
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-14429

SKECHERS U.S.A., INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

95-4376145
(I.R.S. Employer Identification No.)

228 Manhattan Beach Blvd.
Manhattan Beach, California
(Address of Principal Executive Office)

90266
(Zip Code)

(310) 318-3100
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

THE NUMBER OF SHARES OF CLASS A COMMON STOCK OUTSTANDING AS OF APRIL 30, 2010: 35,768,770.
THE NUMBER OF SHARES OF CLASS B COMMON STOCK OUTSTANDING AS OF APRIL 30, 2010: 11,632,235.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
FORM 10-Q
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PART I — FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SKECHERS U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)**

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 325,879	\$ 265,675
Short-term investments	0	30,000
Trade accounts receivable	291,963	219,924
Other receivables	4,619	12,177
Total receivables	296,582	232,101
Inventories	189,002	224,050
Prepaid expenses and other current assets	31,170	28,233
Deferred tax assets	8,950	8,950
Total current assets	851,583	789,009
Property and equipment, at cost, less accumulated depreciation and amortization	174,072	171,667
Intangible assets, less accumulated amortization	8,618	9,011
Deferred tax assets	13,665	13,660
Other assets, at cost	13,183	12,205
TOTAL ASSETS	<u>\$1,061,121</u>	<u>\$ 995,552</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Current installments of long-term borrowings	\$ 16,024	\$ 529
Short-term borrowings	1,323	2,006
Accounts payable	184,325	196,163
Accrued expenses	40,886	31,843
Total current liabilities	242,558	230,541
Long-term borrowings, excluding current installments	0	15,641
Total liabilities	242,558	246,182
Commitments and contingencies		
Equity:		
Preferred Stock, \$.001 par value; 10,000 authorized; none issued and outstanding	0	0
Class A Common Stock, \$.001 par value; 100,000 shares authorized; 35,196 and 34,229 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	35	34
Class B Common Stock, \$.001 par value; 100,000 shares authorized; 12,198 and 12,360 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	12	13
Additional paid-in capital	289,961	272,662
Accumulated other comprehensive income	5,080	9,348
Retained earnings	520,161	463,865
Skechers U.S.A., Inc. equity	815,249	745,922
Noncontrolling interests	3,314	3,448
Total equity	818,563	749,370
TOTAL LIABILITIES AND EQUITY	<u>\$1,061,121</u>	<u>\$ 995,552</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Unaudited)
(In thousands, except per share data)

	Three-Months Ended March 31,	
	2010	2009
Net sales	\$ 492,764	\$ 343,470
Cost of sales	255,346	218,041
Gross profit	237,418	125,429
Royalty income	385	272
	<u>237,803</u>	<u>125,701</u>
Operating expenses:		
Selling	34,309	21,510
General and administrative	122,487	98,038
	<u>156,796</u>	<u>119,548</u>
Earnings from operations	<u>81,007</u>	<u>6,153</u>
Other income (expense):		
Interest income	1,428	706
Interest expense	(715)	(42)
Other, net	209	(218)
	<u>922</u>	<u>446</u>
Earnings before income taxes	81,929	6,599
Income tax expense (benefit)	25,806	(753)
Net earnings	56,123	7,352
Less: Net loss attributable to noncontrolling interests	(173)	(868)
Net earnings attributable to Skechers U.S.A., Inc.	<u>\$ 56,296</u>	<u>\$ 8,220</u>
Net earnings per share attributable to Skechers U.S.A., Inc.:		
Basic	<u>\$ 1.20</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 1.15</u>	<u>\$ 0.18</u>
Weighted average shares used in calculating earnings per share attributable to Skechers U.S.A., Inc.:		
Basic	<u>46,781</u>	<u>46,221</u>
Diluted	<u>48,742</u>	<u>46,467</u>
Comprehensive income:		
Net earnings	\$ 56,296	\$ 8,220
Unrealized loss on marketable securities, net of tax	0	(2,083)
Loss on foreign currency translation adjustment, net of tax	(4,268)	(2,962)
Total comprehensive income	<u>\$ 52,028</u>	<u>\$ 3,175</u>

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three-Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net earnings	\$ 56,296	\$ 8,220
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Noncontrolling interest in subsidiaries	(173)	(868)
Depreciation of property and equipment	5,319	4,497
Amortization of deferred financing costs	370	0
Amortization of intangible assets	393	224
Provision for bad debts and returns	2,587	826
Non-cash stock compensation	3,309	589
Loss on disposal of property and equipment	132	1
Deferred taxes	(7)	(607)
Impairment of property and equipment	0	761
(Increase) decrease in assets:		
Receivables	(70,518)	(57,634)
Inventories	34,535	88,191
Prepaid expenses and other current assets	(3,179)	(2,433)
Other assets	(1,689)	2,050
Increase (decrease) in liabilities:		
Accounts payable	(12,238)	(65,492)
Accrued expenses	9,212	(6,543)
Net cash provided by (used in) operating activities	<u>24,349</u>	<u>(28,218)</u>
Cash flows from investing activities:		
Capital expenditures	(6,649)	(16,406)
Maturities of investments	30,000	375
Net cash provided by (used in) investing activities	<u>23,351</u>	<u>(16,031)</u>
Cash flows from financing activities:		
Net proceeds from the issuances of stock through employee stock purchase plan and the exercise of stock options	8,295	0
Payments on long-term debt	(133)	(31)
(Decrease) increase in short-term borrowings	(684)	1,145
Contribution from noncontrolling interest of consolidated entity	0	2,000
Excess tax benefits from stock-based compensation	5,695	0
Net cash provided by financing activities	<u>13,173</u>	<u>3,114</u>
Net increase (decrease) in cash and cash equivalents	60,873	(41,135)
Effect of exchange rates on cash and cash equivalents	(669)	(601)
Cash and cash equivalents at beginning of the period	<u>265,675</u>	<u>114,941</u>
Cash and cash equivalents at end of the period	<u>\$ 325,879</u>	<u>\$ 73,205</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 1,116	\$ 858
Income taxes	13,543	557

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010 and 2009 (Unaudited)

(1) GENERAL

Basis of Presentation

The accompanying condensed consolidated financial statements of Skechers U.S.A., Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include certain footnotes and financial presentations normally required under accounting principles generally accepted in the United States of America for complete financial reporting. The interim financial information is unaudited, but reflects all normal adjustments and accruals which are, in the opinion of management, considered necessary to provide a fair presentation for the interim periods presented. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the entire fiscal year ending December 31, 2010.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Noncontrolling interests

The Company has interests in certain joint ventures which are consolidated into its financial statements. Noncontrolling interest of \$0.2 million and \$0.9 million for the three months ended March 31, 2010 and 2009, respectively, represents the share of net loss that is attributable to our joint venture partners.

Recent accounting pronouncements

In June 2009, the FASB issued Accounting Standards Update ("ASU") 2009-17, *Amendments to FASB Interpretation No. 46(R)*. ASU 2009-17 requires a qualitative approach to identifying a controlling financial interest in a variable interest entity ("VIE"), and requires ongoing assessment of whether an entity is a VIE and whether an interest in a VIE makes the holder the primary beneficiary of the VIE. ASU 2009-17 is effective for interim and annual reporting periods beginning after November 15, 2009. Our adoption of ASU 2009-17 did not have a material impact on our consolidated financial statements.

(2) INVESTMENTS

At December 31, 2009, short-term investments were \$30.0 million, which consisted of U.S. government obligations with maturities of greater than 90 days. These investments were redeemed during the three months ended March 31, 2010.

(3) REVENUE RECOGNITION

The Company recognizes revenue on wholesale sales when products are shipped and the customer takes title and assumes risk of loss, collection of the relevant receivable is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. This generally occurs at time of shipment. The Company recognizes revenue from retail sales at the point of sale. Allowances for estimated returns, discounts, doubtful accounts and chargebacks are provided for when related revenue is recorded. Related costs paid to third-party shipping companies are recorded as a cost of sales.

Royalty income is earned from licensing arrangements. Upon signing a new licensing agreement, we receive up-front fees, which are generally characterized as prepaid royalties. These fees are initially deferred and recognized as revenue as earned (i.e., as licensed sales are reported to the company or on a straight-line basis over the term of the agreement). The first calculated royalty payment is based on actual sales of the licensed product. Typically, at each quarter-end we receive correspondence from our licensees indicating actual sales for the period, which is used to calculate and accrue the related royalties based on the terms of the agreement.

(4) OTHER COMPREHENSIVE INCOME

In addition to net earnings, other comprehensive income includes changes in foreign currency translation adjustments and unrealized gains and losses on marketable securities. The Company operates internationally through several foreign subsidiaries. Assets and liabilities of the foreign operations denominated in local currencies are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange during the period of translation. The resulting translation adjustments along with the translation adjustments related to intercompany loans of a long-term investment nature are included in the translation adjustment in other comprehensive income.

The activity in other comprehensive income, net of income taxes, was as follows (in thousands):

	Three-Months Ended March 31,	
	2010	2009
Net earnings	\$ 56,123	\$ 7,352
Unrealized gain on marketable securities, net of tax	0	(2,083)
Loss on foreign currency translation adjustment, net of tax	(4,229)	(2,982)
Comprehensive income	51,894	2,287
Comprehensive loss attributable to noncontrolling interest	(134)	(888)
Comprehensive income attributable to parent	\$ 52,028	\$ 3,175

(5) STOCK COMPENSATION

For stock-based awards we have recognized compensation expense based on the grant date fair value. Stock compensation expense was \$3.3 million and \$0.6 million for the three months ended March 31, 2010 and 2009, respectively.

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Stock options granted pursuant to the 1998 Stock Option, Deferred Stock and Restricted Stock Plan and the 2007 Incentive Award Plan (the "Equity Incentive Plans") were as follows:

	<u>SHARES</u>	<u>WEIGHTED AVERAGE EXERCISE PRICE</u>	<u>WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM</u>	<u>AGGREGATE INTRINSIC VALUE</u>
Outstanding at December 31, 2009	1,505,694	\$ 12.01		
Granted	0	0		
Exercised	(548,518)	13.32		
Cancelled	(23,080)	3.94		
Outstanding at March 31, 2010	<u>934,096</u>	11.44	1.9 years	\$ 23,236,986
Exercisable at March 31, 2010	<u>934,096</u>	11.44	1.9 years	\$ 23,236,986

A summary of the status and changes of our nonvested shares related to our Equity Incentive Plans as of and for the three months ended March 31, 2010 is presented below:

	<u>SHARES</u>	<u>WEIGHTED AVERAGE GRANT-DATE FAIR VALUE</u>
Nonvested at December 31, 2009	2,158,644	\$ 17.86
Granted	126,500	30.81
Vested	(102,644)	17.06
Cancelled	0	0
Nonvested at March 31, 2010	<u>2,182,500</u>	18.64

As of March 31, 2010, there was \$34.5 million of unrecognized compensation cost related to nonvested common shares. The cost is expected to be amortized over a weighted average period of 2.6 years.

(6) EARNINGS PER SHARE

Basic earnings per share represents net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share, in addition to the weighted average determined for basic earnings per share, includes potential common shares, if dilutive, which would arise from the exercise of stock options and nonvested shares using the treasury stock method.

The following is a reconciliation of net earnings and weighted average common shares outstanding for purposes of calculating basic earnings per share (in thousands, except per share amounts):

<u>Basic earnings per share</u>	<u>Three-Months Ended March 31,</u>	
	<u>2010</u>	<u>2009</u>
Net earnings attributable to Skechers U.S.A., Inc.	\$ 56,296	\$ 8,220
Weighted average common shares outstanding	46,781	46,221
Basic earnings per share attributable to Skechers U.S.A., Inc	\$ 1.20	\$ 0.18

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The following is a reconciliation of net earnings and weighted average common shares outstanding for purposes of calculating diluted earnings per share (in thousands, except per share amounts):

Diluted earnings per share	Three-Months Ended March 31,	
	2010	2009
Net earnings attributable to Skechers U.S.A., Inc.	\$ 56,296	\$ 8,220
Weighted average common shares outstanding	46,781	46,221
Dilutive effect of stock options	1,961	246
Weighted average common shares outstanding	48,742	46,467
Diluted earnings per share attributable to Skechers U.S.A., Inc	\$ 1.15	\$ 0.18

Options to purchase 1,270,027 shares of Class A common stock were not included in the computation of diluted earnings per share for the three months ended March 31, 2009, because their effect would have been anti-dilutive. There were no options excluded from the computation of diluted earnings per share for the three months ended March 31, 2010.

(7) INCOME TAXES

The Company's effective tax rate was 31.5% and (11.4%) for the three months ended March 31, 2010 and 2009, respectively. Income tax expense for the three months ended March 31, 2010 was \$25.8 million compared to an income tax benefit of \$0.8 million for the same period in 2009. The income tax expense for the three months ended March 31, 2010 includes a \$0.3 million discrete tax benefit relating to the favorable settlement of certain state income tax audits during the quarter. The income tax benefit for the three months ended March 31, 2009 includes a \$1.9 million discrete tax benefit adjusting the amount of tax benefit recognized in 2008 relating to the Company entering into an advanced pricing agreement ("APA") with the U.S. Internal Revenue Service ("IRS").

The tax provision for the three months ended March 31, 2010 was computed using the estimated effective tax rates applicable to each of the domestic and international taxable jurisdictions for the full year. The estimated effective tax rate is subject to management's ongoing review and revision, if necessary. The rate for the three months ended March 31, 2010 is lower than the expected domestic rate of approximately 40% due to our non-U.S. subsidiary earnings in lower tax rate jurisdictions and our planned permanent reinvestment of undistributed earnings from our non-U.S. subsidiaries, thereby indefinitely postponing their repatriation to the United States. As such, the Company did not provide for deferred income taxes on accumulated undistributed earnings of our non-U.S. subsidiaries.

The Company files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. The Company has completed U.S. federal audits through 2003, and is not currently under examination by the IRS; however the Company is under examination by a number of states. During the three months ended March 31, 2010, settlements were reached with certain state tax jurisdictions which reduced the balance of 2010 and prior year unrecognized tax benefits by \$0.3 million.

(8) LINE OF CREDIT AND SHORT-TERM BORROWINGS

On June 30, 2009, we entered into a \$250.0 million credit agreement, as amended (the "Credit Agreement") that replaced the existing \$150.0 million credit agreement. The new credit facility matures in June 2013. The Credit Agreement permits us and certain of our subsidiaries to borrow up to \$250.0 million based upon a borrowing base of eligible accounts receivable and inventory, which amount can be increased to \$300.0 million at our request and upon satisfaction of certain conditions including obtaining the commitment of existing or prospective lenders willing to provide the incremental amount. Borrowings bear interest at the borrowers' election based on LIBOR or a Base Rate (defined as the greatest of the base LIBOR plus 1.00%, the Federal Funds Rate plus 0.5% or one of the lenders' prime rate), in each case, plus an applicable margin based on the average daily principal balance of revolving loans under the Credit Agreement (2.75% to 3.25% for Base Rate Loans and 3.75% to 4.25% for Libor Rate Loans). We pay a monthly unused line of credit fee between 0.5% and 1.0% per annum, which varies based on the average daily

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principal balance of outstanding revolving loans and undrawn amounts of letters of credit outstanding during such month. The Credit Agreement further provides for a limit on the issuance of letters of credit to a maximum outstanding amount of \$50.0 million. The Credit Agreement contains customary affirmative and negative covenants for secured credit facilities of this type, including a fixed charges coverage ratio that applies when excess availability is less than \$50.0 million. In addition, the Credit Agreement places limits on additional indebtedness that we are permitted to incur as well as other restrictions on certain transactions. We and our subsidiaries were in compliance with all of the financial covenants of the Credit Agreement at March 31, 2010. We and our subsidiaries had \$1.5 million of outstanding letters of credit and short-term borrowings of \$1.3 million as of March 31, 2010. We paid syndication and commitment fees of \$5.9 million on this facility which are being amortized over the four-year life of the facility.

(9) LITIGATION

The Company has no reason to believe that any liability with respect to pending legal actions, individually or in the aggregate, will have a material adverse effect on the Company's consolidated financial statements or results of operations. The Company occasionally becomes involved in litigation arising from the normal course of business, and management is unable to determine the extent of any liability that may arise from unanticipated future litigation. The Company recognizes legal expense in connection with loss contingencies as incurred.

(10) STOCKHOLDERS' EQUITY

Certain Class B stockholders converted 161,880 shares of Class B common stock into an equivalent number of shares of Class A common stock during the three months ended March 31, 2010. During the three months ended March 31, 2009, 43,902 shares of Class B common stock were converted into shares of Class A common stock.

The following table reconciles equity attributable to noncontrolling interest (in thousands):

	Three-Months Ended March 31,	
	2010	2009
Noncontrolling interest, January 1	\$ 3,448	\$ 3,199
Net loss attributable to noncontrolling interest	(173)	(868)
Foreign currency translation adjustment	39	(20)
Capital contribution by noncontrolling interest	0	2,000
Noncontrolling interest, March 31	<u>\$ 3,314</u>	<u>\$ 4,311</u>

(11) SEGMENT AND GEOGRAPHIC REPORTING INFORMATION

We have four reportable segments – domestic wholesale sales, international wholesale sales, retail sales, and e-commerce sales. Management evaluates segment performance based primarily on net sales and gross margins. All other costs and expenses of the Company are analyzed on an aggregate basis, and these costs are not allocated to the Company's segments. Net sales, gross margins and identifiable assets for the domestic wholesale segment, international wholesale, retail, and the e-commerce segment on a combined basis were as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Net sales		
Domestic wholesale	\$ 273,959	\$ 180,499
International wholesale	123,350	99,551
Retail	87,241	60,040
E-commerce	8,214	3,380
Total	<u>\$ 492,764</u>	<u>\$ 343,470</u>

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	Three Months Ended March 31,	
	2010	2009
Gross margins		
Domestic wholesale	\$ 123,340	\$ 56,507
International wholesale	53,986	33,588
Retail	55,782	33,572
E-commerce	4,310	1,762
Total	\$ 237,418	\$ 125,429

	March 31,	December 31,
	2010	2009
Identifiable assets		
Domestic wholesale	\$ 836,976	\$ 792,856
International wholesale	129,493	111,941
Retail	94,166	90,049
E-commerce	486	706
Total	\$ 1,061,121	\$ 995,552

	Three Months Ended March 31,	
	2010	2009
Additions to property and equipment		
Domestic wholesale	\$ 1,333	\$ 13,739
International wholesale	438	1,493
Retail	4,878	1,174
Total	\$ 6,649	\$ 16,406

Geographic Information:

The following summarizes our operations in different geographic areas for the period indicated (in thousands):

	Three Months Ended March 31,	
	2010	2009
Net sales (1)		
United States	\$ 360,995	\$ 240,291
Canada	16,024	9,393
Other international (2)	115,745	93,786
Total	\$ 492,764	\$ 343,470

	March 31,	December 31,
	2010	2009
Long-lived assets		
United States	\$ 161,591	\$ 160,444
Canada	816	866
Other international (2)	11,665	10,357
Total	\$ 174,072	\$ 171,667

-
- (1) The Company has subsidiaries in Canada, United Kingdom, Germany, France, Spain, Italy, Netherlands, Brazil, and Chile that generate net sales within those respective countries and in some cases the neighboring regions. The Company has joint ventures in China, Hong Kong, Malaysia, Singapore, and Thailand that generate net sales from those countries. The Company also has a subsidiary in Switzerland that generates net sales from that country in addition to net sales to our distributors located in numerous non-European countries. Net sales are attributable to geographic regions based on the location of the Company subsidiary.
- (2) Other international consists of Switzerland, United Kingdom, Germany, France, Spain, Italy, Netherlands, China, Hong Kong, Malaysia, Singapore, Thailand, Brazil and Chile.

(12) BUSINESS AND CREDIT CONCENTRATIONS

The Company generates the majority of its sales in the United States; however, several of its products are sold into various foreign countries, which subjects the Company to the risks of doing business abroad. In addition, the Company operates in the footwear industry, which is impacted by the general economy, and its business depends on the general economic environment and levels of consumer spending. Changes in the marketplace may significantly affect management's estimates and the Company's performance. Management performs regular evaluations concerning the ability of customers to satisfy their obligations and provides for estimated doubtful accounts. Domestic accounts receivable, which generally do not require collateral from customers, were equal to \$187.4 million and \$148.3 million before allowances for bad debts, sales returns and chargebacks at March 31, 2010 and December 31, 2009, respectively. Foreign accounts receivable, which in some cases are collateralized by letters of credit, were equal to \$120.4 million and \$86.0 million before allowance for bad debts, sales returns and chargebacks at March 31, 2010 and December 31, 2009, respectively. The Company's credit losses due to write-offs for the three months ended March 31, 2010 and 2009 were \$1.5 million and (\$0.5) million recovery, respectively.

Net sales to customers in the U.S. exceeded 70% of total net sales for the three months ended March 31, 2010 and 2009. Assets located outside the U.S. consist primarily of cash, accounts receivable, inventory, property and equipment, and other assets. Net assets held outside the United States were \$145.4 million and \$125.5 million at March 31, 2010 and December 31, 2009, respectively.

The Company's net sales to its five largest customers accounted for approximately 24.9% and 22.7% of total net sales for the three months ended March 31, 2010 and 2009, respectively. No customer accounted for more than 10% of our net sales during the three months ended March 31, 2010 or 2009. No customer accounted for more than 10% of our outstanding accounts receivable balance at March 31, 2010 or 2009.

The Company's top five manufacturers produced the following for the three months ended March 31, 2010 and 2009, respectively:

	Three Months Ended March 31,	
	2010	2009
Manufacturer #1	31.8%	21.0%
Manufacturer #2	12.3%	10.5%
Manufacturer #3	11.0%	9.6%
Manufacturer #4	9.3%	9.3%
Manufacturer #5	4.7%	7.2%
	<u>69.1%</u>	<u>57.6%</u>

The majority of the Company's products are produced in China. The Company's operations are subject to the customary risks of doing business abroad including, but not limited to currency fluctuations and revaluations, custom duties and related fees, various import controls and other monetary barriers, restrictions on the transfer of funds, labor unrest and strikes and, in certain parts of the world, political instability. The Company believes it has acted to reduce these risks by diversifying manufacturing among various factories. To date, these business risks have not had a material adverse impact on the Company's operations.

(13) SUBSEQUENT EVENT

In connection with the joint venture agreement dated January 30, 2010 between the Company and HF Logistics I, LLC ("HF"), in April 2010, the Company made an initial cash capital contribution of \$30 million and HF made an initial capital contribution of land to HF Logistics-SKX, LLC (the "JV"). In addition, the JV also completed obtaining \$55 million in construction financing in April 2010.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and Notes thereto in Item 1 of this document and our company's annual report on Form 10-K for the year ended December 31, 2009.

We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of the various segments of our business to provide a better understanding of how those segments and their results affect the financial condition and results of operations of our company as a whole.

This quarterly report on Form 10-Q may contain forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which can be identified by the use of forward-looking language such as "intend," "may," "will," "believe," "expect," "anticipate" or other comparable terms. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements, and reported results shall not be considered an indication of our company's future performance. Factors that might cause or contribute to such differences include:

- international, national and local general economic, political and market conditions including the recent global economic slowdown and financial crisis;
- entry into the highly competitive performance footwear market;
- sustaining, managing and forecasting our costs and proper inventory levels;
- losing any significant customers, decreased demand by industry retailers and cancellation of order commitments due to the lack of popularity of particular designs and/or categories of our products;
- maintaining our brand image and intense competition among sellers of footwear for consumers;
- anticipating, identifying, interpreting or forecasting changes in fashion trends, consumer demand for the products and the various market factors described above;
- sales levels during the spring, back-to-school and holiday selling seasons; and
- other factors referenced or incorporated by reference in our company's annual report on Form 10-K for the year ended December 31, 2009.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely impact our business, financial condition and results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and we cannot predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements, which reflect our opinions only as of the date of this quarterly report, as a prediction of actual results. We undertake no obligation to publicly release any revisions to the forward-looking statements after the date of this document. Investors should also be aware that while we do, from time to time, communicate with securities analysts, we do not disclose any material non-public information or other confidential commercial information to them. Accordingly, individuals should not assume that we agree with any statement or report issued by any analyst, regardless of the content of the report. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

FINANCIAL OVERVIEW

We have four reportable segments – domestic wholesale sales, international wholesale sales, retail sales, which includes domestic and international retail sales, and e-commerce sales. We evaluate segment performance based

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primarily on net sales and gross margins. The largest portion of our revenue is derived from the domestic wholesale segment. Net earnings for the three months ended March 31, 2010 were \$56.3 million, or \$1.15 per diluted share.

Revenues as a percentage of net sales were as follows:

	Three-Months Ended March 31,	
	2010	2009
Percentage of revenues by segment		
Domestic wholesale	55.6%	52.5%
International wholesale	25.0%	29.0%
Retail	17.7%	17.5%
E-commerce	1.7%	1.0%
Total	100%	100%

As of March 31, 2010, we owned 222 domestic retail stores and 28 international retail stores, and we have established our presence in what we believe to be most of the major domestic retail markets. During the first three months of 2010, we opened two domestic concept stores, one domestic outlet store, and one international outlet store. We periodically review all of our stores for impairment, and we carefully review our under-performing stores and consider the potential for non-renewal of leases upon completion of the current term of the applicable lease.

During the remainder of 2010, we intend to focus on: (i) growing our international business to 25% to 30% of our total sales, (ii) expanding our retail distribution channel by opening another 20 to 25 stores, including several international company-owned stores, (iii) increasing the product count of all customers by delivering trend-right styles at reasonable prices, and (iv) develop our domestic infrastructure to support ongoing growth.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated selected information from our results of operations (in thousands) and as a percentage of net sales:

	Three-Months Ended March 31,			
	2010		2009	
Net sales	\$492,764	100.0%	\$343,470	100.0%
Cost of sales	255,346	51.8	218,041	63.5
Gross profit	237,418	48.2	125,429	36.5
Royalty income	385	0.1	272	0.1
	237,803	48.3	125,701	36.6
Operating expenses:				
Selling	34,309	7.0	21,510	6.3
General and administrative	122,487	24.9	98,038	28.5
	156,796	31.9	119,548	34.8
Earnings from operations	81,007	16.4	6,153	1.8
Interest income	1,428	0.3	706	0.2
Interest expense	(715)	(0.1)	(42)	0
Other, net	209	0	(218)	(0.1)
Earnings before income taxes	81,929	16.6	6,599	1.9
Income tax expense (benefit)	25,806	5.2	(753)	(0.2)
Net earnings	56,123	11.4	7,352	2.1
Less: Net loss attributable to noncontrolling interests	(173)	0	(868)	(0.3)
Net earnings attributable to Skechers U.S.A., Inc.	\$ 56,296	11.4%	\$ 8,220	2.4%

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THREE MONTHS ENDED MARCH 31, 2010 COMPARED TO THREE MONTHS ENDED MARCH 31, 2009

Net sales

Net sales for the three months ended March 31, 2010 were \$492.8 million, an increase of \$149.3 million, or 43.5%, as compared to net sales of \$343.5 million for the three months ended March 31, 2009. The increase in net sales was broad-based in all our segments.

Our domestic wholesale net sales increased \$93.5 million, or 51.8%, to \$274.0 million for the three months ended March 31, 2010, from \$180.5 million for the three months ended March 31, 2009. The largest increase in our domestic wholesale segment came in our Women's, Men's, Work and Kids' businesses. The average selling price per pair within the domestic wholesale segment increased to \$23.64 per pair for the three months ended March 31, 2010 from \$17.11 per pair in the same period last year, primarily due to acceptance of new designs and styles for our in-season products and reduced close-outs. The increase in the domestic wholesale segment's net sales came on a 9.9% unit sales volume increase to 11.6 million pairs for the three months ended March 31, 2010 from 10.5 million pairs for the same period in 2009.

Our international wholesale segment sales increased \$23.8 million, or 23.9%, to \$123.4 million for the three months ended March 31, 2010, compared to sales of \$99.6 million for the three months ended March 31, 2009. Our international wholesale sales consist of direct subsidiary sales — those we make to department stores and specialty retailers — and sales to our distributors who in turn sell to retailers in various international regions where we do not sell direct. Direct subsidiary sales increased \$29.2 million, or 41.7%, to \$99.3 million for the three months ended March 31, 2010 compared to net sales of \$70.1 million for the three months ended March 31, 2009. The largest sales increases during the quarter came from our subsidiaries in the United Kingdom, Brazil and Canada. Our distributor sales decreased \$5.4 million to \$24.1 million for the three months ended March 31, 2010, an 18.3% decrease from sales of \$29.5 million for the three months ended March 31, 2009. This was primarily due to decreased sales to our distributors in Japan, Panama, and Serbia as well as the acquisition of our distributor in Chile on June 1, 2009.

Our retail segment sales increased \$27.2 million to \$87.2 million for the three months ended March 31, 2010, a 45.3% increase over sales of \$60.0 million for the three months ended March 31, 2009. The increase in retail sales was due to positive comparable store sales (i.e. those open at least one year) and a net increase of 26 stores. For the three months ended March 31, 2010, we realized positive comparable store sales of 30.5% in our domestic retail stores and 17.2% in our international retail stores. During the three months ended March 31, 2010, we opened two new domestic concept stores, one domestic outlet store and one international outlet store. Our domestic retail sales increased 39.7% for the three months ended March 31, 2010 compared to the same period in 2009 due to positive comparable store sales and a net increase of 17 domestic stores. Our international retail sales increased 132.1% for the three months ended March 31, 2010 compared to the same period in 2009 attributable to positive comparable store sales and a net increase of nine international stores along with favorable currency translations.

Our e-commerce sales increased \$4.8 million from \$3.4 million for the three months ended March 31, 2009 to \$8.2 million for the three months ended March 31, 2010, a 143.0% increase. Our e-commerce sales made up approximately 2% of our consolidated net sales in the three months ended March 31, 2010 compared to approximately 1% during the same period in the prior year.

Gross profit

Gross profit for the three months ended March 31, 2010 increased \$112.0 million to \$237.4 million as compared to \$125.4 million for the three months ended March 31, 2009. Gross profit as a percentage of net sales, or gross margin, increased to 48.2% for the three months ended March 31, 2010 from 36.5% for the same period in the prior year. Our domestic wholesale segment gross profit increased \$66.8 million, or 118.3%, to \$123.3 million for the three months ended March 31, 2010 compared to \$56.5 million for the three months ended March 31, 2009. Domestic wholesale margins increased to 45.0% in the three months ended March 31, 2010 from 31.3% for the same period in the prior year. The increase in domestic wholesale margins was due to less closeouts and more in-line, in-demand inventory.

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Gross profit for our international wholesale segment increased \$20.4 million, or 60.7%, to \$54.0 million for the three months ended March 31, 2010 compared to \$33.6 million for the three months ended March 31, 2009. Gross margins were 43.8% for the three months ended March 31, 2010 compared to 33.7% for the three months ended March 31, 2009. The increase in gross margins for our international wholesale segment was due to less closeouts and more in-line, in-demand inventory. International wholesale sales through our foreign subsidiaries achieve higher gross margins than our international wholesale sales through our foreign distributors. Gross margins for our direct subsidiary sales were 47.2% for the three months ended March 31, 2010 as compared to 36.2% for the three months ended March 31, 2009. Gross margins for our distributor sales were 29.5% for the three months ended March 31, 2010 as compared to 28.0% for the three months ended March 31, 2009.

Gross profit for our retail segment increased \$22.2 million, or 66.2%, to \$55.8 million for the three months ended March 31, 2010 as compared to \$33.6 million for the three months ended March 31, 2009. Gross margins for all stores were 64.0% for the three months ended March 31, 2010 as compared to 55.9% for the three months ended March 31, 2009. Gross margins for our domestic stores were 64.3% for the three months ended March 31, 2010 as compared to 56.5% for the three months ended March 31, 2009. The increase in domestic retail margins was due to less closeouts and more in-line, in-demand inventory. Gross margins for our international stores were 60.7% for the three months ended March 31, 2010 as compared to 47.2% for the three months ended March 31, 2009. The increase in international retail margins was due to less closeouts and more in-line, in-demand inventory along favorable currency translations.

Our cost of sales includes the cost of footwear purchased from our manufacturers, royalties, duties, quota costs, inbound freight (including ocean, air and freight from the dock to our distribution centers), broker fees and storage costs. Because we include expenses related to our distribution network in general and administrative expenses while some of our competitors may include expenses of this type in cost of sales, our gross margins may not be comparable, and we may report higher gross margins than some of our competitors in part for this reason.

Selling expenses

Selling expenses increased by \$12.8 million, or 59.5%, to \$34.3 million for the three months ended March 31, 2010 from \$21.5 million for the three months ended March 31, 2009. As a percentage of net sales, selling expenses were 7.0% and 6.3% for the three months ended March 31, 2010 and 2009, respectively. The increase in selling expenses was primarily due to higher advertising expenses of \$10.9 million for the three months ended March 31, 2010.

Selling expenses consist primarily of the following: sales representative sample costs, sales commissions, trade shows, advertising and promotional costs, which may include television, print ads, ad production costs and point-of-purchase (POP) costs.

General and administrative expenses

General and administrative expenses increased by \$24.5 million, or 24.9%, to \$122.5 million for the three months ended March 31, 2010 from \$98.0 million for the three months ended March 31, 2009. As a percentage of sales, general and administrative expenses were 24.9% and 28.5% for the three months ended March 31, 2010 and 2009, respectively. The increase in general and administrative expenses was primarily due to increased salaries and wages of \$11.7 million, which included \$3.3 million in stock compensation costs, higher rent expense of \$3.2 million due to an additional 26 stores from prior year, higher professional fees of \$1.8 million, increased bad debt expense of \$1.7 million, and higher bank fees of \$1.6 million. In addition, the expenses related to our distribution network, including the functions of purchasing, receiving, inspecting, allocating, warehousing and packaging of our products totaled \$33.0 million and \$31.8 million for the three months ended March 31, 2010 and 2009, respectively.

General and administrative expenses consist primarily of the following: salaries, wages and related taxes and various overhead costs associated with our corporate staff, stock-based compensation, domestic and international retail operations, non-selling related costs of our international operations, costs associated with our domestic and

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European distribution centers, professional fees related to legal, consulting and accounting, insurance, depreciation and amortization, and expenses related to our distribution network, which includes the functions of purchasing, receiving, inspecting, allocating, warehousing and packaging our products. These costs are included in general and administrative expenses and are not allocated to segments.

Interest income

Interest income was \$1.4 million for the three months ended March 31, 2010 compared to \$0.7 million for the same period in 2009. The increase in interest income was primarily due to interest received on refunds of customs and duties payments during the quarter ended March 31, 2010 as well as higher cash balances.

Interest expense

Interest expense was \$0.7 million for the three months ended March 31, 2010 compared to less than \$0.1 million for the same period in 2009. The increase was due to decreased capitalized interest on our new corporate headquarters. Interest expense was incurred on our mortgages on our domestic distribution center and our corporate office located in Manhattan Beach, California, and amounts owed to our foreign manufacturers.

Income taxes

The Company's effective tax rate was 31.5% and (11.4%) for the three months ended March 31, 2010 and 2009, respectively. Income tax expense for the three months ended March 31, 2010 was \$25.8 million compared to an income tax benefit of \$0.8 million for the same period in 2009. The income tax benefit for the three months ended March 31, 2009 includes a \$1.9 million discrete tax benefit adjusting the amount of tax benefit recognized in 2008 relating to the Company entering into an advanced pricing agreement with the U.S. Internal Revenue Service. The tax provision for the three months ended March 31, 2010 was computed using the estimated effective tax rates applicable to each of the domestic and international taxable jurisdictions for the full year. The estimated effective tax rate is subject to management's ongoing review and revision, if necessary. We expect our ongoing effective annual tax rate in 2010 to be approximately 32 percent. The rate for the three months ended March 31, 2010 is lower than the expected domestic rate of approximately 40% due to our non-U.S. subsidiary earnings in lower tax rate jurisdictions and our planned permanent reinvestment of undistributed earnings from our non-U.S. subsidiaries, thereby indefinitely postponing their repatriation to the United States. As such, the Company did not provide for deferred income taxes on accumulated undistributed earnings of our non-U.S. subsidiaries.

Noncontrolling interests in net loss of consolidated subsidiaries

Noncontrolling interest for the three months ended March 31, 2010 decreased \$0.7 million to \$0.2 million as compared to \$0.9 million for the same period in 2009. Noncontrolling interest represents the share of net loss that is attributable to our joint venture partners.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital at March 31, 2010 was \$609.0 million, an increase of \$50.5 million from working capital of \$558.5 million at December 31, 2009. Our cash and cash equivalents at March 31, 2010 were \$325.9 million compared to \$265.7 million at December 31, 2009. The increase in cash and cash equivalents of \$60.2 million was the result of our net earnings of \$56.3 million, reduced inventory levels of \$34.5 million, and the maturity of \$30.0 million in short-term investments, partially offset by increased receivables of \$70.5 million.

For the three months ended March 31, 2010, net cash provided by operating activities was \$24.3 million compared to net cash used in operating activities of \$28.2 million for the three months ended March 31, 2009. The increase in net cash provided by operating activities in the three months ended March 31, 2010 as compared to the same period in the prior year was primarily the result of a smaller decrease in accounts payable balances and higher net earnings, partially offset by a smaller reduction in our inventory levels.

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Net cash provided by investing activities was \$23.4 million for the three months ended March 31, 2010 as compared to net cash used in investing activities of \$16.0 million for the three months ended March 31, 2009. The increase in cash provided by investing activities in the three months ended March 31, 2010 as compared to the same period in the prior year was primarily the result of the maturity of short-term investments. Capital expenditures for the three months ended March 31, 2010 were approximately \$6.6 million, which primarily consisted of new store openings and remodels. This was compared to capital expenditures of \$16.4 million for the three months ended March 31, 2009, which primarily consisted of warehouse equipment upgrades and new store openings and remodels. Excluding the costs of our equipment for our new distribution center we expect our ongoing capital expenditures for the remainder of 2010 to be approximately \$15 million to \$20 million, which includes opening an additional 20 to 25 domestic retail stores, store remodels as well as a corporate real property purchase. We are currently in the process of designing and purchasing the equipment to be used in our new distribution center and estimate the cost of this equipment to be approximately \$85.0 million, of which \$38.6 million was incurred as of March 31, 2010. We expect to spend the remaining balance in the second half of 2010. In January 2010, we entered into a joint venture agreement to build our new 1.8 million square foot distribution facility in Moreno Valley, California, which we expect to occupy when completed in 2011. Our operating cash flows, current cash, and available lines of credit should be adequate to fund these capital expenditures, although we may seek additional funding for all or a portion of these expenditures.

Net cash provided by financing activities was \$13.2 million during the three months ended March 31, 2010 compared to \$3.1 million during the three months ended March 31, 2009. The increase in cash provided by financing activities in the three months ended March 31, 2010 as compared to the same period in the prior year was due to higher proceeds from the issuance of Class A common stock upon the exercise of stock options along with higher excess tax benefits from stock-based compensation.

We have outstanding debt of \$16.0 million that primarily relates to notes payable for one of our distribution center warehouses and one of our administrative offices, which notes are secured by the respective properties.

On June 30, 2009, we entered into the \$250.0 million Credit Agreement that replaced the existing \$150.0 million credit agreement. The new credit facility matures in June 2013. The Credit Agreement permits us and certain of our subsidiaries to borrow up to \$250.0 million based upon a borrowing base of eligible accounts receivable and inventory, which amount can be increased to \$300.0 million at our request and upon satisfaction of certain conditions including obtaining the commitment of existing or prospective lenders willing to provide the incremental amount. Borrowings bear interest at the borrowers' election based on LIBOR or a Base Rate (defined as the greatest of the base LIBOR plus 1.00%, the Federal Funds Rate plus 0.5% or one of the lenders' prime rate), in each case, plus an applicable margin based on the average daily principal balance of revolving loans under the Credit Agreement (2.75% to 3.25% for Base Rate Loans and 3.75% to 4.25% for Libor Rate Loans). We pay a monthly unused line of credit fee between 0.5% and 1.0% per annum, which varies based on the average daily principal balance of outstanding revolving loans and undrawn amounts of letters of credit outstanding during such month. The Credit Agreement further provides for a limit on the issuance of letters of credit to a maximum outstanding amount of \$50.0 million. The Credit Agreement contains customary affirmative and negative covenants for secured credit facilities of this type, including a fixed charges coverage ratio that applies when excess availability is less than \$50.0 million. In addition, the Credit Agreement places limits on additional indebtedness that we are permitted to incur as well as other restrictions on certain transactions. We and our subsidiaries were in compliance with all of the financial covenants of the Credit Agreement at March 31, 2010. We and our subsidiaries had \$1.5 million of outstanding letters of credit and short-term borrowings of \$1.3 million as of March 31, 2010. We paid syndication and commitment fees of \$5.9 million on this facility which are being amortized over the four-year life of the facility.

On January 30, 2010, we entered into a joint venture agreement with HF Logistics I, LLC ("HF") through Skechers RB, LLC, a newly formed wholly-owned subsidiary, regarding the ownership and management of HF Logistics-SKX, LLC, a Delaware limited liability company (the "JV"). The purpose of the JV is to acquire and to develop real property consisting of approximately 110 acres situated in Moreno Valley, California, and to construct approximately 1.8 million square feet of buildings and other improvements to lease to us as a distribution facility. The term of the JV is fifty years. The parties are equal fifty percent partners. In April 2010, we made an initial cash capital contribution of \$30 million and HF made an initial capital contribution of land to HF Logistics-SKX, LLC.

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In addition, the JV also completed obtaining \$55 million in construction financing in April 2010. Additional capital contributions, if necessary, would be made on an equal basis by Skechers RB, LLC and HF. We have completed our assessment of the joint venture and have determined it to be a variable interest entity (“VIE”) and that Skechers is the primary beneficiary, and therefore will consolidate the operations of the joint venture into our financial statements for the quarter ended June 30, 2010.

We believe that anticipated cash flows from operations, available borrowings under our secured line of credit, cash on hand and financing arrangements will be sufficient to provide us with the liquidity necessary to fund our anticipated working capital and capital requirements through March 31, 2011. However, in connection with our current strategies, we will incur significant working capital requirements and capital expenditures. Our future capital requirements will depend on many factors, including, but not limited to, costs associated with moving to a new distribution facility, the levels at which we maintain inventory, the market acceptance of our footwear, the success of our international operations, the levels of promotion and advertising required to promote our footwear, the extent to which we invest in new product design and improvements to our existing product design, any potential acquisitions of other brands or companies, and the number and timing of new store openings. To the extent that available funds are insufficient to fund our future activities, we may need to raise additional funds through public or private financing of debt or equity. We cannot be assured that additional financing will be available or that, if available, it can be obtained on terms favorable to our stockholders and us. Failure to obtain such financing could delay or prevent our current business plans, which could adversely affect our business, financial condition and results of operations. In addition, if additional capital is raised through the sale of additional equity or convertible securities, dilution to our stockholders could occur.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Management’s Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. For a detailed discussion of our critical accounting policies, please refer to our annual report on Form 10-K for the year ended December 31, 2009 filed with the U.S. Securities and Exchange Commission (“SEC”) on March 5, 2010. Our critical accounting policies and estimates did not change materially during the quarter ended March 31, 2010.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued Accounting Standards Update (“ASU”) 2009-17, *Amendments to FASB Interpretation No. 46(R)*. ASU 2009-17 requires a qualitative approach to identifying a controlling financial interest in a variable interest entity (“VIE”), and requires ongoing assessment of whether an entity is a VIE and whether an interest in a VIE makes the holder the primary beneficiary of the VIE. ASU 2009-17 is effective for interim and annual reporting periods beginning after November 15, 2009. Our adoption of ASU 2009-17 did not have a material impact on our consolidated financial statements.

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QUARTERLY RESULTS AND SEASONALITY

While sales of footwear products have historically been seasonal in nature with the strongest sales generally occurring in the second and third quarters, we believe that changes in our product offerings have somewhat mitigated the effect of this seasonality.

We have experienced, and expect to continue to experience, variability in our net sales and operating results on a quarterly basis. Our domestic customers generally assume responsibility for scheduling pickup and delivery of purchased products. Any delay in scheduling or pickup which is beyond our control could materially negatively impact our net sales and results of operations for any given quarter. We believe the factors which influence this variability include (i) the timing of our introduction of new footwear products, (ii) the level of consumer acceptance of new and existing products, (iii) general economic and industry conditions that affect consumer spending and retail purchasing, (iv) the timing of the placement, cancellation or pickup of customer orders, (v) increases in the number of employees and overhead to support growth, (vi) the timing of expenditures in anticipation of increased sales and customer delivery requirements, (vii) the number and timing of our new retail store openings and (viii) actions by competitors. Due to these and other factors, the operating results for any particular quarter are not necessarily indicative of the results for the full year.

