exceeds the deductibility limit under Section 162(m) of the Code or otherwise pay non-deductible compensation.

Non-qualified Deferred Compensation

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

Accounting Standards

FASB ASC Topic 718 requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of restricted stock and stock options under the 2007 Plan and the 2017 Plan are accounted for under FASB ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, we may revise certain programs to appropriately align compensation 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 that the Compensation Discussion and Analysis be included in this proxy statement and, through incorporation by reference from this proxy statement, in Skechers Annual Report on Form 10-K for the year ended December 31, 2017.

Respectfully submitted,

Richard Siskind, Chairman

Morton Erlich

Thomas Walsh

EXECUTIVE COMPENSATION

The following table provides selected information concerning the compensation earned by our Principal Executive Officer, Principal Financial Officer, and each of our three most highly compensated executive officers who served in positions other than Principal Executive Officer and Principal Financial Officer at the end of the last completed fiscal year (the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Non-Equity Incentive Plan	All Other	Total (\$)
				Compensation (\$)(2)	Compensation (\$)	
Robert Greenberg Chairman of the Board and Chief Executive Officer	2017	4,230,769		3,004,252	529,971 ⁽⁴⁾	7,773,992
	2016	3,750,000	3,129,000	2,079,939	290,708	9,249,647
	2015	3,000,000		3,848,813	267,586	7,116,399
John Vandemore ⁽³⁾ Chief Financial Officer	2017	40,385	2,076,600			2,116,985
Michael Greenberg President and Director	2017	3,230,769		1,502,127	489,496 ⁽⁵⁾	5,222,392
	2016	2,750,000	2,816,100	1,039,971	185,280	6,791,351
	2015	2,200,000		1,924,407	173,287	4,297,694
David Weinberg Executive Vice President, Chief Operating Officer and Director	2017	2,480,769		901,277	273,609 ⁽⁶⁾	3,657,299
	2016	2,000,000	5,475,750	623,983	94,425	8,194,158
	2015	1,600,000		1,154,645	72,621	2,827,266
Mark Nason Executive Vice President of Product Development	2017	1,490,385		751,065	7,950 ⁽⁷⁾	2,249,400
	2016	1,250,000	1,564,500	519,986	5,940	3,340,426
	2015	1,000,000		962,204	21,944	1,984,148

- (1) Represents the aggregate grant date fair value of stock awards granted during the applicable fiscal year, as calculated in accordance with FASB ASC Topic 718. The fair value was calculated using the closing price of our Class A Common Stock on the grant dates for the shares awarded.
- (2) Represents the cash awards that the Named Executive Officers earned under our 2006 Plan. Incentive compensation is paid quarterly based on performance levels that our company achieved in the prior quarter. The amounts listed for each year exclude any bonuses earned by the Named Executive Officers in the previous year that were paid in the indicated year and include incentive compensation earned in the fourth quarter of the indicated year that was paid in the following year. Mr. Vandemore was not eligible to participate in the 2006 Plan during 2017. Additional information regarding the 2006 Plan is described in the section entitled *Compensation Discussion and Analysis* in this proxy statement.
- (3) Mr. Vandemore commenced employment as our Chief Financial Officer in November 2017.
- (4) Represents payments of \$328,335 for financial planning and tax preparation services for Mr. Greenberg, costs of \$144,824 related to automobiles purchased by us for use by Mr. Greenberg and automobile insurance premiums paid by us on his behalf, which includes a tax gross-up reimbursement of \$44,213, and imputed income of \$56,812 for personal use of our aircraft, which includes a tax-gross reimbursement of \$28,167. The aggregate

incremental costs of automobile usage are based on the annual lease values of these automobiles. For each use of our aircraft for personal travel, the imputed income is calculated based on the U.S. Department of Transportation Standard Industry Fare Level Rate (SIFL) rate per mile, the distance in nautical miles flown and the number of passengers, including guests, if any, on the flight. If there is more than one Named Executive Officer on a flight, the imputed income for personal use of our aircraft is allocated equally to the Named Executive Officers present on the aircraft. If we are not reimbursed for personal use of the aircraft, the imputed income is considered taxable income to the Named Executive Officer, who is also provided a tax gross-up reimbursement for such income.

- (5) Represents payments of \$82,495 for financial planning and tax preparation services for Mr. Greenberg, costs of \$109,116 related to an automobile purchased by us for use by Mr. Greenberg and automobile insurance premiums paid by us on his behalf, which includes a tax gross-up reimbursement of \$33,583, and imputed income of \$297,885 for personal use of our aircraft, which includes a tax-gross reimbursement of \$147,694. The aggregate incremental costs of automobile usage are based on the annual lease values of this automobile. See note 4 above regarding the calculation of imputed income and tax gross-up reimbursement for the personal use of our aircraft.
- (6) Represents monthly payments of country club membership dues equal to a total of \$20,598, monthly payments of health club membership fees equal to a total of \$1,644, costs of \$89,073 related to an automobile purchased by us for use by Mr. Weinberg and automobile insurance premiums paid by us on his behalf, which includes a tax gross-up reimbursement of \$27,519, imputed income of \$154,344 for personal use of our aircraft, which includes a tax-gross up reimbursement of \$76,524, and an annual matching contribution of \$7,950 that we made under the Deferred Compensation Plan for fiscal 2017. The aggregate incremental costs of automobile usage are based on the annual lease values of this automobile. See note 4 above regarding the calculation of imputed income and tax gross-up reimbursement for the personal use of our aircraft.
- (7) Represents an annual matching contribution that we made under the 401(k) Plan for fiscal 2017.

