

SKECHERS USA INC  
Form DEF 14A  
April 30, 2014

**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.



(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 Thursday, May 22, 2014**

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 Thursday, May 22, 2014 at 11:00 a.m. Pacific Time.

Our Annual Meeting is being held for the following purposes:

1. To elect three members to the Board of Directors to serve for a three-year term as Class III Directors;
2. To conduct a non-binding advisory vote to approve the compensation of our Named Executive Officers;
3. To consider a stockholder proposal to eliminate the classification of the Board of Directors, if properly presented at the meeting;
4. And to transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has set the close of business on March 31, 2014 as the record date for determining those stockholders who will be entitled to vote at the Annual Meeting. The following proxy statement and enclosed proxy card are being sent to each stockholder as of the record date, and our 2013 annual report is enclosed with this notice to our stockholders.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 22, 2014: The proxy statement and 2013 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](http://www.skx.com/investor.jsp).**

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

FOR THE BOARD OF DIRECTORS

Philip G. Paccione, *Corporate Secretary*

Dated: April 30, 2014

Manhattan Beach, California

**SKECHERS U.S.A., INC.**

**PROXY STATEMENT**

**For Annual Meeting of Stockholders to be Held**

**May 22, 2014 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, 2014 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. The approximate mailing date for this proxy statement and the enclosed proxy is April 30, 2014. If a proxy in the accompanying form is duly executed and returned, the shares represented by the proxy will be voted as directed. If no direction is given, the shares represented by the proxy will be voted FOR the election of the nominees for director named herein, FOR the approval of the compensation of our Named Executive Officers and AGAINST the stockholder proposal. Any proxy given pursuant to this solicitation may be revoked at any time prior to its exercise by notifying our Corporate Secretary, Philip Paccione, in writing of such revocation, by duly executing and delivering another proxy bearing a later date, or by attending and voting in person at the Annual Meeting. If your shares are held in street name and you want to change your vote, please contact your broker, bank or other nominee to find out how to do so. We will incur the cost of this solicitation of proxies that will be made by mail. In addition, our officers and other regularly engaged employees may, in a limited number of instances, solicit proxies personally or by telephone. We will reimburse banks, brokerage firms, other custodians, nominees and fiduciaries for reasonable expenses incurred in sending proxy materials to beneficial owners of our Class A Common Stock and Class B Common Stock.

Holders of our Class A Common Stock and Class B Common Stock of record at the close of business on March 31, 2014 will be entitled to vote at the Annual Meeting. There were 40,234,743 shares of Class A Common Stock and 10,859,398 shares of Class B Common Stock outstanding on that date. Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock is entitled to ten votes, and the presence in person or by proxy of holders of a majority of the combined voting interest of the outstanding shares of Class A Common Stock and Class B Common Stock is necessary to constitute a quorum for the Annual Meeting. A quorum must be established to consider any matter.

Pursuant to Proposal No. 1, the three candidates for director receiving the most votes of the votes entitled to be voted at the Annual Meeting will become directors of Skechers. Stockholders may not cumulate their votes. Proposal No. 2 is a non-binding advisory proposal to approve the compensation of our Named Executive Officers, and Proposal No. 3 is a non-binding stockholder proposal on whether to declassify the Board of Directors. Each of Proposal Nos. 2 and 3 will be considered as having passed if it receives the affirmative for vote of a majority of the shares present in person or represented by proxy and entitled to vote on each such proposal at the Annual Meeting.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained, but will be counted in determining whether there is a

quorum. A properly executed proxy marked "Abstain" with respect to any such proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Because directors are elected by a plurality of the votes cast, proxies marked "Abstain" as to Proposal No. 1 will not have any effect on the election of directors as long as one vote is cast for each director nominee. Proposal Nos. 2 and 3 will be determined by a majority of the votes present and entitled to vote, and proxies marked "Abstain" as to Proposal Nos. 2 and/or 3 will have the same effect as a vote cast against the respective proposals.

The U.S. Securities and Exchange Commission (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 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 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 are Geyer Kosinski, Richard Rappaport and Richard Siskind.

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

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

**PROPOSAL NO. 2**

**ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

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

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2014 Annual Meeting of Stockholders.