INFLATION

We do not believe that the rates of inflation experienced in the United States over the last three years have had a significant effect on our sales or profitability. However, we cannot accurately predict the effect of inflation on future operating results. Although higher rates of inflation have been experienced in a number of foreign countries in which our products are manufactured, we do not believe that inflation has had a material effect on our sales or profitability. While we have been able to offset our foreign product cost increases by increasing prices or changing suppliers in the past, we cannot assure you that we will be able to continue to make such increases or changes in the future.

EXCHANGE RATES

Although we currently invoice most of our customers in U.S. dollars, changes in the value of the U.S. dollar versus the local currency in which our products are sold, along with economic and political conditions of such foreign countries, could adversely affect our business, financial condition and results of operations. Purchase prices for our products may be impacted by fluctuations in the exchange rate between the U.S. dollar and the local currencies of the contract manufacturers, which may have the effect of increasing our cost of goods in the future. In addition, the weakening of an international customer's local currency and banking market may negatively impact such customer's ability to meet their payment obligations to us. We regularly monitor the creditworthiness of our international customers and make credit decisions based on both prior sales experience with such customers and their current financial performance, as well as overall economic conditions. While we currently believe that our international customers have the ability to meet all of their obligations to us, there can be no assurance that they will continue to be able to meet such obligations. During 2009 and the first quarter of 2010, exchange rate fluctuations did not have a material impact on our inventory costs. We do not engage in hedging activities with respect to such exchange rate risk.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not hold any derivative securities that require fair value presentation per ASC 815-25.

Market risk is the potential loss arising from the adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Changes in interest rates and changes in foreign currency exchange rates have and will have an impact on our results of operations.

Interest rate fluctuations. The interest rate charged on our secured line of credit facility is based on the prime rate of interest, and changes in the prime rate of interest will have an effect on the interest charged on outstanding

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balances. No amounts relating to this secured line of credit facility are currently outstanding at March 31, 2010. We had \$1.3 million of outstanding short-term borrowings subject to changes in interest rates; however, we do not expect any changes will have a material impact on our financial condition or results of operations.

Foreign exchange rate fluctuations. We face market risk to the extent that changes in foreign currency exchange rates affect our non-U.S. dollar functional currency foreign subsidiaries' revenues, expenses, assets and liabilities. In addition, changes in foreign exchange rates may affect the value of our inventory commitments. Also, inventory purchases of our products may be impacted by fluctuations in the exchange rates between the U.S. dollar and the local currencies of the contract manufacturers, which could have the effect of increasing the cost of goods sold in the future. We manage these risks by primarily denominating these purchases and commitments in U.S. dollars. We do not engage in hedging activities with respect to such exchange rate risks.

Assets and liabilities outside the United States are located in the United Kingdom, France, Germany, Spain, Switzerland, Italy, Canada, Belgium, the Netherlands, Brazil, Chile, China, Hong Kong, Singapore, Malaysia and Thailand. Our investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, we do not hedge these net investments. The fluctuation of foreign currencies resulted in a cumulative foreign currency translation loss of \$4.3 million and \$3.0 million for the three months ended March 31, 2010 and 2009, respectively, that are deferred and recorded as a component of accumulated other comprehensive income in stockholders' equity. A 200 basis point reduction in each of these exchange rates at March 31, 2010 would have reduced the values of our net investments by approximately \$2.9 million.

ITEM 4. CONTROLS AND PROCEDURES

Attached as exhibits to this quarterly report on Form 10-Q are certifications of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This Controls and Procedures section includes information concerning the controls and controls evaluation referred to in the certifications.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The term "disclosure controls and procedures" refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. We have established disclosure controls and procedures to ensure that material information relating to Skechers and its consolidated subsidiaries is made known to the officers who certify our financial reports as well as other members of senior management and the Board of Directors to allow timely decisions regarding required disclosures. As of the end of the period covered by this quarterly report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them, at the reasonable assurance level, to material information related to our company that is required to be included in our periodic reports filed with the SEC under the Exchange Act.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that

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the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls' effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See note nine to the financial statements on page 10 of this quarterly report for a discussion of legal proceedings as required under applicable SEC rules and regulations.

ITEM 1A. RISK FACTORS

The information presented below updates the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2009 and should be read in conjunction with the risk factors and other information disclosed in our 2009 annual report that could have a material effect on our business, financial condition and results of operations.

We Depend Upon A Relatively Small Group Of Customers For A Large Portion Of Our Sales.

During the three months ended March 31, 2010 and 2009, our net sales to our five largest customers accounted for approximately 24.9% and 22.7% of total net sales, respectively. No customer accounted for more than 10% of our net sales during the three months ended March 31, 2010 or 2009. No customer accounted for more than 10% of outstanding accounts receivable balance at March 31, 2010 or March 31, 2009. Although we have long-term relationships with many of our customers, our customers do not have a contractual obligation to purchase our products and we cannot be certain that we will be able to retain our existing major customers. Furthermore, the retail industry regularly experiences consolidation, contractions and closings which may result in our loss of customers or our inability to collect accounts receivable of major customers. If we lose a major customer, experience a significant decrease in sales to a major customer or are unable to collect the accounts receivable of a major customer, our business could be harmed.

We Rely On Independent Contract Manufacturers And, As A Result, Are Exposed To Potential Disruptions In Product Supply.

Our footwear products are currently manufactured by independent contract manufacturers. During the three months ended March 31, 2010 and 2009, the top five manufacturers of our manufactured products produced approximately 69.1% and 57.6% of our total purchases, respectively. One manufacturer accounted for 31.8% of total purchases for the three months ended March 31, 2010, and the same manufacturer accounted for 21.0% of total purchases for the same period in 2009. A second manufacturer accounted for 12.3% of our total purchases during the three months ended March 31, 2010 and the same manufacturer accounted for 10.5% of total purchases for the same period in 2009. A third manufacturer accounted for 11.0% and 9.6% of our total purchases during the three months ended March 31, 2010 and 2009, respectively. We do not have long-term contracts with manufacturers and we compete with other footwear companies for production facilities. We could experience difficulties with these manufacturers, including reductions in the availability of production capacity, failure to meet our quality control

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standards, failure to meet production deadlines or increased manufacturing costs. This could result in our customers canceling orders, refusing to accept deliveries or demanding reductions in purchase prices, any of which could have a negative impact on our cash flow and harm our business.

If our current manufacturers cease doing business with us, we could experience an interruption in the manufacture of our products. Although we believe that we could find alternative manufacturers, we may be unable to establish relationships with alternative manufacturers that will be as favorable as the relationships we have now. For example, new manufacturers may have higher prices, less favorable payment terms, lower manufacturing capacity, lower quality standards or higher lead times for delivery. If we are unable to provide products consistent with our standards or the manufacture of our footwear is delayed or becomes more expensive, our business would be harmed.

One Principal Stockholder Is Able To Exert Significant Influence Over All Matters Requiring A Vote Of Our Stockholders And His Interests May Differ From The Interests Of Our Other Stockholders.

As of March 31, 2010, Robert Greenberg, Chairman of the Board and Chief Executive Officer, beneficially owned 36.7% of our outstanding Class B common shares and members of Mr. Greenberg's immediate family beneficially owned an additional 21.4% of our outstanding Class B common shares. The remainder of our outstanding Class B common shares is held in two irrevocable trusts for the benefit of Mr. Greenberg and his immediate family members, and voting control of such shares resides with the independent trustee. The holders of Class A common shares and Class B common shares have identical rights except that holders of Class A common shares are entitled to one vote per share while holders of Class B common shares are entitled to ten votes per share on all matters submitted to a vote of our stockholders. As a result, as of March 31, 2010, Mr. Greenberg beneficially owned approximately 28.2% of the aggregate number of votes eligible to be cast by our stockholders, and together with shares beneficially owned by other members of his immediate family, they beneficially owned approximately 45.6% of the aggregate number of votes eligible to be cast by our stockholders. Therefore, Mr. Greenberg is able to exert significant influence over all matters requiring approval by our stockholders. Matters that require the approval of our stockholders include the election of directors and the approval of mergers or other business combination transactions. Mr. Greenberg also has significant influence over our management and operations. As a result of such influence, certain transactions are not likely without the approval of Mr. Greenberg, including proxy contests, tender offers, open market purchase programs or other transactions that can give our stockholders the opportunity to realize a premium over the then-prevailing market prices for their shares of our Class A common shares. Because Mr. Greenberg's interests may differ from the interests of the other stockholders, Mr. Greenberg's significant influence on actions requiring stockholder approval may result in our company taking action that is not in the interests of all stockholders. The differential in the voting rights may also adversely affect the value of our Class A common shares to the extent that investors or any potential future purchaser view the superior voting rights of our Class B common shares to have value.

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ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
10.1+	Credit Agreement dated June 30, 2009, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Foothill, LLC, as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger.
10.2+	Amendment Number One to Credit Agreement dated November 5, 2009, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Foothill, LLC, as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger.
10.3	Amendment Number Two to Credit Agreement dated March 4, 2010, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Capital Finance, LLC (formerly known as Wells Fargo Foothill, LLC), as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger.
10.4	Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of the Registrant, and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium.
10.5	Addendum to Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of the Registrant, and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium.
10.6	Amendment to Lease Agreement, dated December 18, 2009, between the Registrant and HF Logistics I, LLC, regarding distribution facility in Moreno Valley, California.
10.7+	Limited Liability Company Agreement dated January 30, 2010, between a subsidiary of the Registrant and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***

+ The Company has applied with the Secretary of the Securities and Exchange Commission for confidential treatment of certain information pursuant to Rule 24b-2 of the Securities Exchange Act of 1934. The Company has filed separately with its application a copy of the exhibit including all confidential portions, which may be made available for public inspection pending the Securities and Exchange Commission's review of the application in accordance with Rule 24b-2.

*** In accordance with Item 601(b)(32)(ii) of Regulation S-K, this exhibit shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 10, 2010

SKECHERS U.S.A., INC.

By: /S/ DAVID WEINBERG

David Weinberg
Chief Financial Officer

CREDIT AGREEMENT

by and among
SKECHERS U.S.A., INC.

and

EACH OF ITS SUBSIDIARIES THAT ARE SIGNATORIES HERETO
as Borrowers,

THE LENDERS THAT ARE SIGNATORIES HERETO
as the Lenders,

WELLS FARGO FOOTHILL, LLC
as a Joint Lead Arranger and Administrative Agent,

BANK OF AMERICA, N.A.
as Syndication Agent,

and

BANC OF AMERICA SECURITIES LLC
as a Joint Lead Arranger

Dated as of June 30, 2009

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), is entered into as of June 30, 2009, by and among the lenders identified on the signature pages hereof (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent and each other Subsidiary that becomes a party hereto after the date hereof in accordance with the terms hereof, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), **BANK OF AMERICA, N.A.** ("BOA"), as syndication agent, and **BANC OF AMERICA SECURITIES LLC** ("BOAS"), as a joint lead arranger.

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified therefor on Schedule 1.1.

1.2 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, however, that if Administrative Borrower notifies Agent that Borrowers request an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Closing Date or in the application thereof on the operation of such provision (or if Agent notifies Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such Accounting Change or in the application thereof, then Agent and Borrowers agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lenders and Borrowers after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have

been agreed upon, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. When used herein, the term “financial statements” shall include the notes and schedules thereto. Whenever the term “Parent” or “Borrowers” is used in respect of a financial covenant or a related definition, it shall be understood to mean Parent and its Subsidiaries on a consolidated basis, unless the context clearly requires otherwise.

1.3 **Code.** Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein; provided, however, that to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern.

1.4 **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights. Any reference herein or in any other Loan Document to the satisfaction or repayment in full of the Obligations shall mean the repayment in full in cash (or, in the case of Letters of Credit or Acceptances, providing Letter of Credit Collateralization, or, in the case of Bank Products, providing Bank Product Collateralization) of all Obligations other than unasserted contingent indemnification Obligations and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of this Agreement to be repaid or cash collateralized. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

1.5 **Schedules and Exhibits.** All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

1.6 **Exchange Rates; Currency Equivalents; Payment in Dollars.** For purposes of determining Adjusted Letter of Credit Usage, Letter of Credit Usage, or the outstanding amount of any Letter of Credit, in each case, at any time that a Letter of Credit or an Acceptance is outstanding in any Alternative Currency, the outstanding amount of a Letter of Credit or Acceptance issued in an Alternative Currency shall be deemed to equal the Dollar Equivalent thereof (rounded upward to the nearest \$0.01), as determined by Agent, based on the Exchange Rate for such Alternative Currency at such time of determination. In connection with the issuance, amendment or extension of a Letter of Credit or the acceptance of an Acceptance denominated in an Alternative Currency, for purposes of determining compliance with the borrowing limitations contained with in Section 2.1 or Section 2.11 of the Credit Agreement, the amount of such Letter of Credit or Acceptance that is proposed to be accepted, issued, amended, or extended, in each case, shall be deemed to equal the Dollar Equivalent thereof (rounded upward to the nearest \$0.01), as determined by Agent, based on the Exchange Rate for such Alternative Currency at such time of determination. The specification under this Agreement of payment in Dollars is of the essence. Borrowers’ obligations hereunder and under the other Loan Documents to make payments in Dollars shall not be discharged or satisfied by any tender or recovery (whether pursuant to any judgment, award or otherwise) expressed in or converted into any currency other than Dollars, until such time when Agent either receives or obtains, in accordance with normal banking procedures, the full amount of Dollars expressed to be payable to Agent or any member of the Lender Group under this Agreement or the other Loan Documents. All costs, fees, expenses or losses of Agent or any other member of the Lender Group associated with any currency exchange transaction consummated in connection with a Letter of Credit that is issued in any Alternative Currency and any Acceptance accepted in any Alternative Currency shall constitute Obligations and shall be immediately payable by the Borrowers on demand.

2. LOAN AND TERMS OF PAYMENT.

2.1 **Revolver Advances.**

(a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Lender with a Commitment agrees (severally, not jointly or jointly and severally) to make advances ("Advances") to Borrowers in an amount at any one time outstanding not to exceed such Lender's Pro Rata Share of an amount equal to *the lesser of* (i) the Maximum Revolver Amount *less* the Letter of Credit Usage at such time, and (ii) the Borrowing Base at such time *less* the Adjusted Letter of Credit Usage at such time.

(b) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Advances, together with interest accrued thereon, shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(c) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right to establish reserves against the Borrowing Base in such amounts, and with respect to such matters, as Agent in its Permitted Discretion shall deem necessary or appropriate, including reserves with respect to (i) sums that Parent or its Subsidiaries are required to pay under any Section of this Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, royalty payments, or, in the case of leased assets, rents or other amounts payable under such leases) and has failed to pay, (ii) amounts owing by Parent or its Subsidiaries to any Person to the extent secured by a Lien on, or trust over, any of the Collateral (other than a Permitted Lien), which Lien or trust, in the Permitted Discretion of Agent likely would have a priority superior to Agent's Liens (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for *ad valorem*, excise, sales, or other taxes where given priority under applicable law) in and to such item of the Collateral, (iii) reserves (determined from time to time by Agent in its Permitted Discretion) for (y) the estimated costs relating to unpaid freight charges, warehousing or storage charges, taxes, duties, and other similar unpaid costs associated with the acquisition of Eligible In-Transit Inventory by any Borrower, plus (z) the estimated reclamation claims of unpaid sellers of Inventory sold to any Borrower, and (iv) outstanding gift certificates and gift cards of the Borrowers and their Subsidiaries entitling the holder thereof to use all or a portion of the certificate or card to pay all or a portion of the purchase price for any Inventory.

2.2 **Increase in Commitments.**

(a) From time to time (but not more than on 2 occasions) during the period from and after the Closing Date through the earlier of (x) the date that is 24 months after the Closing Date, and (y) the date (if any) on which the Commitments are reduced by Borrowers pursuant to the terms hereof, the Maximum Revolver Amount may be increased (each increase that satisfies the terms and conditions of this Section, an "Approved Increase") by an amount not in excess of the Available Increase Amount at the option of Borrowers by delivery of a written notice from Administrative Borrower of a proposed increase to Agent if and only if (i) each of the conditions precedent set forth in Section 3.2 are satisfied as of the Increase Effective Date, (ii) Borrowers have delivered to Agent updated pro forma Projections (after giving effect to the proposed increase) for Parent and its Subsidiaries reflecting compliance on a pro forma basis with the financial covenant (but only if such financial covenant was required to be satisfied during such period as a result of the commencement or existence of a Financial Covenant Period) in Section 7 for the 4 fiscal quarter period (on a quarter-by-quarter basis) following the Increase Effective Date, in form and content reasonably acceptable to Agent, (iii) Borrowers and Agent shall have reached agreement on the amount of the supplemental closing fee to be paid by Borrowers to Agent on the Increase Effective Date, (iv) Borrowers shall have paid to Agent all supplemental closing fees due and payable as of the Increase Effective Date, and (v) Agent or Borrowers have obtained the commitment of one or more Lenders (or other prospective lenders) reasonably satisfactory to Agent and Borrowers to provide the proposed increase. Each such notice shall specify the date on which the proposed increase is to be effective (the "Increase Effective Date"), which date shall not be less than 10 Business Days after the date of such notice. Each proposed increase shall be in an amount of at least \$10,000,000 and integral multiples of \$5,000,000 in excess thereof.

(b) So long as each of the requirements set forth in Section 2.2(a) are satisfied, the increased Commitments with respect to an Approved Increase shall become effective, as of such Increase Effective Date.

(c) Agent shall invite each Lender to increase its Commitment (it being understood that no Lender shall be obligated to increase its Commitment) and, if sufficient Lenders do not agree to increases in their Commitments in an aggregate amount equal to the Approved Increase, may invite any other Person who is reasonably satisfactory to Agent and Borrowers to become a Lender in connection with an Approved Increase by executing a joinder agreement, in form and substance reasonably satisfactory to Agent, to which such Person, Borrowers, and Agent are party (the “Increase Joinder”). Such Increase Joinder may, with the consent of Borrowers and Agent (with the consent of the applicable Lenders required by Section 14.1, but without the consent of any Lender to the extent such amendment satisfies the requirements of Section 14.1(f)), effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of Agent, to effectuate the provisions of this Section 2.2.

(d) Unless otherwise specifically provided herein, all references in this Agreement and any other Loan Document to Advances shall be deemed, unless the context otherwise requires, to include Advances made pursuant to the increased Commitments and Maximum Revolver Amount pursuant to this Section 2.2.

(e) To the extent any Advances, Acceptances, or Letters of Credit are outstanding on the Increase Effective Date, each of the Lenders having a Commitment prior to the Increase Effective Date (the “Pre-Increase Revolver Lenders”) shall assign to any Lender which is acquiring a new or additional Commitment on the Increase Effective Date (the “Post-Increase Revolver Lenders”), and such Post-Increase Revolver Lenders shall purchase from each Pre-Increase Revolver Lender, at the principal amount thereof, such interests in the Advances and participation interests in the Acceptances and Letters of Credit on such Increase Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Advances and participation interests in Acceptances and Letters of Credit will be held by Pre-Increase Revolver Lenders and Post-Increase Revolver Lenders ratably in accordance with their Pro Rata Share after giving effect to such increased Commitments.

(f) The Advances, Commitments, and Maximum Revolver Amount established pursuant to this Section 2.2 shall constitute Advances, Commitments, and Maximum Revolver Amount under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Loan Documents. Borrowers shall take any actions reasonably required by Agent to ensure and demonstrate that the Liens granted by the Loan Documents continue to be perfected under the Code or otherwise after giving effect to the establishment of any such new Commitments and Maximum Revolver Amount.

2.3 Borrowing Procedures and Settlements.

(a) **Procedure for Borrowing.** Each Borrowing shall be made by a written request by an Authorized Person delivered to Agent. Unless Swing Lender is not obligated to make a Swing Loan pursuant to Section 2.3(b) below, such notice must be received by Agent no later than 10:00 a.m. (California time) on the Business Day that is the requested Funding Date specifying (i) the amount of such Borrowing, and (ii) the requested Funding Date, which shall be a Business Day; provided, however, that if Swing Lender is not obligated to make a Swing Loan as to a requested Borrowing, such notice must be received by Agent no later than 10:00 a.m. (California time) on the Business Day prior to the date that is the requested Funding Date. At Agent’s election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time. In such circumstances, Borrowers agree that any such telephonic notice will be confirmed in writing within 24 hours of the giving of such telephonic notice, but the failure to provide such written confirmation shall not affect the validity of the request.

(b) **Making of Swing Loans.** In the case of a request for an Advance and so long as either (i) the aggregate amount of Swing Loans made since the last Settlement Date, minus the amount of Collections or payments applied to Swing Loans since the last Settlement Date, plus the amount of the requested Advance does not exceed \$25,000,000, or (ii) Swing Lender, in its sole discretion, shall agree to make a Swing Loan notwithstanding the foregoing limitation, Swing Lender shall make an Advance in the amount of such Borrowing (any such Advance made solely by Swing Lender pursuant to this Section 2.3(b) being referred to as a “Swing Loan” and such Advances being referred to collectively as “Swing Loans”) available to Borrowers on the Funding Date applicable thereto by transferring immediately available funds to the Designated Account. Each Swing Loan shall be deemed to be an Advance hereunder and shall be subject to all the terms and conditions applicable to other Advances, except that all payments on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.3(d)(ii), Swing Lender shall not make and shall not be obligated to make any Swing Loan if Swing Lender has actual

knowledge that (i) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (ii) the requested Borrowing would exceed the Availability on such Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3 have been satisfied on the Funding Date applicable thereto prior to making any Swing Loan. The Swing Loans shall be secured by Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Advances that are Base Rate Loans.

(c) Making of Loans.

(i) In the event that Swing Lender is not obligated to make a Swing Loan, then promptly after receipt of a request for a Borrowing pursuant to Section 2.3(a), Agent shall notify the Lenders, not later than 1:00 p.m. (California time) on the Business Day immediately preceding the Funding Date applicable thereto, by telecopy, telephone, or other similar form of transmission, of the requested Borrowing. Each Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to Agent's Account, not later than 10:00 a.m. (California time) on the Funding Date applicable thereto. After Agent's receipt of the proceeds of such Advances, Agent shall make the proceeds thereof available to Borrowers on the applicable Funding Date by transferring immediately available funds equal to such proceeds received by Agent to the Designated Account; provided, however, that, subject to the provisions of Section 2.3(d)(ii), Agent shall not request any Lender to make, and no Lender shall have the obligation to make, any Advance if (1) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived, or (2) the requested Borrowing would exceed the Availability on such Funding Date.

(ii) Unless Agent receives notice from a Lender prior to 9:00 a.m. (California time) on the date of a Borrowing, that such Lender will not make available as and when required hereunder to Agent for the account of Borrowers the amount of that Lender's Pro Rata Share of the Borrowing, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrowers on such date a corresponding amount. If any Lender shall not have made its full amount available to Agent in immediately available funds and if Agent in such circumstances has made available to Borrowers such amount, that Lender shall on the Business Day following such Funding Date make such amount available to Agent, together with interest at the Defaulting Lender Rate for each day during such period. A notice submitted by Agent to any Lender with respect to amounts owing under this Section 2.3(c)(ii) shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Lender's Advance on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Administrative Borrower of such failure to fund and, upon demand by Agent, Borrowers shall pay such amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Advances composing such Borrowing. The failure of any Lender to make any Advance on any Funding Date shall not relieve any other Lender of any obligation hereunder to make an Advance on such Funding Date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on any Funding Date.

(iii) Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrowers to Agent for the Defaulting Lender's benefit, and, in the absence of such transfer to the Defaulting Lender, Agent shall transfer any such payments to each other non-Defaulting Lender member of the Lender Group ratably in accordance with their Commitments (but only to the extent that such Defaulting Lender's Advance was funded by the other members of the Lender Group) or, if so directed by Administrative Borrower and if no Default or Event of Default has occurred and is continuing (and to the extent such Defaulting Lender's Advance was not funded by the Lender Group), retain same to be re-advanced to Borrowers as if such Defaulting Lender had made Advances to Borrowers. Subject to the foregoing, Agent may hold and, in its Permitted Discretion, re-lend to Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by Agent for the account of such Defaulting Lender. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero. This Section shall remain effective with respect to such Lender until (x) the Obligations under this Agreement shall have been declared or shall have become immediately due and payable, (y) the non-Defaulting Lenders, Agent, and Borrowers shall have waived such Defaulting Lender's default in writing, or (z) the Defaulting Lender makes its Pro Rata Share of the applicable Advance and pays to Agent all amounts owing by Defaulting Lender in respect thereof. The operation of this Section shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the

performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by any Borrower of its duties and obligations hereunder to Agent or to the Lenders other than such Defaulting Lender. Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle Borrowers at their option, upon written notice to Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender, such substitute Lender to be reasonably acceptable to Agent. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder, and agrees to execute and deliver a completed form of Assignment and Acceptance in favor of the substitute Lender (and agrees that it shall be deemed to have executed and delivered such document if it fails to do so) subject only to being repaid its share of the outstanding Obligations (other than Bank Product Obligations, but including an assumption of its Pro Rata Share of the Letters of Credit) without any premium or penalty of any kind whatsoever; provided, however, that any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lender Groups' or any Borrower's rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund.

(d) Protective Advances and Optional Overadvances.

(i) Any contrary provision of this Agreement notwithstanding, Agent hereby is authorized by Borrowers and the Lenders, from time to time in Agent's sole discretion, (A) after the occurrence and during the continuance of a Default or an Event of Default, or (B) at any time that any of the other applicable conditions precedent set forth in Section 3 are not satisfied, to make Advances to, or for the benefit of, Borrowers on behalf of the Lenders (in an aggregate amount for all such Advances taken together not exceeding \$15,000,000 outstanding at any one time) that Agent, in its Permitted Discretion deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, or (2) to enhance the likelihood of repayment of the Obligations (other than the Bank Product Obligations) (any of the Advances described in this Section 2.3(d)(i) shall be referred to as "Protective Advances").

(ii) Any contrary provision of this Agreement notwithstanding, the Lenders hereby authorize Agent or Swing Lender, as applicable, and either Agent or Swing Lender, as applicable, may, but is not obligated to, knowingly and intentionally, continue to make Advances (including Swing Loans) to Borrowers notwithstanding that an Overadvance exists or thereby would be created, so long as (A) after giving effect to such Advances, the outstanding Adjusted Revolver Usage does not exceed the Borrowing Base by more than \$15,000,000, and (B) after giving effect to such Advances, the outstanding Revolver Usage (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) does not exceed the Maximum Revolver Amount. In the event Agent obtains actual knowledge that the Revolver Usage exceeds the amounts permitted by the immediately foregoing provisions, regardless of the amount of, or reason for, such excess, Agent shall notify the Lenders as soon as practicable (and prior to making any (or any additional) intentional Overadvances (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) unless Agent determines that prior notice would result in imminent harm to the Collateral or its value), and the Lenders with Commitments thereupon shall, together with Agent, jointly determine the terms of arrangements that shall be implemented with Borrowers intended to reduce, within a reasonable time, the outstanding principal amount of the Advances to Borrowers to an amount permitted by the preceding sentence. In such circumstances, if any Lender with a Commitment objects to the proposed terms of reduction or repayment of any Overadvance, the terms of reduction or repayment thereof shall be implemented according to the determination of the Required Lenders. The foregoing provisions are meant for the benefit of the Lenders and Agent and are not meant for the benefit of the Borrowers, which shall continue to be bound by the provisions of Section 2.5. Each Lender with a Commitment shall be obligated to settle with Agent as provided in Section 2.3(e) for the amount of such Lender's Pro Rata Share of any unintentional Overadvances by Agent reported to such Lender, any intentional Overadvances made as permitted under this Section 2.3(d)(ii), and any Overadvances resulting from the charging to the Loan Account of interest, fees, or Lender Group Expenses.

(iii) Each Protective Advance and each Overadvance shall be deemed to be an Advance hereunder, except that no Protective Advance or Overadvance shall be eligible to be a LIBOR Rate Loan and, prior to Settlement therefor, all payments on the Protective Advances shall be payable to Agent solely for its own account. The Protective Advances and Overadvances shall be repayable on demand, secured by Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Advances that are Base Rate Loans. The ability of Agent to make Protective Advances is separate and distinct from its ability to make Overadvances and its ability to make Overadvances is separate and distinct from its ability to make Protective Advances. For the avoidance of doubt, the limitations on Agent's ability to make Protective Advances do not apply to Overadvances and the limitations on Agent's ability to make Overadvances do not apply to Protective Advances. The provisions of this Section 2.3(d) are

for the exclusive benefit of Agent, Swing Lender, and the Lenders and are not intended to benefit Borrowers in any way.

(iv) Notwithstanding anything contained in this Agreement or any other Loan Document to the contrary: (A) no Overadvance or Protective Advance may be made by Agent if such Advance would cause the aggregate principal amount of Overadvances and Protective Advances outstanding to exceed an amount equal to ten percent (10%) of the Maximum Revolver Amount; and (B) to the extent any Protective Advance causes the aggregate Revolver Usage to exceed the Maximum Revolver Amount, each such Protective Advance shall be for Agent's sole and separate account and not for the account of any Lender.

(e) **Settlement.** It is agreed that each Lender's funded portion of the Advances is intended by the Lenders to equal, at all times, such Lender's Pro Rata Share of the outstanding Advances. Such agreement notwithstanding, Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrowers) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Advances, the Swing Loans, and the Protective Advances shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("Settlement") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the outstanding Protective Advances, and (3) with respect to Borrowers' or their Subsidiaries' Collections or payments received, as to each by notifying the Lenders by telecopy, telephone, or other similar form of transmission, of such requested Settlement, no later than 2:00 p.m. (California time) on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "Settlement Date"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Advances, Swing Loans, and Protective Advances for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including Section 2.3(c)(iii)): (y) if a Lender's balance of the Advances (including Swing Loans and Protective Advances) exceeds such Lender's Pro Rata Share of the Advances (including Swing Loans and Protective Advances) as of a Settlement Date, then Agent shall, by no later than 12:00 p.m. (California time) on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans and Protective Advances), and (z) if a Lender's balance of the Advances (including Swing Loans and Protective Advances) is less than such Lender's Pro Rata Share of the Advances (including Swing Loans and Protective Advances) as of a Settlement Date, such Lender shall no later than 12:00 p.m. (California time) on the Settlement Date transfer in immediately available funds to Agent's Account, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans and Protective Advances). Such amounts made available to Agent under clause (z) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans or Protective Advances and, together with the portion of such Swing Loans or Protective Advances representing Swing Lender's Pro Rata Share thereof, shall constitute Advances of such Lenders. If any such amount is not made available to Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender's balance of the Advances, Swing Loans, and Protective Advances is less than, equal to, or greater than such Lender's Pro Rata Share of the Advances, Swing Loans, and Protective Advances as of a Settlement Date, Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Agent with respect to principal, interest, fees payable by Borrowers and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Agent, to the extent Protective Advances or Swing Loans are outstanding, may pay over to Agent or Swing Lender, as applicable, any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to the Protective Advances or Swing Loans. Between Settlement Dates, Agent, to the extent no Protective Advances or Swing Loans are outstanding, may pay over to Swing Lender any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to Swing Lender's Pro Rata Share of the Advances. If, as of any Settlement Date, Collections or payments of Parent or its Subsidiaries received since the then immediately preceding Settlement Date have been applied to Swing Lender's Pro

Rata Share of the Advances other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Agent for the accounts of the Lenders, and Agent shall pay to the Lenders, to be applied to the outstanding Advances of such Lenders, an amount such that each Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Advances. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Agent with respect to Protective Advances, and each Lender (subject to the effect of agreements between Agent and individual Lenders) with respect to the Advances other than Swing Loans and Protective Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Agent, or the Lenders, as applicable.

(f) **Notation.** Agent, as a non-fiduciary agent for Borrowers, shall maintain a register showing the principal amount of the Advances, owing to each Lender, including the Swing Loans owing to Swing Lender, and Protective Advances owing to Agent, and the interests therein of each Lender, from time to time and such register shall, absent manifest error, conclusively be presumed to be correct and accurate.

(g) **Lenders' Failure to Perform.** All Advances (other than Swing Loans and Protective Advances) shall be made by the Lenders contemporaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Advance (or other extension of credit) hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder.

2.4 Payments; Reductions of Commitments; Prepayments.

(a) Payments by Borrowers.

(i) Except as otherwise expressly provided herein, all payments by Borrowers shall be made to Agent's Account for the account of the Lender Group and shall be made in immediately available funds, no later than 11:00 a.m. (California time) on the date specified herein. Any payment received by Agent later than 11:00 a.m. (California time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) Unless Agent receives notice from Administrative Borrower prior to the date on which any payment is due to the Lenders that Borrowers will not make such payment in full as and when required, Agent may assume that Borrowers have made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrowers do not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

(b) Apportionment and Application.

(i) So long as no Application Event has occurred and is continuing and except as otherwise provided with respect to Defaulting Lenders, all principal and interest payments shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Obligations to which such payments relate held by each Lender) and all payments of fees and expenses (other than fees or expenses that are for Agent's separate account) shall be apportioned ratably among the Lenders having a Pro Rata Share of the type of Commitment or Obligation to which a particular fee or expense relates. All payments to be made hereunder by Borrowers shall be remitted to Agent and all (subject to Section 2.4(b)(iv)) such payments, and all proceeds of Collateral received by Agent, shall be applied, so long as no Application Event has occurred and is continuing, to reduce the balance of the Advances outstanding and, thereafter, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(ii) At any time that an Application Event has occurred and is continuing and except as otherwise provided with respect to Defaulting Lenders, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied as follows:

(A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent (solely in its capacity as Agent and not in any other capacity) under the Loan Documents, until paid in full,

(B) second, to pay any fees or premiums then due to Agent (solely in its capacity as Agent and not in any other capacity) under the Loan Documents until paid in full,

(C) third, to pay interest due in respect of all Protective Advances until paid in full,

(D) fourth, to pay the principal of all Protective Advances until paid in full,

(E) fifth, ratably to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the Lenders under the Loan Documents (other than any amounts due to any Lender solely in its capacity as a Bank Product Provider), until paid in full,

(F) sixth, ratably to pay any fees or premiums then due to any of the Lenders under the Loan Documents (other than any amounts due to any Lender solely in its capacity as a Bank Product Provider) until paid in full,

(G) seventh, ratably to pay interest due in respect of the Advances (other than Protective Advances) and the Swing Loans until paid in full,

(H) eighth, ratably (i) to pay the principal of all Swing Loans until paid in full, (ii) to pay the principal of all Advances until paid in full, and (iii) to Agent, to be held by Agent, for the benefit of any applicable Issuing Lender (and for the ratable benefit of each of the Lenders that have an obligation to pay to Agent, for the account of any Issuing Lender, a share of each Letter of Credit Disbursement and each Acceptance Disbursement), as cash collateral in an amount equal to the sum of (y) 105% of the Letter of Credit Usage composed of Letters of Credit or Acceptances denominated in Dollars and (z) 115% of the balance of the Letter of Credit Usage (and, upon the expiration of a Letter of Credit that is undrawn, the cash collateral held by Agent in respect of such Letter of Credit shall be reapplied pursuant to this Section 2.4(b)(ii), beginning with tier (A) hereof),

(I) ninth, up to the amount of the Bank Product Reserve established prior to the occurrence of, and not in contemplation of, the subject Application Event, ratably, to the Bank Product Providers on account of all amounts then due and payable in respect of Bank Products that qualify as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations, with any balance to be paid to Agent, to be held by Agent, for the benefit of the Bank Product Providers, as cash collateral,

(J) tenth, to pay any other Obligations (including those being paid, ratably, to the Bank Product Providers on account of all amounts then due and payable in respect of Bank Products that qualify as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations, with any balance to be paid to Agent, to be held by Agent, for the ratable benefit of the Bank Product Providers, as cash collateral), and

(K) eleventh, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iii) Agent promptly shall distribute to each Lender, pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided in Section 2.3(e).

(iv) In each instance, so long as no Application Event has occurred and is continuing, Section 2.4(b)(i) shall not apply to any payment made by any Borrower to Agent and specified by Administrative Borrower to be for the payment of specific Obligations then due and payable (or prepayable) under any provision of this Agreement or any other Loan Document.

(v) For purposes of Section 2.4(b)(ii), “paid in full” means payment in cash of all amounts owing under the Loan Documents, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(vi) In the event of a direct conflict between the priority provisions of this Section 2.4 and any other provision contained in any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.4 shall control and govern.

(c) **Reduction of Commitments.** The Commitments shall terminate on the Maturity Date. Borrowers may reduce the Commitments to an amount (which may be zero) not less than the sum of (A) the Revolver Usage as of such date, plus (B) the principal amount of all Advances not yet made as to which a request has been given by Borrowers under Section 2.3(a), plus (C) the amount of all Letters of Credit not yet issued as to which a request has been given by Borrowers pursuant to Section 2.11(a). Each such reduction shall be in an amount which is not less than \$25,000,000 (unless the Commitments are being reduced to zero and the amount of the Commitments in effect immediately prior to such reduction are less than \$25,000,000) and integral multiples of \$5,000,000 in excess thereof, shall be made by providing not less than 10 Business Days prior written notice to Agent and shall be irrevocable. Once reduced, the Commitments may not be increased. Each such reduction of the Commitments shall reduce the Commitments of each Lender proportionately in accordance with its Pro Rata Share thereof.

(d) **Optional Prepayments.**

(i) **Advances.** Borrowers may prepay the principal of any Advance at any time in whole or in part.

(ii) [intentionally omitted]

(e) **Mandatory Prepayments.**

(i) **Borrowing Base.** If, at any time, (A) the Adjusted Revolver Usage on such date exceeds (B) the Borrowing Base (such excess being referred to as the “Borrowing Base Excess”), then Borrowers shall prepay the Obligations in accordance with Section 2.4(f) in an aggregate amount equal to the Borrowing Base Excess (1) so long as a Borrowing Base Excess has not occurred more than two times in the immediately preceding twelve month period, within 3 Business Days and (2) otherwise, immediately.

(ii) **Dispositions.** Within 1 Business Day of the date of receipt by Parent or any of its Subsidiaries of the Net Cash Proceeds of any voluntary or involuntary sale or disposition by Parent or any of its Subsidiaries of assets (including casualty losses or condemnations but excluding sales or dispositions which qualify as Permitted Dispositions under clauses (a), (b), (c), (d), (e), (k), (m)(i), (n) or (o) of the definition of Permitted Dispositions), Borrowers shall prepay the outstanding principal amount of the Obligations in accordance with Section 2.4(f) in an amount equal to 100% of such Net Cash Proceeds (including condemnation awards and payments in lieu thereof) received by such Person in connection with such sales or dispositions; provided that, so long as (A) no Default or Event of Default shall have occurred and is continuing or would result therefrom, (B) Administrative Borrower shall have given Agent prior written notice of Borrowers’ intention to apply such monies to the costs of replacement of the properties or assets that are the subject of such sale or disposition or the cost of purchase or construction of other assets useful in the business of Parent or its Subsidiaries, (C) the monies are held in a Deposit Account in which Agent has a perfected first-priority security interest, and (D) Parent or its Subsidiaries, as applicable, complete such replacement, purchase, or construction within (1) 365 days after the date of the initial receipt of such monies if such monies relate to the replacement of, or construction in connection with, Real Property and (2) in all other cases, 180 days after the date of the initial receipt of such monies, then the Loan Party whose assets were the subject of such disposition shall have the option to apply such monies to the costs of replacement of the assets that are the subject of such sale or disposition or the costs of purchase or construction of other assets useful in the business of Parent or such Subsidiary unless and to the extent that such applicable period shall have expired without such replacement, purchase, or construction being made or completed, in

which case, any amounts remaining in the cash collateral account shall be paid to Agent and applied in accordance with Section 2.4(f); provided, however, that the provisions of this Section 2.4(e)(ii) shall not apply to the voluntary or involuntary sale or disposition by Parent or any of its Subsidiaries of assets where the aggregate Net Cash Proceeds of all such sales or dispositions in any fiscal year are less than or equal to \$5,000,000. Nothing contained in this Section 2.4(e)(ii) shall permit Parent or any of its Subsidiaries to sell or otherwise dispose of any assets other than in accordance with Section 6.4.

(f) **Application of Payments.** Each prepayment pursuant to Section 2.4(e)(i) or Section 2.4(e)(ii) shall, (i) so long as no Application Event shall have occurred and be continuing, be applied, *first*, to the outstanding principal amount of the Advances until paid in full, and *second*, to Agent, to be held by Agent, for the benefit of any applicable Issuing Lender (and for the ratable benefit of each of the Lenders that have an obligation to pay to Agent, for the account of any Issuing Lender, a share of each Letter of Credit Disbursement), as cash collateral in an amount equal to the sum of (y) 105% of the Letter of Credit Usage composed of Letters of Credit or Acceptances denominated in Dollars and (z) 115% of the balance of the Letter of Credit Usage (and, upon the expiration of a Letter of Credit that is undrawn, the cash collateral held by Agent in respect of such Letter of Credit shall be reapplied pursuant to this Section 2.4(f), beginning with cause (i) of this Section 2.4(f) hereof), and (ii) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii).

2.5 Overadvances. If, at any time or for any reason, the amount of Obligations owed by Borrowers to the Lender Group pursuant to Section 2.1 or Section 2.11 is greater than any of the limitations set forth in Section 2.1 or Section 2.11, as applicable (an “Overadvance”), Borrowers shall immediately pay to Agent, in cash, the amount of such excess, which amount shall be used by Agent to reduce the Obligations in accordance with the priorities set forth in Section 2.4(b). Borrowers jointly and severally promise to pay the Obligations (including principal, interest, fees, costs, and expenses) in Dollars in full on the Maturity Date or, if earlier, on the date on which the Obligations are declared due and payable pursuant to the terms of this Agreement.

2.6 Interest Rates and Letter of Credit Fee: Rates, Payments, and Calculations.

(a) **Interest Rates.** Except as provided in Section 2.6(c), all Obligations (except for undrawn Letters of Credit and except for Bank Product Obligations) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof as follows:

(i) if the relevant Obligation is a LIBOR Rate Loan, at a per annum rate equal to the LIBOR Rate plus the LIBOR Rate Margin, and

(ii) otherwise, at a per annum rate equal to the Base Rate plus the Base Rate Margin.

(b) **Letter of Credit and Acceptance Fee.** Borrowers shall pay Agent (for the ratable benefit of the Lenders, subject to any agreements between Agent and individual Lenders), a Letter of Credit and Acceptance fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.11(e)) which shall accrue at a per annum rate equal to the LIBOR Rate Margin *times* the Daily Balance of all outstanding Acceptances and the undrawn amount of all outstanding Letters of Credit.

(c) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default and at the election Agent or the Required Lenders,

(i) all Obligations (except for undrawn Letters of Credit and except for Bank Product Obligations) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof at a per annum rate equal to 2 percentage points above the per annum rate otherwise applicable hereunder, and

(ii) the Letter of Credit and Acceptance fee provided for in Section 2.6(b) shall be increased to 2 percentage points above the per annum rate otherwise applicable hereunder.

(d) **Payment.** Except to the extent provided to the contrary in Section 2.10 or Section 2.12(a), interest, Letter of Credit and Acceptance fees, all other fees payable hereunder or under any of the other Loan Documents, and all

costs, expenses, and Lender Group Expenses payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month at any time that Obligations or Commitments are outstanding. Borrowers hereby authorize Agent, from time to time without prior notice to Borrowers, to charge all interest, Letter of Credit and Acceptance fees, and all other fees payable hereunder or under any of the other Loan Documents (in each case, as and when due and payable), all costs, expenses, and Lender Group Expenses payable hereunder or under any of the other Loan Documents (in each case, as and when incurred), all charges, commissions, fees, and costs provided for in Section 2.11(e) (as and when accrued or incurred), all fees and costs provided for in Section 2.10 (as and when accrued or incurred), and all other payments as and when due and payable under any Loan Document (including any amounts due and payable to the Bank Product Providers in respect of Bank Products up to the amount of the Bank Product Reserve) to the Loan Account, which amounts thereafter shall constitute Advances hereunder and shall accrue interest at the rate then applicable to Advances that are Base Rate Loans. Any interest, fees, costs, expenses, Lender Group Expenses, or other amounts payable hereunder or under any other Loan Document not paid when due shall be compounded by being charged to the Loan Account and shall thereafter constitute Advances hereunder and shall accrue interest at the rate then applicable to Advances that are Base Rate Loans.