Grants of Plan-Based Awards in Fiscal 2017

The following table provides information about plan-based awards granted to the Named Executive Officers in 2017: (i) the grant date, (ii) the estimated future payouts under non-equity incentive plan awards, which consist of potential payouts under the 2006 Plan for the performance period covering fiscal 2017, (iii) the number of shares underlying all other stock awards and (iv) the grant date fair value of each equity award computed under FASB ASC Topic 718.

Name of Executive	Grant Date	Estimated Future Payments Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	Grant Date Fair Value of Stock and Option Awards \$(3)
		Threshold (\$)	Target (\$)	Maximum (\$)		
Robert Greenberg		(1)	(1)	5,000,000		
John Vandemore	11/28/17				60,000	2,076,600
Michael Greenberg		(1)	(1)	5,000,000		
David Weinberg		(1)	(1)	5,000,000		
Mark Nason		(1)	(1)	5,000,000		

- (1) These columns are intended to show the potential value of the payments for each Named Executive Officer under the 2006 Plan if the threshold, target or maximum goals are satisfied for the performance measures. The potential payments are performance-driven and therefore completely at risk. There are no specific threshold or target amounts that can be determined with respect to any payouts of incentive compensation under the 2006 Plan for fiscal 2017 because any amounts payable are determined on a quarterly basis based on pre-approved percentages for each Named Executive Officer multiplied by the amount, if any, that net sales for the applicable quarter exceed net sales for the corresponding quarter in the previous year. Additional information regarding the business measurements and performance goals for determining the payments are described in the section entitled *Compensation Discussion and Analysis Annual Incentive Compensation* in this proxy statement. When determining the performance goals, the Compensation Committee did not place a limit on the non-equity incentive compensation that could be earned by the Named Executive Officers in fiscal 2017; however, the maximum amount of incentive compensation that any Named Executive Officer may earn in a 12-month period under the 2006 Plan is \$5,000,000.

- (2) This column shows the number of shares of restricted stock awarded in 2017 to the Named Executive Officers under the 2017 Plan. These shares are scheduled to vest in four equal installments on March 1, 2019 and the first three anniversaries thereof, subject to the executive's continued service on the applicable vesting date.

- (3) This column shows the aggregate grant date fair value of stock awards in 2017, as calculated in accordance with FASB ASC Topic 718. The fair value was calculated using the closing price of our Class A Common Stock on the grant dates for the shares awarded, which was \$34.61 per share on November 28, 2017.

Outstanding Equity Awards at 2017 Fiscal Year-End

The following table provides information on the outstanding stock awards, specifically unvested shares of restricted stock, held by the Named Executive Officers as of December 31, 2017. Each stock award is shown separately for each of the Named Executive Officers. The market value of each stock award is based on the closing price of our Class A Common Stock as of December 29, 2017, which was \$37.84. None of the Named Executive Officers held any outstanding option awards as of December 31, 2017. For additional information about option awards and stock awards, see the description of equity-based compensation in the section entitled *Compensation Discussion and Analysis* in this proxy statement.

Name of Executive	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Robert Greenberg	75,000 ⁽¹⁾	2,838,000
	100,000 ⁽²⁾	3,784,000
John Vandemore	60,000 ⁽³⁾	2,270,400
Michael Greenberg	150,000 ⁽⁴⁾	5,676,000
	90,000 ⁽²⁾	3,405,600
David Weinberg	95,000 ⁽¹⁾	3,594,800
	75,000 ⁽²⁾	2,838,000
Mark Nason	30,000 ⁽¹⁾	1,135,200
	50,000 ⁽²⁾	1,892,000

- (1) Shares of restricted stock that vested on March 1, 2018, subject to the executive's continued service through the applicable vesting date.
- (2) Shares of restricted stock scheduled to vest in two equal installments on May 1, 2019 and 2020, subject to the executive's continued service through the applicable vesting date.
- (3) Shares of restricted stock scheduled to vest in four equal installments on March 1, 2019 and the first three anniversaries thereof, subject to the executive's continued service through the applicable vesting date.
- (4) Shares of restricted stock scheduled to vest on November 1, 2018, subject to the executive's continued service through the applicable vesting date.

Options Exercised and Stock Vested in Fiscal 2017

The following table provides information for the Named Executive Officers regarding the number of shares acquired in 2017 upon the vesting of restricted stock awards and the value realized, each before payment of any applicable withholding tax and broker commissions. None of the Named Executive Officers exercised any stock options in 2017.

Name of Executive	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Robert Greenberg	75,000	1,910,250
John Vandemore		
Michael Greenberg	150,000	4,882,500
David Weinberg	95,000	2,431,800
Mark Nason	30,000	764,100

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

Non-qualified Deferred Compensation Plan

The following table provides information about contributions to, aggregate losses and account balances under, our Deferred Compensation Plan, as more fully described below, in 2017. Other than David Weinberg, none of the other Named Executive Officers participated in our Deferred Compensation Plan during 2017.

Name of Executive	Executive	Registrant	Aggregate Gains in Last Fiscal Year (\$)(3)	Aggregate Withdrawals/Aggregate Balance at December 31, 2017 (\$)
	Contributions in Last Fiscal Year (\$)(1)	Contributions in Last Fiscal Year (\$)(2)		
David Weinberg	39,155	7,950	703,132	3,898,227 ⁽⁴⁾

- (1) The amount of the contributions made by the Named Executive Officer, as reported above, is also included in the Named Executive Officer's compensation reported in the Summary Compensation Table for 2017 either as Salary or Non-Equity Incentive Plan Compensation.
- (2) The amount of Company contributions is also included in the Named Executive Officer's compensation reported in the Summary Compensation Table for 2017 as All Other Compensation.
- (3) The amount in this column represents the gains and losses by funds in which investments were made under the Deferred Compensation Plan. These amounts are not reported in the Summary Compensation Table.
- (4) Represents contributions of \$2,882,427 made by Mr. Weinberg, which were also included in his compensation reported in the Summary Compensation Table for 2013 through 2017, as adjusted for Company contributions and aggregate gains since he began participating in the Deferred Compensation Plan in 2013.