Stockholders are urged to read the Compensation Discussion and Analysis section of this Proxy Statement, which discusses in detail how our compensation policies and procedures implement our compensation philosophy, and to refer to the related executive compensation tables. The compensation of our Named Executive Officers is based on a design that ties a substantial percentage of an executive's compensation to our attainment of financial and other performance measures that, our Board of Directors believes, promote the creation of long-term stockholder value and position our company for long-term success. As described more fully in the Compensation Discussion and Analysis, the mix of fixed- and performance-based compensation, as well as the terms of restricted stock awards, are designed to enable our company to attract and maintain top talent while, at the same time, creating a close relationship between our company's performance and overall stockholder return and the Named Executive Officers' compensation. Our Compensation Committee and Board of Directors believe that the design of the program, and hence the compensation awarded to Named Executive Officers under the current program, fulfills this objective.

Although the vote is advisory and non-binding, our Board of Directors and Compensation Committee value the opinions that our stockholders express in their votes and will consider the voting results in connection with their ongoing evaluation of our compensation program. Our Board of Directors has determined to hold an advisory vote on the compensation of our Named Executive Officers every three years. Unless our Board of Directors modifies its determination on the frequency of such future advisory votes, the next advisory vote on the compensation of our named executive officers will be held at the 2017 annual meeting of stockholders.

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



**PROPOSAL NO. 3**

**NON-BINDING STOCKHOLDER PROPOSAL REGARDING**

**DECLASSIFICATION OF THE BOARD OF DIRECTORS**

The Comptroller of the State of New York, Thomas P. DiNapoli, trustee of the New York State Common Retirement Fund and administrative head of the New York State and Local Retirement System, a beneficial owner of at least \$2,000 worth of our Class A Common Stock, submits the following resolution to stockholders for approval at the Annual Meeting, if properly presented. We will provide the proponent's address to any stockholder promptly upon request. The text of the proponent's resolution and supporting statement appear below, printed verbatim from its submission. We disclaim all responsibility for the content of the proposal and the supporting statement, including sources referenced therein.

The stockholder's proposal follows:

RESOLVED, that shareholders of Skechers U.S.A., Inc. urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors, and to require that all directors elected at or after the annual meeting held in 2015 stand for elections on an annual basis. Implementation of this proposal should not affect the unexpired terms of any directors elected to the Board of Directors at or prior to the annual meeting of the company held in 2014.

**SUPPORTING STATEMENT**

We believe that the ability to elect directors is the single most important use of the shareholder franchise. Accordingly, directors should be accountable to shareholders on an annual basis. The election of directors by classes, for three-year terms, in our opinion, minimizes accountability and precludes the full exercise of the rights of shareholders to approve or disapprove annually the performance of a director or directors.

In addition, since only one-third of the Board of Directors is elected annually, we believe that classified boards could frustrate, to the detriment of long-term shareholder interest, the efforts of a bidder to acquire control or a challenger to engage successfully in a proxy contest. A staggered board has been found to be one of six entrenching mechanisms that are associated with lower firm valuation. See "What Matters in Corporate Governance?" Lucian Bebchuk, Alma Cohen & Allen Ferrell, *Review of Financial Studies*, Vol. 22, Issue 2, 783 (2009).

The New York State Common Retirement Fund urges you to join us in voting to declassify the election of directors, as a powerful tool for management incentive and accountability. We urge your support FOR this proposal.

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**BOARD OF DIRECTORS OPPOSITION STATEMENT**

Our Board of Directors has considered the most effective structure for the term of each director and has determined, for the reasons set forth below, that the current classified structure of the Board continues to be in the best long-term interests of our company and its stockholders.

**Stability, Continuity and Experience.** In accordance with our amended and restated certificate of incorporation, the Board is divided into three classes, with each class serving a staggered three-year term. This classified structure provides the Board stability and continuity, enhancing long-term strategic planning by the Board. This classified structure also ensures that, at any given time, the Board is comprised of experienced directors who are intimately familiar with our business, strategic goals, history and culture.

**Accountability.** All directors, regardless of the length of their term of office, are required to act in their capacity as a director in a manner that complies with their fiduciary duties to our company and its stockholders. The Board believes that the experience of individual directors is more important to effective board governance than annual elections. The classified structure of the Board strengthens our ability to attract and retain high quality directors who are willing to make the significant commitment of time and effort to our company and its stockholders that effective board service requires.

**Enhancement of Stockholders Long-Term Interests.** Electing directors to three-year terms enhances the focus of non-management directors on the long-term interests of stockholders by providing them with a longer term of office. The longer term reduces the potential influence of special and single interest stockholder groups who might have a short-term agenda to take action that is not in the long-term interests of our company and its stockholders. As a result, non-management directors are able to function with greater independence and long-term perspective, which is critical to the non-management directors making decisions that are in the best interests of our company and its stockholders.