(e) **Computation.** All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. In the event the Base Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Base Rate automatically and immediately shall be increased or decreased by an amount equal to such change in the Base Rate.

(f) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrowers and the Lender Group, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, however, that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum as allowed by law, and payment received from Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.7 Crediting Payments. The receipt of any payment item by Agent shall not be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to Agent's Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into Agent's Account on a Business Day on or before 11:00 a.m. (California time). If any payment item is received into Agent's Account on a non-Business Day or after 11:00 a.m. (California time) on a Business Day, it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.8 Designated Account. Agent is authorized to make the Advances, and each Issuing Lender is authorized to issue the Letters of Credit, under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person or, without instructions, if pursuant to Section 2.6(d). Administrative Borrower agrees to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Advances requested by Borrowers and made by Agent or the Lenders hereunder. Unless otherwise agreed by Agent and Administrative Borrower, any Advance or Swing Loan requested by Borrowers and made by Agent or the Lenders hereunder shall be made to the Designated Account.

2.9 Maintenance of Loan Account; Statements of Obligations. Agent shall maintain an account on its books in the name of Borrowers (the "Loan Account") on which Borrowers will be charged with all Advances (including Protective Advances and Swing Loans) made by Agent, Swing Lender, or the Lenders to Borrowers or for Borrowers' account, the Letters of Credit issued or made by any Issuing Lender for Borrowers' account, the Acceptances accepted by any Issuing Lender or any Underlying Issuer for Borrowers' account, and with all other payment Obligations hereunder or under the other Loan Documents (except for Bank Product Obligations), including, accrued interest, fees and expenses, and Lender Group Expenses. In accordance with Section 2.7, the Loan Account will be credited with all payments received by Agent from Borrowers or for Borrowers' account. Agent shall render monthly statements

regarding the Loan Account to Borrowers, including principal, interest, fees, and including an itemization of all charges and expenses constituting Lender Group Expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Lender Group unless, within 45 days after receipt thereof by Borrowers, Administrative Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements.

2.10 **Fees.** Borrowers shall pay to Agent,

(a) for the account of Agent, as and when due and payable under the terms of the Fee Letter, the fees set forth in the Fee Letter.

(b) for the ratable account of those Lenders with Commitments, on the first day of each month from and after the Closing Date up to the first day of the month prior to the Payoff Date and on the Payoff Date, an unused line fee in an amount equal to the Applicable Unused Line Fee per annum times the result of (i) the Maximum Revolver Amount, less (ii) the average Daily Balance of the Revolver Usage during the immediately preceding month (or portion thereof).

2.11 **Letters of Credit.**

(a) Subject to the terms and conditions of this Agreement, upon the request of Borrowers (or Administrative Borrower on behalf thereof) made in accordance herewith, each Issuing Lender agrees to issue or to cause an Underlying Issuer, as such Issuing Lender's agent, to issue a requested Letter of Credit. If an Issuing Lender, at its option, elects to cause an Underlying Issuer to issue a requested Letter of Credit, then such Issuing Lender agrees that it will obligate itself to reimburse such Underlying Issuer (which may include, among other means, by becoming an applicant with respect to such Letter of Credit or entering into undertakings which provide for reimbursements of such Underlying Issuer with respect to such Letter of Credit, including Acceptances related thereto; each such obligation or undertaking, irrespective of whether in writing, a "Reimbursement Undertaking") with respect to Letters of Credit or Acceptances, as applicable, issued or accepted by such Underlying Issuer. By submitting a request to an Issuing Lender for the issuance of a Letter of Credit, Borrowers shall be deemed to have requested that an Issuing Lender issue or that an Underlying Issuer issue the requested Letter of Credit and to have requested the applicable Issuing Lender to issue a Reimbursement Undertaking with respect to such requested Letter of Credit or Acceptance, as applicable, if it is to be issued by an Underlying Issuer (it being expressly acknowledged and agreed by the Borrowers that Borrowers are and shall be deemed to be applicants (within the meaning of Section 5-102(a)(2) of the Code) with respect to each Underlying Letter of Credit). Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be made in writing by an Authorized Person and delivered to Agent and the applicable Issuing Lender via hand delivery, telefacsimile, or other electronic method of transmission reasonably in advance of the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance reasonably satisfactory to the applicable Issuing Lender and shall specify (i) the amount of such Letter of Credit, (ii) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (iii) the expiration date of such Letter of Credit, (iv) the name and address of the beneficiary of the Letter of Credit, and (v) such other information (including, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit. Anything contained herein to the contrary notwithstanding, an Issuing Lender may (with the consent of Agent), but shall not be obligated to, issue or cause the issuance of a Letter of Credit or to issue a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, that supports the obligations of Parent or its Subsidiaries in respect of (1) a lease of real property, or (2) an employment contract. Borrowers agree that this Agreement (along with the terms of the applicable application) will govern each Letter of Credit and its issuance and each Acceptance and its acceptance. No Issuing Lender shall have any obligation to issue a Letter of Credit or a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, if any of the following would result after giving effect to the requested issuance:

- (i) the Adjusted Letter of Credit Usage would exceed the Borrowing Base *less* the outstanding amount of Advances, or
 - (ii) the Letter of Credit Usage would exceed \$50,000,000, or
 - (iii) the Letter of Credit Usage would exceed the Maximum Revolver Amount *less* the sum of (A) the
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Bank Product Reserve, and (B) the outstanding amount of Advances.

Borrowers and the Lender Group acknowledge and agree that certain Letters of Credit and Acceptances may be outstanding as of the Closing Date. Borrowers and the Lender Group hereby acknowledge and agree that all Existing Letters of Credit which are outstanding on the Closing Date shall constitute Letters of Credit under this Agreement from and after the Closing Date with the same effect as though such Existing Letters of Credit were issued by an Issuing Lender at the request of the Borrowers on the Closing Date. Borrowers and the Lender Group hereby acknowledge and agree that all Existing Acceptances which are outstanding on the Closing Date shall constitute Acceptances under this Agreement from and after the Closing Date with the same effect as though such Existing Acceptances were accepted by an Issuing Lender at the request of the Borrowers on the Closing Date. Each Letter of Credit shall be in form and substance reasonably acceptable to the applicable Issuing Lender, including the requirement that the amounts payable thereunder must be payable in Dollars or an Alternative Currency. Each Acceptance shall be in form and substance reasonably acceptable to the applicable Issuing Lender, including the requirement that the amounts payable thereunder must be payable in Dollars or an Alternative Currency. If an Issuing Lender makes a payment under a Letter of Credit or an Acceptance or an Underlying Issuer makes a payment under an Underlying Letter of Credit or an Underlying Acceptance, Borrowers shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement or applicable Acceptance Disbursement, as applicable, not later than 11:00 a.m., California time, on the date that Administrative Borrower receives written or telephonic notice of such Letter of Credit Disbursement or Acceptance Disbursement, as applicable, if such notice is received prior to 10:00 a.m., California time, or not later than 11:00 a.m., California time, on the following Business Day, if such notice is received after 10:00 a.m., California time or if it cannot be sent, and, in the absence of such payment, the amount of the Letter of Credit Disbursement or Acceptance Disbursement, as applicable, immediately and automatically shall be deemed to be an Advance hereunder (and the failure to make such payment shall not be considered to be an Event of Default) and, initially, shall bear interest at the rate then applicable to Advances that are Base Rate Loans. If a Letter of Credit Disbursement or an Acceptance Disbursement in an Alternative Currency is made, then the amount that Borrowers shall be required to pay to Agent in respect of such Letter of Credit Disbursement or Acceptance Disbursement, as applicable, shall be an amount equal to the Dollar Equivalent (rounded upward to the nearest \$0.01) of the Letter of Credit Disbursement or Acceptance Disbursement, as applicable, as determined by Agent, based on the Exchange Rate for such Alternative Currency at the time the Letter of Credit Disbursement or applicable Acceptance Disbursement was made. If a Letter of Credit Disbursement or Acceptance Disbursement in an Alternative Currency is deemed to be an Advance hereunder, the Advance shall be in an amount equal to the Dollar Equivalent (rounded upward to the nearest \$0.01) of the Letter of Credit Disbursement or applicable Acceptance Disbursement based on the Exchange Rate for such Alternative Currency at the time the Letter of Credit Disbursement or Acceptance Disbursement, as applicable, was made. If a Letter of Credit Disbursement is deemed to be an Advance hereunder, Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to the applicable Issuing Lender shall be discharged and replaced by the resulting Advance. If an Acceptance Disbursement is deemed to be an Advance hereunder, Borrowers' obligation to pay the amount of such Acceptance Disbursement to the applicable Issuing Lender shall be discharged and replaced by the resulting Advance. Promptly following receipt by Agent of any payment from Borrowers pursuant to this paragraph, Agent shall distribute such payment to the applicable Issuing Lender or, to the extent that Lenders have made payments pursuant to Section 2.11(b) to reimburse the applicable Issuing Lender, then to such Lenders and the applicable Issuing Lender as their interests may appear.

(b) Promptly following receipt of a notice of a Letter of Credit Disbursement or Acceptance Disbursement, as applicable, pursuant to Section 2.11(a), each Lender with a Commitment agrees to fund its Pro Rata Share of any Advance deemed made pursuant to Section 2.11(a) on the same terms and conditions as if Borrowers had requested the amount thereof as an Advance and Agent shall promptly pay to the applicable Issuing Lender the amounts so received by it from the Lenders. By the issuance of a Letter of Credit or a Reimbursement Undertaking in respect of a Letter of Credit (or an amendment to a Letter of Credit or a Reimbursement Undertaking increasing the amount thereof) or the acceptance of an Acceptance or the issuance of Reimbursement Undertaking in respect of an Acceptance (or an amendment to an Acceptance or a Reimbursement Undertaking in respect of an Acceptance increasing the amount thereof) and without any further action on the part of the applicable Issuing Lender or the Lenders with Commitments, the applicable Issuing Lender shall be deemed to have granted to each Lender with a Commitment, and each Lender with a Commitment shall be deemed to have purchased, a participation in each Letter of Credit or Acceptance, as applicable, issued by such Issuing Lender and each Reimbursement Undertaking, as applicable, in an amount equal to its Pro Rata Share of such Letter of Credit, Acceptance, or Reimbursement Undertaking, and each such Lender agrees to pay to Agent, for the account of the applicable Issuing Lender, such Lender's Pro Rata Share of any Letter of Credit Disbursement or Acceptance Disbursement, as applicable, made by an Issuing Lender or an Underlying Issuer under the applicable Underlying Letter of Credit or an Underlying Acceptance. In consideration and in furtherance of the

foregoing, each Lender with a Commitment hereby absolutely and unconditionally agrees to pay to Agent, for the account of the applicable Issuing Lender, such Lender's Pro Rata Share of each Letter of Credit Disbursement and each Acceptance Disbursement made by an Issuing Lender or an Underlying Issuer and not reimbursed by Borrowers on the date due as provided in Section 2.11(a), or of any reimbursement payment required to be refunded to Borrowers for any reason. Each Lender with a Commitment acknowledges and agrees that its obligation to deliver to Agent, for the account of the applicable Issuing Lender, an amount equal to its respective Pro Rata Share of each Letter of Credit Disbursement or each Acceptance Disbursement pursuant to this Section 2.11(b) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. If any such Lender fails to make available to Agent the amount of such Lender's Pro Rata Share of a Letter of Credit Disbursement or an Acceptance Disbursement as provided in this Section, such Lender shall be deemed to be a Defaulting Lender and Agent (for the account of the Issuing Lender) shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(c) Borrowers hereby agree to indemnify, save, defend, and hold the Lender Group and each Underlying Issuer harmless from any loss, cost, expense, or liability, and reasonable attorneys fees incurred by any Issuing Lender, any other member of the Lender Group, or any Underlying Issuer arising out of or in connection with any Reimbursement Undertaking, any Acceptance, or any Letter of Credit; provided, however, that Borrowers shall not be obligated hereunder to indemnify for any loss, cost, expense, or liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of any Issuing Lender, any other member of the Lender Group, or any Underlying Issuer. Each Borrower agrees to be bound by the applicable Issuing Lender's or Underlying Issuer's, as applicable, regulations and interpretations of any Letter of Credit or Acceptance or by the applicable Issuing Lender's interpretations of any Reimbursement Undertaking, even though this interpretation may be different from such Borrower's own, and each Borrower understands and agrees that none of any Issuing Lender, the Lender Group, or any Underlying Issuer shall be liable for any error, negligence, or mistake, whether of omission or commission, in following any Borrower's instructions or those contained in the Letter of Credit or any modifications, amendments, or supplements thereto or any Acceptance or any modifications, amendments, or supplements thereto. Each Borrower understands that the Reimbursement Undertakings may require an Issuing Lender to indemnify an Underlying Issuer for certain costs or liabilities arising out of claims by Borrowers against such Underlying Issuer. Borrowers hereby agree to indemnify, save, defend, and hold each Issuing Lender and the other members of the Lender Group harmless with respect to any loss, cost, expense (including reasonable attorneys fees), or liability incurred by them as a result of an Issuing Lender's indemnification of an Underlying Issuer; provided, however, that Borrowers shall not be obligated hereunder to indemnify for any such loss, cost, expense, or liability to the extent that it is caused by the gross negligence or willful misconduct of any Issuing Lender or any other member of the Lender Group. Borrowers hereby acknowledge and agree that none of any Issuing Lender, any member of the Lender Group, or any Underlying Issuer shall be responsible for delays, errors, or omissions resulting from the malfunction of equipment in connection with any Letter of Credit or Acceptance.

(d) Borrowers hereby authorize and direct any Underlying Issuer to deliver to the applicable Issuing Lender all instruments, documents, and other writings and property received by such Underlying Issuer pursuant to such Underlying Letter of Credit and to accept and rely upon the applicable Issuing Lender's instructions with respect to all matters arising in connection with such Underlying Letter of Credit and the related application.

(e) Any and all usage charges, issuance charges, commissions, fees, and costs incurred by an Issuing Lender relating to Underlying Letters of Credit or Underlying Acceptances, or charged by an Issuing Lender relating to Letters of Credit or Acceptances issued or accepted, as applicable, by such Issuing Lender, shall be Lender Group Expenses for purposes of this Agreement and shall be reimbursable immediately by Borrowers to Agent for the account of the applicable Issuing Lender. The usage charge for Letters of Credit issued by WFF in its capacity as an Issuing Lender (or that WFF, in its capacity as Issuing Lender causes to be issued by an Underlying Issuer) are set forth in the Fee Letter. Any usage charges for Letters of Credit issued by any other Issuing Lender (or that any other Issuing Lender causes to be issued by an Underlying Issuer) are as set forth in a separate fee letter. Borrowers acknowledge and agree that any and all usage charges may be changed from time to time, and that Underlying Issuers and Issuing Lenders that issue Letters of Credit or accept Acceptances also impose a schedule of charges for amendments, extensions, drawings, and renewals.

(f) If by reason of (i) any change after the Closing Date in any applicable law, treaty, rule, or regulation or any change in the interpretation or application thereof by any Governmental Authority, or (ii) compliance by any

Issuing Lender, any other member of the Lender Group, or any Underlying Issuer with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Federal Reserve Board as from time to time in effect (and any successor thereto):

(i) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit or Acceptance issued or accepted or caused to be issued or accepted hereunder or hereby, or

(ii) there shall be imposed on any Issuing Lender, any other member of the Lender Group, or any Underlying Issuer any other condition regarding any Letter of Credit, Acceptance, or Reimbursement Undertaking,

and the result of the foregoing is to increase, directly or indirectly, the cost to any Issuing Lender, any other member of the Lender Group, or any Underlying Issuer of issuing, accepting, making, guaranteeing, or maintaining any Reimbursement Undertaking or any Letter of Credit or any Acceptance or to reduce the amount receivable in respect thereof, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Borrowers, and Borrowers shall pay within 30 days after demand therefor, such amounts as Agent may specify to be necessary to compensate any Issuing Lender, any other member of the Lender Group, or any Underlying Issuer for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Base Rate Loans hereunder; provided, however, that Borrowers shall not be required to provide any compensation pursuant to this Section for any such amounts incurred more than 180 days prior to the date on which demand for payment is first made to Borrowers; provided further that if an event or circumstance giving rise to such amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The determination by Agent of any amount due pursuant to this Section, as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

(g) Each Borrower acknowledges and agrees that certain of the Qualified Import Letters of Credit may provide for the presentation of time drafts to the applicable Issuing Bank or Underlying Issuer. If an Issuing Bank or an Underlying Issuer accepts such a time draft that is presented under a Qualified Import Letter of Credit, it is acknowledged and agreed that (i) such time draft shall constitute an Acceptance hereunder and (ii) the pricing provisions hereof with respect to Acceptances (including Sections 2.6(b) and 2.12(e)) shall apply thereto.

2.12 **LIBOR Option.**

(a) **Interest and Interest Payment Dates.** In lieu of having interest charged at the rate based upon the Base Rate, Borrowers shall have the option (the "LIBOR Option") to have interest on all or a portion of the Advances be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; (ii) the date on which all or any portion of the Obligations are accelerated pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Borrowers properly have exercised the LIBOR Option with respect thereto, the interest rate applicable to such LIBOR Rate Loan automatically shall convert to the rate of interest then applicable to Base Rate Loans of the same type hereunder. At any time that an Event of Default has occurred and is continuing, Borrowers no longer shall have the option to request that Advances bear interest at a rate based upon the LIBOR Rate.

(b) **LIBOR Election.**

(i) Borrowers may, at any time and from time to time, so long as no Event of Default has occurred and is continuing, elect to exercise the LIBOR Option by notifying Agent prior to 11:00 a.m. (California time) at least 3 Business Days prior to the commencement of the proposed Interest Period (the "LIBOR Deadline"). Notice of Borrowers' election of the LIBOR Option for a permitted portion of the Advances and an Interest Period pursuant to this Section shall be made by delivery to Agent of a LIBOR Notice received by Agent before the LIBOR Deadline, or by telephonic notice received by Agent before the LIBOR Deadline (to be confirmed by delivery to Agent of a LIBOR Notice received by Agent prior to 5:00 p.m. (California time) on the same day). Promptly upon its receipt of each such LIBOR Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each LIBOR Notice shall be irrevocable and binding on Borrowers. In connection with each LIBOR Rate Loan, Borrowers shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender as a result of (A) the payment of any principal of any LIBOR Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any LIBOR Rate Loan other than on the last day of the Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any LIBOR Rate Loan on the date specified in any LIBOR Notice delivered pursuant hereto (such losses, costs, or expenses, "Funding Losses"). A certificate of Agent or a Lender delivered to Borrowers setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.12 shall be conclusive absent manifest error. Borrowers shall pay such amount to Agent or the Lender, as applicable, within 30 days of the date of its receipt of such certificate. If a payment of a LIBOR Rate Loan on a day other than the last day of the applicable Interest Period would result in a Funding Loss, Agent may, in its sole discretion at the request of Borrowers, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable LIBOR Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any LIBOR Rate Loan and that, in the event that Agent does not defer such application, Borrowers shall be obligated to pay any resulting Funding Losses.

(iii) Borrowers shall have not more than 5 LIBOR Rate Loans in effect at any given time. Borrowers only may exercise the LIBOR Option for proposed LIBOR Rate Loans of at least \$1,000,000.

(c) **Conversion.** Borrowers may convert LIBOR Rate Loans to Base Rate Loans at any time; provided, however, that in the event that LIBOR Rate Loans are converted or prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any automatic prepayment through the required application by Agent of proceeds of Parent's and its Subsidiaries' Collections in accordance with Section 2.4(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, Borrowers shall indemnify, defend, and hold Agent and the Lenders and their Participants harmless against any and all Funding Losses in accordance with Section 2.12 (b)(ii).

(d) Special Provisions Applicable to LIBOR Rate.

(i) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), excluding the Reserve Percentage, which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the LIBOR Rate. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (y) require such Lender to furnish to Borrowers a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (z) repay the LIBOR Rate Loans with respect to which such adjustment is made (together with any amounts due under Section 2.12(b)(ii)).

(ii) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (y) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (z) if Agent so elects by notice to the Borrowers, Borrowers shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(iii) If any Lender (any such Lender, a "Non-LIBOR Lender") delivers a notice to Agent pursuant to

Section 2.12(d)(ii) stating that a change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof, shall at any time after the date hereof, in the reasonable opinion of such Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate (any such situation, a “LIBOR Event”), then such Non-LIBOR Lender shall use reasonable efforts to promptly, and in any event within 30 days, designate a different one of its lending offices or to assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Non-LIBOR Lender, such designation or assignment would eliminate impact of the LIBOR Event, and (ii) in the reasonable judgment of such Non-LIBOR Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrowers agree to pay all reasonable out-of-pocket costs and expenses incurred by such Non-LIBOR Lender in connection with any such designation or assignment. If, after such reasonable efforts or the expiration of such 30 day period, such Non-LIBOR Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate the impact of the LIBOR Event, as applicable, then Borrowers (without prejudice to any amounts then due to such Non-LIBOR Lender under this Agreement) may, unless prior to the effective date of any such assignment the Non-LIBOR Lender withdraws its notice of the occurrence of the LIBOR Event, seek a substitute Lender reasonably acceptable to Agent to purchase the Obligations owed to such Non-LIBOR Lender and such Non-LIBOR Lender’s Commitments hereunder (a “LIBOR Replacement Lender”), and if such LIBOR Replacement Lender agrees to such purchase, such Non-LIBOR Lender shall assign to the LIBOR Replacement Lender its Obligations and Commitments, pursuant to an Assignment and Acceptance Agreement, and upon such purchase by the LIBOR Replacement Lender, such LIBOR Replacement Lender shall be deemed to be a “Lender” for purposes of this Agreement and such Non-LIBOR Lender shall cease to be a “Lender” for purposes of this Agreement.

(e) **No Requirement of Matched Funding.** Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

2.13 Capital Requirements.

(a) If, after the date hereof, any Lender determines that (i) the adoption of or change in any law, rule, regulation or guideline regarding capital requirements for banks or bank holding companies, or any change in the interpretation or application thereof by any Governmental Authority charged with the administration thereof, or (ii) compliance by such Lender or its parent bank holding company with any guideline, request or directive of any such entity regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on such Lender’s or such holding company’s capital as a consequence of such Lender’s Commitments hereunder to a level below that which such Lender or such holding company could have achieved but for such adoption, change, or compliance (taking into consideration such Lender’s or such holding company’s then existing policies with respect to capital adequacy and assuming the full utilization of such entity’s capital) by any amount deemed by such Lender to be material, then such Lender may notify Borrowers and Agent thereof. Following receipt of such notice, Borrowers agree to pay such Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 30 days after presentation by such Lender of a statement in the amount and setting forth in reasonable detail such Lender’s calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error). In determining such amount, such Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender’s right to demand such compensation; provided that Borrowers shall not be required to compensate a Lender pursuant to this Section for any reductions in return incurred more than 180 days prior to the date that such Lender notifies Borrowers of such law, rule, regulation or guideline giving rise to such reductions and of such Lender’s intention to claim compensation therefor; provided further that if such claim arises by reason of the adoption of or change in any law, rule, regulation or guideline that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(b) If any Lender requests additional or increased costs referred to in Section 2.12(d)(i), Section 2.11(d)(ii), or amounts under Section 2.13(a) (any such Lender, an “Affected Lender”), then such Affected Lender shall use reasonable efforts to promptly, and in any event within 30 days, designate a different one of its lending offices or to

assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Affected Lender, such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.12(d)(i) or Section 2.13(a), as applicable, and (ii) in the reasonable judgment of such Affected Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrowers agree to pay all reasonable out-of-pocket costs and expenses incurred by such Affected Lender in connection with any such designation or assignment. If, after such reasonable efforts or the expiration of such 30 day period, such Affected Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate Borrowers' obligation to pay any future amounts to such Affected Lender pursuant to Section 2.12(d)(i), Section 2.12(d)(ii) or Section 2.13(a), as applicable, then Borrowers (without prejudice to any amounts then due to such Affected Lender under Section 2.12(d)(i), Section 2.12(d)(ii) or Section 2.13(a), as applicable) may, unless prior to the effective date of any such assignment the Affected Lender withdraws its request for such additional amounts under Section 2.12(d)(i), Section 2.12(d)(ii) or Section 2.13(a), as applicable, seek a substitute Lender reasonably acceptable to Agent to purchase the Obligations owed to such Affected Lender and such Affected Lender's Commitments hereunder (a "Replacement Lender"), and if such Replacement Lender agrees to such purchase, such Affected Lender shall assign to the Replacement Lender its Obligations and Commitments, pursuant to an Assignment and Acceptance Agreement, and upon such purchase by the Replacement Lender, such Replacement Lender shall be deemed to be a "Lender" for purposes of this Agreement and such Affected Lender shall cease to be a "Lender" for purposes of this Agreement.

2.14 Joint and Several Liability of Borrowers.

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lender Group under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including any Obligations arising under this Section 2.14), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each Borrower under the provisions of this Section 2.14 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of the provisions of this Agreement (other than this Section 2.14(d)) or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Advances or Letters of Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of any Agent or Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy

or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.14 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.14, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.14 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.14 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other Borrower or any Agent or Lender.

(f) Each Borrower represents and warrants to Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) Each Borrower waives all rights and defenses arising out of an election of remedies by Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Agent's or such Lender's rights of subrogation and reimbursement against such Borrower by the operation of Section 580(d) of the California Code of Civil Procedure or otherwise.

(h) [intentionally omitted].

(i) The provisions of this Section 2.14 are made for the benefit of Agent, each member of the Lender Group, and their respective successors and assigns, and may be enforced by it or them from time to time against any or all Borrowers as often as occasion therefor may arise and without requirement on the part of Agent, any member of the Lender Group, or any of their successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.14 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.14 will forthwith be reinstated in effect, as though such payment had not been made.

(j) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to any Agent or any member of the Lender Group hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor. Notwithstanding anything to the contrary contained in this Section 2.14, no Borrower shall exercise any rights of subrogation, contribution, indemnity, reimbursement or other similar rights against, and shall not proceed or seek recourse against or with respect to any property or asset of, any other Borrower (the "Foreclosed Borrower"), including after payment in full of the Obligations, if all or any portion of the Obligations have been satisfied in connection with an exercise of remedies in respect of the capital Stock of such Foreclosed Borrower whether pursuant to the Security Agreement or otherwise.

(k) Each Borrower hereby agrees that, after the occurrence and during the continuance of any Default or Event of Default, the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until

the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for Agent, and such Borrower shall deliver any such amounts to Agent for application to the Obligations in accordance with Section 2.4(b).

3. CONDITIONS; TERM OF AGREEMENT.

3.1 **Conditions Precedent to the Initial Extension of Credit.** The obligation of each Lender to make its initial extension of credit provided for hereunder, is subject to the fulfillment, to the satisfaction of Agent and each Lender, of each of the conditions precedent set forth on Schedule 3.1 (the making of such initial extension of credit by a Lender being conclusively deemed to be its satisfaction or waiver of the conditions precedent).

3.2 **Conditions Precedent to all Extensions of Credit.** The obligation of the Lender Group (or any member thereof) to make any Advances hereunder (or to extend any other credit hereunder) at any time shall be subject to the following conditions precedent:

(a) the representations and warranties of Parent or its Subsidiaries contained in this Agreement or in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof.

3.3 **Maturity.** This Agreement shall continue in full force and effect for a term ending on June 30, 2013 (the "Maturity Date"). The foregoing notwithstanding, the Lender Group, upon the election of the Required Lenders, shall have the right to terminate its obligations under this Agreement immediately and without notice upon the occurrence and during the continuation of an Event of Default.

3.4 **Effect of Maturity.** On the Maturity Date, all commitments to provide additional credit hereunder shall automatically be terminated and all Obligations (including contingent reimbursement obligations of Borrowers with respect to outstanding Letters of Credit, Acceptances, and including all Bank Product Obligations) immediately shall become due and payable without notice or demand (including the requirement that Borrowers provide (a) Letter of Credit Collateralization, and (b) Bank Product Collateralization). No termination of the obligations of the Lender Group shall relieve or discharge any Loan Party of its duties, Obligations, or covenants hereunder or under any other Loan Document and Agent's Liens in the Collateral shall remain in effect until all Obligations have been paid in full. When all of the Obligations have been paid in full and the Lender Group's obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrowers' sole expense, execute and deliver any termination statements, lien releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent's Liens and all notices of security interests and liens previously filed by Agent with respect to the Obligations.

3.5 **Early Termination by Borrowers.** Borrowers have the option, at any time upon 10 Business Days prior written notice to Agent, to terminate this Agreement and terminate the Commitments hereunder by paying to Agent the Obligations (including (a) providing Letter of Credit Collateralization with respect to the then existing Letter of Credit Usage, and (b) providing Bank Product Collateralization with respect to the then existing Bank Products), in full.

3.6 **Conditions Subsequent.** The obligation of the Lender Group (or any member thereof) to continue to make Advances (or otherwise extend credit hereunder) is subject to the fulfillment, on or before the date applicable thereto, of the conditions subsequent set forth on Schedule 3.6 (the failure by Borrowers to so perform or cause to be performed such conditions subsequent as and when required by the terms thereof, shall constitute an immediate Event of Default).

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender Group to enter into this Agreement, each Borrower makes the following representations and warranties to the Lender Group which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the date of the making of each Advance (or other extension of credit) made thereafter, as though made on and as of the date of such Advance (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 Due Organization and Qualification: Subsidiaries.

(a) Each Loan Party (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business in all material respects as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) Except as described on Schedule 4.1(b), Parent is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital Stock or any security convertible into or exchangeable for any of its capital Stock.

(c) Set forth on Schedule 4.1(c) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 5.11), is a complete and accurate list of the Loan Parties' direct and indirect Subsidiaries, showing: (i) the number of shares of each class of common and preferred Stock authorized for each of such Subsidiaries, and (ii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by Parent. All of the outstanding capital Stock of each such Subsidiary has been validly issued and is fully paid and non-assessable.

(d) Except as set forth on Schedule 4.1(c), there are no subscriptions, options, warrants, or calls relating to any shares of Parent's Subsidiaries' capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. Neither Parent nor any of its Subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of Parent's Subsidiaries' capital Stock or any security convertible into or exchangeable for any such capital Stock.

4.2 Due Authorization; No Conflict.

(a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary action on the part of such Loan Party.

(b) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party do not and will not (i) violate any material provision of federal, state, or local law or regulation applicable to any Loan Party or its Subsidiaries, the Governing Documents of any Loan Party or its Subsidiaries, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or its Subsidiaries, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of any Loan Party or its Subsidiaries except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Loan Party, other than Permitted Liens, or (iv) require any approval of any Loan Party's interestholders or any approval or consent of any Person under any Material Contract of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

4.3 Governmental Consents. The execution, delivery, and performance by each Loan Party of the Loan Documents to which such Loan Party is a party and the consummation of the transactions contemplated by the Loan

Documents do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date.

4.4 Binding Obligations; Perfected Liens.

(a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) Agent's Liens are validly created, perfected (other than (i) in respect of motor vehicles and (ii) any Deposit Accounts and Securities Accounts not subject to a Control Agreement as permitted by Section 6.11, and subject only to the filing of financing statements and the recordation of the Copyright Security Agreement, in each case, in the appropriate filing offices), and first priority Liens, subject only to Permitted Liens.

4.5 Title to Assets; No Encumbrances. Each of the Loan Parties and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in Real Property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good and marketable title to (in the case of all other personal property), all of their respective assets reflected in their most recent financial statements delivered pursuant to Section 5.1, in each case except for (y) those assets that are not necessary for the conduct of the business of the Loan Parties and their Subsidiaries, taken as a whole, or (z) assets disposed of since the date of such financial statements to the extent such disposition is permitted hereby. All of such assets are free and clear of Liens except for Permitted Liens.

4.6 Jurisdiction of Organization; Location of Chief Executive Office; Organizational Identification Number; Commercial Tort Claims.

(a) The name of (within the meaning of Section 9-503 of the Code) and jurisdiction of organization of each Loan Party and each of its Subsidiaries is set forth on Schedule 4.6(a) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 6.5).

(b) The chief executive office of each Loan Party and each of its Subsidiaries is located at the address indicated on Schedule 4.6(b) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 5.15).

(c) Each Loan Party's and each of its Subsidiaries' tax identification numbers and organizational identification numbers, if any, are identified on Schedule 4.6(c) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 6.5).

(d) As of the Closing Date, no Loan Party and no Subsidiary of a Loan Party holds any commercial tort claims that exceed \$1,000,000 in amount, except as set forth on Schedule 4.6(d).

4.7 Litigation.

(a) There are no actions, suits, or proceedings pending or, to the Knowledge of Parent, threatened in writing against a Loan Party or any of its Subsidiaries that either individually or in the aggregate could reasonably be expected to result in a Material Adverse Change.

(b) Schedule 4.7(b) sets forth a complete and accurate description, with respect to each of the actions, suits, or proceedings with asserted liabilities in excess of, or that, if determined adversely, could reasonably be expected to result in liabilities in excess of, \$5,000,000 that, as of the Closing Date, is pending or, to the Knowledge of Parent, threatened against a Loan Party or any of its Subsidiaries, of (i) the parties to such actions, suits, or proceedings, (ii) the nature of the dispute that is the subject of such actions, suits, or proceedings, (iii) the status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (iv) whether any liability of the Loan Parties' and their

Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

4.8 **Compliance with Laws.** No Loan Party nor any of its Subsidiaries (a) is in violation of any applicable laws, rules, regulations, executive orders, or codes (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change.

4.9 **No Material Adverse Change.** All historical financial statements relating to the Loan Parties and their Subsidiaries that have been delivered by Borrowers to Agent have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects, the Loan Parties' and their Subsidiaries' consolidated financial condition as of the date thereof and results of operations for the period then ended. Since March 31, 2009, no event, circumstance, or change has occurred that has or could reasonably be expected to result in a Material Adverse Change with respect to the Loan Parties and their Subsidiaries.

4.10 **Fraudulent Transfer.**

(a) Each Loan Party is Solvent.

(b) No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

4.11 **Employee Benefits.** No Loan Party, none of their Subsidiaries, nor any of their ERISA Affiliates maintains or contributes to any Benefit Plan.

4.12 **Environmental Condition.** Except as set forth on Schedule 4.12, (a) to Parent's Knowledge, no Loan Party's or its Subsidiaries' properties or assets has ever been used by a Loan Party, its Subsidiaries, or by previous owners or operators in the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such disposal, production, storage, handling, treatment, release or transport was in violation, in any material respect, of any applicable Environmental Law, (b) to Parent's Knowledge, no Loan Party's or its Subsidiaries' properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a Hazardous Materials disposal site, (c) no Loan Party nor any of its Subsidiaries has received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by a Loan Party or its Subsidiaries, and (d) no Loan Party nor any of its Subsidiaries nor any of their respective facilities or operations is subject to any outstanding written order, consent decree, or settlement agreement with any Person relating to any Environmental Law or Environmental Liability that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change.

4.13 **Intellectual Property.** Each Loan Party and its Subsidiaries own, or hold licenses in, all trademarks, trade names, copyrights, patents, and licenses that are necessary to the conduct of its business as currently conducted, taken as a whole. Attached hereto as Schedule 4.13 (as updated from time to time) is a true, correct, and complete listing of all material registered trademarks, registered trade names, registered copyrights, registered patents, and licenses as to which Parent or one of its Subsidiaries is the owner or is an exclusive licensee; provided, however, that Borrowers may amend Schedule 4.13 to add or remove intellectual property on Schedule 4.13 by written notice to Agent on a quarterly basis as required in Schedule 5.2.

4.14 **Leases.** Each Loan Party and its Subsidiaries enjoy peaceful and undisturbed possession under all leases material to their business and to which they are parties or under which they are operating, and, subject to Permitted Protests, all of such material leases are valid and subsisting and no material default by the applicable Loan Party or its Subsidiaries exists under any of them.

4.15 **Deposit Accounts and Securities Accounts.** Set forth on Schedule 4.15 (as updated pursuant to the provisions of the Security Agreement from time to time) is a listing of all of the Loan Parties' Deposit Accounts and

Securities Accounts, including, with respect to each bank or securities intermediary (a) the name and address of such Person, and (b) the account numbers of the Deposit Accounts or Securities Accounts maintained with such Person.

4.16 **Complete Disclosure.** All factual information (taken as a whole) furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement, the other Loan Documents, or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. On the Closing Date, the Projections that were most recently delivered to Agent (and were accepted by Agent) represent, and as of the date on which any other Projections are delivered to Agent, such additional Projections represent Borrowers' good faith estimate of the Loan Parties' and their Subsidiaries future performance for the periods covered thereby based upon assumptions believed by Borrowers to be reasonable at the time of the delivery thereof to Agent (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the control of the Loan Parties and their Subsidiaries and no assurances can be given that such Projections will be realized and actual results may differ in a material manner from such Projections).

4.17 **Material Contracts.** Set forth on Schedule 4.17 (as updated from time to time) is a list of the Material Contracts of each Loan Party and its Subsidiaries; provided, however, that Borrowers may amend Schedule 4.17 to add additional Material Contracts not included on Schedule 4.17 by written notice to Agent (which notice shall specify the additions to such schedule and provide a copy of such new Material Contracts) on a quarterly basis as required in Schedule 5.2. Except for matters which, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change, each Material Contract (other than those that have expired at the end of their normal terms) (a) is in full force and effect and is binding upon and enforceable against the applicable Loan Party or its Subsidiary and, to Parent's Knowledge, each other Person that is a party thereto in accordance with its terms, (b) has not been otherwise amended or modified (other than amendments or modifications permitted by Section 6.7(b)), and (c) is not in default due to the action or inaction of the applicable Loan Party or its Subsidiary.

4.18 **Patriot Act.** To the extent applicable, each Loan Party is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "Patriot Act"). No part of the proceeds of the loans made hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

4.19 **Indebtedness.** Set forth on Schedule 4.19 is a true and complete list of all Indebtedness of each Loan Party and each of its Subsidiaries outstanding immediately prior to the Closing Date that is to remain outstanding after the Closing Date and such Schedule accurately sets forth the aggregate principal amount of such Indebtedness as of the Closing Date.

4.20 **Payment of Taxes.** Except as otherwise permitted under Section 5.5, all tax returns and reports of each Loan Party and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon a Loan Party and its Subsidiaries and upon their respective assets, income, businesses and franchises that are due and payable have been paid when due and payable. Each Loan Party and each of its Subsidiaries have made adequate provision in accordance with GAAP for all taxes not yet due and payable. No Borrower knows of any proposed tax assessment against a Loan Party or any of its Subsidiaries that is not being actively contested by such Loan Party or such Subsidiary diligently, in good faith, and by appropriate proceedings; provided such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor. No Loan Party nor any of its Subsidiaries has ever been a party to any understanding or arrangement constituting a "tax shelter" within the meaning of Section 6662(d)(2)(C)(ii) of the IRC, or has ever "participated" in a "reportable transaction" or "listed transaction" within the meaning of Section 6707A(c) of the IRC, except as would not be reasonably expected to, individually or in

the aggregate, result in a Material Adverse Change.

4.21 **Margin Stock.** No Loan Party nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the loans made to Borrowers will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U or X of said Board of Governors.

4.22 **Governmental Regulation.** No Loan Party nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Loan Party nor any of its Subsidiaries is a “registered investment company” or a company “controlled” by a “registered investment company” or a “principal underwriter” of a “registered investment company” as such terms are defined in the Investment Company Act of 1940.

4.23 **OFAC.** No Loan Party nor any of its Subsidiaries is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC. No Loan Party nor any of its Subsidiaries (a) is a Sanctioned Person or a Sanctioned Entity, (b) has more than 10% of its assets located in Sanctioned Entities, or (c) derives more than 10% of its revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. The proceeds of any Advance will not be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

4.24 **Employee and Labor Matters.** There is (i) no unfair labor practice complaint pending or, to the Knowledge of Parent, threatened against Parent or any of its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Parent or any of its Subsidiaries which arises out of or under any collective bargaining agreement, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened against Parent or any of its Subsidiaries, or (iii) to the Knowledge of Parent, no union representation question existing with respect to the employees of Parent or any of its Subsidiaries and no union organizing activity taking place with respect to any of the employees of Parent or any of its Subsidiaries. None of Parent or any of its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of Parent or its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change. All material payments due from Parent or any of its Subsidiaries on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of Borrower, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change.

4.25 **[Intentionally Omitted]**

4.26 **[Intentionally Omitted]**

4.27 **[Intentionally Omitted]**

4.28 **Eligible Accounts.** As to each Account that is identified by Borrowers as an Eligible Account in a Borrowing Base Certificate submitted to Agent, such Account is (a) a bona fide existing payment obligation of the applicable Account Debtor created by the sale and delivery of Inventory or the rendition of services to such Account Debtor in the ordinary course of Borrowers’ business, (b) owed to a Borrower without any known defenses, disputes, offsets, counterclaims, or rights of return or cancellation, and (c) not excluded as ineligible by virtue of one or more of the excluding criteria set forth in the definition of Eligible Accounts.

4.29 **Eligible Inventory.** As to each item of Inventory that is identified by Borrowers as Eligible Inventory in a Borrowing Base Certificate submitted to Agent, such Inventory is (a) of good and merchantable quality, free from known defects, and (b) not excluded as ineligible by virtue of one or more of the excluding criteria set forth in the definition of Eligible Inventory.

4.30 **Locations of Inventory and Equipment.** Except as described on Schedule 4.30(a), the Inventory and Equipment (other than vehicles or Equipment out for repair) of the Loan Parties are not stored with a bailee,

warehouseman, or similar party and are located only at, or in-transit between, the locations identified on Schedule 4.30(b) (as such Schedule may be updated pursuant to Section 5.15).

4.31 **Inventory Records.** Each Loan Party keeps correct and accurate records itemizing and describing the type, quality, and quantity of its and its Subsidiaries' Inventory and the book value thereof.

5. AFFIRMATIVE COVENANTS.

Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Borrowers shall and shall cause each of their Subsidiaries to comply with each of the following:

5.1 **Financial Statements, Reports, Certificates.** Deliver to Agent, with sufficient copies for the Lenders, each of the financial statements, reports, and other items set forth on Schedule 5.1 at the times specified therein. In addition, each Borrower agrees that no Subsidiary of a Loan Party will have a fiscal year different from that of Parent. In addition, Parent agrees to maintain a system of accounting that enables Parent to produce financial statements in accordance with GAAP. Each Loan Party shall also (a) keep a reporting system that shows all additions, sales, claims, returns, and allowances with respect to its and its Subsidiaries' sales, and (b) maintain its billing systems/practices as approved by Agent prior to the Closing Date and shall only make material modifications thereto with notice to, and with the consent of, Agent.

5.2 **Collateral Reporting.** Provide Agent (and if so requested by Agent, with copies for each Lender) with each of the reports set forth on Schedule 5.2 at the times specified therein. In addition, Borrowers agree to use commercially reasonable efforts in cooperation with Agent to facilitate and implement a system of electronic collateral reporting in order to provide electronic reporting of each of the items set forth above.

5.3 **Existence.** Except as otherwise permitted under Section 6.3, at all times maintain and preserve in full force and effect its existence (including being in good standing in its jurisdiction of organization) and all rights and franchises, licenses and permits material to its business; provided, however, that no Loan Party or any of its Subsidiaries shall be required to preserve any such right or franchise, licenses or permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to the Lenders.

5.4 **Maintenance of Properties.** Maintain and preserve all of its assets that are necessary in the proper conduct of the business of Parent and its Subsidiaries, taken as a whole, in good working order and condition, ordinary wear, tear, and casualty excepted and Permitted Dispositions excepted, and comply with the material provisions of all material leases to which it is a party as lessee, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest.

5.5 **Taxes.** Cause all assessments and taxes imposed, levied, or assessed against any Loan Party or its Subsidiaries, or any of their respective assets or in respect of any of its income, businesses, or franchises to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax. Parent will and will cause each of its Subsidiaries to make timely payment or deposit of all tax payments and withholding taxes required of it and them by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Agent with proof reasonably satisfactory to Agent indicating that Parent and its Subsidiaries have made such payments or deposits.