Under the Deferred Compensation Plan, eligible employees, including our Named Executive Officers, are permitted to defer receipt of up to 75% of their base salary and 100% of their commissions and bonuses. A participant's deferrals are deemed 100% vested at all times and are credited to an account balance. This account balance represents a participant's entire interest under the Deferred Compensation Plan. The Deferred Compensation Plan provides the opportunity for us to contribute additional discretionary contributions to an eligible employee's account if authorized by the Compensation Committee and subject to such terms and conditions as provided by the Compensation Committee. For fiscal 2017, the Board of Directors approved a matching contribution for each eligible employee equal to 50% of the employee's contribution up to 6% of total eligible compensation.

A participant shall receive his or her account balance following the first to occur of: (i) a separation from service, (ii) a specified date elected by the participant, (iii) disability, (iv) death (with account balance distributed to a designated beneficiary) or (v) an unforeseeable emergency (as determined at the sole discretion of the Compensation Committee). Generally, the account balance will be distributed in a single lump sum regardless of the payment event. If, however, a participant separates from service within two years following a change in control of our company, or separates from service with five years of service and the sum of his or her age and years of employment is at least 65 years, payment of the participant's account balance under the Deferred Compensation Plan may be made in a series of payments over a period of two to ten years instead of a single lump sum (subject to a timely participant election). Similarly, if a participant has established one or more specified dates upon which to receive a distribution of his or her account balance (or a portion thereof) or becomes disabled, payment of the participant's account balance under the Deferred Compensation Plan may be made in a series of payments over a period of two to five years instead of a single lump sum (subject to a timely participant election).

The Deferred Compensation Plan is an unfunded plan for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. A rabbi trust has been established to satisfy our obligations under the plan. The Deferred Compensation Plan provides investment options, or fund media, amongst which participants make investment allocations that provide the basis on which gains and losses are attributed to account balances under the plan, and such options may change from time to time. In 2017, the

Deferred Compensation Plan permitted participants to choose from among 37 investment options. The rates of return for 2017 ranged from -1.70% to 51.03%.

The investment options under the Deferred Compensation Plan and their rates of return for 2017 are provided in the following table.

Name of Investment Option	Rate of Return (%)
American Century VP Mid Cap Value - Class I Shares	11.69
Davis Financial	21.42
Deutsche Small Cap Index VIP - Class A Shares	14.33
Fidelity VIP Balanced - Service Class 2	16.12
Fidelity VIP Contrafund - Service Class 2	21.59
Fidelity VIP Freedom 2005 - Service Class 2	10.74
Fidelity VIP Freedom 2010 - Service Class 2	12.80
Fidelity VIP Freedom 2015 - Service Class 2	14.80
Fidelity VIP Freedom 2020 - Service Class 2	16.26
Fidelity VIP Freedom 2025 - Service Class 2	17.57
Fidelity VIP Freedom 2030 - Service Class 2	20.69
Fidelity VIP Freedom 2035 - Service Class 2	23.07
Fidelity VIP Freedom 2040 - Service Class 2	23.30
Fidelity VIP Freedom 2045 - Service Class 2	23.30
Fidelity VIP Freedom 2050 - Service Class 2	23.30
Fidelity VIP Freedom Income - Service Class 2	8.36
Fidelity VIP Government Money Market - Service Class 2	0.42
Great-West MFS International Value	26.47
Great-West T. Rowe Price Mid Cap Growth	24.43
Invesco V.I. High Yield - Series I Shares	6.30
Invesco V.I. International Growth - Series I Shares	23.00
Invesco V.I. Managed Volatility - Series I Shares	10.56
Janus Henderson VIT Global Technology - Instl Shares	45.09
MFS VIT Global Equity - Initial Class	24.07
PIMCO VIT Real Return - Admin Class	3.65
PIMCO VIT Total Return - Admin Class	4.91
T. Rowe Price Health Sciences	27.58
T. Rowe Price New America Growth	34.43
Van Eck VIP Emerging Markets - Initial Class	51.03
Van Eck VIP Global Hard Assets - Initial Class	-1.70
Vanguard VIF Diversified Value	13.16
Vanguard VIF Equity Index	21.66
Vanguard VIF International	42.67
Vanguard VIF Mid-Cap Index	19.08
Vanguard VIF Short-Term Investment-Grade	2.09
Vanguard VIF Small Company Growth	23.46
Vanguard VIF Total Bond Market Index	3.48

Termination and Change of Control Benefits

Michael Greenberg's Employment Agreement

The Employment Agreement with Mr. Greenberg provides for certain severance payments and benefits upon certain terminations of employment at any time prior to December 31, 2021, including in connection with a change in control of our company, described as follows:

The Employment Agreement provides that if Mr. Greenberg's employment with us is terminated by us with cause or by Mr. Greenberg without good reason, or on account of his death or disability (each as defined in the Employment Agreement), he (or his estate) will be paid his then current salary earned through the date of termination, in addition to any accrued but unused vacation.