Stockholder approval of this proposal would not in itself declassify the Board. Under Delaware law, the state where our company is incorporated, to change the classified structure of the Board, the Board must first authorize an amendment to our amended and restated certificate of incorporation. Stockholders would then have to approve the amendment with an affirmative vote of not less than a majority of the total voting power of all outstanding shares of our common stock entitled to vote on the amendment.

After careful consideration of this proposal, the Board believes that the retention of a classified structure for the Board remains in the best long-term interests of our company and its stockholders.

**The Board of Directors recommends a vote AGAINST the non-binding stockholder proposal regarding declassification of the Board of Directors.**

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**BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**
**Information Concerning Director Nominees**

Name	Age	Class and Year		Position
		in Which Term Will		
		Expire if Re-elected		
Geyer Kosinski	48	Class III (2017)		Director
Richard Rappaport	54	Class III (2017)		Director
Richard Siskind	68	Class III (2017)		Director

**Geyer Kosinski** has served as a member of our Board of Directors since November 2001. Since July 2004, Mr. Kosinski has been the Chairman and Chief Executive Officer of Media Talent Group, a talent management and production company that produces feature films and television programming and manages over 50 actors, writers and directors.

Mr. Kosinski's qualifications to serve on our Board include over 20 years of leadership and transactional experience, specifically managing the careers of actors, writers and directors and developing and producing numerous feature films and television series in the entertainment industry.

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

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

Mr. Rappaport's qualifications to serve on our Board include 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. In 1991, Mr. Siskind founded R. Siskind & Company, a business that purchases brand name men's and women's apparel and

accessories and redistributes those items to off-price retailers. R. Siskind & Company also controls other companies that have licenses and distribution agreements for various brands, and he is its Chief Executive Officer and a member of its Board of Directors.

Mr. Siskind's qualifications to serve on our Board include over 35 years of experience as chief executive officer of various companies in the consumer retail sector, including four years as Chief Executive Officer and six years as a Board member of Magic Lantern Group, a publicly traded apparel company, and 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.

### 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
Robert Greenberg	74	Class I (2015)	Chairman of the Board and Chief Executive Officer
Morton Erlich	69	Class I (2015)	Director
Thomas Walsh	72	Class I (2015)	Director
Michael Greenberg	51	Class II (2016)	President and Director
David Weinberg	63	Class II (2016)	Executive Vice President; Chief Operating Officer; Chief Financial Officer; and Director
Jeffrey Greenberg	46	Class II (2016)	Senior Vice President, Active Electronics Media and 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 30 years of experience in the footwear industry, primarily in branding and product design, including 22 years as our founder, leader and largest stockholder 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 September 2004. Since October 2013, Mr. Erlich has served as a member of the board of directors of American Vanguard Corporation (NYSE:AVD). 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.

**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 25 years of experience in the footwear industry, specifically in sales, including his leadership as President of our company for more than 20 years.

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

Mr. Weinberg's qualifications to serve on our Board include over 20 years of experience in the footwear industry, specifically in finance and operations, including 15 years as our Chief Financial Officer and seven years as our Chief Operating Officer.

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

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

#### Executive Officers

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

Name	Age	Position
Philip Paccione	52	Executive Vice President of Business Affairs, General Counsel and Corporate Secretary
Mark Nason	52	Executive Vice President of Product Development

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

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

Robert Greenberg is the father of Michael Greenberg and Jeffrey Greenberg; other than the foregoing, no family relationships exist 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](http://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 2013, and all directors 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 of the directors attended the Annual Meeting of Stockholders held in 2013.

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 2013 for each of the committees. Each of the members of these committees is independent as defined by Section 303A of the New York Stock Exchange ( NYSE ) Listed Company Manual (collectively, the NYSE Rules ), and each member of the Audit Committee is independent as defined by Section 10A(m)(3) of, and Rule 10A-3(b) under, the Exchange Act. All committee meetings were attended by all respective committee members in 2013, except that Geyer Kosinski and Richard Siskind were each unable to attend one meeting of the Audit Committee.