5.6 **Insurance.** At Borrowers' expense, maintain insurance respecting each of the Loan Parties' and their Subsidiaries' assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. Borrowers also shall maintain (with respect to each of the Loan Parties and their Subsidiaries) business interruption, general liability, and product liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation. All such

policies of insurance shall be with responsible and reputable insurance companies and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to Agent. All property insurance policies covering the Collateral are to be made payable to Agent for the benefit of Agent and the Lenders, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Agent of the exercise of any right of cancellation. If Borrowers fail to maintain such insurance, Agent may arrange for such insurance, but at Borrowers' expense and without any responsibility on Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Borrowers shall give Agent prompt notice of any loss exceeding \$1,000,000 covered by its casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

5.7 **Inspection.** Permit Agent and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Agent may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to Borrowers provided, however, that so long as no Event of Default shall have occurred and be continuing, the Borrowers shall not be obligated to reimburse Agent for (a) more than 4 audits or field exams during any calendar year or (b) more than 2 appraisals of the Collateral during any calendar year.

5.8 **Compliance with Laws.** Comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.

5.9 **Environmental.**

(a) Keep any property either owned or operated by Parent or its Subsidiaries free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens,

(b) comply, in all material respects, with Environmental Laws and provide to Agent documentation of such compliance which Agent reasonably requests,

(c) promptly notify Agent of any release of which Parent has Knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by Parent or its Subsidiaries and take any Remedial Actions required to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law, and

(d) promptly, but in any event within 5 Business Days of its receipt thereof, provide Agent with written notice of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of Parent or its Subsidiaries, (ii) commencement of any Environmental Action or notice that an Environmental Action will be filed against Parent or its Subsidiaries, and (iii) notice of a violation, citation, or other administrative order under Environmental Laws which could reasonably be expected to result in a Material Adverse Change.

5.10 **Disclosure Updates.** Promptly and in no event later than 5 Business Days after obtaining Knowledge thereof, notify Agent if any written information, exhibit, or report furnished to the Lender Group contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. The foregoing to the contrary

notwithstanding, any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto.

5.11 Formation of Subsidiaries; Yale as a Guarantor.

(a) At the time that any Loan Party forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Closing Date other than an Immaterial Subsidiary, such Loan Party shall (a) within 10 days of such formation or acquisition cause any such new Subsidiary to provide to Agent a joinder to the Guaranty (or, at the election of Parent and so long as Agent receives a field examination of such Subsidiary and appraisal of the assets of such Subsidiary, in each case, in form and substance satisfactory to Agent, a joinder to this Agreement) and the Security Agreement, together with such other security documents, as well as appropriate financing statements, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets (other than Real Property and Equipment) of such newly formed or acquired Subsidiary); provided that the Guaranty, the Security Agreement, and such other security documents shall not be required to be provided to Agent with respect to any Subsidiary of Parent that is a CFC, (b) within 10 days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) provide to Agent a pledge agreement and appropriate certificates and powers or financing statements, hypothecating all of the direct or beneficial ownership interest in such new Subsidiary reasonably satisfactory to Agent; provided that only 65% of the total outstanding voting Stock of any first tier Subsidiary of any Loan Party that is a CFC and none of the total outstanding voting Stock of any other Subsidiary of such CFC shall be required to be pledged (which pledge, if reasonably requested by Agent, shall be governed by the laws of the jurisdiction of such Subsidiary), and (c) within 10 days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 5.11 shall be a Loan Document.

(b) Within 10 Business Days following the date that the Indebtedness of Yale owing pursuant to the Yale Loan Documents has been repaid in full, Parent agrees to cause Yale (a) to provide to Agent a joinder to the Guaranty and the Security Agreement, as well as appropriate financing statements, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets (other than Real Property and Equipment) of Yale, and (b) to provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 5.11 shall be a Loan Document.

5.12 Further Assurances. At any time upon the reasonable request of Agent, execute or deliver to Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, endorsements of certificates of title, mortgages, deeds of trust, opinions of counsel, and all other documents (collectively, the "Additional Documents") that Agent may reasonably request in form and substance reasonably satisfactory to Agent, to create, perfect, and continue perfected or to better perfect Agent's Liens in all of the assets (other than Real Property and Equipment) of Parent and its Subsidiaries (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents; provided that the foregoing shall not apply to any Subsidiary of any Loan Party that is a CFC. To the maximum extent permitted by applicable law, each of Borrowers authorize Agent to execute any such Additional Documents in the applicable Loan Party's or its Subsidiary's name, as applicable, and authorizes Agent to file such executed Additional Documents in any appropriate filing office. In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as Agent may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by substantially all of the assets (other than Real Property and Equipment) of Parent and its Subsidiaries and all of the outstanding capital Stock of Parent's Subsidiaries (subject to limitations contained in the Loan Documents with respect to CFCs).

5.13 Lender Meetings. Within 90 days after the close of each fiscal year of Parent, at the request of Agent or of the Required Lenders and upon reasonable prior notice, hold a meeting (at a mutually agreeable location and time or, at

the option of Agent, by conference call) with all Lenders who choose to attend such meeting at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of Parent and its Subsidiaries and the projections presented for the current fiscal year of Parent.

5.14 **Material Contracts.** Contemporaneously with the delivery of each Compliance Certificate pursuant hereto, provide Agent with copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate.

5.15 **Location of Inventory and Equipment.** Keep each Loan Parties' Inventory and Equipment (other than vehicles and Equipment out for repair) only at the locations identified on Schedule 4.30(a) or Schedule 4.30(b) and their chief executive offices only at the locations identified on Schedule 4.6(b); provided, however, that Borrowers may amend Schedule 4.30(a), Schedule 4.30(b) or Schedule 4.6(b) so long as such amendment occurs by written notice to Agent not less than 10 days prior to the date on which such Inventory or Equipment is moved to such new location or such chief executive office is relocated and so long as such new location is within the continental United States, and so long as, at the time of such written notification, Borrowers provide Agent a Collateral Access Agreement with respect thereto.

5.16 **Assignable Material Contracts.** Use commercially reasonable efforts to ensure that any Material Contract entered into after the Closing Date by Parent or one of its Subsidiaries that generates or, by its terms, will generate revenue, permits the assignment of such agreement (and all rights of Parent or such Subsidiary, as applicable, thereunder) to Parent's or such Subsidiary's lenders or an agent for any lenders (and any transferees of such lenders or such agent, as applicable).

6. NEGATIVE COVENANTS.

Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Borrowers will not and will not permit any of their Subsidiaries to do any of the following:

6.1 **Indebtedness.** Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

6.2 **Liens.** Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 **Restrictions on Fundamental Changes.**

(a) Other than in order to consummate a Permitted Acquisition, enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its Stock, except for (i) any merger between Loan Parties, provided that a Borrower must be the surviving entity of any such merger to which a Borrower is a party, (ii) any merger between Loan Parties and Subsidiaries of Parent that are not Loan Parties so long as such Loan Party is the surviving entity of any such merger, and (iii) any merger between Subsidiaries of Parent that are not Loan Parties,

(b) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), except for (i) the liquidation or dissolution of non-operating Subsidiaries of Parent with nominal assets and nominal liabilities, (ii) the liquidation or dissolution of a Loan Party (other than any Borrower) or any of its wholly-owned Subsidiaries so long as all of the assets (including any interest in any Stock) of such liquidating or dissolving Loan Party or Subsidiary are transferred to a Loan Party that is not liquidating or dissolving, or (iii) the liquidation or dissolution of a Subsidiary of a Borrower that is not a Loan Party (other than any such Subsidiary the Stock of which (or any portion thereof) is subject to a Lien in favor of Agent) so long as all of the assets of such liquidating or dissolving Subsidiary are transferred to a Subsidiary of a Borrower that is not liquidating or dissolving, or

(c) Suspend or go out of a substantial portion of its or their business, except as permitted pursuant to clauses (a) or (b) above or in connection with the transactions permitted pursuant to Section 6.4.

6.4 **Disposal of Assets.** Other than Permitted Dispositions, Permitted Investments, or transactions permitted by Sections 6.3 and 6.11, convey, sell, lease, license, assign, transfer, or otherwise dispose of (or enter into an agreement to convey, sell, lease, license, assign, transfer, or otherwise dispose of) any of Parent's or its Subsidiaries assets.

6.5 **Change Name.** Change Parent's or any of its Subsidiaries' name, organizational identification number, state of organization or organizational identity; provided, however, that Parent or any of its Subsidiaries may change their names upon at least 10 days prior written notice to Agent of such change.

6.6 **Nature of Business.** Make any change in the nature of its or their business as described in Schedule 6.6 or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided that Parent and its Subsidiaries may engage in any business that is reasonably related or ancillary to its or their business.

6.7 **Prepayments and Amendments.**

(a) Except in connection with Refinancing Indebtedness permitted by Section 6.1,

(i) optionally prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of Parent or its Subsidiaries, other than (A) the Obligations in accordance with this Agreement, and (B) Permitted Intercompany Advances,

(ii) make any payment on account of Indebtedness that has been contractually subordinated in right of payment if such payment is not permitted at such time under the subordination terms and conditions, or

(b) Directly or indirectly, amend, modify, or change any of the terms or provisions of

(i) any agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Indebtedness, unless such amendment, modification, or change would satisfy the restrictions set forth in the definition of Refinancing Indebtedness if, instead of being amended, modified, or changed the subject Indebtedness was being refinanced, renewed, or extended (without regard to whether such amendment, modification or change would actually constitute a refinancing, renewal or extension of such Indebtedness),

(ii) any Material Contract except to the extent that such amendment, modification, or change could not, individually or in the aggregate, reasonably be expected to be materially adverse to the interests of the Lenders, or

(iii) the Governing Documents of any Loan Party or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, could reasonably be expected to be materially adverse to the interests of the Lenders.

6.8 **Change of Control.** Cause, permit, or suffer, directly or indirectly, any Change of Control.

6.9 **Restricted Junior Payments.** Make any Restricted Junior Payment; provided, however, that, so long as it is permitted by law,

(a) so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom, (ii) the proposed redemption of Parent's Stock is in full compliance with applicable law (including the Delaware General Corporation Law and the California Corporations Code, to the extent applicable) and the constituent documents of Parent, (iii) Excess Availability plus Qualified Cash of Parent and its Subsidiaries before and immediately after giving effect to the proposed redemption of Parent's Stock is greater than \$100,000,000, (iv) on a pro forma basis after giving effect to any such proposed redemption, Excess Availability plus Qualified Cash of Parent and its Subsidiaries is projected to be in excess of \$100,000,000 at all times during the 12 month period ended one year after the proposed date of such proposed redemption, (v) Parent was in compliance with the financial covenant (but only if such financial covenant was required to be satisfied during such period as a result of the commencement or existence of a Financial Covenant Period) set forth in Section 7.1 of the Agreement (calculated after giving *pro forma* effect to any such proposed redemption as though such proposed redemption were consummated on the last day of such period and calculated based upon Parent's most recently ended four fiscal quarter period for which

internal financial statements are available) for the four fiscal quarter period immediately preceding the date on which such proposed redemption is proposed to be made, (vi) Borrowers shall have delivered to Agent updated projections and calculations evidencing the satisfaction of the conditions precedent set forth in clauses (iii), (iv), and (v) of this Section 6.9(a), in each case, in form and substance satisfactory to Agent, and (vii) if the aggregate amount of redemptions made pursuant to this Section 6.9(a), together with the amount of dividends declared, paid, or made pursuant to Section 6.9(b), in each case, since the Closing Date, would exceed \$50,000,000 after giving effect to such proposed redemption, if requested or required by Agent in its discretion, Agent shall have received an appraisal of Borrowers' Inventory by an appraiser selected by Agent and conducted a field exam with respect to Borrowers' Accounts, in each case, within the ninety day period immediately preceding the date of any such proposed redemption, Parent may make redemptions of its Stock, and

(b) so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom, (ii) the proposed declaration and payment of dividends on account of Parent's Stock is in full compliance with applicable law (including the Delaware General Corporation Law and the California Corporations Code, to the extent applicable) and the constituent documents of Parent, (iii) Excess Availability plus Qualified Cash of Parent and its Subsidiaries both before and immediately after giving effect to the proposed declaration and payment of dividends on account of Parent's Stock is greater than \$100,000,000, (iv) on a pro forma basis after giving effect to any such proposed declaration or payment of dividends on account of Parent's Stock, Excess Availability plus Qualified Cash of Parent and its Subsidiaries is projected to be in excess of \$100,000,000 at all times during the 3 month period ended immediately after the proposed date of such declaration or payment, (v) Parent's pro forma Fixed Charge Coverage Ratio (calculated after giving *pro forma* effect to any such proposed declaration or payment as though such proposed declaration or payment were consummated on the last day of such period and calculated based upon Parent's most recently ended four fiscal quarter period for which internal financial statements are available) for the four fiscal quarter period immediately preceding the date on which such dividend is proposed to be made was not less than 1.10 to 1.00, (vi) on a pro forma basis after giving effect to any such proposed declaration or payment, Parent is projected to have a Fixed Charge Coverage Ratio (calculated after giving effect to any such proposed declaration or payment and measured on a four fiscal quarter period basis) of not less than 1.10 to 1.00 for each of the four fiscal quarters ended immediately after the proposed date of such declaration or payment, (vii) Borrowers shall have delivered to Agent updated projections and calculations evidencing the satisfaction of the conditions precedent set forth in clauses (iii), (iv), (v), and (vi) of this Section 6.9(b), in each case, in form and substance satisfactory to Agent, and (viii) if the aggregate amount of dividends declared, paid, or made pursuant to this Section 6.9(b), together with the amount of redemptions of Stock of Parent made pursuant to Section 6.9(a), in each case, since the Closing Date, would exceed \$50,000,000 after giving effect to such proposed declaration or payment, if requested or required by Agent in its discretion, Agent shall have received an appraisal of Borrowers' Inventory by an appraiser selected by Agent and conducted a field exam with respect to Borrowers' Accounts, in each case, within the ninety day period immediately preceding the date of any such declaration or payment, Parent may declare and pay dividends on account of Parent's Stock in an aggregate amount not to exceed \$10,000,000 during any fiscal year.

6.10 **Accounting Methods.** Modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

6.11 **Investments.** Except for Permitted Investments, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment; provided, however, that (other than (a) an aggregate amount of not more than \$250,000 at any one time, in the case of Parent and its Subsidiaries (other than those Subsidiaries that are CFCs), and (b) amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for Parent's or its Subsidiaries' employees, Parent and its Domestic Subsidiaries shall not have Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless Parent or its Domestic Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Agent governing such Permitted Investments in order to perfect (and further establish) Agent's Liens in such Permitted Investments. Subject to the foregoing proviso, Parent shall not and shall not permit its Domestic Subsidiaries to establish or maintain any Deposit Account or Securities Account unless Agent shall have received a Control Agreement in respect of such Deposit Account or Securities Account.

6.12 **Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any transaction with any Affiliate of Parent or any of its Subsidiaries except for:

(a) transactions described on Schedule 6.12,

(b) transactions between or among any Loan Parties,

(c) transactions (other than the payment of management, consulting, monitoring, or advisory fees) between Parent or its Subsidiaries, on the one hand, and any Affiliate of Parent or its Subsidiaries, on the other hand, so long as such transactions (i) are fully disclosed to Agent prior to the consummation thereof, if they involve one or more payments by Parent or its Subsidiaries in excess of \$1,000,000 for any single transaction or series of related transactions, and (ii) are no less favorable, taken as a whole, to Parent or its Subsidiaries, as applicable, than would be obtained in an arm's length transaction with a non-Affiliate,

(d) so long as it has been approved by Parent's Board of Directors or a Subsidiary's board of directors, as applicable, in accordance with applicable law, any indemnity provided for the benefit of directors and officers of Parent or any Subsidiaries, as applicable,

(e) so long as it has been approved by Parent's Board of Directors, the payment of reasonable fees, compensation, or employee benefit arrangements to employees, officers, and outside directors of Parent in the ordinary course of business and in accordance with past practices, and

(f) transactions permitted by Section 6.3 or Section 6.9, any Permitted Intercompany Advance or Permitted Indebtedness (solely to the extent it consist of a Permitted Intercompany Advance).

6.13 **Use of Proceeds.** Use the proceeds of the Advances for any purpose other than (a) on the Closing Date, (i) to repay, in full, the outstanding principal, accrued interest, and accrued fees and expenses owing under or in connection with the Existing Credit Facility, and (ii) to pay transactional fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, and the transactions contemplated hereby and thereby, and (b) thereafter, to finance the ongoing general corporate needs of Borrowers and consummate any transaction permitted by Section 6.9.

6.14 **Inventory and Equipment with Bailees.** Except as described on Schedule 4.30(a), store the Inventory or Equipment of Parent or its Subsidiaries at any time now or hereafter with a bailee, warehouseman, or similar party.

7. FINANCIAL COVENANT.

7.1 **Fixed Charge Coverage Ratio.** Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, Parent will have a Fixed Charge Coverage Ratio, measured on a four fiscal quarter basis, (a) as of the end of the fiscal quarter ended immediately preceding the date on which any Financial Covenant Period commences, (b) as of the end of each fiscal quarter ended during such Financial Covenant Period, and (c) as of the end of each fiscal quarter during which any Financial Covenant Period was in effect, in each case, of at least 1.1:1.0.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

8.1 If Borrowers fail to pay when due and payable, or when declared due and payable, (a) all or any portion of the Obligations consisting of interest, fees, or charges due the Lender Group, reimbursement of Lender Group Expenses, or other amounts (other than any portion thereof constituting principal) constituting Obligations (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), and such failure continues for a period of 3 Business Days, or (b) all or any portion of the principal of the Obligations;

8.2 If any Loan Party or any of its Subsidiaries:

(a) fails to perform or observe any covenant or other agreement contained in any of (i) Sections 3.6, 5.1, 5.2 (other than with respect to any of clauses (a) through (r) of Schedule 5.2), 5.3 (solely if any Borrower is not in good standing in its jurisdiction of organization), 5.6, 5.7 (solely if Borrowers refuse to allow Agent or its representatives or agents to visit Borrowers' properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss Borrowers' affairs, finances, and accounts with officers and employees of Borrowers), 5.10, 5.11, or 5.14 of this Agreement, (ii) Sections 6.1 through 6.16 of this Agreement, (iii) Section 7 of this Agreement, or (iv) Section 6 of the Security Agreement;

(b) fails to perform or observe any covenant or other agreement contained in Section 5.2 (solely with respect to any of clauses (a) through (r) of Schedule 5.2) of this Agreement and such failure continues for a period of 5 days;

(c) fails to perform or observe any covenant or other agreement contained in any of Sections 5.3 (other than if any Borrower is not in good standing in its jurisdiction of organization), 5.5, 5.8, and 5.15 of this Agreement and such failure continues for a period of 10 days after the earlier of (i) the date on which Parent shall first have Knowledge of any such failure or (ii) the date on which written notice thereof is given to Borrowers by Agent; or

(d) fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this Section 8 (in which event such other provision of this Section 8 shall govern), and such failure continues for a period of 30 days after the earlier of (i) the date on which Parent shall first have Knowledge of any such failure or (ii) the date on which written notice thereof is given to Borrowers by Agent;

8.3 If one or more judgments, orders, or awards for the payment of money involving an aggregate amount of \$5,000,000, or more (except to the extent fully covered by insurance) is entered or filed against a Loan Party or any of its Subsidiaries, or with respect to any of their respective assets, and either (a) there is a period of 30 consecutive days at any time after the entry of any such judgment, order, or award during which (i) the same is not discharged or satisfied, or (ii) a stay of enforcement thereof is not in effect, or (b) enforcement proceedings are commenced upon such judgment, order, or award;

8.4 If an Insolvency Proceeding is commenced by a Loan Party or any of its Subsidiaries;

8.5 If an Insolvency Proceeding is commenced against a Loan Party or any of its Subsidiaries and any of the following events occur: (a) such Loan Party or such Subsidiary consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, such Loan Party or its Subsidiary, or (e) an order for relief shall have been issued or entered therein;

8.6 If the Loan Parties and their Subsidiaries, taken as a whole, are (a) enjoined, restrained, or in any way prevented by court order from continuing to conduct all or substantially all of their business affairs, or (b) are enjoined, restrained, or in any way prevented by court order from conducting the business of designing, manufacturing, distributing or selling footwear under the Skechers brand name;

8.7 If there is a default in one or more agreements to which a Loan Party or any of its Subsidiaries is a party with one or more third Persons relative to a Loan Party's or any of its Subsidiaries' Indebtedness involving an aggregate amount of \$5,000,000 or more, and such default (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by such third Person, irrespective of whether exercised, to accelerate the maturity of such Loan Party's or its Subsidiary's obligations thereunder;

8.8 If any warranty, representation, statement, or Record made herein or in any other Loan Document or delivered in writing to Agent or any Lender in connection with this Agreement or any other Loan Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance or making or deemed making thereof;

8.9 If the obligation of any Guarantor under the Guaranty is limited or terminated by operation of law or by such Guarantor;

8.10 If the Security Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien on the Collateral covered thereby, except (a) as a result of a disposition of the applicable Collateral in a transaction permitted under this Agreement or (b) as the result of an action or failure to act on the part of Agent; or

8.11 The validity or enforceability of any Loan Document (other than any Bank Product Agreement) shall at any time for any reason (other than solely as the result of an action or failure to act on the part of Agent) be declared to be null and void (other than any provision of any Loan Document that if declared to be null and void would not (a) if such Loan Document is a Security Agreement or other Loan Document pursuant to which Agent is granted a Lien, interfere with the practical realization of the Liens afforded thereby or (b) result in the failure of any member of the Lender Group or any Bank Product Provider to derive the principal benefits of such Loan Document), or a proceeding shall be commenced by a Loan Party or its Subsidiaries, or by any Governmental Authority having jurisdiction over a Loan Party or its Subsidiaries, seeking to establish the invalidity or unenforceability thereof, or a Loan Party or its Subsidiaries shall deny that such Loan Party or its Subsidiaries has any liability or obligation purported to be created under any Loan Document.

9. RIGHTS AND REMEDIES.

9.1 **Rights and Remedies.** Upon the occurrence and during the continuation of an Event of Default, Agent may, and, at the instruction of the Required Lenders, shall, in each case by written notice to Borrowers and in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, do any one or more of the following on behalf of the Lender Group:

(a) declare the Obligations, whether evidenced by this Agreement or by any of the other Loan Documents immediately due and payable, whereupon the same shall become and be immediately due and payable, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by Borrowers; and

(b) declare the Commitments terminated, whereupon the Commitments shall immediately be terminated together with any obligation of any Lender hereunder to make Advances and the obligation of any Issuing Lender to issue Letters of Credit.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in Section 8.4 or Section 8.5, in addition to the remedies set forth above, without any notice to Borrowers or any other Person or any act by the Lender Group, the Commitments shall automatically terminate and the Obligations then outstanding, together with all accrued and unpaid interest thereon and all fees and all other amounts due under this Agreement and the other Loan Documents, shall automatically and immediately become due and payable, without presentment, demand, protest, or notice of any kind, all of which are expressly waived by each Borrower.

9.2 **Remedies Cumulative.** The rights and remedies of the Lender Group under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender Group shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by the Lender Group of one right or remedy shall be deemed an election, and no waiver by the Lender Group of any Event of Default shall be deemed a continuing waiver. No delay by the Lender Group shall constitute a waiver, election, or acquiescence by it.

10. WAIVERS; INDEMNIFICATION.

10.1 **Demand; Protest; etc.** Each Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender Group on which any Borrower may in any way be liable.

10.2 **The Lender Group's Liability for Collateral.** Each Borrower hereby agrees that: (a) so long as Agent complies with its obligations, if any, under the Code, the Lender Group shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrowers.

10.3 **Indemnification.** Borrowers shall pay, indemnify, defend, and hold the Agent-Related Persons, the Lender-Related Persons, and each Participant (each, an "Indemnified Person") harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery (provided that Borrowers shall not be liable for costs and expenses (including attorneys fees) of any Lender (other than WFF) incurred in advising, structuring, drafting, reviewing, administering or syndicating the Loan Documents), enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of Parent's and its Subsidiaries' compliance with the terms of the Loan Documents (other than disputes solely between the Lenders), (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any assets or properties owned, leased or operated by any Borrower or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of any Borrower or any of its Subsidiaries (each and all of the foregoing, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, Borrowers shall have no obligation to any Indemnified Person under this Section 10.3 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person or its officers, directors, employees, attorneys, or agents. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which Borrowers were required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrowers with respect thereto. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

11. NOTICES.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Administrative Borrower, any Borrower or Agent, as the case may be, they shall be sent to the respective address set forth below:

If to Administrative
Borrower or any other Borrower:

SKECHERS U.S.A., INC.

228 Manhattan Beach Blvd.
Manhattan Beach, CA 90266
Attn: Philip Paccione
Fax No.: 310-406-0160

with copies to:

IRELL & MANELLA

1880 Avenue of the Stars, Suite 900
Los Angeles, CA 90067
Attn: Ede Ibekwe, Esq.
Fax No.: (310) 556-5350

If to Agent: **WELLS FARGO FOOTHILL, LLC**
2450 Colorado Avenue
Suite 3000 West
Santa Monica, California 90404
Attn: Business Finance Division Manager
Fax No.: 310-453-7413

with copies to: **PAUL, HASTINGS, JANOFSKY & WALKER LLP**
515 S. Flower Street
Twenty-fifth Floor
Los Angeles, CA 90071
Attn: John Francis Hilson, Esq.
Fax No.: 213-996-6300

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 11, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment).

12. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

(a) THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH BORROWER AND EACH MEMBER OF THE LENDER GROUP WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER AND EACH MEMBER OF THE LENDER GROUP HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH BORROWER AND EACH MEMBER OF THE LENDER GROUP REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

13. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.

13.1 Assignments and Participations.

(a) With the prior written consent of Administrative Borrower, which consent of Administrative Borrower shall not be unreasonably withheld, delayed or conditioned, and shall not be required (1) if an Event of Default has occurred and is continuing, and (2) in connection with an assignment to a Person that is a Lender or an Affiliate (other than individuals) of a Lender and with the prior written consent of Agent, which consent of Agent shall not be unreasonably withheld, delayed or conditioned, and shall not be required in connection with an assignment to a Person that is a Lender or an Affiliate (other than individuals) of a Lender, any Lender may assign and delegate to one or more assignees (each, an “Assignee”; provided, however, that no Loan Party, Affiliate of a Loan Party, Equity Sponsor, or Affiliate of Equity Sponsor shall be permitted to become an Assignee) all or any portion of the Obligations, the Commitments and the other rights and obligations of such Lender hereunder and under the other Loan Documents, in a minimum amount (unless waived by Agent) of \$10,000,000 (except such minimum amount shall not apply to (x) an assignment or delegation by any Lender to any other Lender or an Affiliate of any Lender or (y) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be assigned to all such new Lenders is at least \$10,000,000); provided, however, that Borrowers and Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Borrowers and Agent by such Lender and the Assignee, (ii) such Lender and its Assignee have delivered to Administrative Borrower and Agent an Assignment and Acceptance and Agent has notified the assigning Lender of its receipt thereof in accordance with Section 13.1(b), and (iii) unless waived by Agent, the assigning Lender or Assignee has paid to Agent for Agent’s separate account a processing fee in the amount of \$3,500.

(b) From and after the date that Agent notifies the assigning Lender (with a copy to Administrative Borrower) that it has received an executed Assignment and Acceptance and, if applicable, payment of the required processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 10.3) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender’s rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto); provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender’s obligations under Section 15 and Section 17.9(a).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance or observance by Borrowers of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto, (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such Assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (v) such Assignee appoints and authorizes Agent to take such actions and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such Assignee agrees that it will perform all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon Agent’s receipt of the required processing fee, if applicable, and delivery of notice to the assigning Lender pursuant to Section 13.1(b), this Agreement shall be deemed to be amended to the extent, but only

to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender *pro tanto*.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (a “Participant”) participating interests in all or any portion of its Obligations, its Commitment, and the other rights and interests of that Lender (the “Originating Lender”) hereunder and under the other Loan Documents; provided, however, that (i) the Originating Lender shall remain a “Lender” for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a “Lender” hereunder or under the other Loan Documents and the Originating Lender’s obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrowers, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender’s rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender, or (E) change the amount or due dates of scheduled principal repayments or prepayments or premiums, and (v) all amounts payable by Borrowers hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement. The rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents or any direct rights as to the other Lenders, Agent, Borrowers, the Collections of any Borrower or its Subsidiaries, the Collateral, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves.

(f) In connection with any such assignment or participation or proposed assignment or participation or any grant of a security interest in, or pledge of, its rights under and interest in this Agreement, a Lender may, subject to the provisions of Section 17.9, disclose all documents and information which it now or hereafter may have relating to Parent and its Subsidiaries and their respective businesses.

(g) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.24, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

(h) Agent (as a non-fiduciary agent on behalf of Borrowers) shall maintain, or cause to be maintained, a register (the “Register”) on which it enters the name and address of each Lender as the registered owner of the Advances (and the principal amount thereof and stated interest thereon) held by such Lender (each, a “Registered Loan”). Other than in connection with an assignment by a Lender of all or any portion of its portion of the Advances to an Affiliate of such Lender or a Related Fund of such Lender (i) a Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide) and (ii) any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any evidencing the same),

Borrowers shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered as the owner thereof for the purpose of receiving all payments thereon and for all other purposes, notwithstanding notice to the contrary. In the case of any assignment by a Lender of all or any portion of the Advances to an Affiliate of such Lender or a Related Fund of such Lender, and which assignment is not recorded in the Register, the assigning Lender, on behalf of Borrowers, shall maintain a register comparable to the Register.

(i) In the event that a Lender sells participations in the Registered Loan, such Lender, as a non-fiduciary agent on behalf of Borrowers, shall maintain a register on which it enters the name of all participants in the Registered Loans held by it (the "Participant Register"). A Registered Loan (and the Registered Note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Registered Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register.

(j) Agent shall make a copy of the Register (and each Lender shall make a copy of its Participant Register in the extent it has one) available for review by Borrowers from time to time as Borrowers may reasonably request.

13.2 **Successors.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Borrowers may not assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Lenders shall release any Borrower from its Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 13.1 and, except as expressly required pursuant to Section 13.1, no consent or approval by Borrowers is required in connection with any such assignment.

14. AMENDMENTS; WAIVERS.

14.1 Amendments and Waivers.

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document (other than Bank Product Agreements or the Fee Letter), and no consent with respect to any departure by any Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and each Borrower and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all of the Lenders directly affected thereby and each Borrower, do any of the following:

(i) increase the amount of or extend the expiration date of any Commitment of any Lender,

(ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document,

(iii) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document (except (y) in connection with the waiver of applicability of Section 2.6(c) (which waiver shall be effective with the written consent of the Required Lenders), and (z) that any amendment or modification of defined terms used in the financial covenant in this Agreement shall not constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (iii)),

(iv) amend or modify this Section or any provision of this Agreement providing for consent or other action by all Lenders,

(v) other than as permitted by Section 15.11, release Agent's Lien in and to any of the Collateral,

(vi) change the definition of "Required Lenders" or "Pro Rata Share",

(vii) except as provided in the last sentence of Section 15.11(a), contractually subordinate any of Agent's Liens,

(viii) other than in connection with a merger, liquidation, dissolution or sale of such Person expressly permitted by the terms hereof or the other Loan Documents, release any Borrower or any Guarantor from any obligation for the payment of money or consent to the assignment or transfer by any Borrower or any Guarantor of any of its rights or duties under this Agreement or the other Loan Documents,

(ix) amend any of the provisions of Section 2.3(d), Section 2.4(b)(i) or (ii), or Section 2.4(e) or (f),

(x) amend Section 13.1(a) to permit a Loan Party, an Affiliate of a Loan Party, Equity Sponsor, or an Affiliate of Equity Sponsor to be permitted to become an Assignee, or

(xi) change the definition of Borrowing Base or any of the defined terms (including the definitions of Dilution Reserve, Eligible Accounts, Eligible In-Transit Inventory, Eligible Landed Inventory, Net Liquidation Percentage, and Seasonal Inventory Limitation) that are used in such definition to the extent that any such change results in more credit being made available to Borrowers based upon the Borrowing Base, but not otherwise, or the definition of Maximum Revolver Amount, or change Section 2.1(c).

(b) No amendment, waiver, modification, or consent shall amend, modify, or waive (i) the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agent and Borrowers (and shall not require the written consent of any of the Lenders), and (ii) any provision of Section 15 pertaining to Agent, or any other rights or duties of Agent under this Agreement or the other Loan Documents, without the written consent of Agent, Borrowers, and the Required Lenders,

(c) No amendment, waiver, modification, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to any Issuing Lender, or any other rights or duties of Issuing Lender under this Agreement or the other Loan Documents, without the written consent of such Issuing Lender, Agent, Borrowers, and the Required Lenders,

(d) No amendment, waiver, modification, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Agent, Borrowers, and the Required Lenders,

(e) Anything in this Section 14.1 to the contrary notwithstanding, any amendment, modification, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of Parent and its Subsidiaries, shall not require consent by or the agreement of any Borrower.

(f) Anything in this Section 14.1 to the contrary notwithstanding, Agent and the Borrowers may (without the consent of any Lender) amend or supplement this Agreement to cure any ambiguity, defect or inconsistency or to make a modification of a minor, consistency or technical nature or to correct a manifest error.

14.2 Replacement of Certain Lenders.

(a) If (i) any action to be taken by the Lender Group or Agent hereunder requires the unanimous consent, authorization, or agreement of all Lenders and if such action has received the consent, authorization, or agreement of the Required Lenders but not all of the Lenders or (ii) any Lender makes a claim for compensation under Section 16, then Borrowers or Agent, upon at least 5 Business Days prior irrevocable notice, may permanently replace any Lender (a "Holdout Lender") that failed to give its consent, authorization, or agreement or made a claim for compensation (a "Tax Lender") with one or more Replacement Lenders, and the Holdout Lender or Tax Lender, as applicable, shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender or Tax Lender, as applicable, shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Holdout Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender being repaid its share of the outstanding Obligations (including an assumption of its Pro Rata Share of the Letters of Credit) without any premium or penalty of any kind whatsoever. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 13.1. Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make the Holdout Lender's Pro Rata Share of Advances and to purchase a participation in each Letter of Credit and Acceptance, as applicable, in an amount equal to its Pro Rata Share of such Letters of Credit and Acceptance, as applicable.

14.3 **No Waivers; Cumulative Remedies.** No failure by Agent or any Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by Agent or any Lender on any occasion shall affect or diminish Agent's and each Lender's rights thereafter to require strict performance by each Borrower of any provision of this Agreement. Agent's and each Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agent or any Lender may have.

15. AGENT; THE LENDER GROUP.

15.1 **Appointment and Authorization of Agent.** Each Lender hereby designates and appoints WFF as its representative under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as such on the express conditions contained in this Section 15. The provisions of this Section 15 are solely for the benefit of Agent and the Lenders, and Parent and its Subsidiaries shall have no rights as a third party beneficiary of any of the provisions contained herein. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent; it being expressly understood and agreed that the use of the word "Agent" is for convenience only, that WFF is merely the representative of the Lenders, and only has the contractual duties set forth herein. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, or of any other provision of the Loan Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect: (a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, the Collections of Parent and its Subsidiaries, and related matters, (b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Loan Documents, (c) make Advances, for itself or on behalf of Lenders, as provided in the Loan Documents, (d) exclusively receive, apply, and distribute the Collections of Parent and its Subsidiaries as provided in the Loan Documents, (e) open and maintain such bank accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Loan Documents for the foregoing purposes with respect to the Collateral and the Collections of Parent and its Subsidiaries, (f) perform, exercise, and enforce any and all other rights and remedies of the Lender Group with respect to Parent or its Subsidiaries, the Obligations, the Collateral, the Collections of Parent and its Subsidiaries, or otherwise related to any of same as provided in the Loan Documents, and (g) incur and pay such Lender Group Expenses as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Loan Documents. Each Lender hereby acknowledges and agrees that it has reviewed the provisions of the Flow of Funds Agreement, agrees to be bound by the terms thereof, and designates and irrevocably authorizes Agent to execute and deliver the Flow of Funds Agreement on its behalf.

15.2 **Delegation of Duties.** Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

15.3 **Liability of Agent.** None of the Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by Parent or any of its Subsidiaries or Affiliates, or any officer or director thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of Parent or its Subsidiaries or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the books and records or properties of Parent or its Subsidiaries.

15.4 **Reliance by Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrowers or counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the requisite Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

15.5 **Notice of Default or Event of Default.** Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or Borrowers referring to this Agreement, describing such Default or Event of Default, and stating that such notice is a "notice of default." Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 15.4, Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 9; provided, however, that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

15.6 **Credit Decision.** Each Lender acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Parent and its Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects,

operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrowers or any other Person party to a Loan Document that may come into the possession of any of the Agent-Related Persons. Each Lender acknowledges that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender with any credit or other information with respect to Borrowers, its Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent's or its Affiliates' or representatives' possession before or after the date on which such Lender became a party to this Agreement.

15.7 **Costs and Expenses; Indemnification.** Agent may incur and pay Lender Group Expenses to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Loan Documents, including court costs, attorneys fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrowers are obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. Agent is authorized and directed to deduct and retain sufficient amounts from the Collections of Parent and its Subsidiaries received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders. In the event Agent is not reimbursed for such costs and expenses by Parent or its Subsidiaries, each Lender hereby agrees that it is and shall be obligated to pay to Agent such Lender's Pro Rata Share thereof. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrowers and without limiting the obligation of Borrowers to do so), according to their Pro Rata Shares, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make an Advance or other extension of credit hereunder. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for such Lender's Pro Rata Share of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

15.8 **Agent in Individual Capacity.** WFF and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Document as though WFF were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge that, pursuant to such activities, WFF or its Affiliates may receive information regarding Parent or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms "Lender" and "Lenders" include WFF in its individual capacity.

15.9 **Successor Agent.** Agent may resign as Agent upon 30 days prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Borrowers (unless such notice is waived by Borrowers). If Agent resigns under this Agreement, the Required Lenders shall be entitled to, with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a successor Agent for the Lenders. If, at the time that Agent's resignation is effective, it is acting as an Issuing Lender or the Swing Lender, such resignation shall also operate to effectuate its resignation as an Issuing Lender or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit or make Swing Loans. If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Lenders and Borrowers, a successor Agent. If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable law, the Required

Lenders may agree in writing to remove and replace Agent with a successor Agent from among the Lenders with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned). In any such event, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring Agent and the term "Agent" shall mean such successor Agent and the retiring Agent's appointment, powers, and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 15 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided for above.

15.10 Lender in Individual Capacity; Joint Lead Arrangers.

(a) Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding Parent or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

(b) WFF and BOAS, in their respective capacities as "joint lead arrangers" shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than, with respect to WFF only, those applicable to WFF in its capacities as a Lender, Agent, Swing Lender, or an Issuing Lender. Without limiting the foregoing, WFF and BOAS, in their respective capacities as "joint lead arrangers" shall not have or be deemed to have any fiduciary relationship with any Loan Party or with any Lender. BOA, in its capacity as "syndication agent" shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to it in its capacity as a Lender or as an Issuing Lender. Without limiting the foregoing, BOA, in its capacity as "syndication agent" shall not have or be deemed to have any fiduciary relationship with any Loan Party or with any Lender. Each Lender acknowledges that it has not relied upon, and will not rely upon, WFF, BOAS, or BOA in deciding to enter into this Agreement or in taking or not taking action hereunder.

15.11 Collateral Matters.

(a) The Lenders hereby irrevocably authorize Agent to release any Lien on any Collateral or otherwise consent to the disposition thereof free of the Lien created by the Loan Documents (i) upon the termination of the Commitments and payment and satisfaction in full by Borrowers of all Obligations, (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrowers certify to Agent that the sale or disposition is permitted under Section 6.4 or the other Loan Documents (and Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property in which Parent or its Subsidiaries owned no interest at the time Agent's Lien was granted nor at any time thereafter, or (iv) constituting property leased to Parent or its Subsidiaries under a lease that has expired or is terminated in a transaction permitted under this Agreement. The Lenders hereby irrevocably authorize Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by Agent under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, or at any other sale or foreclosure conducted by Agent (whether by judicial action or otherwise) in accordance with applicable law. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of Collateral having an aggregate book value in excess of \$75,000,000 during any calendar year, all of the Lenders, or (z) otherwise, the Required

Lenders; provided, however, that nothing in clause (y) of this sentence shall be deemed to restrict or limit the enforcement rights or remedies of Agent with respect to the Collateral under this Agreement or any other Loan Document that arise as a result of an Event of Default. Upon request by Agent or Borrowers at any time, the Lenders will confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, however, that (1) Agent shall not be required to execute any document necessary to evidence such release on terms that, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of Borrowers in respect of) all interests retained by Borrowers, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. The Lenders further hereby irrevocably authorize Agent to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(b) Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by Parent or its Subsidiaries or is cared for, protected, or insured or has been encumbered, or that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing, except as otherwise provided herein.

15.12 Restrictions on Actions by Lenders; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Agent, set off against the Obligations, any amounts owing by such Lender to Parent or its Subsidiaries or any deposit accounts of Parent or its Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against any Borrower or any Guarantor or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender's Pro Rata Share of all such distributions by Agent, such Lender promptly shall (A) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

15.13 Agency for Perfection. Agent hereby appoints each other Lender as its agent (and each Lender hereby accepts such appointment) for the purpose of perfecting Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions.

15.14 Payments by Agent to the Lenders. All payments to be made by Agent to the Lenders shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may

designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

15.15 Concerning the Collateral and Related Loan Documents. Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

15.16 Audits and Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report respecting Parent or its Subsidiaries (each a "Report" and collectively, "Reports") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any audit or examination will inspect only specific information regarding Parent and its Subsidiaries and will rely significantly upon Parent's and its Subsidiaries' books and records, as well as on representations of any Borrower's personnel,

(d) agrees to keep all Reports and other material, non-public information regarding Parent and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 17.9, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrowers, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including attorneys fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

In addition to the foregoing: (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Parent or its Subsidiaries to Agent that has not been contemporaneously provided by Parent or such Subsidiary to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from Parent or its Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrowers the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Parent or such Subsidiary, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrowers a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

15.17 Several Obligations; No Liability. Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other

Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. Except as provided in Section 15.7, no member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to Borrowers or any other Person for any failure by any other Lender to fulfill its obligations to make credit available hereunder, nor to advance for it or on its behalf in connection with its Commitment, nor to take any other action on its behalf hereunder or in connection with the financing contemplated herein.

16. **WITHHOLDING TAXES.**

(a) All payments made by Borrowers hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Taxes, and in the event any deduction or withholding of Taxes is required, Borrowers shall comply with the next sentence of this Section 16(a). If any Taxes are so levied or imposed, Borrowers agree to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement, any note, or Loan Document, including any amount paid pursuant to this Section 16(a) after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein; provided, however, that Borrowers shall not be required to increase any such amounts if the increase in such amount payable results from Agent's or such Lender's own willful misconduct or gross negligence (as finally determined by a court of competent jurisdiction). Borrowers will furnish to Agent as promptly as possible after the date the payment of any Tax is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by Borrowers.

(b) Borrowers agree to pay any present or future stamp, value added or documentary taxes or any other excise or property taxes, charges, or similar levies that arise from any payment made hereunder or from the execution, delivery, performance, recordation, or filing of, or otherwise with respect to this Agreement or any other Loan Document, if any.

(c) If a Lender or Participant is entitled to claim an exemption or reduction from United States withholding tax, such Lender or Participant agrees with and in favor of Agent, to deliver to Agent (or, in the case of a Participant, to the Lender granting the participation only) one of the following before receiving its first payment under this Agreement:

(i) if such Lender or Participant is entitled to claim an exemption from United States withholding tax pursuant to the portfolio interest exception, (A) a statement of the Lender or Participant, signed under penalty of perjury, that it is not a (I) a "bank" as described in Section 881(c)(3)(A) of the IRC, (II) a 10% shareholder of any Borrower (within the meaning of Section 871(h)(3)(B) of the IRC), or (III) a controlled foreign corporation related to any Borrower within the meaning of Section 864(d)(4) of the IRC, and (B) a properly completed and executed IRS Form W-8BEN or Form W-8IMY (with proper attachments);

(ii) if such Lender or Participant is entitled to claim an exemption from, or a reduction of, withholding tax under a United States tax treaty, a properly completed and executed copy of IRS Form W-8BEN;

(iii) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, a properly completed and executed copy of IRS Form W-8ECI;

(iv) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because such Lender or Participant serves as an intermediary, a properly completed and executed copy of IRS Form W-8IMY (with proper attachments); or

(v) a properly completed and executed copy of any other form or forms, including IRS Form W-9, as may be required under the IRC or other laws of the United States as a condition to exemption from, or reduction of, United States withholding or backup withholding tax.