If Mr. Greenberg's employment with us is terminated by us without cause or by Mr. Greenberg for good reason, or by us without cause upon a change in control (as defined in the Employment Agreement) or within 120 days after a change in control, he will be paid his then current salary earned through the date of termination, in addition to any accrued but unused vacation. Mr. Greenberg will also be entitled to receive, subject to Mr. Greenberg delivering a valid release and waiver of claims in favor of our company, the total gross amount equal to his base salary for the remainder of the four-year term, currently ending December 31, 2021 (at the annual rate payable at the time of such termination), plus annual incentive compensation for each of the remaining fiscal years in the four-year term equal to the highest amount of the annual incentive compensation that was earned by Mr. Greenberg in any fiscal year in the four-year term prior to his termination, less any annual incentive compensation already paid for the fiscal year in which he was terminated, and we will accelerate the vesting of all restricted shares of our Class A Common Stock held by Mr. Greenberg, provided that such acceleration is allowed by the terms of the 2007 Plan and the 2014 Restricted Stock Agreement.

Should Mr. Greenberg's payments or benefits (whether under the Employment Agreement or any other plan or arrangement) be subject to the excise tax imposed under Sections 280G and 4999 of the Code, the Employment Agreement provides that such payments or benefits will be reduced so that the present value of the total amount received by Mr. Greenberg will be one dollar less than three times his average yearly taxable income for the five most recent years and so that no portion of such payments or benefits will be subject to such excise tax.

The following table sets forth the estimated amounts Mr. Greenberg would have been entitled to receive had his employment with us terminated and/or a change in control of our company occurred on the last business day of fiscal 2017, which was December 29, 2017. These amounts do not include the incentive compensation that Mr. Greenberg earned for the fourth quarter of 2017 under the 2006 Plan, which he also would have been entitled to receive if any of these trigger events had occurred on December 29, 2017.

Name	Triggering Event	Cash Severance \$(1)	Value of Accelerated Restricted Stock \$(2)	Total (\$)
Michael Greenberg	Death/Disability	20,697,628	9,081,600	29,779,228

Termination Without
Cause or Resign For
Good Reason

Change in Control		9,081,600	9,081,600
Change in Control and Termination	20,697,628	9,081,600	29,779,228

- (1) Represents an amount equal to the sum of \$3,250,000, which was Mr. Greenberg's annual base salary on December 29, 2017, plus \$1,924,407, which was the annual incentive compensation that he earned in 2017, which is the highest amount of annual incentive compensation that he earned to date during the term of the

Employment Agreement, multiplied by four, which represents the remaining four years of the term under the Employment Agreement.

- (2) Represents the value of the acceleration of vesting of Mr. Greenberg's outstanding restricted stock, based on the closing price of our Class A Common Stock on December 29, 2017, which was \$37.84 per share.

These benefits do not include any amounts with respect to fully vested Deferred Compensation Plan (as defined below) or 401(k) profit sharing plan benefits.

David Weinberg's Employment Agreement

The Weinberg Agreement that we entered into with Mr. Weinberg in April 2018 is effective as of January 1, 2018 and provides for certain severance payments and benefits upon certain terminations of employment at any time prior to December 31, 2021, including in connection with a change in control of our company, which are identical to those severance payments and benefits described above in Mr. Greenberg's Employment Agreement.

Incentive Award Plans

Upon a change of control under the 2007 Plan and the 2017 Plan, Robert Greenberg, John Vandemore, Michael Greenberg, David Weinberg and Mark Nason would be entitled to full vesting of their outstanding restricted stock if the awards are not converted, assumed, or replaced by a successor entity, which would be valued at \$6,622,000, \$2,270,400, \$9,081,600, \$6,432,800 and \$3,027,200, respectively, based on the closing price of our Class A Common Stock on December 29, 2017, which was \$37.84 per share. As of December 31, 2017, there were no outstanding unvested stock options under the 2007 Plan held by any of the Named Executive Officers.

For additional information about change of control terms under the 2007 Plan and the 2017 Plan, see the description provided in the section entitled *Compensation Discussion and Analysis* in this proxy statement.

CEO Pay Ratio

Following is a reasonable estimate, prepared pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and applicable SEC rules, of the ratio of the annual total compensation of our CEO to the median of the annual total compensation of our other employees. We determined our median employee based on actual total direct compensation paid to our employees worldwide in 2017. Total direct compensation included base salary or wages (based on our payroll records), annual cash incentive awards earned for 2017 and the grant fair value of equity awards granted during the measurement period. We then determined the annual total compensation of our median employee. Permanent employees who joined in 2017 and permanent employees who were on leave during 2017 were assumed to have worked for the entire measurement period. We captured all employees as of December 31, 2017, consisting of 24,599 individuals globally, with approximately 57.6% of these individuals located in the U.S. and approximately 42.4% located outside of the U.S. Earnings of our employees outside the U.S. were converted to U.S. dollars using an average currency exchange rate over the measurement period. The annual total compensation of our median employee for 2017 was \$5,140. As disclosed in the Summary Compensation table appearing on page 25, our Chief Executive Officers' annual total compensation for 2017 was \$7,773,992. The annual total compensation of the median employee and the annual total compensation of the CEO were calculated in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K. Based on the foregoing, our estimate of the ratio of the annual total compensation of our CEO to the annual total compensation for our median employee was 1,512 to 1. As noted above, we have a large global workforce, which largely consists of part-time employees paid on an hourly basis and working in our retail stores. Of the 14,178 individuals working in the United States, 77% were part-time employees, most of whom work in our domestic retail stores, including our median employee, and a similar percentage of our non-U.S. workforce is also part-time employees. Accordingly, this had a significant impact on the amount of our CEO pay ratio.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2017 regarding compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
2017 Plan			9,888,500
2008 ESPP(3)			5,192,396
Total plans approved by security holders	(1)		15,080,896 ⁽²⁾
Total			15,080,896

(1) Amount does not include 2,303,557 shares of restricted stock, which were awarded under the 2007 Plan and the 2017 Plan, that were outstanding as of December 31, 2017.