Name	Audit Committee	Compensation Committee	Nominating and Governance Committee
Morton Erlich	X*	X	X*
Geyer Kosinski	X		
Richard Siskind	X	X*	X
Total Meetings in 2013	9	6	3

\* 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](http://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 our largest stockholder, with beneficial ownership of approximately 29.0% of the aggregate number of votes eligible to be cast by our stockholders and the ability to exert significant influence over matters requiring approval by our stockholders, we believe Mr. Greenberg is the appropriate person to lead both our Board of Directors and the management of our company.

To further strengthen our corporate governance structure and provide independent oversight of our company, our Board of Directors appointed Morton Erlich as our Lead Independent Director. As Lead Independent Director, Mr. Erlich acts as a liaison between the non-management directors on our Board and Robert Greenberg and the other members of our management team, chairs 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 Director of Internal Audit and our independent registered public accounting firm about our financial reporting processes, internal controls and policies with respect to financial risk assessment and management. The Chairman of the Audit Committee has periodic discussions with our Director of Internal Audit about the adequacy and effectiveness of steps taken to monitor, control and report financial risk exposures, and the Director of Internal Audit also presents the Audit Committee with formal periodic status reports as well. The Compensation Committee oversees risks related to our compensation programs and the Nominating and Governance Committee is responsible for reviewing regulatory and other corporate compliance risks. The Board is advised by the committees of significant risks and management's response via periodic updates.

### **Stockholder Communications with the Board of Directors**

Stockholders and other interested parties who wish to contact our Presiding Independent Director, Morton Erlich, or any of our other directors either individually or as a group may do so by writing to them c/o Philip Paccione, Corporate Secretary, Skechers U.S.A., Inc., 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266. Each writing interested party should specify whether the communication is directed to our entire Board of Directors, to only the non-management directors or to a particular director. 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 the 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 Company staff members or agents 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 controls functions in addition to financial risk assessment and management applicable to our company, (iii) our policies and procedures regarding transactions with related persons, as described in greater detail below in the section entitled *Transactions with Related Persons*, (iv) the appointment, compensation, independence and performance of our independent registered public accounting firm, and (v) our compliance with legal and regulatory requirements.

#### **Compensation Committee**

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

Neither of the members of our Compensation Committee has ever been an employee or officer of our company or any of its subsidiaries. None of our executive officers has served or currently serves on the board of directors or on the compensation committee of any other entity, which has officers who served on our Board of Directors or Compensation Committee during the fiscal year ended December 31, 2013.

#### **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. 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.

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

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

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

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

the principal occupation or employment of the person;

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

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

As to the stockholder recommending a candidate for director:

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

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

To be considered by the Nominating and Governance Committee for the 2015 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 2015 Annual Meeting* in this proxy statement.



## Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics, which applies to all directors, officers and employees, was adopted by our Board of Directors as of April 28, 2004 and amended by the Board as of January 15, 2007. The purpose of the Code of Business Conduct and Ethics is to promote honest and ethical conduct. The Code of Business Conduct and Ethics is posted in the corporate governance section of the investor relations page of our corporate information website located at [www.skx.com/investor.jsp](http://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 2013. 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 Erlich	99,250	99,250
Geyer Kosinski	51,750	51,750
Richard Rappaport	38,250	38,250
Richard Siskind	79,000	79,000
Thomas Walsh	39,750	39,750

(1) This column reports the amount of cash compensation earned in 2013 for Board and committee service.

*Non-Employee Directors.* We paid each of our non-employee directors annual compensation of \$7,500 for serving on the Board of Directors during the first quarter of 2013, which was increased in the second quarter to \$8,750 per quarter for the duration of 2013. Our Audit Committee Chairman, Compensation Committee Chairman and Nominating and Governance Committee Chairman were paid additional quarterly fees of \$3,750, \$2,500 and \$2,500, respectively, during the first quarter of 2013, which were increased in the second quarter to \$5,000, \$3,750 and \$3,750, respectively, per quarter for the duration of 2013. Non-employee directors also received fees of \$1,500 for each Board and committee meeting attended during 2013. 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 2013, non-employee directors were eligible to receive awards of restricted shares of Class A Common Stock, grants of options to purchase shares of Class A Common Stock and other equity-based compensation under the 2007 Annual Incentive Award (the "2007 Plan") as determined by the Board of Directors. In 2013, none of our non-employee directors were issued any restricted shares of Class A Common Stock or granted any options to purchase shares of Class A Common Stock. As of December 31, 2013, our non-employee directors did not hold any outstanding equity awards.