Each Lender or Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any

previously delivered forms and to promptly notify Agent (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(d) If a Lender or Participant claims an exemption from withholding tax in a jurisdiction other than the United States, such Lender or such Participant agrees with and in favor of Agent, to deliver to Agent (or, in the case of a Participant, to the Lender granting the participation only) any such form or forms, as may be required under the laws of such jurisdiction as a condition to exemption from, or reduction of, foreign withholding or backup withholding tax before receiving its first payment under this Agreement, but only if such Lender or such Participant is legally able to deliver such forms, provided, however, that nothing in this Section 16(d) shall require a Lender or Participant to disclose any information that it deems to be confidential (including without limitation, its tax returns). Each Lender and each Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(e) If a Lender or Participant claims exemption from, or reduction of, withholding tax and such Lender or Participant sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of Borrowers to such Lender or Participant, such Lender or Participant agrees to notify Agent (or, in the case of a sale of a participation interest, to the Lender granting the participation only) of the percentage amount in which it is no longer the beneficial owner of Obligations of Borrowers to such Lender or Participant. To the extent of such percentage amount, Agent will treat such Lender's or such Participant's documentation provided pursuant to Section 16(c) or 16(d) as no longer valid. With respect to such percentage amount, such Participant or Assignee will provide new documentation, pursuant to Section 16(c) or 16(d), if applicable. Borrowers agree that each Participant shall be entitled to the benefits of this Section 16 with respect to its participation in any portion of the Commitments and the Obligations so long as such Participant complies with the obligations set forth in this Section 16 with respect thereto.

(f) If a Lender or a Participant is entitled to a reduction in the applicable withholding tax, Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by Section 16(c) or 16(d) are not delivered to Agent (or, in the case of a Participant, to the Lender granting the participation), then Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(g) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent (or, in the case of a Participant, to the Lender granting the participation) did not properly withhold tax from amounts paid to or for the account of any Lender or any Participant due to a failure on the part of the Lender or any Participant (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent (or such Participant failed to notify the Lender granting the participation) of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless (or, in the case of a Participant, such Participant shall indemnify and hold the Lender granting the participation harmless) for all amounts paid, directly or indirectly, by Agent (or, in the case of a Participant, to the Lender granting the participation), as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent (or, in the case of a Participant, to the Lender granting the participation only) under this Section 16, together with all costs and expenses (including attorneys fees and expenses). The obligation of the Lenders and the Participants under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

(h) If Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by Borrowers or with respect to which Borrowers have paid additional amounts pursuant to this Section 16, so long as no Default or Event of Default has occurred and is continuing, it shall pay over such refund to Borrowers (but only to the extent of payments made, or additional amounts paid, by Borrowers under this Section 16 with respect to Taxes giving rise to such a refund), net of all out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such a refund); provided, that Borrowers, upon the request of Agent or such Lender, agree to repay the amount paid over to Borrowers (plus any penalties, interest or other charges, imposed by the relevant Governmental Authority, other than such penalties, interest or other charges imposed as a result of the willful misconduct or gross negligence of Agent

hereunder) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything in this Agreement to the contrary, this Section 16 shall not be construed to require Agent or any Lender to make available its tax returns (or any other information which it deems confidential) to Borrowers or any other Person.

17. GENERAL PROVISIONS.

17.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by each Borrower, Agent, and each Lender whose signature is provided for on the signature pages hereof.

17.2 **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender Group or any Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 **Bank Product Providers.** Each Bank Product Provider shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Agent is acting. Agent hereby agrees to act as a non-fiduciary agent for such Bank Product Providers and, by virtue of providing a Bank Product that qualifies as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations, each Bank Product Provider shall be automatically deemed to have appointed Agent as its non-fiduciary agent; it being understood and agreed that the rights and benefits of each Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein and in any Bank Product Provider Letter Agreement. In connection with any such distribution of payments and collections, Agent shall be entitled to assume no amounts are due and payable to any Bank Product Provider unless such Bank Product Provider has notified Agent in writing of the amount of any such liability owed to it prior to such distribution.

17.6 **Debtor-Creditor Relationship.** The relationship between the Lenders and Agent, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. No member of the Lender Group has (or shall be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the members of the Lender Group, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.7 **Counterparts; Electronic Execution.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

17.8 **Revival and Reinstatement of Obligations.** If the incurrence or payment of the Obligations by any Borrower or Guarantor or the transfer to the Lender Group of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "Voidable Transfer"), and if the Lender Group is required to repay

or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that the Lender Group is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of the Lender Group related thereto, the liability of each Borrower or Guarantor automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

17.9 **Confidentiality.**

(a) Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding Parent and its Subsidiaries, their operations, assets, and existing and contemplated business plans (“**Confidential Information**”) shall be treated by Agent and the Lenders in a confidential manner, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group (“**Lender Group Representatives**”), (ii) to Subsidiaries and Affiliates of any member of the Lender Group (including the Bank Product Providers), provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this **Section 17.9**, (iii) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (iv), the disclosing party agrees to provide Borrowers with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance by Borrowers or as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause (v) the disclosing party agrees to provide Borrowers with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the subpoena or other legal process and (y) any disclosure under this clause (v) shall be limited to the portion of the Confidential Information as may be required by such governmental authority pursuant to such subpoena or other legal process, (vi) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders or the Lender Group Representatives), (vii) in connection with any assignment, participation or pledge of any Lender’s interest under this Agreement, provided that any such assignee, participant, or pledgee shall have agreed in writing to receive such information hereunder subject to the terms of this Section, (viii) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; provided, that, prior to any disclosure to any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (viii) with respect to litigation involving any Person (other than Borrowers, Agent, any Lender, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrowers with prior notice thereof, and (ix) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Agent may provide information concerning the terms and conditions of this Agreement and the other Loan Documents to loan syndication and pricing reporting services.

17.10 **Lender Group Expenses.** Borrowers agree to pay any and all Lender Group Expenses promptly after demand therefor by Agent and agrees that its obligations contained in this **Section 17.10** shall survive payment or satisfaction in full of all other Obligations.

17.11 **USA PATRIOT Act.** Each Lender that is subject to the requirements of the Patriot Act hereby notifies Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies Borrowers, which information includes the name and address of Borrowers and other information that will allow such Lender to identify Borrowers in accordance with the Patriot Act.

17.12 **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of

the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

17.13 **Parent as Agent for Borrowers.** Each Borrower hereby irrevocably appoints Parent as the borrowing agent and attorney-in-fact for all Borrowers (the “Administrative Borrower”) which appointment shall remain in full force and effect unless and until Agent shall have received prior written notice signed by each Borrower that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (i) to provide Agent with all notices with respect to Advances and Letters of Credit obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and (ii) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Advances and Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loan Account and Collateral in a combined fashion, as more fully set forth herein, is done solely as an accommodation to Borrowers in order to utilize the collective borrowing powers of Borrowers in the most efficient and economical manner and at their request, and that Lender Group shall not incur liability to any Borrower as a result hereof. Each Borrower expects to derive benefit, directly or indirectly, from the handling of the Loan Account and the Collateral in a combined fashion since the successful operation of each Borrower is dependent on the continued successful performance of the integrated group. To induce the Lender Group to do so, and in consideration thereof, each Borrower hereby jointly and severally agrees to indemnify each member of the Lender Group and hold each member of the Lender Group harmless against any and all liability, expense, loss or claim of damage or injury, made against the Lender Group by any Borrower or by any third party whatsoever, arising from or incurred by reason of (a) the handling of the Loan Account and Collateral of Borrowers as herein provided, (b) the Lender Group’s relying on any instructions of the Administrative Borrower, or (c) any other action taken by the Lender Group hereunder or under the other Loan Documents, except that Borrowers will have no liability to the relevant Agent-Related Person or Lender-Related Person under this Section 17.13 with respect to any liability that has been finally determined by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such Agent-Related Person or Lender-Related Person, as the case may be.

17.14 **Tendered Currency.** If for any reason it is necessary to convert any funds tendered to Agent into or from any currency other than Dollars (such other currency being hereinafter referred to as the “Tendered Currency”), the rate of exchange used shall be the Exchange Rate on the Business Day preceding that on which such other currency is tendered to the Agent. The obligation of each Borrower in respect of any such sum due from it to any Agent or any member of the Lender Group hereunder shall, notwithstanding any tender or any judgment in such Tendered Currency, be discharged only to the extent that Agent, in accordance with its customary or other reasonable procedures, purchases Dollars with the Tendered Currency so received. If the amount of Dollars so purchased is less than the sum originally due to Agent or any other member of the Lender Group, as applicable, in Dollars, each Borrower agrees, as a separate obligation and notwithstanding any judgment, to indemnify the Agents and the Lender Group against such loss, and if the Dollars so purchased exceed the sum originally due to Agent or any member of the Lender Group in Dollars, such Agent or such member of the Lender Group, as applicable, agrees to remit to such Borrower such excess.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

SKECHERS U.S.A., INC.,

a Delaware corporation, as a Borrower

By: /s/ Frederick Schneider

Name: Frederick Schneider

Title: Chief Financial Officer

SKECHERS U.S.A., INC. II,

a Delaware corporation, as a Borrower

By: /s/ David Weinberg

Name: David Weinberg

Title: Chief Financial Officer

SKECHERS BY MAIL, INC.,

a Delaware corporation, as a Borrower

By: /s/ David Weinberg

Name: David Weinberg

Title: Chief Financial Officer

310 GLOBAL BRANDS, INC.,

a Delaware corporation, as a Borrower

By: /s/ David Weinberg

Name: David Weinberg

Title: Chief Executive Officer

WELLS FARGO FOOTHILL, LLC,

a Delaware limited liability
company, as Agent and as a Lender

By: /s/ Todd Nakamoto

Name: Todd Nakamoto

Title: Senior Vice President

BANK OF AMERICA, N.A.,

as a Lender

By: /s/ Stephen King

Name: Stephen King

Title: SVP

PNC BANK, N.A.,

as a Lender

By: /s/ Mark Tito

Name: Mark Tito

Title: Vice President

UNION BANK, N.A.,

as a Lender

By: /s/ Peter Ehlinger

Name: Peter Ehlinger

Title: VP

HSBC BUSINESS CREDIT (USA) INC.,

as a Lender

By: /s/ Daniel J. Williams

Name: Daniel J. Williams

Title: Vice President

CIT BANK,

as a Lender

By: /s/ Daniel Burnett

Name: Daniel Burnett

Title: Authorized Signatory

CAPITAL ONE, N.A.,

as a Lender

By: /s/ Ari Kaplan

Name: Ari Kaplan

Title: S.V.P.

U.S. BANK NATIONAL ASSOCIATION,

as a Lender

By: /s/ Wayne Elliott

Name: Wayne Elliott

Title: V P

EXHIBIT A-1

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This **ASSIGNMENT AND ACCEPTANCE AGREEMENT** (“Assignment Agreement”) is entered into as of _____ between _____ (“Assignor”) and _____ (“Assignee”). Reference is made to the Agreement described in Annex I hereto (the “Credit Agreement”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement.

1. In accordance with the terms and conditions of Section 13 of the Credit Agreement, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to the Assignor’s rights and obligations under the Loan Documents as of the date hereof with respect to the Obligations owing to the Assignor, and Assignor’s portion of the Commitments, all to the extent specified on Annex I.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to (i) any statements, representations or warranties made in or in connection with the Loan Documents, or (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or any Guarantor or the performance or observance by any Borrower or any Guarantor of any of their respective obligations under the Loan Documents or any other instrument or document furnished pursuant thereto, and (d) represents and warrants that the amount set forth as the Purchase Price on Annex I represents the amount owed by Borrower to Assignor with respect to Assignor’s share of the Advances assigned hereunder, as reflected on Assignor’s books and records.

3. The Assignee (a) confirms that it has received copies of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon Agent, Assignor, or any other Lender, based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Loan Documents; (c) confirms that it is eligible as an assignee under the terms of the Credit Agreement; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; [and (f) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee’s status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.]

4. Following the execution of this Assignment Agreement by the Assignor and Assignee, the Assignor will deliver this Assignment Agreement to the Agent for recording by the Agent. The effective date of this Assignment (the “Settlement Date”) shall be the latest to occur of (a) the date of the execution and delivery hereof by the Assignor and the Assignee, (b) the receipt by Agent for its sole and

separate account a processing fee in the amount of \$3,500 (if required by the Credit Agreement), (c) the receipt of any required consent of the Agent, and (d) the date specified in Annex I.

5. As of the Settlement Date (a) the Assignee shall be a party to the Credit Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents, provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Article 15 and Section 17.9 of the Credit Agreement.

6. Upon the Settlement Date, Assignee shall pay to Assignor the Purchase Price (as set forth in Annex I). From and after the Settlement Date, Agent shall make all payments that are due and payable to the holder of the interest assigned hereunder (including payments of principal, interest, fees and other amounts) to Assignor for amounts which have accrued up to but excluding the Settlement Date and to Assignee for amounts which have accrued from and after the Settlement Date. On the Settlement Date, Assignor shall pay to Assignee an amount equal to the portion of any interest, fee, or any other charge that was paid to Assignor prior to the Settlement Date on account of the interest assigned hereunder and that are due and payable to Assignee with respect thereto, to the extent that such interest, fee or other charge relates to the period of time from and after the Settlement Date.

7. This Assignment Agreement may be executed in counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Assignment Agreement may be executed and delivered by telecopier or other facsimile transmission all with the same force and effect as if the same were a fully executed and delivered original manual counterpart.

8. THE VALIDITY OF THIS ASSIGNMENT AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS ASSIGNMENT AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS, LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK. ASSIGNOR, ASSIGNEE, AND AGENT WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

10. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ASSIGNOR, ASSIGNEE, AND AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS ASSIGNMENT AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. ASSIGNOR, ASSIGNEE, AND AGENT REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS ASSIGNMENT AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement and Annex I hereto to be executed by their respective officers, as of the first date written above.

[NAME OF ASSIGNOR]

as Assignor

By: _____

Name:

Title:

[NAME OF ASSIGNEE]

as Assignee

By: _____

Name:

Title:

ACCEPTED THIS ___ DAY OF _____

WELLS FARGO FOOTHILL, LLC,

a Delaware limited liability company, as Agent

By: _____

Name:

Title:

ANNEX FOR ASSIGNMENT AND ACCEPTANCE

ANNEX I

1. Borrowers: **SKECHERS U.S.A., INC.**, a Delaware corporation, **SKECHERS U.S.A., INC. II**, a Delaware corporation, **SKECHERS BY MAIL, INC.**, a Delaware corporation, and **310 GLOBAL BRANDS, INC.**, a Delaware corporation

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of June 30, 2009, by and among the Borrowers, the lenders from time to time a party thereto (the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and administrative agent for the Lenders, **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger

3. Date of Assignment Agreement: _____

4. Assigned Amounts:

a. Assigned Amount of Revolver Commitment \$ _____

b. Assigned Amount of Advances \$ _____

5. Settlement Date: _____

6. Purchase Price \$ _____

7. Notice and Payment Instructions, etc.

Assignee:

Assignor:

Exhibit B-1

Wells Fargo Foothill

BORROWING BASE CERTIFICATE

Skechers U.S.A., Inc.

Date Prepared: **xx/xx/xx**

Date as of: **xx/xx/xx**

The undersigned, **SKECHERS U.S.A., INC.**, a Delaware corporation (“Parent”), pursuant to Schedule 5.2 of that certain Credit Agreement dated as of June 30, 2009 (as amended, restated, modified, supplemented, refinanced, renewed, or extended from time to time, the “Credit Agreement”), entered into among Parent, each of Parent’s Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a “Borrower”, and individually and collectively, jointly and severally, as the “Borrowers”), the lenders signatory thereto (the “Lenders”) and **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint arranger and administrative agent for the Lenders (in such capacity, together with its successors and assigns, if any, in such capacity, “Agent”), hereby certifies to Agent that the following items, calculated in accordance with the terms and definitions set forth in the Credit Agreement for such items are true and correct, and that the Borrowers are in compliance with and, after giving effect to any currently requested Advances or Letters of Credit, will be in compliance with, the terms, conditions, and provisions of the Credit Agreement.

All initially capitalized terms used in this Borrowing Base Certificate have the meanings set forth in the Credit Agreement unless specifically defined herein.

Borrowing Base Detail					
1	Total Accounts Receivable			\$	—
2	Less:	Past Due		\$	—
3		Past Due Credits		\$	—
4		50% cross-agings		\$	—
5		Intercompany		\$	—
6		Foreign Accounts		\$	—
7		Government Accounts > \$2.5MM		\$	—
8		COD Accounts		\$	—
9		Debit Memos		\$	—
10		Employee Sales		\$	—
11		Extended Terms >\$2.5MM		\$	—
12		Samples/Demos		\$	—
13		Consignment/Guaranteed Sale		\$	—
14		Bankrupt/Doubtful Accounts		\$	—
15		Contra Accounts		\$	—
16		Anticipated Discounts		\$	—
17		> Concentration Limits		\$	—
18		Other Ineligibles		\$	—
19		Other Ineligibles		\$	—
20		Other Ineligibles		\$	—
21	Total Non Primes			\$	—
22	Total Eligible Accounts Receivable			\$	—
	Advance Rates				85%
23	Allowable Accounts Receivable Advances			\$	—
24	Less:	Dilution Reserves	2%	\$	—
25		Other Reserves		\$	—
26	Total Available Accounts Receivable Advances Net of Reserves			\$	—
				Wholesale	Retail
				In-Transit	
27	Total Inventory Calculation			\$	—
28	Less:	Shrinkage		\$	—
29		Discontinued Brands		\$	—
30		Slow Moving Inventory		\$	—
31		Small/Offsite		\$	—
32		Lower of Cost or Market		\$	—
33		Overcapitalized Freight		\$	—
34		In-Transit Ineligibles		\$	—
35		Unreconciled Variance		\$	—
36	Total Non Primes			\$	—
37	Total Eligible Inventory			\$	—
38	Inventory Advance Rates @ Cost			70%	70%
39	Eligible Inventory Advances per Cost (In Transit Capped @ \$25MM)			—	\$
40	Appraised Value — NOLV			76%	100%
41	Effective Advance Rate per Appraisal (85% X NOLV)			85%	65%
42	Eligible Inventory Advances per NOLV (In Transit Capped @ \$25MM)			—	\$
43	Lesser of Line 39 or Line 42			\$	—
44	Less:	Unpaid Duty on Free Trade Inventory	9.3%	\$	—
45		Unpaid Duty on In Transit Inventory	9.3%	\$	—
46	Freight for In Transit Inventory			\$	—
47	Gift Card Liability			\$	—
48	Estimated Royalty to be paid			\$	—
49	Other Reserve			\$	—
50	Other Reserve			\$	—
51	Total Available Inventory Advances Net of Reserves			\$	—
52	Seasonal Inventory Limit (from 5/1/xx - 7/31/xx = \$150MM; otherwise				

	\$125MM)	\$ 125,000,000
53	Allowable Inventory Advances (Lesser of Line 51 and Line 52)	\$ —
54	Total Available (sum Line 26 and Line 53 - Cannot exceed \$250MM)	\$ —
55	Less: Bank Products Reserve	\$ —
56	Rent Reserves	\$ —
57	Duty Payable	\$ —
58	Royalty Payable	\$ —
59	Other Reserves	\$ —
60	Maximum Advance Amount	\$ —
61	Revolver Balance	
62	Letters of Credit and Acceptances (Maximum Amount = \$50MM)	\$ —
63	Total Outstanding Advances	\$ —
64	Total Availability/(Over-Advance) (Line 60 minus Line 63)	\$ —

Additionally, the undersigned hereby certifies and represents and warrants to the Lender Group on behalf of the Borrowers that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document, any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above, and (iv) all of the foregoing is true and correct as of the effective date of the calculations set forth above and that such calculations have been made in accordance with the requirements of the Credit Agreement.

SKECHERS U.S.A., INC.,
a Delaware corporation, as Administrative Borrower

By: _____
Name: _____
Title: _____



EXHIBIT B-2

FORM OF BANK PRODUCTS PROVIDER LETTER AGREEMENT

[Letterhead of Specified Bank Products Provider]

[Date]

Wells Fargo Foothill, LLC, as Agent
2450 Colorado Avenue
Suite 3000 West
Santa Monica, California 90404
Attention: Business Finance Division Manager
Fax No.: 310-453-7413

Reference is hereby made to that certain Credit Agreement, dated as of June 30, 2009 (as amended, restated, supplemented, or modified from time to time, the "Credit Agreement"), by and among the lenders party thereto (such lenders, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and administrative agent for the Lenders (together with its successors and assigns in such capacity, "Agent"), **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), **SKECHERS U.S.A., INC. II**, a Delaware corporation ("Skechers II"), **SKECHERS BY MAIL, INC.**, a Delaware corporation ("Skechers Mail"), **310 GLOBAL BRANDS, INC.**, a Delaware corporation ("310 Global"); together with Parent, Skechers II, and Skechers Mail, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger. Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Credit Agreement.

Reference is also made to that certain [describe the Bank Product Agreement or Agreements] (the "Specified Bank Product Agreement [Agreements]") dated as of [_____] by and between [Lender or Affiliate of Lender] (the "Specified Bank Products Provider") and [identify the Loan Party].

1. Appointment of Agent. The Specified Bank Products Provider hereby designates and appoints Agent, and Agent by its signature below hereby accepts such appointment, as its representative under the Credit Agreement and the other Loan Documents, and Specified Bank Products Provider and Agent each agree that the provisions of Sections 15.1, 15.2, 15.3, 15.4, 15.6, 15.7, 15.8, 15.11(b), 15.12, 15.13, 15.14, and 15.15, including, as applicable, the defined terms referenced therein (but only to the extent used therein), which govern the relationship, and certain representations, acknowledgements, appointments, rights, restrictions, and agreements, between the Agent, on the one hand, and the Lenders or the Lender Group, on the other hand, shall, from and after the date of this letter agreement also apply to and govern, *mutatis mutandis*, the relationship between the Agent, on the one hand, and the Specified Bank Product Provider with respect to the Bank Products provided pursuant to the Specified Bank Product Agreement[s], on the other hand.

2. Acknowledgement of Certain Provisions of Credit Agreement. The Specified Bank Products Provider hereby acknowledges that it has reviewed the provisions of Sections 2.4(b)(ii), 14.1, 15.9, 15.11, and 17.5 of the Credit Agreement, including, as applicable, the defined terms referenced therein, and agrees to be bound by the provisions thereof.

3. Reporting Requirements. On a monthly basis (not later than the 10th Business Day of each calendar month) the Specified Bank Products Provider agrees to provide Agent with a written report, in form and substance satisfactory to Agent, detailing Specified Bank Products Provider's reasonable determination of the credit exposure of Parent and its Subsidiaries in respect of the Bank Products provided by Specified Bank Products Provider pursuant to the Specified Bank Products Agreement[s]. If Agent does not receive such written report within the time period provided above, Agent shall be entitled to assume that the reasonable determination of the credit exposure of Parent and its Subsidiaries with respect to the Bank Products provided pursuant to the Specified Bank Products Agreement[s] is zero. Specified Bank Products Provider acknowledges and agrees that Agent shall be entitled to rely on the information in such reports to establish the Bank Product Reserve and agrees that if such reports are not delivered to Agent within the time period specified above, Agent shall be entitled to implement a Bank Products Reserve in respect of the Bank Product Obligations pursuant to the Specified Bank Products Agreement[s] equal to zero.

4. Bank Product Obligations. From and after the delivery of this letter agreement to Agent and the acknowledgement of this letter agreement by Agent, the obligations and liabilities of Parent and its Subsidiaries to Specified Bank Product Provider in respect of Bank Products evidenced by the Specified Bank Product Agreement[s] shall constitute Bank Product Obligations and Specified Bank Product Provider shall constitute a Bank Product Provider.

5. Notices. All notices and other communications provided for hereunder shall be given in the form and manner provided in Section 11 of the Credit Agreement, and, if to Agent, shall be mailed, sent, or delivered to Agent in accordance with Section 11 in the Credit Agreement, if to Administrative Borrower or any other Borrower, shall be mailed, sent, or delivered to such Borrower in accordance with Section 11 in the Credit Agreement, and, if to Specified Bank Products Provider, shall be mailed, sent or delivered to the address set forth below, or, in each case as to any party, at such other address as shall be designated by such party in a written notice to the other party.

If to Specified Bank
Products Provider:

Attn: _____
Fax No. _____

6. Miscellaneous. This letter agreement is for the benefit of the Agent, the Specified Bank Products Provider, the Borrowers and each their respective successors and assigns (including any successor agent pursuant to Section 15.9 of the Credit Agreement). In connection with any transfer or assignment by Specified Bank Products Provider of any Specified Bank Products Agreement, the assignees or transferees of Specified Bank Product Provider shall bind themselves in a writing addressed to the Agent to the terms of this letter agreement. Unless the context of this letter agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." This letter agreement is a Loan Document. This letter agreement may be executed in any number of counterparts and by different parties on separate counterparts. Each of such counterparts shall be deemed to be an original, and all of such counterparts, taken together, shall constitute but one and the same agreement. Delivery of an

executed counterpart of this letter by telefacsimile or other means of electronic transmission shall be equally effective as delivery of a manually executed counterpart.

7. Governing Law.

(a) THE VALIDITY OF THIS LETTER AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS LETTER AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS, LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK. EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS LETTER AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS LETTER AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[signature pages to follow]

Sincerely,

[SPECIFIED BANK PRODUCTS PROVIDER]

By: _____

Name: _____

Title: _____



Acknowledged, accepted, and agreed
as of the date first written above:

SKECHERS U.S.A., INC., a Delaware
corporation, as Administrative Borrower

By: _____
Name: _____
Title: _____

Acknowledged, accepted, and
agreed as of _____, 20__:

WELLS FARGO FOOTHILL, LLC,
a Delaware limited liability company,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT B-3

FORM OF BAILEE AND AGENCY AGREEMENT

_____, 20__

[Name of Bailee]

Attn: _____

Dear Sir/Madam:

Reference is hereby made to that certain Credit Agreement, dated as of June 30, 2009 (as amended, restated, supplemented, or modified from time to time, the "Credit Agreement"), by and among the lenders party thereto (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and administrative agent for the Lenders ("Agent"), **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), **SKECHERS U.S.A., INC. II**, a Delaware corporation ("Skechers II"), **SKECHERS BY MAIL, INC.**, a Delaware corporation ("Skechers Mail"), **310 GLOBAL BRANDS, INC.**, a Delaware corporation ("310 Global"); together with Parent, Skechers II, and Skechers Mail, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers") and **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger. Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Credit Agreement.

You ("[BAILEE NAME]") act as each Borrower's agent for the purpose of taking possession of goods and inventory, including goods which are represented by bills of lading and/or other documents of title ("Documents"). Agent has requested that you act as its bailee and agent for the limited purpose of perfecting and protecting the interest of Agent in such Documents and in such goods, and you have agreed to do so.

1. **Acknowledgement and Appointment of [BAILEE NAME] as Agent and Bailee.** [BAILEE NAME] acknowledges to Agent and each Borrower that (a) it acts as each Borrower's agent and bailee for the purposes of receiving, retaining, and holding possession of Documents for goods and for receiving, retaining, and holding possession of goods, including goods for which such Documents have been issued, and (b) it receives, retains, and holds possession of such goods and Documents in its capacity as agent and bailee for the benefit of each applicable Borrower. [BAILEE NAME] is hereby appointed as agent and bailee for the Agent to receive, retain and hold possession of any and all goods and Documents heretofore or at any time hereafter acquired by any Borrower and which are received by [BAILEE NAME] (such goods, Documents and other property, collectively, the "Property"), and [BAILEE NAME] hereby accepts such appointment and agrees to receive, hold, and retain possession of all such Property for and on behalf of the Agent, such receipt, holding, and retention of possession of the

Property being for the purpose of perfecting and preserving Agent's security interests in the Property by possession. [BAILEE NAME] acknowledges Agent's security interest in the Property and acknowledges that [BAILEE NAME] holds possession of the Property, in its capacity as agent and bailee for the benefit of Agent, irrespective of whether or not Agent is named consignee in any associated Document. In connection with the foregoing, [BAILEE NAME] will note the security interests of Agent in the Property on [BAILEE NAME]'s books and records.

2. Delivery of Documents; Release of Goods. Until [BAILEE NAME] receives written notification in the form attached hereto as Exhibit A from Agent ("Notice") that an Event of Default has occurred and is continuing under the Credit Agreement, [BAILEE NAME] is authorized by Agent to, and [BAILEE NAME] may:

a. deliver (i) if [BAILEE NAME] is not the issuing carrier, the Documents to the issuing carrier or to its agent (who shall act on [BAILEE NAME]'s behalf as [BAILEE NAME]'s sub-agent hereunder) for the purpose of permitting the applicable Borrower to obtain possession or control of the Property subject to such Documents; (ii) if [BAILEE NAME] is the issuing carrier, the Documents to itself or to its agent (who shall act on [BAILEE NAME]'s behalf as [BAILEE NAME]'s sub-agent hereunder) for the purpose of permitting the applicable Borrower to obtain possession or control of the Property subject to such Documents; and (iii) the Property to a Borrower, in each instance as directed by a Borrower;

b. execute documents on Agent's behalf with respect to Property (i) in order to release such Property to a Borrower for the purpose of (y) the ultimate sale or exchange of such Property or (z) loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with the Property in a manner preliminary to the sale or exchange of the Property, provided that such authorization pursuant to this clause (i) shall be limited to those acts necessary to cause such release, and (ii) which [BAILEE NAME] deems reasonably necessary to perfect or protect Agent's security interest in such Property; provided, however, in each case [BAILEE NAME] shall not have the authority to create any obligations or liabilities on Agent's behalf.

3. The Borrowers hereby confirm to [BAILEE NAME] that [BAILEE NAME] should follow instructions from Agent as provided herein, even if such instructions are contrary to any instructions given (whether previously or subsequently) by the Borrowers to [BAILEE NAME]. The Borrowers hereby further agree to indemnify [BAILEE NAME] from and to hold [BAILEE NAME] harmless against any loss, cost or expense that [BAILEE NAME] may sustain or incur in acting upon instructions from Agent which [BAILEE NAME] believes in good faith to be instructions from Agent.

4. Notice from Agent to Follow Agent's Instructions. Upon [BAILEE NAME]'s receipt of a Notice from Agent, [BAILEE NAME] shall thereafter follow solely the instructions of Agent concerning the disposition of the Property and will not follow any instructions of any Borrower or any other person concerning the same.

5. Limited Authority. [BAILEE NAME]'s sole authority as the agent and bailee for Agent is to receive, hold, and maintain possession of the Property on behalf of Agent and to follow the instructions of Agent as provided herein. Except as may be specifically

authorized and instructed by Agent, [BAILEE NAME] shall have no authority as the agent and bailee of Agent to undertake any other action or to enter into any other commitments on behalf of Agent.

6. Expenses. Agent shall not be obligated to compensate [BAILEE NAME] for serving as agent and bailee hereunder, nor shall Agent be responsible for any fees, expenses, customs, duties, taxes, or other charges relating to the Property. [BAILEE NAME] acknowledges that the Borrowers are solely responsible for payment of any compensation and charges which are to any Borrower's account in accordance with any agreement between [BAILEE NAME] and any of the Borrowers. The Borrowers are further responsible for paying any fees, expenses, customs duties, taxes, or other charges which are, or may, accrue, to the account of the Property in accordance with any agreement between [BAILEE NAME] and any of the Borrowers. Agent, at Agent's sole option, may authorize [BAILEE NAME] to perform specified services on behalf of Agent, at reasonable mutually agreed rates of compensation, which shall be to Agent's account and payable to [BAILEE NAME] by Agent (provided, however, such payment shall not affect any obligation of the Borrowers to reimburse Agent for any such reasonable compensation or other reasonable, out-of-pocket costs or expenses incurred by Agent).

7. Term.

a. Upon (i) payment in full of the Obligations (other than unasserted contingent indemnification Obligations) and other than any Bank Product Obligations that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding and that are not required by the provisions of the Credit Agreement to be repaid or cash collateralized in accordance with the provisions of the Credit Agreement and (ii) the expiration or termination of the Commitments, this letter agreement ("Agreement") will terminate automatically, without any further action by any party hereto.

b. In the event that [BAILEE NAME] desires to terminate this Agreement, [BAILEE NAME] shall furnish Agent with sixty (60) days prior written notice of [BAILEE NAME]'s intention to do so. During such 60-day period (which may be shortened by notice to [BAILEE NAME] by Agent), [BAILEE NAME] shall continue to serve as agent and bailee hereunder. [BAILEE NAME] shall also cooperate with Agent and execute all such documentation and undertake all such action as may be reasonably required by Agent in connection with such termination. Such notice shall be given to the following address (or to such other address, written notice of which is given [BAILEE NAME] by or on behalf of Agent):

Wells Fargo Foothill, LLC, as Agent
2450 Colorado Avenue
Suite 3000 West
Santa Monica, California 90404
Attn: Business Finance Division Manager
Fax No.: 310-453-7413

c. Except as provided in Section 7(b) above, this Agreement shall remain in full force and effect until [BAILEE NAME] receives written notification from Agent of the termination of [BAILEE NAME]'s responsibilities hereunder.

8. Governing Law.

a. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

b. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS, LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH BORROWER, [BAILEE NAME], AND AGENT WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 8(B).

c. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER, [BAILEE NAME], AND AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH BORROWER, [BAILEE NAME], AND AGENT REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

9. [BAILEE NAME] agrees and acknowledges that it does not have, and in no event will it assert, as against Agent, any lien, right of distraint or levy, right of offset, claim, deduction, counterclaim, security or other interest in any Property now or hereafter located on any of its premises or in its possession or control, including any of the foregoing which might otherwise arise or exist in [BAILEE NAME]'s favor pursuant to any agreement, common law, statute or otherwise; provided, however, that, the foregoing shall not invalidate any non-consensual lien provided by applicable law up to the amount of any costs, fees, freight charges, storage costs, or other charges or expenses incurred or paid by [BAILEE NAME] with respect to Property then in the possession of [BAILEE NAME], for which [BAILEE NAME] has not received payment, but not for any amount owed on account of any other Property, item or matter. [BAILEE NAME] represents and warrants that it does not know of any security interest or other claim with respect to such Property, other than the security interest in favor of Agent.

10. [BAILEE NAME] further agrees to allow Agent and its agents to enter upon its premises during business hours for (i) the purpose of examining or making copies of any

books and records related thereto; and (ii) upon receipt of a Notice, removing, taking possession of or otherwise dealing with any Property at any time in its possession.

11. [BAILEE NAME] understands that Agent is relying upon this Agreement in connection with the financing arrangements provided to the Borrowers in the Credit Agreement. This Agreement shall be binding upon [BAILEE NAME]'s successors and assigns and shall inure to the benefit of Agent's successors and assigns. Each of the Lenders (including the Issuing Lenders) and each of the Bank Product Providers shall be deemed to be an intended third party beneficiary of this Agreement.

12. The Borrowers agree to reimburse [BAILEE NAME] for all reasonable, documented, out-of-pocket costs and expenses incurred by [BAILEE NAME] as a direct result of [BAILEE NAME]'s compliance with the instructions of Agent as to the disposition of the Property.

13. The Borrowers hereby authorize [BAILEE NAME] to release to Agent any and all information, including, without limitation, confidential information relating to the shipments of Property to the Borrowers.

14. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or."

[signature pages to follow]

If the foregoing correctly sets forth our understanding, please indicate [BAILEE NAME]'s assent below following which this letter will take effect as a sealed instrument.

Very Truly Yours,

SKECHERS U.S.A., INC.,
a Delaware corporation, as a Borrower

By: _____
Name: _____
Title: _____

SKECHERS U.S.A., INC. II,
a Delaware corporation, as a Borrower

By: _____
Name: _____
Title: _____

SKECHERS BY MAIL, INC.,
a Delaware corporation, as a Borrower

By: _____
Name: _____
Title: _____

310 GLOBAL BRANDS, INC.,
a Delaware corporation, as a Borrower

By: _____
Name: _____
Title: _____

WELLS FARGO FOOTHILL, LLC,
a Delaware limited liability company, as Agent

By: _____
Name: _____
Title: _____

Accepted and agreed to
as of the date first above written:

[BAILEE NAME],

a _____

By: _____

Name: _____

Title: _____

EXHIBIT A

_____, _____
[Name of Bailee]

Attn: _____

Fax No.: _____

Re: Skechers U.S.A., Inc.

Dear [Mr.] [Ms.] _____:

Reference is made to that certain Bailee and Agency Agreement, dated as of _____, 2009, by and among the **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), **SKECHERS U.S.A., INC. II**, a Delaware corporation ("Skechers II"), **SKECHERS BY MAIL, INC.**, a Delaware corporation ("Skechers Mail"), and **310 GLOBAL BRANDS, INC.**, a Delaware corporation ("310 Global"), together with Parent, Skechers II, and Skechers Mail, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers", Wells Fargo Foothill, LLC, as the arranger and administrative agent for the Lenders ("Agent") and [Name of Bailee], a _____ ("[BAILEE NAME]") (the "Agreement"). Capitalized terms not expressly defined herein shall have the same meanings as assigned to those terms in the Agreement.

Notice is hereby given to [BAILEE NAME] by Agent that an Event of Default under the Credit Agreement has occurred and is continuing. [BAILEE NAME] is to immediately cease complying with the Borrowers' and any other person's instructions (other than instructions from Agent) with respect to the Property.

Very truly yours,

WELLS FARGO FOOTHILL, LLC,
a Delaware limited liability company, as Agent

By: _____
Name: _____
Title: _____

cc: Skechers U.S.A., Inc.

EXHIBIT C-1

FORM OF COMPLIANCE CERTIFICATE

[on Parent's letterhead]

To: Wells Fargo Foothill, LLC, as Agent
under the below referenced Credit Agreement
2450 Colorado Avenue
Suite 3000 West
Santa Monica, California 90404
Attn: Business Finance Division Manager

Re: Compliance Certificate dated _____

Ladies and Gentlemen:

Reference is made to that certain **CREDIT AGREEMENT** (the "Credit Agreement") dated as of June 30, 2009, by and among the lenders identified on the signature pages thereof (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and administrative agent for the Lenders ("Agent"), **BANK OF AMERICA, N.A.**, as syndication agent, **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger, **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), and each of Parent's Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"). Capitalized terms used in this Compliance Certificate have the meanings set forth in the Credit Agreement unless specifically defined herein.

Pursuant to Schedule 5.1 of the Credit Agreement, the undersigned officer of Parent hereby certifies that:

1. The financial information of Parent and its Subsidiaries furnished in Schedule 1 attached hereto, has been prepared in accordance with GAAP (except for year-end adjustments and the lack of footnotes), and fairly presents in all material respects the financial condition of Parent and its Subsidiaries.

2. Such officer has reviewed the terms of the Credit Agreement and has made, or caused to be made under his/her supervision, a review in reasonable detail of the transactions and condition of Parent and its Subsidiaries during the accounting period covered by the financial statements delivered pursuant to Schedule 5.1 of the Credit Agreement.

3. Such review has not disclosed the existence on and as of the date hereof, and the undersigned does not have knowledge of the existence as of the date hereof, of any event or condition that constitutes a Default or Event of Default, except for such conditions or events listed on Schedule 2 attached hereto, specifying the nature and period of existence thereof and what action Parent and its Subsidiaries have taken, are taking, or propose to take with respect thereto.

4. The representations and warranties of Parent and its Subsidiaries set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the

date hereof (except to the extent they relate to a specified date), except as set forth on Schedule 3 attached hereto.

5. [Parent and its Subsidiaries are in compliance with the applicable covenants contained in Section 7 of the Credit Agreement as demonstrated on Schedule 4 hereof.]¹

Pursuant to Schedule 5.2 of the Credit Agreement, the undersigned officer of Parent hereby certifies that:

[6. Attached hereto on Schedule 5 hereof is a true, correct, and complete listing of all material registered trademarks, trade names, copyrights, patents, and licenses acquired by Parent or any of its Subsidiaries not included on Schedule 4.13 as of [the Closing Date] or [the most recently delivered update to Schedule 4.13 pursuant to Schedule 5.2].²

[7. Attached hereto on Schedule 6 hereof is a reasonably detailed description of the Material Contracts entered into by Parent or any of its Subsidiaries not included on Schedule 4.17 as of [the Closing Date] or [the most recently delivered update to Schedule 4.17 pursuant to Schedule 5.2].³

¹ To be included for each fiscal quarter ended immediately preceding the date on which any Financial Covenant Period commences, each fiscal quarter ended during such Financial Covenant Period, and each fiscal quarter during which any Financial Covenant Period was in effect.

² To be included if any written notice is required to be delivered by the Borrowers to Agent pursuant to Section 4.13 of the Credit Agreement.

³ To be included if any written notice is required to be delivered by the Borrowers to Agent pursuant to Section 4.17 of the Credit Agreement.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned this _____ day of _____,
_____.

SKECHERS U.S.A., INC., a Delaware corporation, as Parent

By: _____

Name: _____

Title: _____

SCHEDULE 1
Financial Information

SCHEDULE 2

Default or Event of Default

SCHEDULE 3

Representations and Warranties

SCHEDULE 4

Financial Covenants

1. **Fixed Charge Coverage Ratio.**

Parent's and its Subsidiaries' Fixed Charge Coverage Ratio, measured as of the last day of the four fiscal quarter period for the quarter period ending _____, _____ is ____:1.0, which ratio **[is/is not]** greater than or equal to the ratio set forth in Section 7.1 of the Credit Agreement for the corresponding period.

**[SCHEDULE 5
Intellectual Property]**

**[SCHEDULE 6
Material Contracts]**

EXHIBIT L-1

FORM OF LIBOR NOTICE

Wells Fargo Foothill, LLC, as Agent
under the below referenced Credit Agreement
2450 Colorado Avenue
Suite 3000 West
Santa Monica, California 90404

Ladies and Gentlemen:

Reference hereby is made to that certain Credit Agreement, dated as of June 30, 2009 (the "Credit Agreement"), among **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), the lenders signatory thereto (the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and administrative agent for the Lenders ("Agent"), **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

This LIBOR Notice represents Borrowers' request to elect the LIBOR Option with respect to outstanding Advances in the amount of \$_____ (the "LIBOR Rate Advance"), and is a written confirmation of the telephonic notice of such election given to Agent].

The LIBOR Rate Advance will have an Interest Period of [1], [2], [3] month(s) commencing on _____.

This LIBOR Notice further confirms Borrowers' acceptance, for purposes of determining the rate of interest based on the LIBOR Rate under the Credit Agreement, of the LIBOR Rate as determined pursuant to the Credit Agreement.

Administrative Borrower represents and warrants that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document or any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above, is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), and (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above.

Dated: _____

SKECHERS U.S.A., INC., a Delaware corporation, as Administrative
Borrower

By: _____

Name: _____

Title: _____

Acknowledged by:

WELLS FARGO FOOTHILL, LLC,
a Delaware limited liability company, as Agent

By: _____

Name: _____

Title: _____



Schedule A-1

Agent's Account

An account at a bank designated by Agent from time to time as the account into which Borrower shall make all payments to Agent for the benefit of the Lender Group and into which the Lender Group shall make all payments to Agent under this Agreement and the other Loan Documents; unless and until Agent notifies Administrative Borrower and the Lender Group to the contrary, Agent's Account shall be that certain deposit account bearing account number [*] and maintained by Agent with JPMorgan Chase Bank, New York, New York, ABA # [*].

* Confidential Portions Omitted and Filed Separately with the Commission.

Schedule A-2
Authorized Persons

Robert Greenberg

Michael Greenberg

David Weinberg

Frederick Schneider

Philip Paccione

Schedule C-1

Commitments

Lender	Commitment
Wells Fargo Foothill, LLC	\$ 72,500,000
Bank of America, N.A.	\$ 55,000,000
CIT Bank	\$ 27,500,000
U.S. Bank National Association	\$ 22,500,000
Union Bank, N.A.	\$ 20,000,000
PNC Bank, N.A.	\$ 20,000,000
HSBC Business Credit (USA) Inc.	\$ 20,000,000
Capital One Leverage Finance Corporation	\$ 12,500,000
All Lenders	<u>\$250,000,000</u>

Schedule D-1

Designated Account

Account number [*] of Administrative Borrower maintained with Administrative Borrower's Designated Account Bank, or such other deposit account of Administrative Borrower (located within the United States) that has been designed as such, in writing, by Administrative Borrower to Agent.