(2) The shares available for issuance under the 2017 Plan are available for issuance as restricted stock and other forms of equity-based compensation in addition to stock options, warrants and rights.

(3) On January 1, 2018, our 2008 Employee Stock Purchase Plan expired, and we began granting purchase rights under our 2018 Employee Stock Purchase Plan, which had 5,000,000 shares available for future issuance on such date.

Relationship of Risk to Compensation Policies and Practices

In March 2018, our company's management and Compensation Committee reviewed our compensation policies and practices to determine whether any potential risks related to our compensation policies and practices for executives and other employees could encourage decision making that could expose our company to unreasonable risks of material adverse consequences to our financial condition, results of operations or cash flows. The Compensation Committee discussed these potential pay risks with management and determined that any such pay risks do not expose our company to any risks that could result in a material adverse effect to our financial condition, results of operations or cash flows.

REPORT OF THE AUDIT COMMITTEE

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

The Audit Committee has done the following:

it reviewed and discussed with Skechers' management, internal finance staff, internal auditors and BDO, with and without management present, Skechers' audited consolidated financial statements for the fiscal year ended December 31, 2017, management's assessment of the effectiveness of Skechers' internal control over financial reporting, and BDO's evaluation of Skechers' internal control over financial reporting;

it discussed with BDO the results of its examinations and the judgments concerning the quality, as well as the acceptability, of Skechers' accounting principles and such other matters that Skechers is required to discuss with its independent registered public accounting firm under applicable rules, regulations and U.S. generally accepted auditing standards (including Auditing Standard No. 1301, "Communications with Audit Committees" as adopted by the Public Company Accounting Oversight Board); and

it received from BDO the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and discussed with BDO its independence from Skechers and management, including a consideration of the compatibility of non-audit services with their independence, the scope of the audit and the fees paid to BDO during the year.

Based on our review and the discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements for the year ended December 31, 2017 be included in Skechers' Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the SEC.

Respectfully submitted,

Morton Erlich, Chairman

Geyer Kosinski

Richard Siskind

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Fees to Independent Registered Public Accounting Firm for Fiscal Years 2017 and 2016

BDO provided services for the fiscal years ended December 31, 2017 and 2016 in the categories and amounts as follows:

Service	2017	2016
Audit fees ⁽¹⁾	\$ 2,047,000	\$ 1,855,000
Audit-related fees ⁽²⁾	3,000	6,000
Tax fees ⁽³⁾	262,000	176,000
All other fees		
Total audit and non-audit fees	\$ 2,312,000	\$ 2,037,000

- (1) These are fees for the audit of our annual consolidated financial statements and the review of our annual report on Form 10-K, the review of condensed consolidated financial statements included in our quarterly reports on Form 10-Q, the attestation of the effectiveness of internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and consultations regarding financial accounting and reporting, as well as for services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) These are fees for the audit of gross receipts from one of our domestic retail stores.
- (3) These are fees for U.S. federal, state and international tax compliance and tax consulting.

Pre-Approval Policy

The Audit Committee's Pre-Approval Policy provides for pre-approval of specifically described audit, audit-related, tax and all other services by the Audit Committee in order to ensure that the provision of such services does not impair the independent registered public accounting firm's independence. The Pre-Approval Policy also provides a list of prohibited non-audit services. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, the requested service will require specific pre-approval by the Audit Committee. The term of any pre-approved services is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will periodically review and may revise the list of pre-approved services, based on subsequent determinations. Pre-approval fee levels for all services to be provided by the independent registered public accounting firm are established annually by the Audit Committee after the independent registered public accounting firm's appointment for the then current fiscal year has been approved by the Audit Committee. Any fees for proposed services exceeding these levels will also require specific pre-approval by the Audit Committee. All services provided by our independent registered public accounting firm in 2017 were pre-approved in accordance with the Audit Committee's pre-approval requirements.

Attendance at Annual Meeting

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of Class A Common Stock and Class B Common Stock as of March 23, 2018 by (i) each of our directors, (ii) each of our Named Executive Officers, (iii) each person that we know to be a beneficial owner of more than 5% of either class of our Common Stock and (iv) all of our directors and executive officers as a group.

Each stockholder's percentage of ownership in the following table is based upon 135,712,476 shares of Class A Common Stock and 24,343,312 shares of Class B Common Stock outstanding as of March 23, 2018. Our Class B Common Stock is convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership is determined in accordance with SEC rules and regulations. In computing the number of shares of our Class A Common Stock beneficially owned by a person and the percentage of beneficial ownership of that person, shares of Class A Common Stock underlying notes, options or shares of Class B Common Stock held by that person that are convertible or exercisable, as the case may be, within 60 days of March 23, 2018 are included. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. To our knowledge, unless otherwise indicated in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares of Class A and Class B Common Stock set forth opposite such person's name. Unless otherwise indicated in the footnotes below, the address of each beneficial owner listed below is c/o Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266.