*Employee Directors.* As of December 31, 2013, Robert Greenberg, Michael Greenberg and David Weinberg were the only Named Executive Officers serving on our Board of Directors, and Jeffrey Greenberg was the only non-executive employee serving on our Board of Directors. Employees of Skechers who are members of the Board of Directors are not paid any directors' fees. Compensation of Robert Greenberg, Michael Greenberg and David Weinberg earned in 2013 is set forth under *Executive Compensation*. Compensation of Jeffrey Greenberg earned in 2013 is described in the section entitled *Transactions with Related Persons* in this proxy statement. During the 2013 fiscal year, employee directors were eligible to receive awards of shares of Class A Common Stock, grants of options to purchase shares of Class A Common Stock and other equity-based compensation under the 2007 Plan as determined by the Board of Directors. In 2013, none of our employee directors were issued any restricted shares of Class A Common Stock or granted any options to purchase shares of Class A Common Stock. As of December 31, 2013, our employee directors did not hold any outstanding 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 2013 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; Michael Greenberg, President; David Weinberg, Chief Operating Officer and Chief Financial Officer; Mark Nason, Executive Vice President of Product Development; and Philip Paccione, General Counsel and Corporate Secretary. 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.

### Role of Compensation Committee

Our executive compensation program is administered by or under the direction of the Compensation Committee of our Board of Directors. Under the terms of its Charter, the Compensation Committee is responsible for (i) discharging the Board's responsibilities relating to compensation of our executive officers, (ii) overseeing the administration of our executive compensation plans, (iii) reviewing and discussing with 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 2013 to review policies and procedures with respect to executive compensation or to advise us on compensation matters. For 2013, 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 has believed in past years 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.

Following our company's improved financial performance including a return to profitability in 2012, the Compensation Committee re-focused on executive compensation policies that have historically been 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 2013 to effectively balance executive officers' salaries with incentive compensation that was performance-based. We believe that it served the needs of our stockholders and key executives to provide incentives commensurate with individual management responsibilities and past and future contributions to corporate objectives. The mix of compensation elements varied among the executive officers based on each executive officer's position, responsibilities and performance with Skechers.

#### **Elements of Compensation**

Our executive compensation has historically consisted of three primary components:

base salary and benefits;

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

equity compensation awarded under the 2007 Plan.

These components, individually and in the aggregate, are designed to accomplish one or more of the compensation objectives described above. While our executive officers were not provided all of these components for 2013, we annually reassess the total compensation of our executive officers to ensure that our overall compensation objectives are met, as evidenced by the award of equity compensation to our Named Executive Officers in January 2014 for the 2014 fiscal year.

#### **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.



The 2013 annual base salaries of three of the Named Executive Officers, Robert Greenberg, David Weinberg and Philip Paccione, were increased from their 2012 levels by \$250,000, \$75,000 and \$50,000, respectively. Based on conversations that the members of the Compensation Committee had amongst themselves and with management, and following the recommendation of our Chief Executive Officer, Robert Greenberg, the Compensation Committee determined that it was appropriate to increase these three Named Executive Officers' base salaries on the basis of its review of their individual contributions to our improved financial performance in 2012. The base salaries of the remaining Named Executive Officers were not increased in 2013.

### **Annual Incentive Compensation**

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

The 2006 Plan provides executive employees, including the Named Executive Officers, with the opportunity to earn bonuses based on our financial performance by linking incentive award opportunities to the achievement of our performance goals. The 2006 Plan allows us to set 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 in January 2013 for fiscal 2013. The business criteria used in the formulae to calculate the incentive compensation of the Named Executive Officers for 2013 was our net sales growth because the Compensation Committee believes that it provides an accurate measure of our annual performance. While in past years, the formulae used each quarter to determine if any incentive compensation was earned was based on quarterly net sales in the current year compared to the corresponding quarter in the immediately preceding year, our management recommended and the Compensation Committee determined that such a policy was not appropriate for 2012 following our decline in financial performance in 2011. Instead, for 2012, our management recommended and the Compensation Committee adopted a policy pursuant to which quarterly net sales in 2012 would be compared to the corresponding quarter in 2010 when our net sales performance was stronger to determine whether any incentive compensation was earned each quarter. For 2013, following our company's improved financial performance in 2012, the Compensation Committee adopted management's recommendation to revert back to the policy of comparing quarterly net sales for 2013 to the corresponding quarter in the immediately preceding year, 2012, for the purpose of calculating any incentive compensation to be earned in 2013.

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