"Designated Account Bank" means Bank of America, whose office is located at 675 Anton Blvd., 2nd Floor, Costa Mesa, CA 92626, and whose ABA number is [*].

* Confidential Portions Omitted and Filed Separately with the Commission.

Schedule E-1

Eligible Inventory Locations

Domestic warehouse locations

The following warehouse locations are all leased by Skechers U.S.A., Inc. from third parties with the exception of 1670 Champagne Avenue, which is leased from Yale Investments, LLC.

1. 4100 East Mission Blvd., Ontario, CA 91761
2. 1670 Champagne Ave., Ontario, CA 91761
3. 1661 S. Vintage Ave., Ontario, CA 91761
4. 1777 S. Vintage Ave., Ontario, CA 91761
5. 2120 S. Archibald Ave., Ontario, CA 91761

Domestic retail store locations

See attached list of domestic stores, which includes three stores (nos. 243, 274 and 286) that are expected to open within the next three months. All of the domestic retail store locations are leased by Skechers U.S.A., Inc.



SKECHERS Domestic Store Listing

STORE NO.	STORE TYPE	SQ. FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
1	C	2,200	Manhattan Beach	1121 Manhattan Ave	Manhattan Beach	CA	90266	310.318.3116	310.406.2946	6/1/95	2/15/10
2	WHS	10,140	Gardena	19800 S. Vermont Avenue	Gardena	CA	90248	310.327.4608	310.327.6274	9/1/95	8/31/10
4R	OTL	4,490	Camarillo Promenade	829 Ventura Blvd., #1311	Camarillo	CA	93010	805.368.1029	805.386.9603	4/23/99	1/31/20
5	C	1,531	Galefela at South Bay	1815 Hawthorne Blvd. Space #112	Redondo Beach	CA	90278	310.376.7769	310.370.9490	8/1/96	6/30/16
6	OTL	2,768	Ontario Mills Outlet Mall	1 Mile Circle, Space #202	Ontario	CA	91764	909.484.8733	909.484.8525	11/1/98	1/31/17
7	OTL	2,375	Gilroy Premium Outlets	8000 Arroyo Circle, Space #B669	Gilroy	CA	95020	408.847.6486	408.847.6606	3/28/97	3/31/17
9	C	3,422	Sunvalley Mall	1298 Sunvalley Mall, Space #E206	Concord	CA	94620	925.691.5877	925.691.6078	7/1/97	1/31/14
10R	OTL	4,801	Arizona Mills	5910 Arizona Mills Circle, Space #250	Tempe	AZ	85282	480.755.7858	480.755.1261	6/28/07	4/30/17
11	OTL	2,300	Woodbury Common Premium Outlets	877 Grapevine Court	Central Valley	NY	10917	846.928.1469	846.928.1456	3/27/96	1/31/19
12	C	1,662	Garden State Plaza	1 Garden State Plaza, #1230	Paramus	NJ	07652	201.291.4128	201.291.4134	8/16/97	1/31/18
16R	OTL	6,090	Tanger Outlet - Riverhead II	Long Island Expressway, Exit 73 Tanger Drive, Space #1209	Riverhead	NY	11901	631.309.5025	631.365.3306	8/7/03	1/31/13
18R	C	3,106	Beverly Center	890 Beverly Blvd., Space #643	Los Angeles	CA	90048	310.662.8186	310.662.6037	4/30/93	1/31/13
19	OTL	3,137	Milpitas Mills	498 Great Mall Drive	Milpitas	CA	95035	408.719.8155	408.719.8256	4/1/98	4/30/10
21R	C	2,019	Irvine Spectrum	71 Fortune Drive, Space #952	Irvine	CA	92618	949.450.0394	949.450.0395	5/1/06	4/30/16
22	C	2,083	The Block at Orange	20 City Blvd. JS, Space #312	Orange	CA	92668	714.978.2951	714.939.8979	11/19/98	1/31/19

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
23	WHS	11,000	Tarzana	18143 Ventura Blvd.	Tarzana	CA	91305	818.345.1024	818.346.0552	5/1/98	1/31/12
25	OTL	3,000	Wrentham Village Premium Outlets	1 Premium Outlets Blvd., #165	Wrentham	MA	02093	508.354.3031	508.354.1418	5/22/98	5/31/15
26	WHS	5,000	Anaheim	1195 N. State College Blvd.	Anaheim	CA	92896	714.956.2477	714.956.2806	8/1/98	7/31/13
27	WHS	9,110	Van Nuys	6426 Van Nuys Blvd.	Van Nuys	CA	91401	818.309.2189	818.309.2171	9/1/98	8/25/13
28	OTL	1,898	Whitelo Premium Outlets	94-792 Lumeina Street, Bldg. 2, #213	Walpole	RI	02797	800.680.9711	800.680.9339	7/23/98	7/31/15
29R	C	1,572	Bridgewater Commons	400 Commons Way, Space #3475	Bridgewater	NJ	08807	908.685.5308	908.262.1779	11/21/98	9/30/18
30	OTL	3,166	Fashion Outlets	32100 Las Vegas Blvd., Space #432	Primm	NV	89019	702.874.1890	702.874.1898	7/15/98	1/31/19
31R	C	3,194	The Oaks	332 W. Hillcrest Drive, Space #L005	Thousand Oaks	CA	91380	805.657.0166	805.657.0255	9/27/98	8/30/18
32	C	1,395	Bayside Marketplace	401 Biscayne Blvd, Space #2250	Miami	FL	33132	305.358.3553	305.358.8790	10/1/98	7/31/09
36	OTL	2,970	Dolphin Mall	11401 N.W. 12th Street, Space #121	Miami	FL	33172	305.591.2647	305.591.3017	3/3/01	2/28/19
38	C	1,982	Glendale Galleria	2234 Glendale Galleria	Glendale	CA	91210	818.543.0741	818.543.0744	9/1/98	1/31/11
40	WHS	7,180	San Diego	4475 Mission Blvd., Space #A	San Diego	CA	92109	619.591.5019	619.591.0222	12/1/98	1/31/12
41	OTL	4,073	Katy Mills	28509 Katy Freeway, Space #571	Katy	TX	77494	281.644.6500	281.644.6501	10/26/09	1/31/10
42	OTL	3,848	Concord Mills	8111 Concord Mills Blvd., Space #694	Concord	NC	28027	704.979.8333	704.979.8330	9/16/99	1/31/18
43	C	4,251	Universal City Walk	1000 Universal Center Dr., Space #V118	Universal City	CA	91608	618.762.9888	618.762.9317	3/25/00	3/16/15
44	WHS	19,317	Norwalk	11033 E. Rosecrans Blvd., Space #A	Norwalk	CA	90650	562.868.7747	562.868.6647	4/1/99	4/22/10
45	WHS	10,400	El Monte	12017 E. Garvey Avenue, Space #A	El Monte	CA	91733	626.454.3850	626.454.3957	10/1/99	10/31/09

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
46	OTL	2,214	Jersey Gardens Metro Mall	651 Kapkowski Blvd., Space #2061	Elizabeth	NJ	07201	908.828.8825	908.828.8825	12/6/99	1/31/10
47	OTL	3,682	Opry Mills	428 Opry Mills Drive, #230	Nashville	TN	37214	615.514.6700	615.514.6791	6/4/80	1/31/11
48	C	4,724	New York	140 W. 34th Street	New York	NY	10001	646.473.0498	646.473.0491	6/4/80	6/30/17
49	OTL	3,817	Orlando Premium Outlets	8200 Vineland Ave., Space #1229	Orlando	FL	32821	407.477.0029	407.477.0031	6/6/00	6/30/10
50	OTL	4,372	Arundel Mills	7000 Arundel Mills Circle	Hanover	MD	21076	443.755.8888	443.755.8855	11/17/00	1/31/11
51	OTL	9,809	Las Americas	4348 Camino de la Plaza, #330	San Diego	CA	92173	619.934.7340	619.934.7342	11/16/81	11/30/13
52	OTL	3,800	Franklin Mills	1701 Franklin Mills Circle, #262	Philadelphia	PA	19154	215.601.0710	215.601.0713	7/26/01	1/31/12
53	OTL	2,011	Desert Hills Premium Outlets	48480 Seminole Drive, #408	Cabazon	CA	92230	951.922.9301	951.922.0852	6/29/00	5/31/15
54	WHS	8,332	Westheimer Square Center	6518 Westheimer Road	Houston	TX	77067	713.977.1174	713.977.1365	8/20/02	1/31/13
55	OTL	2,389	Folsom Premium Outlets	12000 Folsom Blvd., #1215	Folsom	CA	95630	916.606.2305	916.606.2216	8/17/08	7/31/10
56	WHS	9,995	Huntington Park	6202 Pacific Blvd.	Huntington Park	CA	90255	323.582.3298	323.582.0523	2/10/01	2/28/11
57	WHS	12,000	Hialeah	3361 W. Okeechobee Road	Hialeah	FL	33012	305.817.1970	305.817.1950	11/15/00	1/31/11
58	WHS	7,200	San Francisco	2630 Mission Street	San Francisco	CA	94110	415.401.6211	415.401.6215	12/17/80	12/31/10
59	WHS	10,000	Houston	8409 Gulf Freeway	Houston	TX	77017	713.847.9327	713.847.9236	12/17/00	6/30/11
60	WHS	12,689	Leon Valley	6761 N.W. Loop 410	Leon	TX	76238	214.256.2160	214.256.2161	2/8/01	12/31/10
61	WHS	10,400	The Edgewood Center	422 S. Azusa Avenue	Azusa	CA	91702	626.812.8693	626.815.2553	5/23/02	5/31/12
63	OTL	3,763	Grapevine Mills	3000 Grapevine Mills Pkwy, Space #0	Grapevine	TX	76061	972.639.3117	972.639.8422	6/10/01	1/31/17
64	WHS	19,000	San Antonio	503 S.W. Military Drive	San Antonio	TX	78221	210.927.7054	210.927.7030	6/29/01	8/29/11

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
65	WHS	5,846	Long Beach	2580 Long Beach Blvd.	Long Beach	CA	90806	562.496.2504	562.496.2606	6/15/01	6/30/11
66	WHS	9,903	Waterford Lakes Town Center	517 N. Alafaya Trail	Orlando	FL	32828	407.267.1239	407.267.2136	3/22/01	3/31/11
67	OTL	3,389	Discover Mills	5910 Sugarloaf Parkway, #225	Lawrenceville	GA	30043	678.847.5155	678.847.6167	11/20/01	1/31/12
68	WHS	7,916	Snapper Creek	7174-7186 S.W. 117th Ave.	Miami	FL	33183	305.276.1792	305.276.8508	3/24/01	9/30/12
69	WHS	9,851	Miami Gateway	895.825 N.W. 167th Street	Miami	FL	33169	305.627.0636	305.627.0636	7/26/01	1/31/12
70	C	3,456	Woodfield Mall	0.305 Woodfield Shopping Center	Schaumburg	IL	60173	847.413.0211	847.413.0234	11/30/01	1/31/11
71	C	3,250	The Shops at Willow Bend	6121 West Park Blvd., Space #B116	Piano	TX	75093	469.368.0149	469.365.0151	8/3/01	1/31/11
76	OTL	3,683	Colorado Mills	14620 W. Colfax Avenue, # 259	Lakewood	CO	80401	726.487.0141	726.487.0143	11/14/02	1/31/13
77	C	3,759	Third Street Promenade	1343 3rd Street Promenade	Santa Monica	CA	90401	310.898.0151	310.898.9840	8/17/01	6/31/11
78	OTL	5,282	Belz Canovanas	18408 Starle Rd. #3, Space #001	Canovanas	PR	00729	787.886.5605	787.886.5615	5/16/01	8/31/11
79	OTL	6,099	Las Vegas Outlet Center	7408 Las Vegas Blvd., South, #341	Las Vegas	NV	89123	702.492.0692	702.492.0694	7/26/01	7/31/11
80	OTL	3,500	Tanger Outlet - San Marcos	4916 Interstate 35 South, #1079	San Marcos	TX	78666	512.353.4045	512.353.4012	7/14/01	7/31/11
81	C	1,800	Partridge Creek	17425 Hall Road, #142	Cleifton Township	MI	48038	586.228.0604	586.228.0609	10/16/07	1/31/17
82	OTL	4,685	Tanger Outlet - Lancaster	201 Stanley K. Tanger Blvd.	Lancaster	PA	17602	717.393.2997	717.393.4791	11/21/01	11/30/11
83	WHS	9,666	Los Angeles	5191 Whittier Boulevard	Los Angeles	CA	90022	323.264.4790	323.264.4746	12/19/01	12/31/11
84	WHS	13,205	El Cerrito	5966 Cutting Blvd.	El Cerrito	CA	94530	510.236.1123	510.236.1218	9/20/01	4/30/13
86	OTL	3,500	Tanger Outlet Center - Kittery II	360 US Route 1, Unit 101	Kittery	ME	03904	207.438.0506	207.439.3049	6/20/03	5/31/13
87	C	2,460	Twelve Oaks	27690 Novi Road, #128	Novi	MI	48277	248.380.7020	248.380.7224	9/26/07	1/31/17

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
88	OTL	6,000	Queens Place	38.01 Queens Blvd., Space #121	Queens Center	NY	11373	718.698.2773	718.698.0883	11/2/01	9/30/11
89	OTL	3,510	Sun Valley Factory Shoppes	7061 S. Desert Blvd., #A-146	Camelillo	TX	79835	916.877.2802	916.877.2080	10/10/07	10/31/12
90	C	2,985	The Plaza at the King of Prussia	160 North Gulph Road, Suite 2057	King of Prussia	PA	19406	610.337.7356	610.337.7822	10/16/01	3/31/16
91	WHS	10,512	Fresno	85 E. Shaw Avenue	Fresno	CA	93710	559.221.0399	559.221.0889	9/3/02	5/31/12
92	C	3,707	Hall of America	214 North Garden	Bloomington	MN	55426	952.854.3000	952.854.8615	7/19/02	7/31/12
93	OTL	3,414	Carlsbad Premium Outlets	5610 Paseo Del Norte, #105	Carlsbad	CA	92008	760.918.0040	760.918.0367	5/14/02	5/31/12
94	OTL	3,580	Tanger Outlet Center Waconina Dells	210 Gasser Road, Suite #1030	Baraboo	WI	53913	608.253.2024	608.253.2025	7/20/04	7/31/11
95	C	3,019	Florida Mall	8001 S. Orange Blossom Trail, #312	Orlando	FL	32809	407.851.0910	407.851.6773	8/23/02	1/31/13
96	OTL	4,527	Tanger Outlet - Myrtle Beach	10827 Kings Road, Space #895	N. Myrtle Beach	SC	29572	843.448.7473	843.448.5684	9/28/02	6/30/12
97	WHS	8,000	Washington Square	4601 W. North Ave.	Chicago	IL	60639	773.469.5901	773.469.9902	3/13/00	5/31/13
98	OTL	4,500	Steinway Street	31.01 Steinway Street	Astoria	NY	11103	718.204.0040	718.204.2583	4/11/02	1/31/12
100	C	6,372	Times Square - Reuters Building	3 Times Square	New York	NY	10036	212.869.3600	212.869.9548	1/1/03	8/31/12
102	WHS	6,000	El Paso	6109 Montana Avenue, Suite A	El Paso	TX	79925	915.774.0002	915.774.0026	3/8/03	4/30/13
103	C	2,781	Houston Galleria II	5085 Westheimer, Suite B3615	Houston	TX	77056	713.623.8660	713.623.0784	6/27/02	1/31/14
104	C	3,165	Tycoo's Corner	1961 Chain Bridge Rd. Space # D12L	McLean	VA	22102	703.790.5620	703.790.5642	10/6/02	10/31/12
107	C	3,247	Ala Moana Shopping Center	1460 Ala Moana Blvd., #2033	Honolulu	HI	96814	808.561.0600	808.941.0884	10/4/02	1/31/12
111	OTL	3,000	Prime Outlets at Grove City	Grove City Factory Shops #1620 1911 Laeburg-Grove City Road	Grove City	PA	16127	724.748.3547	724.748.4674	11/14/02	11/30/12

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
112	C	2,848	Roosevelt Fields	630 Old Country Road, #1064	Garden City	NY	11530	516.873.7257	516.873.8029	1/13/03	1/31/13
113	WHS	7,290	McLendon Plaza	18255 N. Freeway #F	Houston	TX	77057	281.999.5796	281.999.0317	6/1/03	4/30/14
114	OTL	3,165	Las Vegas Premium Outlet	955 S. Grand Central Parkway, #1720	Las Vegas	NV	89106	702.383.6061	702.383.4053	8/1/03	7/31/13
116	C	2,560	Town Center at Boca Raton	6090 Glades Rd. #1131	Boca Raton	FL	33421	561.368.1622	561.368.1760	2/13/03	2/28/13
119	WHS	11,290	Southgate Mall	4260 Florin Rd., Unit B103	Sacramento	CA	95823	916.424.8753	916.424.8744	4/20/03	4/30/13
120	WHS	10,291	Pavilions at San Mateo	4900 Cutler Ave. NE Space #E1	Albuquerque	NM	87110	505.884.1191	505.884.8077	5/29/03	5/31/13
121	OTL	3,294	Tanger Outlet Center Five Oaks	1645 Parkway, #1300	Seylerville	TN	37862	865.453.9911	865.453.9916	8/14/03	7/31/13
122	WHS	8,196	Pine Trail Square Mall	1951 A North Military Trail	West Palm Beach	FL	33409	561.681.5831	561.681.6941	8/7/03	8/31/13
123	OTL	3,208	Jackson Outlet Village	537 Monmouth Road, Suite 116A, Space 142	Jackson	NJ	08527	732.928.3636	732.928.9906	11/29/03	6/31/13
124	OTL	3,600	St. Augustine Outlet Center	2700 State Road 16, #613	St. Augustine	FL	32092	904.819.9376	904.819.5381	7/17/03	7/31/13
125	OTL	3,718	Carolina Premium Outlets	1925 Industrial Park Drive, #740	Smithfield	NC	27577	919.389.2133	919.385.3314	6/21/03	6/30/13
126	C	2,486	Fashion Show Las Vegas	3200 Las Vegas Boulevard, South, #1240	Las Vegas	NV	89109	702.696.9905	702.696.1247	11/15/03	1/31/14
129	WHS	8,624	Clearwater Mall	2863 Gulf To Bay Blvd., #910	Clearwater	FL	33789	727.791.4048	727.726.6092	10/30/03	10/31/13
130	OTL	3,550	Tanger Outlet Center Charleston	4840 Tanger Outlet Blvd., #501	Charleston	SC	29410	843.554.8175	843.554.8177	6/6/06	6/31/11
132	WHS	5,512	Aurora City Place	130 S. Ablene St., SM.3	Aurora	CO	80012	303.344.5767	303.367.2552	7/24/03	7/31/13
133	C	2,553	The Corner Mall	417 Washington St.	Boston	MA	02108	617.423.0412	617.423.2875	9/25/03	7/31/13
134	WHS	5,150	Dale Mabry	3904 W. Linebaugh Ave., UPS SHIPMENTS: Use Zip Code 33624	Tampa	FL	33619-6702	813.266.3133	813.566.9386	11/3/03	10/31/13
135	OTL	3,095	Fashion Outlets of Niagara	1903 Military Dr., #12	Niagara Falls	NY	14204	716.297.5454	716.297.4278	7/31/03	7/31/13

STORE NO.	STORE TYPE	SQ. FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
139	OTL	3,388	Silver Sands Factory Stores	19976 Emerald Coast Parkway West, #139	Destin	FL	32558	850.655.0387	850.650.8951	7/20/03	7/31/13
140	WHS	8,881	North Creek Plaza	7901 San Dario Avenue, Unit A	Lubbock	TX	79046	959.759.1531	959.728.1982	3/1/07	2/28/12
141	OTL	3,398	Potomac Mills	2700 Potomac Mills Circle, # 505	Prince William	VA	22192	703.498.5546	703.498.5760	5/25/04	1/31/15
142	OTL	3,748	Sawgrass Mills	12801 West Sunrise Blvd., # 505	Sunrise	FL	33323	954.838.3327	954.838.0162	7/23/04	1/31/15
143	OTL	3,159	St. Louis Mills	5555 St. Louis Mills Blvd., # 532	Hazelwood	MO	63042	314.227.5688	314.227.6379	5/21/04	1/31/15
144	OTL	3,287	Jersey Shore Premium Outlets	1 Premium Outlets Blvd., #221	Tinton Falls	NJ	07753	732.695.1919	732.695.1994	11/12/03	1/31/14
145	OTL	3,214	Seattle Premium Outlets	10600 Quil Ceda Blvd. Suite 715	Tulalip	WA	98271	360.716.2886	360.716.3883	5/5/05	5/31/10
146	OTL	3,560	Tanger Outlet Center Foley	2601 S McKessie St., #485	Foley	AL	36535	251-943-9101	251-943-9194	11/18/05	11/30/10
147	OTL	4,600	Rehoboth I Tanger Outlets	35000 Midway Outlet Drive, #204	Rehoboth Beach	DE	19971	302.544.8824	302.544.8836	7/1/05	6/30/10
148	OTL	4,000	Locust Grove Tanger Outlet Center	1000 Tanger Drive, Suite 624	Locust Grove	GA	30248	770.288.2011	770.288.2016	8/19/05	8/31/10
149	OTL	3,330	Great Lakes Crossing	<u>Store Address:</u> 6900 Baldwin Road, <u>Shipping Address:</u> 4544 Baldwin Road	Auburn Hills	MI	48326	248.972.0387	248.972.0829	6/8/05	1/31/15
150	OTL	2,488	North Georgia Premium Outlets	800 Highway 400 South Suite 1050	Dawsonville	GA	30534	706.216.1262	706.216.1362	7/15/05	7/31/10
151	OTL	3,168	Clinton Crossing Premium Outlets	29-A Killingworth Turnpike Suite 419	Clinton	CT	06413	860.654.3833	860.654.3848	8/6/05	7/31/15
152	C	3,045	Bellevue Square	575 Bellevue Square, Suite 240	Bellevue	WA	98004	425.688.7601	425.688.7626	7/29/05	6/30/15
153	OTL	3,350	Tilton	129 Laconia Road, Space # 386	Tilton	NH	03276-4238	603.288.1247	603.288.9314	8/19/06	8/31/10
154	OTL	3,329	Round Rock Premium Outlets	4401 North IH-35, Suite #729	Round Rock	TX	78664	512.359.2090	512.819.3080	8/3/06	8/31/11
155	C	2,700	Gaialamp - SoHo Lab	480 5th Avenue, Spaces 2-110 and 2-111	San Diego	CA	92101	619.238.0912	619.238.4749	6/29/06	8/31/15

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
156	C	1,996	Burbank Collection	162 E. Palm Avenue, Space 214	Burbank	CA	91502	818.524.2106	818.524.2488	2/25/09	1/31/19
157	OTL	3,699	Branson Tanger Outlet Center	308 Tanger Boulevard, Space 501	Branson	MO	65616	417.339.1304	417.339.1308	8/31/05	8/31/10
158	C	2,012	The Plaz at Caesars	One Atlantic Ocean Suite BW-236	Atlantic City	NJ	08401	609.346.7390	609.448.3029	10/19/06	12/31/16
159	C	2,379	Westfield Topanga Plaza	6600 Topanga Canyon Blvd, Suite 43A	Canoga Park	CA	91303	818.887.1827	818.887.6740	3/1/07	6/30/17
160	C	2,360	Vegas Town Square	6606 South Las Vegas Blvd., Space N-123	Las Vegas	NV	89115	702.361.8958	702.467.8463	11/14/07	11/30/17
161	C	2,456	North Park Center	2112 NorthPark Center	Dallas	TX	75225	214.360.9303	214.360.9099	4/7/06	4/30/16
162	OTL	4,250	Rio Grande Outlet Center	5001 East Expressway 83, Suite #712	Mercedes	TX	78870	366.666.2011	366.666.2034	11/2/08	11/30/11
163	OTL	3,609	Park City Factory Outlets - Tanger	6999 North Landmark Dr.	Park City	UT	84058	435.656.3912	435.656.3917	1/20/06	1/31/11
164	OTL	3,076	Osage Beach Premium Outlets	4540 Highway 54 Space Q1	Osage Beach	MO	65066	573.348.1683	573.348.4429	5/19/06	6/31/11
165	C	2,631	Hollywood & Highland Center	6801 Hollywood Boulevard, Suite B3-326B	Hollywood	CA	90028	323.582.0106	323.582.0124	6/26/06	4/30/16
166	C	2,700	Summit Sierra	12985 S Virginia St, Space 903	Reno	NV	89511	775.853.3330	775.853.3371	10/4/06	10/31/16
167	C	1,803	Del Amo Fashion Center	3 Del Amo Fashion Center Space 83	Torrance	CA	90503	310.793.2474	310.793.2484	5/14/06	1/31/17
168	C	2,466	Tempe Market Place	2000 E. Rio Salado Parkway, #1074	Tempe	AZ	85281	480.966.2663	480.966.2664	6/23/07	8/31/17
169	C	2,703	Queens Center Mall	50-15 Queens Blvd, Space 2008	Elmhurst	NY	11373	718.592.4073	718.592.2416	7/20/06	1/31/17
170	C	2,322	Woodbridge Center	2338 Woodbridge Center	Woodbridge	NJ	07095	732.726.0923	732.726.0938	6/30/06	1/31/17
172	OTL	3,616	Atlantic City Outlets	121 N. Arkansas, Space #316	Atlantic City	NJ	08401	609.344.2850	609.344.2852	8/30/07	7/31/17
173	OTL	3,509	Prime Orlando	4967 International Dr., Suite 3A-4.1	Orlando	FL	32819	407.345.8022	407.345.8924	8/11/07	8/31/17

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174	C	2,500	Cherry Creek	3000 East First Ave. Space #134	Denver	CO	80206	303.333.1054	303.333.1071	9/28/06	1/31/16
175	C	2,247	International Plaza	2223 N. West Shore Blvd., #184	Tampa	FL	33607	813.871.5870	813.871.5973	10/6/06	1/31/16
176	C	2,463	Promenade Shops at Dos Lagos	2785 Cabot Drive, Space 7-148	Corona	CA	92883	951.277.0484	951.277.1255	1/18/07	1/31/17
177	C	2,657	Arrowhead Towne Center	7700 West Arrowhead Towne Center, #1051	Phoenix	AZ	85308	623.979.9040	623.979.9626	10/11/06	10/31/16
178	C	2,184	Tyrene Square	6901 22nd Avenue North, Space 492A	St. Petersburg	FL	33710	727.345.1061	727.345.2630	12/7/06	1/31/17
179	OTL	3,500	Albertville Premium Outlets	8416 Labeaux Ave NE Space B239	Albertville	MN	55301	763.488.1556	763.488.1657	9/21/06	9/30/11
180	C	2,358	Northshore Mall	210 Andover St. #E125	Peabody	MA	01950	978.531.7019	978.531.7044	4/24/08	1/31/19
181	C	1,725	Mall at Rockingham	99 Rockingham Park Blvd., #E-159	Salem	NH	03079	603.893.1697	603.893.2345	1/19/07	1/31/17
182	C	2,060	Mall of New Hampshire	1500 S. Willow Street, #S-105	Manchester	NH	03103	603.629.9647	603.629.9669	11/29/06	1/31/17
183	C	1,858	Solomon Pond	601 Donald Lynch Blvd., #S-132	Merrimborough	MA	01752	508.481.8042	508.481.8027	1/17/07	1/31/17
184	C	2,035	Anaheim Gardenwalk	321 West Katella Ave., #143	Anaheim	CA	92808	714.533.9621	714.533.3779	5/25/08	5/31/16
185	OTL	3,094	Hilton Head Factory Outlet Center	1414 Fording Island Road, #A130	Bluffton	SC	29910	843.837.2344	843.837.2347	3/15/07	3/31/12
186	OTL	3,510	Gonzales Outlet Center	2210 S. Tanger Blvd., #205	Gonzales	LA	70737	225.644.4556	225.644.3248	11/20/07	11/30/12
187	OTL	3,500	Tanger Outlet Center, Washington, PA	2200 Tanger Blvd., Space #701	Washington	PA	15301	724.228.0823	724.228.8626	8/29/06	8/31/13
188	WHS	7,067	Valley Plaza Shopping Center	1521 West Main Street, Suite A	El Centro	CA	92243	760.353.8673	760.353.5911	12/7/06	1/31/16
189	C	2,499	Freshhold Raceway Mall	3710 Route 9, Space # G-220	Freshhold	NJ	07728	732.625.1461	732.625.1456	2/21/07	12/31/16
190	OTL	3,000	Chicago Premium Outlets	1680 Premium Outlets Blvd., #207	Aurora	IL	60502	630.295.1110	630.295.1120	6/21/07	4/30/17
192	OTL	3,300	Prime Outlets at Pleasant Prairie	11211 120th Ave., #579	Pleasant Prairie	WI	53158	262.857.9260	262.857.9470	3/22/07	3/31/17

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193	C	1,929	Barlen Creek Square	2901 Capital of Texas Highway, #B11C	Austin	TX	78746	512.732.1882	512.732.1821	8/24/07	1/31/18
194	C	1,509	Pheasant Lane Mall	318 Daniel Webster Highway, #W267A	Nashua	NH	03060	603.891.1031	603.891.1045	4/6/07	1/31/18
195	C	2,412	Edison Mall	4125 Cleveland Ave., #14700	Fort Myers	FL	33901	239.939.4911	239.939.2533	5/24/07	1/31/18
196	OTL	3,096	Leesburg Corner Premium Outlets	241 Fort Evans Road, NE, #1233	Leesburg	VA	20176	703.779.2669	703.779.8497	5/17/07	4/30/17
197	OTL	3,497	Philadelphia Premium Outlets	18 Lightcap Road, #1071	Pottstown	PA	19464	610.326.9733	610.326.9736	11/8/07	11/30/12
198	OTL	3,500	Tanger Outlet Center Barstow	2786 Tanger Way, #350	Barstow	CA	92311	760.253.3707	760.253.3768	12/13/07	12/31/12
199	C	1,992	Arden Fair	1689 Arden Way, #2042	Sacramento	CA	95815	916.925.0969	916.925.8122	8/24/07	5/31/17
200	C	2,658	Aventura Mall	19575 Biscayne Blvd., #1323	Aventura	FL	33180	305.882.9221	305.931.0688	6/28/07	3/31/17
201	C	2,414	Northgate Mall	401 NE Northgate Way, #E33C	Seattle	WA	98125	206.362.2930	206.362.3866	10/20/07	1/31/18
202	C	2,000	The Shops at Mission Viejo	556 The Shops at Mission Viejo, #934B	Mission Viejo	CA	92691	949.386.1266	949.365.6734	8/16/07	1/31/18
203	C	2,599	Plaza Bonita	3030 Bonita Plaza Road, #2276	National City	CA	91960	619.297.8953	619.297.2384	7/1/03	1/31/19
204	C	2,259	South Park Center	580 Southpark Center Drive, #HL68	Strongsville	OH	44136	440.238.8917	440.238.6533	8/24/07	1/31/18
205	C	1,965	Great Northern Mall	4964 Great Northern Mall Blvd., #602	North Olmstead	OH	44070	440.734.3465	440.734.3630	8/16/07	1/31/18
208	OTL	2,750	North Bend Factory Stores	461 South Fork Ave., #421A1	North Bend	WA	98046	425.686.8960	425.686.8663	6/24/07	6/31/17
209	OTL	2,426	Factory Store at Camarillo Outlet	749 E. Ventura Blvd., #612	Camarillo	CA	93010	805.389.7424	805.389.7420	8/21/07	6/30/17
210	C	2,527	Dadeland Mall	7535 Dadeland Mall, #3030	Miami	FL	33156	786.286.1066	786.286.1166	6/6/07	1/31/16
211	C	2,003	Cielo Vista Mall	8401 Gateway Blvd. West, #C06A	El Paso	TX	79925	915.791.7768	915.791.7765	5/8/06	1/31/19
212	WHS	8,896	Hillside Plaza	726 Broadway (Route 1 South)	Saugus	MA	01906	781.231.1030	781.231.1162	10/16/07	8/31/17

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213	WHS	6,000	Pacific Town Center	850 W. Hammer Lane	Stockton	CA	95210	209.952.4519	209.952.5981	9/22/07	8/31/12
215	C	2,310	Annapolis Mall	2002 Annapolis Mall, #1225	Annapolis	MD	21401	410.673.9229	410.573.9433	11/1/07	1/31/18
216	C	2,707	Altamonte Mall	451 Altamonte Ave., #1341	Altamonte Springs	FL	32701	407.332.7362	407.332.7205	5/15/08	1/31/19
217	C	2,185	Riverchase Galleria	3000 Riverchase Galleria, #286	Hoover	AL	35244	205.560.2036	205.560.0997	10/21/07	1/31/18
218	C	2,154	North Point Mall	1000 North Point Circle, #2032	Alpharetta	GA	30022	770.657.2253	770.657.2071	11/15/07	1/31/18
219	C	2,354	Augusta Mall	3450 Wrightsboro Road, #2510	Augusta	GA	30909	706.736.1070	706.736.1072	10/19/07	1/31/18
220	C	2,060	Meadowood Mall	5600 Meadowood Mall Circle, #C104	Reno	NV	89502	775.828.9400	775.828.9403	3/13/08	1/31/18
221	C	1,987	Chandler Fashion Center	3111 W. Chandler Blvd., #2436	Chandler	AZ	85226	480.963.8600	480.963.8610	11/8/07	11/30/17
222	C	7,000	San Francisco	200 Powell Street	San Francisco	CA	94102	415.986.7044	415.986.7056	10/16/08	10/31/18
223	WHS	7,102	Baldridge Commons	359 N. Dysart Road, Suites 205, 207, 208, & 209	Goodyear	AZ	85330	623.932.2027	623.932.3770	4/17/08	1/31/13
224	OTL	3,200	Houston Premium Outlets	25300 Hempstead Road, #6861	Cypress	TX	77433	281.768.1830	281.768.1839	3/27/08	1/31/14
225	C	2,569	Perimeter Mall	4402 Ashford-Dunwoody Rd., #1035	Atlanta	GA	30346	770.396.4221	770.396.4082	4/3/08	1/31/19
226	C	2,002	The Oaks Mall Florida	6215 Newberry Road, Space #195	Gainesville	FL	32605	352.332.2473	352.332.2706	8/18/08	1/31/19
227	C	2,500	Pembroke Lakes Mall	11401 Pines Blvd., Space #425	Pembroke Pines	FL	33026	954.447.1449	954.447.1491	6/13/09	1/31/20
228	C	2,174	Coastland Center	1809 North Tamiami Trail, Space #H5	Naples	FL	34102	239.261.3449	239.262.2032	6/12/08	1/31/19
229	C	3,035	The Palmer House Hilton Retail Development	17 East Monroe St., Space #5-6	Chicago	IL	60603	312.346.2302	312.346.2307	6/1/08	4/30/23
230	C	2,623	Westfield Southcenter	818 Southcenter Mall, Space #1140	Tukwila	WA	98188	206.246.2489	206.246.0952	7/25/06	1/31/19
231	OTL	3,500	Prime Outlets Williamsburg	5856 Richmond Rd., Space #G140	Williamsburg	VA	23188	757.220.2813	757.220.4824	4/17/06	4/30/18

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232	OTL	3,600	Prime Outlets Puerto Rico	1 Prime Outlets Blvd., Space #520	Sancti Spiritus	PR	00617	787.970.0134	787.970.0139	11/14/08	11/30/18
233	OTL	3,542	Prime Outlets Hagerstown	495 Prime Outlets Blvd., Space #955	Hagerstown	MD	21740	240.420.0050	240.420.0052	3/13/09	3/31/19
235	OTL	3,195	Prime Outlets Birch Run	12240 South Boyer Rd., Space #V911	Birch Run	MI	48416	989.624.9335	989.624.9525	4/10/03	4/30/18
236	C	2,500	Westgate City Center	9404 W. Westgate Blvd., Space #C107	Glendale	AZ	85305	623.772.1717	623.772.1919	1/18/06	1/31/18
237	C	2,684	SanTan Village	2174 East Williams Field Road, #538	Gilbert	AZ	85235	480.857.2442	480.857.8227	3/27/08	3/31/18
238	C	2,663	Greenwood Park Mall	1251 U.S. Highway 31 N, #C09C	Greenwood	IN	46142	317.835.9470	317.835.9471	4/17/06	1/31/19
239	C	2,600	The Avenues	10309 Southside Blvd., #1090A	Jacksonville	FL	32256	904.363.2838	904.363.2928	8/22/08	1/31/19
241	C	3225 Ground Floor 1728 Basement 1338	Union Square	15 Union Square West, Space C	New York	NY	10003	212.647.8891	212.647.8893	12/8/08	4/30/19
242	C	2,300	Westfield Galleria at Roseville	1151 Galleria Blvd., Space 2585	Roseville	CA	95678	916.782.1404	916.782.1462	n/a	n/a
243	OTL	3,500	Preferred Outlets at Tulare	1407 Retherford St., Space K-049	Tulare	CA	93274	n/a		Sept. 2009	n/a
247	OTL	3,384	The Legends at Sparks Marina	1475 East Lincoln Way, #D130	Sparks	NV	89434	775.359.4062	775.358.7528	8/18/09	1/31/20
248	OTL	3,361	Lighthouse Place Premium Outlets	401 Wabash St., Space #G030	Mishigan City	IN	46360	219.870.9525	219.878.5527	8/28/08	1/31/19
249	OTL	3,827	The Crossings Factory Outlets	1909 Route 611, Space #D04	Tannersville	PA	18372	870.629.4210	870.629.5017	9/26/08	1/31/19
251	OTL	3,600	Tanger Factory Outlets at Commerce	809 Steven B. Tanger Blvd., Space #1210	Commerce	GA	30529	706.338.8471	706.335.8462	4/24/09	4/30/14
252	OTL	3,727	Tanger Factory Outlets at Myrtle Beach Hwy 901	4633 Factory Stores Blvd., Space #C170	Myrtle Beach	SC	29579	843.236.8065	843.236.5550	9/4/08	9/30/13
255	OTL	3,154	Prime Outlets Jeffersonville	8050 Factory Shops Blvd., Space #520	Jeffersonville	OH	43128	740.948.2048	740.948.2026	9/4/08	9/30/18
257	WHS	6,000	Nellis Plaza	305 N. Nellis Blvd., #105	Las Vegas	NV	89110	702.437.7576	702.437.7141	11/28/06	1/31/14
258	C	2,312	Tucson Mall	4500 N. Oracle Road, Space #217	Tucson	AZ	85705	520.293.2355	520.293.2267	3/20/09	3/31/19

SCHEDULE E-2
EXISTING ACCEPTANCES

Prod Type	Istm ID	Iss Dt	Exp Dt	Ben Nm	Curr	Liab USD Amt
BADIS	00000010967134	6/3/2009	7/3/2009		USD	\$ 27,600.00
BADIS	00000010967151	6/1/2009	7/1/2009		USD	\$ 5,515.44
BADIS	00000010967285	6/2/2009	7/2/2009		USD	\$125,574.96
BADIS	00000010967417	6/1/2009	7/1/2009		USD	\$ 43,034.40
BADIS	00000010967697	6/5/2009	7/6/2009		USD	\$ 77,400.00
BADIS	00000010967698	6/5/2009	7/6/2009		USD	\$157,045.44
BANDID	00000010967766	6/12/2009	7/13/2009		EUR	\$150,733.76
BADIS	00000010967886	6/8/2009	7/8/2009		USD	\$ 42,129.60
BADIS	00000010968125	6/12/2009	7/13/2009		USD	\$ 6,210.00
BADIS	00000010968138	6/10/2009	7/10/2009		USD	\$179,386.20
BANDID	00000010968875	6/24/2009	7/24/2009		EUR	\$ 45,250.70
BADIS	00000010968964	6/16/2009	7/16/2009		USD	\$171,498.60
BADIS	00000010969373	6/29/2009	7/29/2009		USD	\$ 83,223.00
BADIS	00000010969483	6/29/2009	7/29/2009		USD	\$ 1,827.00
BADIS	00000010969826	6/26/2009	7/24/2009		USD	\$129,805.49
BADIS	00000010967557	6/4/2009	7/6/2009		USD	\$ 28,904.40
BADIS	00000010968877	6/17/2009	7/17/2009		USD	\$ 18,626.40

SCHEDULE E-3

EXISTING LETTERS OF CREDIT

Prod Type	Istm ID	Iss Dt	Exp Dt	Ben Nm	Curr	Liab USD Amt
IMPORT	00000001172237	4/27/2009	6/20/2009	[*]	USD	\$ 4,061.40
IMPORT	00000001172239	5/8/2009	7/6/2009	[*]	EUR	\$109,619.32
IMPORT	00000001172240	5/27/2009	7/31/2009	[*]	USD	\$243,672.00
IMPORT	00000001172241	5/22/2009	7/11/2009	[*]	USD	\$ 75,255.84
IMPORT	00000001172242	5/22/2009	8/5/2009	[*]	USD	\$110,988.00
IMPORT	00000001172243	5/22/2009	7/31/2009	[*]	USD	\$155,268.00
IMPORT	00000001172244	5/28/2009	8/16/2009	[*]	USD	\$272,203.80
SBYFIN	00000003043561	10/21/2004	8/19/2009	[*]	USD	\$710,000.00
SBYFIN	00000003049706	6/21/2002	5/31/2010	[*]	USD	\$108,500.00
SBYFIN	00000003067114	9/13/2005	7/20/2009	[*]	USD	\$960,000.00
IMPORT	00000001158676	5/22/2009	7/11/2009	[*]	USD	\$ 49,664.40
IMPORT	00000001158677	5/22/2009	7/21/2009	[*]	USD	\$ 14,882.40
IMPORT	00000001158678	5/22/2009	7/11/2009	[*]	USD	\$ 52,700.16
IMPORT	00000001158679	5/27/2009	7/31/2009	[*]	USD	\$ 46,560.00
IMPORT	00000001158680	5/27/2009	7/26/2009	[*]	USD	\$ 19,820.21
IMPORT	00000001158681	6/29/2009	8/5/2009	[*]	USD	\$ 12,636.00

* Confidential Portions Omitted and Filed Separately with the Commission.

Schedule M-1

Material Contracts

1. Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 2. Amendment No. 1 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 3. Amendment No. 2 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 4. Amendment No. 3 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 5. 2006 Annual Incentive Compensation Plan of Skechers U.S.A., Inc.
 6. 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 7. Form of Restricted Stock Agreement under 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 8. 2008 Employee Stock Purchase Plan of Skechers U.S.A., Inc.
 9. Indemnification Agreement dated June 7, 1999 between Skechers U.S.A., Inc. and its directors and executive officers.
 10. Registration Rights Agreement dated June 9, 1999, between Skechers U.S.A., Inc., the Greenberg Family Trust and Michael Greenberg.
 11. Tax Indemnification Agreement dated June 8, 1999, between Skechers U.S.A., Inc. and certain shareholders.
 12. Promissory Note, dated December 27, 2000, between Skechers U.S.A., Inc. and Washington Mutual Bank, FA, for the purchase of property located at 225 South Sepulveda Boulevard, Manhattan Beach, California.
 13. Loan Agreement, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 South Champagne Avenue, Ontario, California.
 14. Promissory Note, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 Champagne Avenue, Ontario, California.
 15. Agreement dated August 25, 2005 between Duncan Investments, LLC, a wholly owned subsidiary of Skechers U.S.A., Inc., and Morley Construction Company regarding 330 South Sepulveda Boulevard, Manhattan Beach, California.
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16. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1661 South Vintage Avenue, Ontario, California.
 17. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 18. Second Amendment to Lease Agreement, dated December 10, 2007, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 19. Third Amendment to Lease Agreement, dated January 29, 2009, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 20. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1777 South Vintage Avenue, Ontario, California.
 21. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 22. Second Amendment to Lease Agreement, dated May 14, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 23. Third Amendment to Lease Agreement, dated May 7, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 24. Fourth Amendment to Lease Agreement, dated November 10, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 25. Fifth Amendment to Lease Agreement, dated November 20, 2008, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 26. Lease Agreement, dated April 10, 2001, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 27. First Amendment to Lease Agreement, dated October 22, 2003, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 28. Second Amendment to Lease Agreement, dated April 21, 2006, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
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29. Lease Agreement, dated February 8, 2002, between Skechers International, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium II SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 30. Lease Agreement dated September 25, 2007 between Skechers U.S.A., Inc. and HF Logistics I, LLC, regarding distribution facility in Moreno Valley, California.
 31. Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium.
 32. Addendum to Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 33. Lease Agreement dated May 9, 2007 between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 34. First Amendment to Lease Agreement, dated December 28, 2007, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 35. Second Amendment to Lease Agreement, dated August 4, 2008, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 36. Lease Agreement dated August 13, 2007 between Skechers U.S.A., Inc. and Thor Palmer House Retail LLC regarding 17 East Monroe Street, Chicago, Illinois.
 37. Lease Agreement dated June 20, 2008 between Skechers U.S.A., Inc. and KLCH Associates regarding 140 West 34th Street, New York, New York.
 38. Lease Agreement dated May 23, 2003 between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
 39. Amendment to Lease Agreement, dated January 14, 2009, between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
 40. Purchase Order dated June 23, 2009 from Skechers U.S.A., Inc. to WEI West, Inc. for approximately \$80.7 million regarding material handling system and engineering services for new distribution center, of which approximately \$45.3 million in payables remains outstanding.
 41. License Agreement dated April 7, 2003 between Ecko.Complex, LLC dba Ecko Unltd., Skechers U.S.A., Inc. II and Skechers International II
 42. License Agreement dated December 5, 2005 between Zoo York, LLC, Skechers U.S.A., Inc. II and Skechers S.a.r.l.
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43. License Agreement dated August 2007 between bebe stores, inc., Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II.
 44. Buying Agency Agreement dated June 1, 2006 between Skechers U.S.A., Inc. II and Skechers Holdings Jersey Limited.
 45. Cost Sharing Agreement dated July 1, 2001 between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers International II.
 46. First Amendment to Cost Sharing Agreement, dated January 1, 2005, between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II, Skechers International II and Skechers USA Canada, Inc.
 47. Skechers International II Partnership Agreement dated June 29, 2001 by Skechers U.S.A., Inc.
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Schedule P-1

Permitted Holder means Robert Greenberg and any of his Affiliates, Family Members, and Family Trusts.