Name of Beneficial Owner	Number of Class A Shares Beneficially Owned	Percentage of Class A Shares Beneficially Owned	Number of Class B Shares Beneficially Owned	Percentage of Class B Shares Beneficially Owned
5% stockholders:				
FMR LLC	20,088,801 ⁽¹⁾	14.8%		
BlackRock, Inc.	12,404,460 ⁽²⁾	9.1		
The Vanguard Group, Inc.	10,881,490 ⁽³⁾	8.0		
Skechers Voting Trust	13,684,670 ⁽⁴⁾	9.2	13,684,670 ⁽⁵⁾	56.2%
Gil Schwartzberg	7,332,382 ⁽⁶⁾	5.1	7,332,382 ⁽⁷⁾	30.1
Named Executive Officers and directors:				
Robert Greenberg	19,135,261 ⁽⁸⁾	12.4%	18,468,678 ⁽⁹⁾	75.9%
Michael Greenberg	1,815,412 ⁽¹⁰⁾	1.3	1,001,023 ⁽¹¹⁾	4.1
Jeffrey Greenberg	1,984,770 ⁽¹²⁾	1.5	1,128,525 ⁽¹³⁾	4.6
David Weinberg	636,287 ⁽¹⁴⁾	*		
John Vandemore	60,000	*		
Mark Nason	48,752	*		
Morton Erlich	36,500 ⁽¹⁵⁾	*		
Geyer Kosinski	25,500	*		
Richard Rappaport	28,500 ⁽¹⁶⁾	*		
Richard Siskind	183,999	*		
Thomas Walsh	13,500	*		
All current directors and executive officers as a group (12 persons)	24,020,257	15.3%	20,598,226	84.6%

* Less than 1.0%

- (1) Information is based on a Schedule 13G filed with the SEC on February 13, 2018 and represents the number of shares beneficially owned as of December 31, 2017. FMR LLC has sole voting power with respect to 6,106,796 shares and sole dispositive power with respect to 20,088,801 shares. Each of FIAM LLC, Fidelity Institutional Asset Management Trust Company and FMR CO., Inc beneficially owns shares of Class A Common Stock, with FMR CO., Inc beneficially owning 5% or more of the outstanding shares of Class A Common Stock. Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR

- LLC. Neither FMR LLC nor Ms. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act (Fidelity Funds) advised by Fidelity Management & Research Company (FMR Co), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees. The principal business office of FMR LLC is located at 245 Summer Street, Boston, Massachusetts 02210.
- (2) Information is based on a Schedule 13G filed with the SEC on February 12, 2018 and represents the number of shares beneficially owned as of December 31, 2017. BlackRock, Inc. (BlackRock) has sole voting power with respect to 11,692,340 shares and sole dispositive power with respect to 12,404,460 shares held by the following subsidiaries: BlackRock Life Limited, BlackRock International Limited, BlackRock Advisors, LLC, BlackRock (Netherlands) B.V., BlackRock Institutional Trust Company, National Association, BlackRock Asset Management Ireland Limited, BlackRock Financial Management, Inc., BlackRock Japan Co., Ltd., BlackRock Asset Management Schweiz AG, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock (Luxembourg) S.A., BlackRock Investment Management (Australia) Limited, BlackRock Advisors (UK) Ltd, BlackRock Fund Advisors and BlackRock (Singapore) Limited. The principal business office of BlackRock is located at 55 East 52nd Street, New York, New York 10055.
- (3) Information is based on a Schedule 13G filed with the SEC on February 12, 2018 and represents the number of shares beneficially owned as of December 31, 2017. The Vanguard Group, Inc. (Vanguard) has sole voting power with respect to 71,928 shares, of which 61,572 shares are held by its wholly-owned subsidiary, Vanguard Fiduciary Trust Company, for which Vanguard serves as investment manager of collective trust accounts, and 26,512 shares are held by its wholly-owned subsidiary, Vanguard Investments Australia, Ltd., for which Vanguard serves as investment manager of Australian investment offerings. Vanguard has shared voting power with respect to 16,156 shares. Vanguard has sole dispositive power with respect to 10,803,762 shares and shared dispositive power with respect to 77,728 shares. The principal business office of Vanguard is located at 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (4) Represents shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership of these shares is described in greater detail in note 5 below.
- (5) Robert Greenberg and Gil Schwartzberg agreed to place certain shares of Class B Common Stock that they beneficially owned into the Skechers Voting Trust, of which they serve as co-trustees, pursuant to an agreement that was entered into on March 2, 2016. Mr. Greenberg contributed 8,500,000 shares that were held by the Greenberg Family Trust, of which he and his wife serve as co-trustees, to the Skechers Voting Trust. During the 15-year term of the Skechers Voting Trust (unless terminated sooner by the co-trustees), Mr. Greenberg has sole voting power with respect to these shares, and these shares may not be withdrawn from the Skechers Voting Trust in accordance with the terms of the Skechers Voting Trust. Mr. Schwartzberg has contributed 5,184,670 shares of Class B Common Stock that he beneficially owned to the Skechers Voting Trust. Mr. Schwartzberg has sole voting power with respect to these shares and shared dispositive power with Mr. Greenberg and the beneficiaries of these shares. Each beneficiary may withdraw the shares held by the Skechers Voting Trust in which he or she has an interest at any time, but only with the consent of the co-trustees. The principal business address of the Skechers Voting Trust is c/o Regina Brown, CPA, 21440 Ventura Blvd., Woodland Hills, California 91364.
- (6) Represents shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership of these shares is described in greater detail in note 7 below.
- (7) Represents 1,073,856 shares of Class B Common Stock held by the Robert Y. Greenberg 2012 Annuity Trust and 1,073,856 shares of Class B Common Stock held by the M. Susan Greenberg 2012 Annuity Trust (collectively, the Annuity Trusts), and 5,184,670 shares of Class B Common Stock held by the Skechers Voting Trust. Gil Schwartzberg may be deemed to beneficially own the shares held by the Annuity Trusts as sole trustee of those trusts, and Mr. Schwartzberg has sole voting power and sole dispositive power with respect to the shares held by the Annuity Trusts. Mr. Schwartzberg may be deemed to beneficially own the shares held by the Skechers Voting Trust as its co-trustee, with sole voting power and shared dispositive

- power with respect to these shares. Mr. Schwartzberg disclaims beneficial ownership of any of these shares except to the extent of his pecuniary interest therein. The principal business office of Mr. Schwartzberg is located at 5500 Military Trail, Suite 22, Box 356, Jupiter, Florida 33458.
- (8) Includes 18,468,678 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis. Beneficial ownership of these shares is described in greater detail in note 9 below.
 - (9) Represents 4,784,008 shares of Class B Common Stock held by the Greenberg Family Trust (the Trust) that Robert Greenberg, our Chief Executive Officer and Chairman of the Board, is deemed to beneficially own as a trustee of the Trust. His wife, Susan Greenberg, is also a trustee of the Trust and is also deemed to beneficially own all shares held by the Trust. Also, represents 13,684,670 shares of Class B Common Stock held by the Skechers Voting Trust. Mr. Greenberg may be deemed to beneficially own the shares held by the Skechers Voting Trust as its co-trustee, with sole voting power and shared dispositive power with respect to 8,500,000 of these shares and shared dispositive power with respect to 5,184,670 of these shares. Mr. Greenberg disclaims beneficial ownership of any of these shares except to the extent of his pecuniary interest therein.
 - (10) Includes 1,001,023 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis, and 152,710 shares of Class A Common Stock beneficially owned by Michael Greenberg, our President and a member of our Board of Directors, indirectly through his children. Mr. Greenberg disclaims beneficial ownership of these 152,710 shares except to the extent of his pecuniary interest therein. Beneficial ownership of the 1,001,023 shares of Class B Common Stock is described in greater detail in note 11 below.
 - (11) Includes 667,123 shares of Class B Common Stock held by the Michael Greenberg Trust that Michael Greenberg is deemed to beneficially own as trustee of such trust, and 153,900 shares of Class B Common Stock held in various trust accounts for Mr. Greenberg's minor children and of which a third party acts as trustee. Mr. Greenberg disclaims beneficial ownership of the 153,900 shares held in various trusts for his minor children except to the extent of his pecuniary interest therein.
 - (12) Includes 1,128,525 shares of Class B Common Stock that are convertible at any time into shares of Class A Common Stock on a one-for-one basis, and 115,368 shares of Class A Common Stock held in various trust accounts for Mr. Greenberg's two daughters who are minors and of which Mr. Greenberg is deemed to beneficially own as trustee of such trusts. Beneficial ownership of the 1,128,525 shares of Class B Common Stock is described in greater detail in note 13 below.
 - (13) Includes 364,365 shares of Class B Common Stock held by the Jeffrey and Lori Greenberg Family Trust that Jeffrey Greenberg, a member of our Board of Directors, is deemed to beneficially own as trustee of such trust, and an additional 4,344 shares of Class B Common Stock held by the Jeffrey and Lori Greenberg Family Trust that are his wife's separate property. Also, represents 524,964 shares of Class B Common Stock held in various trust accounts for Mr. Greenberg's two daughters who are minors and of which Mr. Greenberg is deemed to beneficially own as he or his wife is trustee of such trusts, and 32,376 shares of Class B Common Stock held by the Chloe July Greenberg custodial account and 22,476 shares of Class B Common Stock held by the Catherine Elle Greenberg custodial account, for which one of his siblings acts as custodian. These custodial accounts are for the benefit of Mr. Greenberg's two daughters who are minors, and he disclaims beneficial ownership of the 54,852 shares held in the two custodial accounts and the 4,344 shares that are his wife's separate property, except to the extent of his pecuniary interest therein.
 - (14) Includes 183,283 shares of Class A Common Stock that David Weinberg, our Chief Operating Officer, Executive Vice President and a member of our Board of Directors, is deemed to beneficially own as sole trustee of The David Weinberg Trust dated September 7, 2000.
 - (15) Includes 24,500 shares of Class A Common Stock held by The Erlich Family Trust that Morton Erlich, a member of our Board of Directors, is deemed to beneficially own as a trustee of such trust.
 - (16) Includes 6,000 shares of Class A Common Stock held in trust accounts for two of Mr. Rappaport's daughters, who share the same household as him, and of which Mr. Rappaport is deemed to beneficially own as trustee of such trusts.

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

Section 16(a) of the Securities Exchange Act requires our officers, directors and persons who own more than ten percent of a registered class of our securities, to file with the SEC reports of initial ownership (Form 3 s) and reports of changes in ownership (Form 4 s and 5 s) of our securities. Officers, directors and greater than ten percent stockholders are required by the SEC s regulations to furnish us with copies of all Section 16(a) forms that they file. Based on our review of copies of Form 3 s, 4 s and 5 s furnished to us as well as communications with our officers, directors and greater than ten percent stockholders, we believe that all of them complied with the filing requirements of Section 16(a) and we are not aware of any late or missed filings of such reports for the 2017 fiscal year, except that Morton Erlich filed one late report on Form 4 on January 17, 2018 with respect to a sale of shares on November 22, 2017.

TRANSACTIONS WITH RELATED PERSONS

Policies and Procedures

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

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

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

The following list of transactions with Related Persons includes all such transactions equal to or greater than \$120,000 that took place since January 1, 2017. Each of these transactions was reviewed, and approved or ratified by the Audit Committee, pursuant to the policies and procedures discussed herein.

Related Person Transactions

On February 1, 2018, we entered into a consulting agreement with Gil Schwartzberg, who is a beneficial owner of more than 5% of our Class A Common Stock and more than 5% of our Class B Common Stock. Mr. Schwartzberg has agreed to provide business and legal advisory services for one year in exchange for a fee of \$250,000.