For purposes of this Schedule, "Family Member" means, with respect to any individual, any other individual having a relationship by blood (to the second degree of consanguinity), marriage, or adoption to such individual and "Family Trusts" means, with respect to any individual, trusts or other estate planning vehicles established for the benefit of such individual or Family Members of such individual and in respect of which such individual serves as trustee or in a similar capacity.

Schedule P-2

Permitted Investments

1. Investments, as reflected on Schedule 4.1(c) to the Agreement.¹
2. Indebtedness taken into account in arriving at the net amount set forth under the heading Intercompany Advances in Schedule 4.19 to the Agreement.

¹ The Investments in Subsidiaries of the Loan Parties include capital contributions of \$15,631,478 in Subsidiaries of the Loan Parties that are not Loan Parties.

Schedule P-3

Permitted Liens

1. Liens granted by Skechers U.S.A., Inc. in favor of Wells Fargo Financial Leasing, Inc. on certain Equipment described in financing statements 05-7046027283 (dated 10/21/05), 06-7082979896 (dated 8/25/06) and 06-7088217302 (dated 10/13/06) filed in the State of California.
 2. Liens granted by Skechers U.S.A., Inc. in favor of Leaf Funding, Inc. on certain Equipment described in financing statement 06-7087503733 (dated 10/6/06) filed in the State of California in connection with the leasing of closed circuit alarm systems as referenced in lease number 11002186015.
 3. Liens granted by Skechers U.S.A., Inc. in favor of Salepoint, Inc. on certain Equipment and proceeds thereof described in financing statement 07-7110875379 (dated 4/19/07) pursuant to that certain Equipment Purchase Agreement dated March 23, 2007.
 4. Liens granted by Skechers U.S.A., Inc. in favor of LaSalle Bank National Association, as trustee for the registered holders of Washington Mutual Commercial Mortgage Trust, on certain real property and other assets described in that certain Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated December 27, 2000 and recorded in Los Angeles County, California on December 29, 2000 as file numbers 00-2034909 (dated 12/29/00) and 00-2034910 (dated 12/29/00) as among Skechers U.S.A., Inc., California Reconveyance Company and Washington Mutual Bank, FA, as assigned pursuant to that certain Assignment of Loan Documents by Washington Mutual Bank, FA to LaSalle Bank National Association, as trustee for the registered holders of Washington Mutual Commercial Mortgage Trust 2005-C1, Commercial Mortgage Pass Through Certificates, Series 2005-C1.
 5. Liens granted by Yale Investments, LLC in favor of MONY Life Insurance Company and Wells Fargo Bank Minnesota, N.A., as Trustee for Morgan Stanley Dean Witter Capital I Inc., in certain real property and other assets described in financing statement numbers 0090376 (dated 12/28/00) and 2007 3853511 (dated 9/7/07) filed in the State of Delaware in connection with that certain that certain Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing dated December 21, 2000 and that certain Loan Agreement dated as of the December 21, 2000, by and between Yale Investments, LLC and MONY Life Insurance Company.
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Schedule Y-1

Yale Real Property

1. 1670 Champagne Avenue, Ontario, CA 91761
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SCHEDULE 1.1

Definitions

Schedule 1.1

As used in the Agreement, the following terms shall have the following definitions:

“Acceptance” means a time draft issued under a Letter of Credit in connection with the purchase by any Borrower of Inventory from a location outside of the continental United States, which has been accepted by an Issuing Lender or an Underlying Issuer at the request of an Issuing Lender, in each case, in such Issuing Lender’s or Underlying Issuer’s, as applicable, sole and absolute discretion.

“Acceptance Disbursement” means a payment made by any Issuing Lender or any Underlying Issuer pursuant to an Acceptance.

“Account” means an account (as that term is defined in the Code).

“Account Debtor” means any Person who is obligated on an Account, chattel paper, or a general intangible.

“Accounting Changes” means (a) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions) or of any rule, regulation, pronouncement or opinion by the SEC, (ii) changes in accounting principles concurred in by Parent’s certified public accountants; (iii) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves; and (iv) the reversal of any reserves established as a result of purchase accounting adjustments.

“ACH Transactions” means any cash management or related services (including the Automated Clearing House processing of electronic fund transfers through the direct Federal Reserve Fedline system) provided by a Bank Product Provider for the account of Parent or its Subsidiaries.

“Acquired Indebtedness” means Indebtedness of a Person whose assets or Stock is acquired by Parent or any of its Subsidiaries in a Permitted Acquisition; provided, however, that such Indebtedness (a) is either Purchase Money Indebtedness or a Capital Lease with respect to Equipment or mortgage financing with respect to Real Property, (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

“Acquisition” means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger (including any reverse merger or short-form merger), consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all of the Stock of any other Person.

“Additional Documents” has the meaning specified therefor in Section 5.12 of the Agreement.

“Adjusted Letter of Credit Usage” means, as of the date of determination, the sum of (a) the result of (i) 100% minus the applicable Inventory Advance Rate then in effect multiplied by (ii) the undrawn amount of outstanding Qualified Import Letters of Credit issued for the purpose of purchasing Eligible Inventory, *plus* (b) 100% of the undrawn amount of all other outstanding Letters of Credit, *plus* (c) 100% of the amount of all outstanding Acceptances.

“Adjusted Revolver Usage” means, as of any date of determination, the sum of (a) the amount of outstanding Advances, *plus* (b) the amount of the Adjusted Letter of Credit Usage.

“Administrative Borrower” has the meaning ascribed to such term in Section 17.13 of the Agreement.

“Advances” has the meaning specified therefor in Section 2.1(a) of the Agreement.

“Affected Lender” has the meaning specified therefor in Section 2.13(b) of the Agreement.

“Affiliate” means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Stock, by contract, or otherwise; provided, however, that, for purposes of the definition of Eligible Accounts and Section 6.12 of the Agreement: (a) any Person which owns directly or indirectly 10% or more of the Stock having ordinary voting power for the election of directors or other members of the governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each

partnership in which a Person is a general partner shall be deemed an Affiliate of such Person.

“Agent” has the meaning specified therefor in the preamble to the Agreement.

“Agent-Related Persons” means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

“Agent’s Account” means the Deposit Account of Agent identified on Schedule A-1.

“Agent’s Liens” means the Liens granted by Parent or its Subsidiaries to Agent under the Loan Documents.

“Agreement” means the Credit Agreement to which this Schedule 1.1 is attached.

“Alternative Currency” means (a) Canadian Dollars, or (b) Euros.

“Applicable Unused Line Fee” means, as of any date of determination, the applicable amount set forth in the following table that corresponds to the most recent Average Daily Usage calculation as determined by Agent (the “Average Daily Usage Calculation”); provided, however, that for the period from the Closing Date through the testing period ending September 30, 2009, the Applicable Unused Line Fee shall be at the margin in the row styled “Level I”:

<u>Level</u>	<u>Average Daily Usage</u>	<u>Applicable Unused Line Fee</u>
I	If the Average Daily Usage is less than \$75,000,000	1.00 percentage points
II	If the Average Daily Usage is greater than or equal to \$75,000,000 and less than \$150,000,000	0.75 percentage points
III	If the Average Daily Usage is greater than or equal to \$150,000,000	0.50 percentage points

The Applicable Unused Line Fee shall be based upon the most recent Average Daily Usage Calculation, which will be calculated by Agent based on Average Daily Usage during the preceding fiscal quarter. The Applicable Unused Line Fee shall be re-determined quarterly by Agent using such methods in its reasonable discretion and any change to the Applicable Unused Line Fee based on the Average Daily Usage as of the end of any fiscal quarter shall be effective as of the first day of the immediately following fiscal quarter.

“Application Event” means the occurrence of (a) a failure by Borrowers to repay all of the Obligations on the Maturity Date, or (b) an Event of Default and the election by Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 2.4(b)(ii) of the Agreement.

“Approved Increase” has the meaning specified therefor in Section 2.2(a).

“Assignee” has the meaning specified therefor in Section 13.1(a) of the Agreement.

“Assignment and Acceptance” means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1.

“Authorized Person” means any one of the individuals identified on Schedule A-2, as such schedule is updated from time to time by written notice from Administrative Borrower to Agent.

“Available Increase Amount” means, as of any date of determination, an amount equal to the result of (a) \$50,000,000 minus (b) the aggregate principal amount of increases to the Commitments and the Maximum Revolver Amount previously made pursuant to Section 2.2 of the Agreement.

“Availability” means, as of any date of determination, the amount that Borrowers are entitled to borrow as Advances under Section 2.1 of the Agreement (after giving effect to all then outstanding Obligations (other than Bank Product Obligations)).

“Average Daily Availability” means, for any measurement period, the average of the amount of Excess Availability at the end of each day during such period.

“Average Daily Availability Calculation” has the meaning specified therefor in the definition of Base Rate Margin.

“Average Daily Usage” means, for any measurement period, the average of the Daily Balance of the Revolver Usage at the end of each day during such period.

“Average Daily Usage Calculation” has the meaning specified therefor in the definition of Applicable Unused Line Fee.

“Bailee & Agent” means a Person that (a) acts as the Borrowers’ agent for the purpose of taking possession of goods, including goods which are represented by bills of lading or other documents of title, (b) provides carrier and other

transportation services to the Borrowers, and (c) that is reasonably satisfactory to Agent.

“Bailee and Agency Agreement” means a Bailee and Agency Agreement, in substantially the form attached as Exhibit B-4 hereto, entered into by and among the Borrowers, a Bailee & Agent, and Agent, the form and substance of which is satisfactory to Agent.

“Bank Product” means any financial accommodation extended to Parent or its Subsidiaries by a Bank Product Provider (other than pursuant to the Agreement) including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH Transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) transactions under Hedge Agreements.

“Bank Product Agreements” means those agreements entered into from time to time by Parent or its Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

“Bank Product Collateralization” means providing cash collateral (pursuant to documentation reasonably satisfactory to Agent) to be held by Agent for the benefit of the Bank Product Providers in an amount determined by Agent as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Products that qualify as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations.

“Bank Product Obligations” means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by Parent or its Subsidiaries to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, (b) all obligations of Borrowers to pay or reimburse an Underlying Issuer in respect of Underlying Letters of Credit, and (c) all amounts that Parent or its Subsidiaries are obligated to reimburse to Agent or any member of the Lender Group as a result of Agent or such member of the Lender Group purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to Parent or its Subsidiaries; provided, however, in order for any item described in clauses (a), (b), or (c) above to constitute “Bank Product Obligations”, (i) if the applicable Bank Product Provider is Wells Fargo, then, if requested by Agent, Agent shall have received a Bank Product Provider Letter Agreement with respect to the applicable Bank Product within 30 days after the provision of such Bank Product to Parent or its Subsidiaries, or, if such Bank Product Agreement was entered into prior to the Closing Date or prior to the date on which such Bank Product Provider or its Affiliate, as applicable, became a Lender under the Credit Agreement, within 30 days after the Closing Date or 30 days after the date on which such Bank Product Provider or its Affiliate, as applicable, first became a Lender under the Credit Agreement, as applicable or (ii) if the applicable Bank Product Provider is any other Person, Agent shall have received a Bank Product Provider Letter Agreement with respect to the applicable Bank Product within 30 days after the provision of such Bank Product to Parent or its Subsidiaries, or, if such Bank Product Agreement was entered into prior to the Closing Date or prior to the date on which such Bank Product Provider or its Affiliate, as applicable, became a Lender under the Credit Agreement, within 30 days after the Closing Date or 30 days after the date on which such Bank Product Provider or its Affiliate, as applicable, first became a Lender under the Credit Agreement, as applicable.

“Bank Product Provider” means any Lender or any of its Affiliates; provided, however, that no such Person (other than Wells Fargo) shall constitute a Bank Product Provider with respect to a Bank Product unless and until Agent shall have received a Bank Product Provider Letter Agreement with such Person and with respect to the applicable Bank Product within 30 days after the provision of such Bank Product to Parent or its Subsidiaries, or, if such Bank Product Agreement was entered into prior to the Closing Date or prior to the date on which such Bank Product Provider or its Affiliate, as applicable, became a Lender under the Credit Agreement, within 30 days after the Closing Date or 30 days after the date on which such Bank Product Provider or its Affiliate, as applicable, first became a Lender under the Credit Agreement, as applicable.

“Bank Product Provider Letter Agreement” means a letter agreement in substantially the form attached hereto as Exhibit B-2, in form and substance satisfactory to Agent, duly executed by the applicable Bank Product Provider, the Administrative Borrower, and Agent.

“Bank Product Reserve” means, as of any date of determination, the amount of reserves that Agent has established (based upon the Bank Product Providers’ reasonable determination of the credit exposure of Parent and its Subsidiaries in respect of Bank Products that qualify as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations) in respect of Bank Products then provided or outstanding that qualify as Bank Product Obligations pursuant to the requirements of the proviso set forth in the definition of Bank Product Obligations.

“Bankruptcy Code” means title 11 of the United States Code, as in effect from time to time.

“Base LIBOR Rate” means the rate per annum rate appearing on Bloomberg L.P.’s (the Service) Page BBAM1/(Official BBA USD Dollar Libor Fixings) (or on any successor or substitute page of such Service, or any successor to or substitute for such Service) 2 Business Days prior to the commencement of the requested Interest Period, for a term and in an amount comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with the Agreement, which determination shall be conclusive in the absence of manifest error.

“Base Rate” means the greatest of (a) the Base LIBOR Rate (which rate shall be calculated based upon an Interest Period of 3 months and shall be determined on a daily basis) plus 1.00 percentage point, (b) the Federal Funds Rate plus 1/2%, and (c) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its

“prime rate”, with the understanding that the “prime rate” is one of Wells Fargo’s base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate.

“Base Rate Loan” means each portion of the Advances that bears interest at a rate determined by reference to the Base Rate.

“Base Rate Margin” means, as of any date of determination (with respect to any portion of the outstanding Advances on such date that is a Base Rate Loan), the applicable margin set forth in the following table that correspond to the most recent Average Daily Availability calculation determined by Agent in its reasonable discretion (the “Average Daily Availability Calculation”); provided, however, that for the period from the Closing Date through September 30, 2009, the Base Rate Margin shall be at the margin in the row styled “Level III”:

<u>Level</u>	<u>Average Daily Availability</u>	<u>Base Rate Margin</u>
I	If the Average Daily Availability is less than \$75,000,000	3.25 percentage points
II	If the Average Daily Availability is greater than or equal to \$75,000,000 and less than \$150,000,000	3.00 percentage points
III	If the Average Daily Availability is greater than or equal to \$150,000,000	2.75 percentage points

The Base Rate Margin shall be based upon the most recent Average Daily Availability Calculation, which will be calculated by Agent in its reasonable discretion based on Average Daily Availability during the preceding fiscal quarter. The Base Rate Margin shall be re-determined quarterly by Agent using such methods in its reasonable discretion and any change to the Base Rate Margin based on the Average Daily Availability as of the end of any fiscal quarter shall be effective as of the first day of the immediately following fiscal quarter.

“Benefit Plan” means a “defined benefit plan” (as defined in Section 3(35) of ERISA) for which Parent or any of its Subsidiaries or ERISA Affiliates has been an “employer” (as defined in Section 3(5) of ERISA) within the past six years.

“BOA” has the meaning specified therefor in the preamble to the Agreement.

“BOAS” has the meaning specified therefor in the preamble to the Agreement.

“Board of Directors” means the board of directors (or comparable managers) of Parent or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

“Borrower” and “Borrowers” have the respective meanings specified therefor in the preamble to the Agreement.

“Borrowing” means a borrowing hereunder consisting of Advances made on the same day by the Lenders (or Agent on behalf thereof), or by Swing Lender in the case of a Swing Loan, or by Agent in the case of a Protective Advance.

“Borrowing Base” means, as of any date of determination, the result of:

(a) 85% of the amount of Eligible Accounts, *less* the amount, if any, of the Dilution Reserve, *plus*

(b) *the lowest of:*

(i) the Seasonal Inventory Limit,

(ii) the sum of (y) 70% of the value (calculated at the lower of cost or market on a basis consistent with Borrowers’ historical accounting practices) of Eligible Landed Inventory plus (z) the lesser of (1) 70% of the value (calculated at the lower of cost or market on a basis consistent with Borrowers’ historical accounting practices) of Eligible In-Transit Inventory and (2) \$25,000,000, and

(iii) the sum of (y) 85% *times* the most recently determined Net Liquidation Percentage *times* the book value (calculated at the lower of cost or market on a basis consistent with Borrowers’ historical accounting practices) of Borrowers’ Eligible Landed Inventory plus (z) the lesser of (1) 85% *times* the most recently determined Net Liquidation Percentage *times* the book value (calculated at the lower of cost or market on a basis consistent with Borrowers’ historical accounting practices) of Borrowers’ Eligible In-Transit Inventory and (2) \$25,000,000, *minus*

(c) the sum of (i) the Bank Product Reserve, and (ii) the aggregate amount of reserves, if any, established by Agent under Section 2.1(c) of the Agreement.

“Borrowing Base Certificate” means a certificate in the form of Exhibit B-1.

“Borrowing Base Excess” has the meaning specified therefor in Section 2.4(e)(i) of the Agreement.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of New York, except that, if a determination of a Business Day shall relate to a LIBOR Rate Loan, the term “Business Day” also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

“Canadian Dollars” or “C\$” means Canadian dollars.

“Capital Expenditures” means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed.

“Capitalized Lease Obligation” means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“Cash Equivalents” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor’s Rating Group (“S&P”) or Moody’s Investors Service, Inc. (“Moody’s”), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody’s, (d) certificates of deposit, time deposits, overnight bank deposits or bankers’ acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than \$250,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than \$250,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

“CFC” means a controlled foreign corporation (as that term is defined in the IRC) and any Subsidiary of a controlled foreign corporation.

“Change of Control” means that (a) Permitted Holders fail to own and control, directly or indirectly, 51%, or more, of the Stock of Parent having the right to vote for the election of members of the Board of Directors, (b) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 20%, or more, of the Stock of Parent having the right to vote for the election of members of the Board of Directors (c) a majority of the members of the Board of Directors do not constitute Continuing Directors, or (d) Parent fails to own and control, directly or indirectly, 100% of the Stock of each other Loan Party.

“Closing Date” means the date of the making of the initial Advance (or other extension of credit) hereunder.

“Code” means the New York Uniform Commercial Code, as in effect from time to time.

“Collateral” means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by Parent or its Subsidiaries in or upon which a Lien is granted by such Person in favor of Agent or the Lenders under any of the Loan Documents.

“Collateral Access Agreement” means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in Parent’s or its Subsidiaries’ books and records, Equipment, or Inventory, in each case, in form and substance reasonably satisfactory to Agent.

“Collections” means *all* cash, checks, notes, instruments, and other items of payment (including insurance proceeds, cash proceeds of asset sales, rental proceeds, and tax refunds).

“Commitment” means, with respect to each Lender, its Commitment, and, with respect to all Lenders, their Commitments, in each case as such Dollar amounts are set forth beside such Lender’s name under the applicable heading on Schedule C-1 or in the Assignment and Acceptance pursuant to which such Lender became a Lender hereunder, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C-1 delivered by the chief financial officer of Parent to Agent.

“Confidential Information” has the meaning specified therefor in Section 17.9(a) of the Agreement.

“Continuing Director” means (a) any member of the Board of Directors who was a director (or comparable manager) of Parent on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either the Permitted Holders or a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of Parent and whose initial assumption of office resulted from such contest or the settlement thereof.

“Control Agreement” means a control agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by Parent or one of its Subsidiaries, Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

“Controlled Account Agreement” has the meaning specified therefor in the Security Agreement.

“Copyright Security Agreement” has the meaning specified therefor in the Security Agreement.

“Daily Balance” means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

“Default” means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

“Defaulting Lender” means any Lender that fails to make any Advance (or other extension of credit) that it is required to make hereunder on the date that it is required to do so hereunder.

“Defaulting Lender Rate” means (a) for the first 3 days from and after the date the relevant payment is due, the Base Rate, and (b) thereafter, the interest rate then applicable to Advances that are Base Rate Loans (inclusive of the Base Rate Margin applicable thereto).

“DGCL” means the Delaware General Corporations Law as amended from time to time.

“Deposit Account” means any deposit account (as that term is defined in the Code).

“Designated Account” means the Deposit Account of Administrative Borrower identified on Schedule D-1.

“Designated Account Bank” has the meaning specified therefor in Schedule D-1.

“Dilution” means, as of any date of determination, a percentage, based upon the experience of a prior period of duration selected by Agent in its Permitted Discretion (which period of duration shall not be less than 90 consecutive days), that is the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrowers’ Accounts during such period (but, in any event, only to the extent that such amounts are included in billings per clause (b) of this definition), by (b) Borrowers’ billings with respect to Accounts during such period.

“Dilution Reserve” means, as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Accounts by 1 percentage point for each percentage point by which Dilution is in excess of 5%.

“Dollars” or “\$” means United States dollars.

“Dollar Equivalent” means, on any date of determination, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent in Dollars of such amount, determined by the Agent using the applicable Exchange Rate.

“Domestic Subsidiary” means any Subsidiary of Parent that is not a CFC..

“EBITDA” means, with respect to any fiscal period, Parent’s consolidated net earnings (or loss), minus (a) the sum of (without duplication) (i) extraordinary gains, (ii) interest income, and (iii) non-cash gains arising from asset dispositions not in the ordinary course of business, in each case, for such period, plus (b) the sum of (without duplication) (i) non-cash extraordinary losses, (ii) non-cash stock compensation expenses, (iii) non-cash losses arising from asset dispositions not in the ordinary course of business, (iv) interest expense, (v) income taxes, (vi) depreciation, and (vii) amortization (including deferred financing costs and intangibles), in each case, for such period, in each case, determined on a consolidated basis in accordance with GAAP. For the purposes of calculating EBITDA for any period of 4 consecutive fiscal quarters (each, a “Reference Period”), if at any time during such Reference Period (and after the Closing Date), Parent or any of its Subsidiaries shall have made a Permitted Acquisition, EBITDA for such Reference Period shall be calculated after giving *pro forma* effect thereto (including *pro forma* adjustments arising out of events which are directly attributable to such Permitted Acquisition, are factually supportable, and are expected to have a continuing impact, in each case to be mutually and reasonably agreed

upon by Parent and Agent) or in such other manner acceptable to Agent as if any such Permitted Acquisition or adjustment occurred on the first day of such Reference Period.

“Ecko Lender License Agreement” means a license agreement among Agent, Ecko.Complex, LLC, the Borrowers, Skechers International II, and Skechers S.A.R.L. on terms and conditions and subject to documentation satisfactory to Agent.

“Ecko License Agreement” means that certain Trademark License Agreement, dated April 7, 2003, by and among Ecko.Complex, LLC, Skechers U.S.A., Inc. II, Skechers International II, and Skechers S.A.R.L.

“Eligible Accounts” means those Accounts created by a Borrower in the ordinary course of its business, that arise out of its sale of goods or rendition of services, that comply with each of the representations and warranties respecting Eligible Accounts made in the Loan Documents, and that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Agent in Agent’s Permitted Discretion to address the results of any audit performed by Agent from time to time after the Closing Date. In determining the amount to be included, Eligible Accounts shall be calculated net of customer deposits and unapplied cash. Eligible Accounts shall not include the following:

(a) Accounts that the Account Debtor has failed to pay within 90 days of original invoice date or Accounts that the Account Debtor has failed to pay within 60 days of their original due date

(b) Accounts with selling terms of more than 60 days, other than up to \$2,500,000 of Borrowers’ Accounts outstanding at any one time with selling terms of more than 60 days but less than 90 days,

(c) Accounts owed by an Account Debtor (or its Affiliates) where 50% or more of all Accounts owed by that Account Debtor (or its Affiliates) are deemed ineligible under clause (a) above,

(d) Accounts with respect to which the Account Debtor is an Affiliate of a Borrower or an employee of a Borrower or any Affiliate of a Borrower,

(e) Accounts arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, or any other terms by reason of which the payment by the Account Debtor may be conditional,

(f) Accounts that are not payable in Dollars,

(g) Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office in the United States, or (ii) is not organized under the laws of the United States or any state thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof, unless (x) the Account is supported by an irrevocable letter of credit reasonably satisfactory to Agent (as to form, substance, and issuer or domestic confirming bank) that has been delivered to Agent and is drawable by Agent either as the originally named beneficiary or by virtue of Agent having control (as defined in Section 9-107 of the Code) over such letter of credit, (y) the Account is covered by credit insurance in form, substance, and amount, and by an insurer, reasonably satisfactory to Agent or (z) the Account is otherwise satisfactory to Agent, in its sole discretion,

(h) Accounts with respect to which the Account Debtor is either (i) the United States or any department, agency, or instrumentality of the United States (exclusive, however, of Accounts with respect to which such Borrower has complied, to the reasonable satisfaction of Agent, with the Assignment of Claims Act, 31 USC §3727), or (ii) any state of the United States, but only to the extent of the amount by which the aggregate amount of Borrowers’ Accounts that would be ineligible pursuant to this clause (h) exceeds \$2,500,000,

(i) Accounts with respect to which the Account Debtor is a creditor of a Borrower, has or has asserted a right of setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such claim, right of setoff, or dispute,

(j) Accounts with respect to an Account Debtor whose total obligations owing to Borrowers exceed 10% (such percentage, as applied to a particular Account Debtor, being subject to reduction by Agent if the creditworthiness of such Account Debtor materially deteriorates) of all Eligible Accounts, to the extent of the obligations owing by such Account Debtor in excess of such percentage; provided, however, that, in each case, the amount of Eligible Accounts that are excluded because they exceed the foregoing percentage shall be determined by Agent based on all of the otherwise Eligible Accounts prior to giving effect to any eliminations based upon the foregoing concentration limit; provided, further, however, that the foregoing percentage shall be increased to 15% (such percentage, as applied to a particular Account Debtor, being subject to reduction by Agent if the creditworthiness of such Account Debtor materially deteriorates) for each of (i) Famous Footwear, (ii) Kohl’s Corporation, (iii) J. C. Penney Company, Inc., and (iv) Ross Stores, Inc.,

(k) Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not Solvent, has gone out of business, or as to which a Borrower has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor,

(l) Accounts, the collection of which, Agent, in its Permitted Discretion, believes to be doubtful by reason of the Account Debtor’s financial condition,

(m) Accounts that are not subject to a valid and perfected first priority Agent's Lien,

(n) Accounts with respect to which (i) the goods giving rise to such Account have not been shipped and billed to the Account Debtor, or (ii) the services giving rise to such Account have not been performed and billed to the Account Debtor,

(o) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity,

(p) Accounts that represent the right to receive progress payments or other advance billings that are due prior to the completion of performance by the applicable Borrower of the subject contract for goods or services,

(q) Accounts that are acquired in connection with a Permitted Acquisition or are Accounts of a Person acquired in a Permitted Acquisition, until the completion of an appraisal and field examination of such Accounts, in each case, reasonably satisfactory to Agent,

(r) Accounts that constitute debit memos,

(s) Accounts that represent the right to receive payment in connection with the sale of Inventory for purposes of display or demonstration, or

(t) Accounts with respect to which a Borrower has agreed to grant the Account Debtor a discount on the amount of the Account if the Account Debtor pays the discounted amount of the Account within a certain time period, solely to the extent of the proposed discount with respect to the applicable Account.

“Eligible In-Transit Inventory” means those items of Inventory that do not qualify as Eligible Landed Inventory solely because they are not in a location set forth on Schedule E-1 or in transit among such locations and they are the subject of a bill of lading or other similar document of title, but as to which, in each case, (a) such Inventory currently is in transit (whether by vessel, air, or land) to a location set forth on Schedule E-1 that is the subject of a Collateral Access Agreement, (b) title to such Inventory has passed to the applicable Borrower, (c) such Inventory is insured against types of loss, damage, hazards, and risks, and in amounts, satisfactory to Agent in its Permitted Discretion, (d) such Inventory either (i) is the subject of a negotiable bill of lading (x) that is consigned to Agent (either directly or by means of endorsements), (y) that was issued by the carrier respecting the subject Inventory, and (z) either (1) that is the subject of a telefacsimile copy that Agent has received from the applicable Issuing Lender or Underlying Issuer, as applicable, which issued the Letter of Credit and as to which Agent also has received a confirmation from such Person that such negotiable bill of lading is in-transit by air-courier to Agent (or a customs broker that has executed in favor of Agent a customs broker agreement that is reasonably satisfactory to Agent) or (2) that is in the possession of Agent (or a customs broker that has executed in favor of Agent a customs broker agreement that is reasonably satisfactory to Agent), (ii) is the subject of a negotiable cargo receipt and is not the subject of a bill of lading (other than a negotiable bill of lading consigned to, and in the possession of, a consolidator or Agent, or their respective agents) and such negotiable cargo receipt (x) is consigned to Agent (either directly or by means of endorsements), (y) was issued by a consolidator respecting the subject Inventory, and (z) either (1) that is the subject of a telefacsimile copy that Agent has received from the applicable Issuing Lender or Underlying Issuer, as applicable, which issued the Letter of Credit and as to which Agent also has received a confirmation from such Person that such negotiable cargo receipt is in-transit by air-courier to Agent (or a customs broker that has executed in favor of Agent a customs broker agreement that is reasonably satisfactory to Agent) or (2) that is in the possession of Agent (or a customs broker that has executed in favor of Agent a customs broker agreement that is reasonably satisfactory to Agent), or (iii) so long as a satisfactory Bailee and Agency Agreement is in full force and effect, (x) is the subject of a bill of lading (1) that is consigned to Agent (either directly or by means of endorsements), (2) that was issued by the applicable Bailee & Agent party to such Bailee and Agency Agreement as the carrier respecting the subject Inventory, and (3) that is in the possession of Agent or such Bailee & Agent that is party to such Bailee and Agency Agreement, (y) is in the possession of the Bailee & Agent that is party to such Bailee and Agency Agreement, and (z) together with the applicable bill of lading, is subject to the terms of such Bailee and Agency Agreement, which has been executed by the applicable Bailee & Agent and the Borrowers and delivered to Agent, (e) Parent has provided a certificate to the Agent that certifies that, to the Knowledge of the Parent, such Inventory (A) meets all of such Borrowers' representations and warranties contained in the Loan Documents concerning Eligible In-Transit Inventory and Eligible Landed Inventory, (B) that it is not excluded by any of the excluding criteria in the definitions of Eligible In-Transit Inventory or Eligible Landed Inventory, other than because (i) such Inventory is not in a location set forth on Schedule E-1 or in transit among such locations or (ii) such Inventory is the subject of a bill of lading or other document of title, and (C) that it knows of no reason why such Inventory would not be accepted by a Borrower when it delivered to a Borrower or a customs broker on behalf of a Borrower, and that the shipment as evidenced by the documents conforms to the related order documents and (f) the full purchase price for such Inventory either (i) has been paid in full or (ii) is supported by a Qualified Import Letter of Credit, and (g) if clause (f)(ii) applies, the Qualified Import Letter of Credit has been drawn upon in full and the Issuing Bank or Underlying Issuer, as applicable, has honored such drawing.

“Eligible Inventory” means Eligible Landed Inventory or Eligible In-Transit Inventory.

“Eligible Landed Inventory” means Inventory consisting of first quality finished goods held for sale in the ordinary course of a Borrower's business, that complies with each of the representations and warranties respecting Eligible Inventory made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Agent in Agent's Permitted Discretion to address the results of any audit or appraisal performed by Agent from time to time after the Closing Date. In determining the amount to be so included, Inventory shall be valued at the lower of cost or market on a basis consistent with Borrowers' historical accounting practices. An item of Inventory shall not be included in Eligible Inventory if:

(a) a Borrower does not have good, valid, and marketable title thereto,

(b) a Borrower does not have actual and exclusive possession thereof (either directly or through a bailee or agent of a Borrower),

(c) it is not located at one of the locations in the continental United States set forth on Schedule E-1 and is not in-transit from one such location to another such location,

(d) it is in-transit to or from a location of a Borrower (other than in-transit from one location set forth on Schedule E-1 to another location set forth on Schedule E-1),

(e) it is located on real property leased by a Borrower (other than a retail store that is owned or operated by a Loan Party) or in a contract warehouse, in each case, unless it is subject to a Collateral Access Agreement executed by the lessor or warehouseman, as the case may be, and unless it is segregated or otherwise separately identifiable from goods of others, if any, stored on the premises,

(f) it is the subject of a bill of lading or other similar document of title,

(g) it is not subject to a valid and perfected first priority Agent's Lien,

(h) it consists of goods returned or rejected by a Borrower's customers (other than such goods that are undamaged and resalable in the ordinary course of a Borrower's business),

(i) it consists of goods that are discontinued, obsolete or slow moving, restrictive or custom items, work-in-process, raw materials, or goods that constitute spare parts, packaging and shipping materials, supplies used or consumed in a Borrower's business, bill and hold goods, defective goods, "seconds," or Inventory acquired on consignment,

(j) it is subject to third party trademark, licensing or other proprietary rights, unless the Agent is reasonably satisfied that such Inventory can be sold by the Agent on satisfactory terms upon and after the occurrence of an Event of a Default,

(k) a Borrower does not have sufficient rights to be able to dispose of such Inventory in the ordinary course of business, or

(l) it was acquired in connection with a Permitted Acquisition, until the completion of an appraisal and field examination of such Inventory, in each case, reasonably satisfactory to Agent (which appraisal and field examination may be conducted prior to the closing of such Permitted Acquisition).

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of any Borrower, any Subsidiary of a Borrower, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any Borrower, any Subsidiary of a Borrower, or any of their predecessors in interest.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on Parent or its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Equipment" means equipment (as that term is defined in the Code).

"Equipment Loan" means any loan or loans the proceeds of which are used to purchase Equipment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

"ERISA Affiliate" means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of Parent or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of Parent or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which Parent or any of its Subsidiaries is a member under IRC

Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with Parent or any of its Subsidiaries and whose employees are aggregated with the employees of Parent or its Subsidiaries under IRC Section 414(o).

“Euro” means the euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997, passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

“Event of Default” has the meaning specified therefor in Section 8 of the Agreement.

“Excess Availability” means, as of any date of determination, the amount equal to Availability *minus* the aggregate amount, if any, of all trade payables of Parent and its Subsidiaries aged in excess of historical levels with respect thereto and all book overdrafts of the Loan Parties in excess of historical practices with respect thereto, in each case as determined by Agent in its Permitted Discretion.

“Exchange Act” means the Securities Exchange Act of 1934, as in effect from time to time.

“Exchange Rate” means and refers to the nominal rate of exchange (*vis-à-vis* Dollars) for a currency other than Dollars published in *The Wall Street Journal* (Eastern Edition) on the date of determination (which shall be a Business Day on which *The Wall Street Journal* (Eastern Edition) is published), expressed as the number of units of such other currency per one Dollar.

“Existing Acceptances” means the Acceptances described on Schedule E-2.

“Existing Credit Facility” means that certain Second Amended and Restated Loan and Security Agreement, dated as of May 31, 2006 (as amended), by and among the Borrowers, The CIT Group/Commercial Services, Inc., as agent for the lenders party thereto, Wachovia Capital Markets, LLC, as lead arranger, and the other lenders party thereto.

“Existing Letters of Credit” means the letters of credit described on Schedule E-3.

“Fee Letter” means that certain fee letter between Borrowers and Agent, in form and substance reasonably satisfactory to Agent.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it.

“Financial Covenant Period” means a period which shall commence on any date (the “Commencement Date”) on which Excess Availability is less than \$50,000,000 and shall continue until the day on which Excess Availability on each day during a period of 30 consecutive days after the Commencement Date has been greater than or equal to \$50,000,000.

“Fixed Charges” means, with respect to any fiscal period and with respect to Parent determined on a consolidated basis in accordance with GAAP, the sum, without duplication, of (a) Interest Expense paid or required to be paid in cash during such period, (b) principal payments in respect of Indebtedness that are required to be paid during such period, (c) all federal, state, and local income taxes paid or required to be paid in cash during such period, (d) Capital Expenditures made or incurred during such period (other than Capital Expenditures financed with proceeds of Indebtedness (other than Advances)), and (e) all Restricted Junior Payments paid (whether in cash or other property, other than common Stock, and other than Restricted Junior Payments permitted to be made pursuant to Section 6.9(a) of the Agreement) during such period.

“Fixed Charge Coverage Ratio” means, with respect to Parent for any period, the ratio of (i) EBITDA for such period, to (ii) Fixed Charges for such period.

“Flow of Funds Agreement” means a flow of funds agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by Borrowers and Agent.

“Foreclosed Borrower” has the meaning specified therefor in Section 2.14 of the Agreement.

“Foreign Lender” means any Lender or Participant that is not a United States person within the meaning of IRC section 7701(a)(30).

“Foreign Subsidiary” means any Person that is both (a) a direct or indirect Subsidiary of Parent and (b) a CFC.

“Funding Date” means the date on which a Borrowing occurs.

“Funding Losses” has the meaning specified therefor in Section 2.12(b)(ii) of the Agreement.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States, consistently applied.

“Governing Documents” means, with respect to any Person, the certificate or articles of incorporation, by-laws, or

other organizational documents of such Person.

“Governmental Authority” means any federal, state, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“Guarantors” means (a) each Domestic Subsidiary of Parent (other than (i) any Borrower or (ii) at anytime prior to the date Yale is required to become a Guarantor pursuant to Section 5.11(b) of the Agreement, Yale) and (b) each other Person that becomes a guarantor after the Closing Date pursuant to Section 5.11 of the Agreement, and “Guarantor” means any one of them.

“Guaranty” means that certain general continuing guaranty executed and delivered by each Guarantor in favor of Agent, for the benefit of the Lender Group and the Bank Product Providers, in form and substance reasonably satisfactory to Agent.

“Hazardous Materials” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“Hedge Agreement” means any and all agreements or documents now existing or hereafter entered into by Parent or any of its Subsidiaries that provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging Parent’s or any of its Subsidiaries’ exposure to fluctuations in interest or exchange rates, loan, credit exchange, security, or currency valuations or commodity prices.

“Holdout Lender” has the meaning specified therefor in Section 14.2(a) of the Agreement.

“Immaterial Subsidiary” means any non-operating Subsidiary of the Loan Parties that does not hold or own assets with an aggregate net book value of greater than \$1,000,000; and “Immaterial Subsidiaries” means all of them; provided, however, that if any Subsidiary that previously constituted an Immaterial Subsidiary ever either (a) holds or owns assets with an aggregate net book value of greater than \$1,000,000 or (b) becomes an operating Subsidiary, then such Subsidiary shall immediately and automatically cease to be an Immaterial Subsidiary and the Borrowers shall be required to comply with the provisions of Section 5.11 of the Agreement with respect to such Subsidiary.

“Increase Effective Date” has the meaning specified therefor in Section 2.2(a).

“Increase Joinder” has the meaning specified therefor in Section 2.2(c).

“Indebtedness” means (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of a Person, irrespective of whether such obligation or liability is assumed, (e) all obligations to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices), (f) all obligations owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination), (g) any Prohibited Preferred Stock, and (h) any obligation guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness described in clause (d) above shall be the lower of the amount of the obligation and the fair market value of the assets securing such obligation.

“Indemnified Liabilities” has the meaning specified therefor in Section 10.3 of the Agreement.

“Indemnified Person” has the meaning specified therefor in Section 10.3 of the Agreement.

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Intercompany Subordination Agreement” means a subordination agreement executed and delivered by Parent, each of the other Loan Parties, and Agent, the form and substance of which is reasonably satisfactory to Agent.

“Interest Expense” means, for any period, the aggregate of the interest expense of Parent for such period, determined on a consolidated basis in accordance with GAAP.

“Interest Period” means, with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Base Rate Loan to a LIBOR Rate Loan) and ending 1, 2, or 3 months thereafter; provided, however, that (a) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (b) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2, or 3 months after the date on which the Interest Period began, as applicable, and (d) Borrowers may not elect an Interest Period which will end after the Maturity Date.

“Inventory” means inventory (as that term is defined in the Code).

“Inventory Advance Rate” means the lesser of (a) 70% and (b) the result of 85% times the most recently determined Net Liquidation Percentage.

“Investment” means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) *bona fide* Accounts arising in the ordinary course of business consistent with past practice), or acquisitions of Indebtedness, Stock, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

“IRC” means the Internal Revenue Code of 1986, as in effect from time to time.

“Issuing Lender” means WFF, BOA, or any other Lender that, at the request of Borrowers and with the consent of Agent, agrees, in such Lender’s sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit or Reimbursement Undertakings or accepting Acceptances pursuant to Section 2.11 of the Agreement.

“Knowledge” means, the actual knowledge of the executive officers of Parent after reasonable inquiry.

“Lender” and “Lenders” have the respective meanings set forth in the preamble to the Agreement, and shall include any other Person made a party to the Agreement in accordance with the provisions of Section 13.1 of the Agreement.

“Lender Group” means each of the Lenders (including each Issuing Lender) and Agent, or any one or more of them.

“Lender Group Expenses” means all (a) out-of-pocket costs or expenses (including taxes, and insurance premiums) required to be paid by Parent or its Subsidiaries under any of the Loan Documents that are paid, advanced, or incurred by the Lender Group, (b) reasonable out-of-pocket fees or charges paid or incurred by Agent in connection with the Lender Group’s transactions with Parent or its Subsidiaries under any of the Loan Documents, including, all actual fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, appraisal (including periodic collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter), real estate surveys, real estate title policies and endorsements, and environmental audits, (c) out-of-pocket costs and expenses incurred by Agent in the disbursement of funds to Borrowers or other members of the Lender Group (by wire transfer or otherwise), (d) out-of-pocket charges paid or incurred by Agent resulting from the dishonor of checks payable by or to any Loan Party, (e) reasonable out-of-pocket costs and expenses paid or incurred by the Lender Group to correct any default or enforce any provision of the Loan Documents, or during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable out-of-pocket audit fees and expenses (including travel, meals, and lodging) of Agent related to any inspections or audits to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter, (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Lender Group in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender Group’s relationship with Parent or any of its Subsidiaries, (h) Agent’s reasonable out-of-pocket costs and expenses (including reasonable attorneys fees) incurred in advising, structuring, drafting, reviewing, administering (including travel, meals, and lodging), syndicating, or amending the Loan Documents, and (i) Agent’s and each Lender’s reasonable out-of-pocket costs and expenses (including reasonable attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with a “workout,” a “restructuring,” or an Insolvency Proceeding concerning Parent or any of its Subsidiaries or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

“Lender Group Representatives” has the meaning specified therefor in Section 17.9 of the Agreement.

“Lender-Related Person” means, with respect to any Lender, such Lender, together with such Lender’s Affiliates, officers, directors, employees, attorneys, and agents.