We paid \$172,000 in 2017 to the Manhattan Inn Operating Company, LLC (MIOC) for lodging, food and events at the Shade Hotel in Manhattan Beach, which is owned and operated by MIOC. Michael Greenberg, our President and a director of Skechers, owns a 12% beneficial ownership interest in MIOC, and three other officers, directors and senior vice presidents of Skechers own in aggregate an additional 5% beneficial ownership in MIOC. Skechers had no outstanding accounts receivable or payable with MIOC or the Shade Hotel in Manhattan Beach at December 31, 2017.

We paid \$201,000 in 2017 to the Redondo Beach Hospitality Company, LLC (RBHC) for lodging, food and events, including the Company's 2017 holiday party at the Shade Hotel in Redondo Beach, which is owned and operated by RBHC. Michael Greenberg owns a 5% beneficial ownership interest in RBHC, and three other officers, directors and senior vice presidents of Skechers own in aggregate an additional 3% beneficial ownership in RBHC. Skechers had no outstanding accounts receivable or payable with RBHC or the Shade Hotel in Redondo Beach, at December 31, 2017.

On July 29, 2010, we formed the Skechers Foundation (the Foundation), which is a 501(c)(3) non-profit entity that does not have any shareholders or members. The Foundation is not a subsidiary of, and is not otherwise affiliated with us, and we do not have a financial interest in the Foundation. However, Michael Greenberg and David Weinberg are officers and directors of the Foundation. During the year ended December 31, 2017, we made contributions of \$1,000,000 to the Foundation.

Jeffrey Greenberg, Jason Greenberg, Joshua Greenberg and Jennifer Greenberg Messer, who are the children of Robert Greenberg and also the siblings of Michael Greenberg, are non-executive employees of Skechers, and they earned total compensation of \$303,610, \$2,280,362, \$1,649,339 and \$363,820, respectively, in 2017. Jeffrey Greenberg was also a member of our Board of Directors in 2017, but did not earn any additional compensation for services provided as a director.

Andrew Weinberg and Jeffrey Weinberg, who are the sons of David Weinberg, are non-executive employees of Skechers, and they earned total compensation of \$437,203 and \$166,051, respectively, in 2017.

NOMINATIONS AND STOCKHOLDER PROPOSALS FOR 2019 ANNUAL MEETING

Stockholder proposals intended to be presented at our next annual meeting of stockholders to be held in 2019 must be received at our principal executive offices no later than December 13, 2018 to be considered for inclusion in the proxy statement and form of proxy relating to that meeting. Proposals must comply with the proxy rules relating to stockholder proposals, in particular Rule 14a-8 under the Securities Exchange Act, to be included in our proxy materials. Stockholders who wish to submit a proposal for consideration at our annual meeting of stockholders to be held in 2019, but who do not wish to submit a proposal for inclusion in our proxy statement, must, in accordance with our bylaws, deliver a copy of their proposal no later than March 23, 2019, the close of business on the 60th day, nor earlier than February 21, 2019, the close of business on the 90th day in advance of the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting of stockholders is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice must be delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by our company. In either case, proposals should be sent by certified or registered mail, return receipt requested, to Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266, Attention: General Counsel. Stockholders are

advised to review our bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and nominations for director candidates.

OTHER BUSINESS

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

BY ORDER OF THE BOARD OF
DIRECTORS

Philip G. Paccione, *Corporate Secretary*

Dated: April 12, 2018

Manhattan Beach, California

SKECHERS U.S.A., INC.

228 MANHATTAN BEACH BLVD.

MANHATTAN BEACH, CA 90266

ATTN: TED WEITZMAN

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 05/21/2018 for shares held directly and by 11:59 P.M. ET on 05/17/2018 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 05/21/2018 for shares held directly and by 11:59 P.M. ET on 05/17/2018 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

For All **Withhold** **For All**
All **All** **Except**

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees

01 Robert Greenberg

02 Morton Erlich

03 Thomas Walsh

NOTE: Each of the person's named as proxies herein are authorized, in such person's discretion, to vote upon such

other matters as may properly come before the Annual Meeting of Stockholders, or any adjournments thereof.

For address change/comments, mark here.

(see reverse for instructions)

Yes No

Please indicate if you plan to attend this meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)
Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

SKECHERS U.S.A., INC.

Annual Meeting of Stockholders

Tuesday, May 22, 2018 at 11:00 AM

This proxy is solicited by the Board of Directors

The undersigned stockholder(s) of Skechers U.S.A., Inc. a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated April 12, 2018, and hereby appoints Morton Erlich and Richard Siskind and each of them, with full power of substitution, as attorneys-in-fact and proxies for, and in the name and place of, the undersigned, and hereby authorizes each of them to represent and to vote all of the shares which the undersigned is entitled to vote at the Annual Meeting of Stockholders of Skechers U.S.A., Inc. to be held at our corporate offices located at 330 South Sepulveda Boulevard, Manhattan Beach, California 90266, on Tuesday, May 22, 2018, at 11:00 a.m. Pacific time, and at any adjournments thereof, upon the matters as set forth in the Notice of Annual Meeting of Stockholders and Proxy Statement, receipt of which is hereby acknowledged. Directions to the Annual Meeting may be found by going to the annual meeting section of the investor relations page of our corporate information website at www.skx.com/investor.jsp.

THIS PROXY, WHEN PROPERLY EXECUTED AND RETURNED IN A TIMELY MANNER, WILL BE VOTED AT THE ANNUAL MEETING AND AT ANY ADJOURNMENTS THEREOF IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO SPECIFICATION IS MADE, THE PROXY WILL BE VOTED FOR ELECTION OF THE NOMINEES LISTED IN PROPOSAL 1 AND IN

ACCORDANCE WITH THE JUDGMENT OF THE PERSONS NAMED AS PROXIES HEREIN ON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

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