“Letter of Credit” means a letter of credit issued by an Issuing Lender or a letter of credit issued by an Underlying Issuer, as the context requires.

“Letter of Credit Collateralization” means either (a) providing cash collateral (pursuant to documentation reasonably satisfactory to Agent, including provisions that specify that the Letter of Credit and Acceptance fee, and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit or Acceptances, as applicable, are outstanding) to be held by Agent for the benefit of those Lenders with a Commitment in an amount equal to the sum of (i) 105% of the Letter of Credit Usage composed of Letters of Credit or Acceptances denominated in Dollars and (ii) 115% of the balance of the Letter of Credit Usage, and, in each case, together with an agreement to replenish such cash collateral as necessary to maintain at all times cash collateral in accordance with the requirements set forth above, (b) causing the Underlying Letters of Credit to be returned to the applicable Issuing Lender, or (c) providing Agent with a standby letter of credit, in form and substance reasonably satisfactory to Agent, from a commercial bank acceptable to Agent (in its sole discretion) in an amount equal to the sum of (i) 105% of the Letter of Credit Usage composed of Letters of Credit denominated in Dollars and (ii) 115% of the balance of Letter of Credit Usage (it being understood that the Letter of Credit fee and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit or Acceptances, as applicable, are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit) and together with an agreement to provide additional cash collateral or standby letters of credit as necessary to maintain at all times cash collateral in accordance with the requirements set forth above.

“Letter of Credit Disbursement” means a payment made by any Issuing Lender or any Underlying Issuer pursuant to a Letter of Credit.

“Letter of Credit Usage” means, as of any date of determination, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit plus (b) the aggregate amount all outstanding Acceptances.

“LIBOR Deadline” has the meaning specified therefor in Section 2.12(b)(i) of the Agreement.

“LIBOR Notice” means a written notice in the form of Exhibit L-1.

“LIBOR Option” has the meaning specified therefor in Section 2.12(a) of the Agreement.

“LIBOR Replacement Lender” has the meaning specified therefor in Section 2.12(d)(iii) of the Agreement.

“LIBOR Rate” means, for each Interest Period for each LIBOR Rate Loan, the rate per annum determined by Agent by *dividing* (a) the Base LIBOR Rate for such Interest Period, by (b) 100% *minus* the Reserve Percentage. The LIBOR Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage.

“LIBOR Rate Loan” means each portion of an Advance that bears interest at a rate determined by reference to the LIBOR Rate.

“LIBOR Rate Margin” means, as of any date of determination (with respect to any portion of the outstanding Advances on such date that is a LIBOR Rate Loan), the applicable margin set forth in the following table that correspond to the most recent Average Daily Availability Calculation determined by Agent in its reasonable discretion; provided, however, that for the period from the Closing Date through September 30, 2009, the LIBOR Rate Margin shall be at the margin in the row styled “Level III”:

<u>Level</u>	<u>Average Daily Availability</u>	<u>LIBOR Rate Margin</u>
I	If the Average Daily Availability is less \$75,000,000	4.25 percentage points
II	If the Average Daily Availability is greater than or equal to \$75,000,000 and less than \$150,000,000	4.00 percentage points
III	If the Average Daily Availability is greater than or equal to \$150,000,000	3.75 percentage points

The LIBOR Rate Margin shall be based upon the most recent Average Daily Availability Calculation, which will be calculated by Agent in its reasonable discretion based on Average Daily Availability during the preceding fiscal quarter. The LIBOR Rate Margin shall be re-determined quarterly by Agent using such methods in its reasonable discretion and any change to the LIBOR Rate Margin based on the Average Daily Availability as of the end of any fiscal quarter shall be effective as of the first day of the immediately following fiscal quarter.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having

substantially the same economic effect as any of the foregoing.

“Loan Account” has the meaning specified therefor in Section 2.9 of the Agreement.

“Loan Documents” means the Agreement, the Acceptances, the Bank Product Agreements, any Borrowing Base Certificate, the Controlled Account Agreements, the Control Agreements, the Copyright Security Agreement, the Fee Letter, the Flow of Funds Agreement, the Guaranty, the Intercompany Subordination Agreement, the Letters of Credit, the Patent Security Agreement, the Security Agreement, the Trademark Security Agreement, any note or notes executed by any Borrower in connection with the Agreement and payable to any member of the Lender Group, any letter of credit application entered into by any Borrower in connection with the Agreement, and any other agreement entered into, now or in the future, by Parent or any of its Subsidiaries and any member of the Lender Group in connection with the Agreement.

“Loan Party” means any Borrower or any Guarantor.

“Margin Stock” as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

“Material Adverse Change” means (a) a material adverse change in the business, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Parent and its Subsidiaries, taken as a whole, (b) a material impairment of Parent’s and its Subsidiaries ability to perform their obligations under the Loan Documents to which they are parties or of the Lender Group’s ability to enforce the Obligations or realize upon the Collateral, or (c) a material impairment of the enforceability or priority of Agent’s Liens with respect to the Collateral as a result of an action or failure to act on the part of Parent or its Subsidiaries.

“Material Contract” means, with respect to any Person, (a) each contract listed on Schedule M-1 to the Agreement, (b) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by such Person or such Subsidiary of \$5,000,000 or more (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days notice without penalty or premium), and (c) all other contracts or agreements, the loss of which could reasonably be expected to result in a Material Adverse Change.

“Maturity Date” has the meaning specified therefor in Section 3.3 of the Agreement.

“Maximum Revolver Amount” means \$250,000,000, as such amount may be increased in accordance with Section 2.2 or decreased in accordance with Section 2.4(c).

“Moody’s” has the meaning specified therefor in the definition of Cash Equivalents.

“Net Cash Proceeds” means, with respect to any sale or disposition by Parent or any of its Subsidiaries of assets, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of Parent or its Subsidiaries, in connection therewith after deducting therefrom only (i) the amount of any Indebtedness secured by any Permitted Lien on any asset (other than (A) Indebtedness owing to Agent or any Lender under the Agreement or the other Loan Documents and (B) Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition, (ii) reasonable fees, commissions, and expenses related thereto and required to be paid by Parent or such Subsidiary in connection with such sale or disposition and (iii) taxes paid or payable to any taxing authorities by Parent or such Subsidiary in connection with such sale or disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a Person that is not an Affiliate of Parent or any of its Subsidiaries, and are properly attributable to such transaction.

“Net Liquidation Percentage” means the percentage of the book value of Borrowers’ Inventory that is estimated to be recoverable in an orderly liquidation of such Inventory net of all associated costs and expenses of such liquidation, such percentage to be as determined from time to time by an appraisal company selected by Agent.

“Non-LIBOR Lender” has the meaning specified therefor in Section 2.12(d)(iii) of the Agreement.

“Obligations” means (a) all loans, Advances, debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), reimbursement or indemnification obligations with respect to Reimbursement Undertakings or with respect to Letters of Credit or with respect to Acceptances, premiums, liabilities (including all amounts charged to the Loan Account pursuant to the Agreement), obligations (including indemnification obligations), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, covenants, and duties of any kind and description owing by Borrowers to the Lender Group pursuant to or evidenced by the Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that Borrowers are required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, and (b) all Bank Product Obligations. Any reference in the Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Originating Lender” has the meaning specified therefor in Section 13.1(e) of the Agreement.

“Overadvance” has the meaning specified therefor in Section 2.5 of the Agreement.

“Parent” has the meaning specified therefor in the preamble to the Agreement.

“Participant” has the meaning specified therefor in Section 13.1(e) of the Agreement.

“Participant Register” has the meaning set forth in Section 13.1(i) of the Agreement.

“Patent Security Agreement” has the meaning specified therefor in the Security Agreement.

“Patriot Act” has the meaning specified therefor in Section 4.18 of the Agreement.

“Payoff Date” means the first date on which all of the Obligations are paid in full and the Commitments of the Lenders are terminated.

“Permitted Acquisition” means any Acquisition so long as:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) no Indebtedness will be incurred, assumed, or would exist with respect to Parent or its Subsidiaries as a result of such Acquisition, other than Indebtedness permitted under clause (g) or (m) of the definition of Permitted Indebtedness and no Liens will be incurred, assumed, or would exist with respect to the assets of Parent or its Subsidiaries as a result of such Acquisition other than Permitted Liens,

(c) Borrowers have provided Agent with written confirmation, supported by reasonably detailed calculations, that on a *pro forma* basis (including *pro forma* adjustments arising out of events which are directly attributable to such proposed Acquisition, are factually supportable, and are expected to have a continuing impact, in each case, determined as if the combination had been accomplished at the beginning of the relevant period; such eliminations and inclusions to be mutually and reasonably agreed upon by Borrowers and Agent) created by adding the historical combined financial statements of Parent (including the combined financial statements of any other Person or assets that were the subject of a prior Permitted Acquisition during the relevant period) to the historical consolidated financial statements of the Person to be acquired (or the historical financial statements related to the assets to be acquired) pursuant to the proposed Acquisition, Parent and its Subsidiaries (i) would have been in compliance with the financial covenant (but only if such financial covenant was required to be satisfied during such period as a result of the commencement or existence of a Financial Covenant Period) set forth in Section 7.1 of the Agreement for the 4 fiscal quarter period ended immediately prior to the proposed date of consummation of such proposed Acquisition, (ii) are projected to be in compliance with the financial covenant (but only if such financial covenant is projected to be required to be satisfied during such period as a result of the commencement or existence of a Financial Covenant Period) set forth in Section 7.1 of the Agreement for each 4 fiscal quarter period ended at the end of each fiscal quarter during the four fiscal quarter period ended one year after the proposed date of consummation of such proposed Acquisition, and (iii) projected to have Excess Availability plus Qualified Cash in excess of \$100,000,000 at all times during the 3 month period ended immediately after the proposed date of consummation of such acquisition,

(d) Borrowers have provided Agent with their due diligence package relative to the proposed Acquisition, including forecasted balance sheets, profit and loss statements, and cash flow statements of the Person to be acquired, all prepared on a basis consistent with such Person’s historical financial statements, together with appropriate supporting details and a statement of underlying assumptions for the 1 year period following the date of the proposed Acquisition, on a quarter by quarter basis, in form and substance (including as to scope and underlying assumptions) reasonably satisfactory to Agent,

(e) Borrowers shall have Excess Availability plus Qualified Cash in an amount equal to or greater than \$100,000,000 immediately after giving effect to the consummation of the proposed Acquisition (which shall include a *pro forma* accounting for the assets of the target company that are eligible for inclusion in the Borrowing Base),

(f) Borrowers have provided Agent with written notice of the proposed Acquisition at least 15 days (or, in the case of a proposed Acquisition involving purchase consideration (including any Acquired Indebtedness and any Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness) of \$50,000,000 or more, 30 days) prior to the anticipated closing date of the proposed Acquisition and, not later than 5 days (or, in the case of a proposed Acquisition involving purchase consideration (including any Acquired Indebtedness and any Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness) of \$50,000,000 or more, 15 days) prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement and other material documents relative to the proposed Acquisition in substantially final form, which agreement and documents must be reasonably acceptable to Agent,

(g) the assets being acquired (other than *ade minimis* amount of assets in relation to Parent’s and its Subsidiaries’ total assets), or the Person whose Stock is being acquired, are useful in or engaged in, as applicable, the business of Parent and its Subsidiaries or a business reasonably related thereto,

(i) [intentionally omitted],

(j) the subject assets or Stock, as applicable, are being acquired directly by a Loan Party, and, in connection therewith, the applicable Loan Party shall have complied with Section 5.11 or 5.12, as applicable, of the Agreement,

(k) the proposed Acquisition is not a merger with, or Acquisition by, an entity owned or controlled by the Permitted Holders (other than Parent or a Subsidiary of Parent),

(l) the purchase consideration (including any Acquired Indebtedness and any Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness) payable in respect of all Permitted Acquisitions (including the proposed Acquisition and including deferred payment obligations) shall not exceed, when aggregated with the amount of Investments made pursuant to clause (l) of the definition of Permitted Investments, \$100,000,000 in the aggregate during the term of the Agreement, and

(m) if a proposed Acquisition or series of related proposed Acquisitions involves purchase consideration (including the amount of any Acquired Indebtedness and any Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness) of \$50,000,000 or more, then, if requested by Agent in its sole discretion, Agent shall have received an appraisal of Borrowers' Inventory and Accounts by an appraiser reasonably satisfactory to Agent within the ninety day period immediately preceding the anticipated closing date of the proposed Acquisition.

“Permitted Discretion” means a determination made in the exercise of reasonable (from the perspective of a secured lender) business judgment.

“Permitted Dispositions” means:

(a) sales, abandonment, or other dispositions of Equipment or Inventory that is substantially worn, damaged, obsolete or not used or useful in the ordinary course of business,

(b) sales of Inventory to buyers in the ordinary course of business,

(c) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Loan Documents, including, in any event, forfeiture of deposits in connection with proposed acquisitions that are not consummated,

(d) the licensing (a) on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business or (b) on an exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business so long as either (i) the patents, trademarks, copyrights, and other intellectual property subject to such exclusive license are not owned by a Loan Party or the territory with respect to which the exclusive license is granted does not include the United States or a territory within the United States, or (ii) such exclusive license does not grant a right to use such patents, trademarks, copyrights, and other intellectual property rights in connection with the manufacture, design, distribution or sale of footwear of any kind.

(e) the granting of Permitted Liens,

(f) the sale or discount, in each case without recourse, of Accounts arising in the ordinary course of business, but only in connection with the compromise or collection thereof,

(g) any involuntary loss, damage or destruction of property,

(h) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,

(i) the leasing or subleasing of assets of Parent or its Subsidiaries in the ordinary course of business,

(j) the sale or issuance of Stock (other than Prohibited Preferred Stock) of Parent,

(k) the lapse or abandonment of patents, trademarks and other intellectual property of Parent and its Subsidiaries to the extent not economically desirable in the conduct of their business and so long as such lapse or abandonment is not materially adverse to the interests of the Lenders,

(l) dispositions of assets acquired by Parent and its Subsidiaries pursuant to a Permitted Acquisition consummated within 12 months of the date of the proposed Disposition (the “Subject Permitted Acquisition”) so long as (i) the consideration received for the assets to be so disposed is at least equal to the fair market value thereof, (ii) the assets to be so disposed are not necessary or economically desirable in connection with the business of Parent and its Subsidiaries, and (iii) the assets to be so disposed are readily identifiable as assets acquired pursuant to the Subject Permitted Acquisition,

(m) (i) the making of a Permitted Investment or (ii) so long as no Default or Event of Default has occurred and is continuing or would result therefrom and so long as such disposition is made at fair market value, the disposition of any Investment that constitutes a Permitted Investment pursuant to clause (d), (h), (l), or (m) of the definition of Permitted Investment,

(n) the payment of Restricted Junior Payments but only to the extent that they are expressly permitted pursuant to Section 6.9 of the Agreement,

(o) the termination of contracts, licenses, leases or subleases in the ordinary course of business to the extent that they are not economically desirable in the conduct of the Loan Parties' business (taken as a whole) and so long as the termination thereof is not materially adverse to the interests of the Lenders.

(p) dispositions of Equipment substantially concurrently with the replacement thereof;

(q) closing of retail stores and dispositions of Inventory or Equipment in connection therewith, so long as, if after giving effect to any proposed closure of a retail store by any Loan Party or any series of related retail store closures by any of the Loan Parties, the aggregate amount of retail stores closed by the Loan Parties in the immediately preceding twelve month period would equal or exceed twenty retail stores, then the Borrowers shall provide Agent with not less than 45 Business Days prior written notice before conducting such retail store closure or series of related retail store closures;

(r) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, any disposition of Real Property,

(s) convey, sell, lease, license, assign, transfer, or otherwise dispose of patents, trademarks, copyrights or other intellectual property of Parent or its Subsidiaries (including in connection with the settlement or other resolution of claims, disputes, litigation, arbitration, or other adverse proceedings) to the extent not necessary in the conduct of Parent's and its Subsidiaries' business, taken as a whole, or

(t) dispositions of assets (other than Accounts, Stock of Subsidiaries of Parent, or Material Contracts) not otherwise permitted in clauses (a) through (s) above so long as made at fair market value and the aggregate fair market value of all assets disposed of in all such dispositions since the Closing Date (including the proposed disposition) would not exceed \$5,000,000.

"Permitted Holder" means the Persons identified on Schedule P-1.

"Permitted Indebtedness" means:

(a) Indebtedness evidenced by the Agreement and the other Loan Documents, together with Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit,

(b) Indebtedness set forth on Schedule 4.19 (and specifically excluding from inclusion pursuant to this clause (b) any Indebtedness referenced in Schedule 4.19 that is already subject to any limitation or other condition pursuant to any other clause of this definition of Permitted Indebtedness) and any Refinancing Indebtedness in respect of such Indebtedness,

(c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,

(d) endorsement of instruments or other payment items for deposit,

(e) Indebtedness consisting of (i) unsecured guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Permitted Dispositions; and (iii) unsecured guarantees with respect to Indebtedness of Parent or one of its Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness,

(f) [intentionally omitted],

(g) Acquired Indebtedness in an aggregate amount not to exceed, when aggregated with the sum of (x) the amount of all other purchase consideration paid or payable in respect of Permitted Acquisitions, (y) the amount of Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness, and (z) the amount of Investments made pursuant to clause (l) of the definition of Permitted Investments, \$100,000,000,

(h) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, and appeal bonds,

(i) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to Parent or any of its Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year,

(j) the incurrence by Parent or its Subsidiaries of Indebtedness under Hedge Agreements that are incurred for the bona fide purpose of hedging the interest rate or foreign currency risk associated with Parent's and its Subsidiaries' operations and not for speculative purposes,

(k) unsecured Indebtedness incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business,

(l) unsecured Indebtedness of Parent owing to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase by Parent of the Stock of Parent that has been issued to such Persons, so long as (i) no Default or Event of Default has occurred and is continuing or would result from the incurrence of such Indebtedness, (ii) the aggregate amount of all such Indebtedness outstanding at any one time does not exceed \$500,000, and (iii) such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable

to Agent,

(m) unsecured Indebtedness owing to sellers of assets or Stock to a Loan Party that is incurred by the applicable Loan Party in connection with the consummation of one or more Permitted Acquisitions so long as (i) the aggregate principal amount at any one time outstanding for all such unsecured Indebtedness, when aggregated with the sum of (A) the amount of all other purchase consideration paid or payable in respect of Permitted Acquisitions, (B) the amount of Acquired Indebtedness incurred in connection with Permitted Acquisitions since the Closing Date, and (C) the amount of Investments made pursuant to clause (l) of the definition of Permitted Investments, does not exceed \$100,000,000, (ii) is subordinated to the Obligations on terms and conditions reasonably acceptable to Agent, and (iii) is otherwise on terms and conditions (including all economic terms and the absence of covenants) reasonably acceptable to Agent,

(n) contingent liabilities (i) in respect of any indemnification obligation, adjustment of purchase price, non-compete, or similar obligation of Parent or the applicable Loan Party incurred in connection with the consummation of one or more acquisitions or (ii) in respect of any indemnification obligation under any prior credit agreements, loan agreements, or securities offerings,

(o) Indebtedness composing Permitted Investments,

(p) Indebtedness secured solely by Real Property, so long as the aggregate principal amount of such Indebtedness does not exceed \$100,000,000 and any Refinancing Indebtedness in respect of such Indebtedness,

(q) Indebtedness composing the Equipment Loan so long as the aggregate principal amount of such Indebtedness does not exceed \$80,000,000 and any Refinancing Indebtedness in respect of such Indebtedness,

(r) Indebtedness of Foreign Subsidiaries in an aggregate principal amount not to exceed \$100,000,000 and any Refinancing Indebtedness in respect of such Indebtedness; provided, however, that in no event shall any Loan Party be permitted to have any obligation in respect of, or pledge any of their assets in support of, such Indebtedness, whether by guaranty or otherwise,

(s) Subordinated Debt in an aggregate principal amount not to exceed \$100,000,000 and any Refinancing Indebtedness in respect of such Indebtedness,

(t) Unsecured Debt in an aggregate principal amount not to exceed \$100,000,000 and any Refinancing Indebtedness in respect of such Indebtedness, and

(u) Deferred compensation payable to employees, officers or directors under any deferred compensation plans entered into in the ordinary course of business, so long as the amount of total compensation payable to such employees, officers, or directors, after taking into account such deferred compensation plan, is consistent with the historical practices of Parent and its Subsidiaries;

provided, however, the foregoing to the contrary notwithstanding, in no event shall the aggregate amount of Indebtedness pursuant to clauses (g), (m), (p), (q), (s), or (t) of this definition of Permitted Indebtedness exceed \$200,000,000.

“Permitted Intercompany Advances” means (a) loans made by a Loan Party to another Loan Party, (b) capital contributions or loans made by a Subsidiary of Parent that is not a Loan Party to another Subsidiary of Parent that is not a Loan Party, (c) capital contributions made by a Loan Party to another Loan Party that is not a Foreign Subsidiary, (d) capital contributions or loans made by a Subsidiary of Parent that is not a Loan Party to a Loan Party, provided, however, that capital contributions by a Subsidiary of Parent that is not a Loan Party to a Loan Party shall only be permitted so long as Agent retains its Lien on the same amount (and percentage of all Stock issued by such Loan Party), without dilution, of the Stock of such Loan Party as it had prior to such capital contribution, and (e) loans made by a Loan Party to a Subsidiary of Parent that is not a Loan Party if (i) no Event of Default has occurred and is continuing or would result therefrom, and (ii) Borrowers have Excess Availability plus Qualified Cash of \$100,000,000 or greater immediately after giving effect to each such loan.

“Permitted Investments” means:

(a) Investments in cash and Cash Equivalents,

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(c) advances made in connection with purchases of goods or services in the ordinary course of business,

(d) Investments received in settlement of amounts due to any Loan Party or any of its Subsidiaries effected in the ordinary course of business or owing to any Loan Party or any of its Subsidiaries as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of a Loan Party or its Subsidiaries,

(e) Investments owned by any Loan Party or any of its Subsidiaries on the Closing Date and set forth on Schedule P-2,

(f) guarantees permitted under the definition of Permitted Indebtedness,

(g) Permitted Intercompany Advances,

(h) Stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owing to a Loan Party or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(i) deposits of cash made in the ordinary course of business to secure performance of operating leases,

(j) non-cash loans to employees, officers, and directors of Parent or any of its Subsidiaries for the purpose of purchasing Stock in Parent so long as the proceeds of such loans are used in their entirety to purchase such stock in Parent,

(k) Permitted Acquisitions,

(l) so long as immediately before and after giving effect to such Investment (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) Parent and its Subsidiaries have Excess Availability plus Qualified Cash of not less than \$100,000,000, Investments by Parent or any of its Subsidiaries in Permitted Joint Ventures; provided, however, the foregoing to the contrary notwithstanding, the amount of Investments pursuant to this clause (l), when aggregated with the amount of purchase consideration (including any Acquired Indebtedness and any Indebtedness incurred in reliance on clause (m) of the definition of Permitted Indebtedness) paid or payable in respect of all Permitted Acquisitions (including deferred payment obligations), shall not exceed \$100,000,000 during the term of the Agreement, and

(m) so long as no Event of Default has occurred and is continuing or would result therefrom, any other Investments in an aggregate amount not to exceed \$10,000,000 at any one time outstanding; provided that the amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

“Permitted Joint Ventures” means any joint venture between or among the Borrowers or any of their Subsidiaries with third parties and designated as such by the Borrowers in writing to Agent substantially concurrently with the creation or acquisition thereof provided that: (a) at no time shall any creditor of any such entity have any claim against the Borrowers or any of their Subsidiaries in respect of any Indebtedness or other obligation of such entity, except obligations arising by operation of law, including joint and several liability for taxes, ERISA and similar items; (b) none of the Borrowers or any of their Subsidiaries shall become a general partner of any such entity; (c) no such entity shall own Stock in the Borrowers or any of their Subsidiaries; (d) no investment shall be made in any such entity by the Borrowers or any of their Subsidiaries except as expressly permitted under the Agreement. It is understood that notwithstanding anything to the contrary in the Agreement, such entities shall not be required to guaranty the Obligations or pledge their assets to secure same.

“Permitted Liens” means

(a) Liens held by Agent to secure the Obligations,

(b) Liens for unpaid taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over Agent’s Liens and the underlying taxes, assessments, or charges or levies are the subject of Permitted Protests,

(c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 8.3 of the Agreement,

(d) Liens set forth on Schedule P-3; provided, however, that to qualify as a Permitted Lien, any such Lien described on Schedule P-3 shall only secure the Indebtedness that it secures on the Closing Date and any Refinancing Indebtedness in respect thereof,

(e) the interests of lessors under operating leases and licensors under license agreements,

(f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired and the proceeds thereof, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof,

(g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, and other similar statutory Liens, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests,

(h) Liens on amounts deposited to secure Parent’s and its Subsidiaries obligations in connection with worker’s compensation or other unemployment insurance,

(i) Liens on amounts deposited to secure Parent’s and its Subsidiaries obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money,

(j) Liens on amounts deposited to secure Parent’s and its Subsidiaries reimbursement obligations with respect to surety or appeal bonds in connection with Indebtedness permitted pursuant to clause (h) of the definition of Permitted

Indebtedness,

(k) with respect to any Real Property, easements, development concessions, rights of way, encroachments, title defects and zoning restrictions that do not materially interfere with or impair the use or operation thereof,

(l) licenses (a) on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business or (b) on an exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business so long as either (i) the patents, trademarks, copyrights, and other intellectual property subject to such exclusive license are not owned by a Loan Party or the territory with respect to which the exclusive license is granted does not include the United States or a territory within the United States, or (ii) such exclusive license does not grant a right to use such patents, trademarks, copyrights, and other intellectual property rights in connection with the manufacture, design, distribution or sale of footwear of any kind.

(m) Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is the subject of permitted Refinancing Indebtedness and so long as the replacement Liens only encumber those assets that secured the original Indebtedness,

(n) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business,

(o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Indebtedness,

(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,

(q) Liens resulting from the filing of a precautionary UCC-1 financing statements relating solely to operating leases of personal property entered into in the ordinary course of business,

(r) Liens solely on any cash earnest money deposits made by Parent or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a proposed acquisition,

(s) Liens assumed by Parent or its Subsidiaries in connection with a Permitted Acquisition that secure Acquired Indebtedness,

(t) Liens on the Real Property securing Indebtedness permitted pursuant to clause (p) of the definition of Permitted Indebtedness,

(u) Liens on Equipment securing the Equipment Loan permitted pursuant to clause (q) of the definition of Permitted Indebtedness,

(v) Liens on Accounts or Inventory owned by Foreign Subsidiaries, which Liens secure Indebtedness permitted pursuant to clause (r) of the definition of Permitted Indebtedness,

(w) Liens on patents, trademarks, copyrights, or other intellectual property of Parent or its Subsidiaries, which Liens arise pursuant to a Permitted Disposition permitted pursuant to clause (s) of the definition of Permitted Dispositions, to the extent such patents, trademarks, copyrights, or other intellectual property are not necessary in the conduct of Parent's and its Subsidiaries' business, taken as a whole, and

(x) other Liens which do not secure Indebtedness for borrowed money or letters of credit and as to which the aggregate amount of the obligations secured thereby does not exceed \$100,000.

"Permitted Preferred Stock" means and refers to any Preferred Stock issued by Parent (and not by one or more of its Subsidiaries) that is not Prohibited Preferred Stock.

"Permitted Protest" means the right of Parent or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on Parent's or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Parent or its Subsidiary, as applicable, in good faith, and (c) while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Agent's Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, Purchase Money Indebtedness incurred after the Closing Date in an aggregate principal amount outstanding at any one time not in excess of \$5,000,000.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Post-Increase Revolver Lenders" has the meaning specified therefor in Section 2.2(e) of the Agreement.

"Pre-Increase Revolver Lenders" has the meaning specified therefor in Section 2.2(e) of the Agreement.

“Preferred Stock” means, as applied to the Stock of any Person, the Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Stock of any other class of such Person.

“Prohibited Preferred Stock” means any Preferred Stock that by its terms is mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of common stock) on or before a date that is less than 1 year after the Maturity Date, or, on or before the date that is less than 1 year after the Maturity Date, is redeemable at the option of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock).

“Projections” means Parent’s forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a basis consistent with Parent’s historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

“Pro Rata Share” means, as of any date of determination:

(a) with respect to a Lender’s obligation to make Advances and right to receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender’s Commitment, by (z) the aggregate Commitments of all Lenders, and (ii) from and after the time that the Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender’s Advances by (z) the outstanding principal amount of all Advances,

(b) with respect to a Lender’s obligation to participate in Letters of Credit or Reimbursement Undertakings or Acceptances, to reimburse an Issuing Lender, and right to receive payments of fees with respect thereto, (i) prior to the Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender’s Commitment, by (z) the aggregate Commitments of all Lenders, and (ii) from and after the time that the Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender’s Advances by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and Letters of Credit or Acceptances remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Commitments had not been terminated or reduced to zero and based upon the Commitments as they existed immediately prior to their termination or reduction to zero, and

(c) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 15.7 of the Agreement), (i) prior to the Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender’s Commitment, by (z) the aggregate amount of Commitments of all Lenders, and (ii) from and after the time that the Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender’s Advances, by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and Letters of Credit or Acceptances remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Commitments had not been terminated or reduced to zero and based upon the Commitments as they existed immediately prior to their termination or reduction to zero.

“Protective Advances” has the meaning specified therefor in Section 2.3(d)(i) of the Agreement.

“Purchase Money Indebtedness” means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or within 30 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

“Qualified Cash” means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of Parent and its Subsidiaries that is in Deposit Accounts or in Securities Accounts, or any combination thereof, and which such Deposit Account or Securities Account is the subject of a Control Agreement and is maintained by a branch office of the bank or securities intermediary located within the United States.

“Qualified Import Letter of Credit” means a Letter of Credit that (a) is a commercial letter of credit issued to facilitate the purchase by any Borrower of Eligible Inventory, (b) is in form and substance reasonably acceptable to Agent, and (c) is only drawable by the beneficiary thereof by the presentation of, among other documents, either (i) a negotiable bill of lading that is consigned to Agent (either directly or by means of endorsements) and that was issued by the carrier respecting the subject Eligible Inventory, (ii) a negotiable cargo receipt that is consigned to Agent (either directly or by means of endorsements) and that was issued by a consolidator respecting the subject Eligible Inventory; provided, however, that, no bill of lading shall have been issued by the carrier (other than a bill of lading consigned to the consolidator or to Agent), or (iii) so long as a satisfactory Bailee and Agency Agreement is in full force and effect, a bill of lading that is consigned to Agent (either directly or by means of endorsements) and that was issued by the applicable Bailee & Agent party to such Bailee and Agency Agreement as the carrier respecting the subject Inventory.

“Real Property” means any estates or interests in real property now owned or hereafter acquired by Parent or its Subsidiaries and the improvements thereto.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Refinancing Indebtedness” means refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are less favorable to the Lender Group than those that were applicable to the refinanced, renewed, or extended Indebtedness nor are they or could they reasonably be expected to be materially adverse to the interests of the Lenders,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lender Group as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

“Register” has the meaning set forth in Section 13.1(h) of the Agreement.

“Registered Loan” has the meaning set forth in Section 13.1(h) of the Agreement.

“Reimbursement Undertaking” has the meaning specified therefor in Section 2.11(a) of the Agreement.

“Related Fund” means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“Remedial Action” means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

“Replacement Lender” has the meaning specified therefor in Section 2.13(b) of the Agreement.

“Report” has the meaning specified therefor in Section 15.16 of the Agreement.

“Required Lenders” means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (c) of the definition of Pro Rata Shares) exceed 50%.

“Reserve Percentage” means, on any day, for any Lender, the maximum percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as “eurocurrency liabilities”) of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

“Restricted Junior Payment” means to (a) declare or pay any dividend or make any other payment or distribution on account of Stock issued by Parent (including any payment in connection with any merger or consolidation involving Parent) or to the direct or indirect holders of Stock issued by Parent in their capacity as such (other than dividends or distributions payable in Stock (other than Prohibited Preferred Stock) issued by Parent), or (b) purchase, redeem, or otherwise acquire or retire for value (including in connection with any merger or consolidation involving Parent) any Stock issued by Parent.

“Revolver Usage” means, as of any date of determination, the sum of (a) the amount of outstanding Advances, plus (b) the amount of the Letter of Credit Usage.

“Sanctioned Entity” means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

“Sanctioned Person” means a person named on the list of Specially Designated Nationals maintained by OFAC.

“S&P” has the meaning specified therefor in the definition of Cash Equivalents.

“Seasonal Inventory Limit” means, for any calendar year period, (a) beginning on May 1 of such calendar year and continuing through July 31 of such calendar year, \$150,000,000 and (b) at any other time during such calendar year, \$125,000,000.

“SEC” means the United States Securities and Exchange Commission and any successor thereto.

“Securities Account” means a securities account (as that term is defined in the Code).

“Securities Act” means the Securities Act of 1933, as amended from time to time, and any successor statute.

“Security Agreement” means a security agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by Borrowers and Guarantors to Agent.

“Settlement” has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

“Settlement Date” has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

“Solvent” means, with respect to any Person on a particular date, that, at fair valuations, the sum of such Person’s assets is greater than all of such Person’s debts.

“Stock” means all shares, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in a Person, whether voting or nonvoting, including common stock, preferred stock, or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

“Subordinated Debt” means unsecured Indebtedness of Parent or its Subsidiaries that is on terms and conditions (including payment terms (including no principal or other amortization payments prior to maturity), interest rates, covenants, remedies, defaults and other material terms) satisfactory to the Agent (including a maturity date no earlier than the date that is six months after the Maturity Date) and which has been expressly subordinated in right of payment to all Obligations of the Loan Parties under the Loan Documents by the execution and delivery of a subordination agreement, in form and substance satisfactory to the Agent.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the shares of Stock having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

“Swing Lender” means WFF or any other Lender that, at the request of Borrowers and with the consent of Agent agrees, in such Lender’s sole discretion, to become the Swing Lender under Section 2.3(b) of the Agreement.

“Swing Loan” has the meaning specified therefor in Section 2.3(b) of the Agreement.

“Taxes” means any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments and all interest, penalties or similar liabilities with respect thereto; provided, however, that Taxes shall exclude (i) any tax imposed on the net income or net profits of any Lender or any Participant (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender or such Participant is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender’s or such Participant’s principal office, branch office or permanent establishment is located in each case as a result of a present or former connection between such Lender or such Participant and the jurisdiction or taxing authority imposing the tax (other than any such connection arising solely from such Lender or such Participant having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under the Agreement or any other Loan Document); (ii) taxes resulting from a Lender’s or a Participant’s failure to comply with the requirements of Section 16(c) or (d) of the Agreement, and (iii) any United States federal withholding taxes that would be imposed on amounts payable to a Foreign Lender based upon the applicable withholding rate in effect at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), except that Taxes shall include (A) any amount that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 16(a) of the Agreement, if any, with respect to such withholding tax at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), and (B) additional United States federal withholding taxes that may be imposed after the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), as a result of a change in law, rule, regulation, order or other decision with respect to any of the foregoing by any Governmental Authority.

“Tax Lender” has the meaning specified therefor in Section 14.2(a) of the Agreement.

“Trademark Security Agreement” has the meaning specified therefor in the Security Agreement.

“Underlying Acceptance” means an Acceptance that has been accepted by an Underlying Issuer.

“Underlying Issuer” means Wells Fargo or one of its Affiliates and, in the case of a proposed Qualified Import Letter of Credit, Wells Fargo or one of its Affiliates that has agreed, in writing, to hold documents of title as agent for Agent.

“Underlying Letter of Credit” means a Letter of Credit that has been issued by an Underlying Issuer.

“United States” means the United States of America.

“Unsecured Debt” means unsecured Indebtedness of Parent or its Subsidiaries that is on terms and conditions (including payment terms (including no principal or other amortization payments prior to maturity), interest rates, covenants, remedies, defaults and other material terms) satisfactory to the Agent (including a maturity date no earlier than the date that is six months after the Maturity Date).

“Voidable Transfer” has the meaning specified therefor in Section 17.8 of the Agreement.

“Wells Fargo” means Wells Fargo Bank, National Association, a national banking association.

“WFF” means Wells Fargo Foothill, LLC, a Delaware limited liability company.

“Yale” means Yale Investments, LLC, a Delaware limited liability company.

“Yale Loan Agreement” means that certain Loan Agreement, dated December 21, 2000, between Yale and Mony Life Insurance Company, a New York corporation.

“Yale Loan Documents” means (a) the Yale Loan Agreement, (b) that certain promissory note, dated December 21, 2000, issued by Yale in favor of Mony Life Insurance Company, a New York corporation, in the original principal amount of \$7,850,000, and (c) that certain Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing, dated December 21, 2000, by Yale in favor of Mony Life insurance Company.

“Yale Real Property” mean the Real Property and improvements owned by Yale and described in greater detail on Schedule Y-1 attached hereto.

“Zoo York Lender License Agreement” means a license agreement among Agent, Zoo York, LLC, the Borrowers, Skechers International II, and Skechers S.A.R.L. on terms and conditions and subject to documentation satisfactory to Agent.

“Zoo York License Agreement” means that certain Trademark License Agreement, dated December 5, 2005, by and among Zoo York, LLC, Skechers U.S.A., Inc. II, Skechers International II, and Skechers S.A.R.L.

Schedule 3.1

The obligation of each Lender to make its initial extension of credit provided for in the Agreement is subject to the fulfillment, to the satisfaction of each Lender (the making of such initial extension of credit by any Lender being conclusively deemed to be its satisfaction or waiver of the following), of each of the following conditions precedent:

(a) the Closing Date shall occur on or before June 30, 2009;

(b) Agent shall have received a letter duly executed by each Borrower and each Guarantor authorizing Agent to file appropriate financing statements in such office or offices as may be necessary or, in the opinion of Agent, desirable to perfect the security interests to be created by the Loan Documents;

(c) Agent shall have received evidence that appropriate financing statements have been duly filed against each Borrower in such office or offices as may be necessary or, in the opinion of Agent, desirable to perfect the Agent's Liens in and to the Collateral of each Borrower, and Agent shall have received searches reflecting the filing of all such financing statements;

(d) Agent shall have received each of the following documents, in form and substance satisfactory to Agent, duly executed, and each such document shall be in full force and effect:

(i) [intentionally omitted],

(ii) [intentionally omitted],

(iii) the Copyright Security Agreement,

(iv) the Fee Letter,

(v) [intentionally omitted],

(vi) the Guaranty,

(vii) the Intercompany Subordination Agreement,

(viii) the Patent Security Agreement,

(ix) the Security Agreement,

(x) the Trademark Security Agreement,

(xi) a letter, in form and substance satisfactory to Agent, respecting the amount necessary to repay in full all of the obligations of Borrower and its Subsidiaries owing in connection with the Existing Credit Facility and obtain a release of all of the Liens existing in connection with the Existing Credit Facility in and to the assets of Borrower and its Subsidiaries, together with termination statements and other documentation evidencing the termination of the Liens in connection with the Existing Credit Facility in and to the properties and assets of Borrower and its Subsidiaries,

(xii) the Ecko Lender License Agreement,

(xiii) the Zoo York Lender License Agreement,

(xiv) a Borrowing Base Certificate dated as of the Closing Date, and

(e) Agent shall have received a certificate from the Secretary of each Loan Party (i) attesting to the resolutions of such Loan Party's board of directors authorizing its execution, delivery, and performance of this Agreement and the other Loan Documents to which such Loan Party is a party, (ii) authorizing specific officers of such Loan Party to execute the same, and (iii) attesting to the incumbency and signatures of such specific officers of such Loan Party;

(f) Agent shall have received copies of each Loan Party's Governing Documents, as amended, modified, or supplemented to the Closing Date, certified by the Secretary of such Loan Party;

(g) Agent shall have received a certificate of status with respect to each Loan Party, dated within 10 Business Days of the Closing Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of such Loan Party, which certificate shall indicate that such Loan Party is in good standing in such jurisdiction;

(h) Agent shall have received certificates of status with respect to each Loan Party, each dated within 30 days of the Closing Date, such certificates to be issued by the appropriate officer of the jurisdictions (other than the jurisdiction of organization of such Loan Party) in which its failure to be duly qualified or licensed would constitute a Material Adverse Change, which certificates shall indicate that such Loan Party is in good standing in such jurisdictions;

(i) Agent shall have received a certificate of insurance, together with the endorsements thereto, as are required by Section 5.8, the form and substance of which shall be satisfactory to Agent;

(j) Agent shall have received Collateral Access Agreements with respect to the following locations: (i) 4100 East Mission Blvd., Ontario, CA, 91761, (ii) 1670 Champagne Ave., Ontario, CA 91761, (iii) 1661 S. Vintage Ave., Ontario, CA, 91761, and (iv) 1777 S. Vintage Ave., Ontario, CA 91761;

(k) [intentionally omitted];

(l) Agent shall have received (i) an opinion of Irell & Manella LLP and (ii) an opinion of Illinois counsel to the Borrowers, each in form and substance satisfactory to Agent;

(m) Borrowers shall have Excess Availability plus Qualified Cash of greater than \$75,000,000 after giving effect to the initial extensions of credit hereunder and the payment of all fees and expenses required to be paid by Borrowers on the Closing Date under this Agreement or the other Loan Documents;

(n) [intentionally omitted];

(o) Agent shall have completed (i) Patriot Act searches and OFAC/PEP searches for the Loan Parties and (ii) OFAC/PEP searches and customer individual background searches for the Loan Parties' senior management and key principals, in the case of each of clauses (i) and (ii), the results of which shall be satisfactory to Agent; and

(p) Agent shall have received a set of Projections of Parent and its Subsidiaries for the 3 year period following the Closing Date (on a year by year basis, and for the 1 year period following the Closing Date, on a month by month basis), in form and substance (including as to scope and underlying assumptions) satisfactory to Agent;

(q) Borrowers shall have paid all Lender Group Expenses incurred in connection with the transactions evidenced by the Agreement;

(r) Agent shall have received copies of each of (i) the Ecco License Agreement, (ii) the Zoo York License Agreement, (iii) the Yale Loan Documents, and (iv) the documents listed in numbers 12, 43, 44, 45, 46, and 47 in Schedule 4.17 to the Credit Agreement, together with a certificate of the Secretary of Parent certifying each such document as being a true, correct, and complete copy thereof;

(s) Parent and each of its Subsidiaries shall have received all licenses, approvals or evidence of other actions required by any Governmental Authority in connection with the execution and delivery by Parent or its Subsidiaries of the Loan Documents or with the consummation of the transactions contemplated thereby; and

(t) all other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed, or recorded and shall be in form and substance satisfactory to Agent.

Schedule 3.6

(a) On or prior to the date that is 30 days after the Closing Date, the Borrowers shall have delivered to Agent Control Agreements and/or Controlled Account Agreements, as applicable, with respect to the Securities Accounts and/or the Deposit Accounts, as applicable, as Agent may require, of Parent and its Subsidiaries located at the following banks: (i) Bank of America, N.A., (ii) Banc of America Securities LLC, and (iii) Wells Fargo Advisors, LLC;

(b) On or prior to the date that is 60 days after the Closing Date, the Borrowers shall have (i) established lockbox and cash management arrangements that are reasonably satisfactory to Agent at a depository institution that is reasonably satisfactory to Agent and (ii) delivered Control Agreements with respect to such new deposit accounts and lockbox arrangements, duly executed by Parent and the applicable depository institution; and

(c) On or prior to the date that is 60 days after the Closing Date, the Borrowers shall have delivered to Agent a certificate of status with respect to Parent for the State of New Jersey, which certificate shall indicate that Parent is in good standing, in respect of Parent's payment of taxes, in such jurisdiction.

Credit Agreement

Schedule 4.1(b)

Capitalization of Parent

Parent is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital Stock or any security convertible into or exchangeable for any of its capital Stock.

Schedule 4.1(c)
Capitalization of Parent's Subsidiaries

Name of Entity	Authorized Shares of Common Stock	Authorized Shares of Preferred Stock	Number of Outstanding Shares Owned by Parent	Percentage of Outstanding Shares Owned directly or indirectly by Parent
Skechers U.S.A., Inc. II	1,000	0	1,000	100%
Skechers By Mail, Inc.	10,000	0	100	100%
310 Global Brands, Inc.	100,000	0	9,500	100%
Skechers USA Canada, Inc.	Unlimited	0	100	100%
Skechers USA, Ltd.				100%(1)
Skechers USA Iberia, S.L.				100%(1)
Skechers USA Deutschland GmbH				100%(1)
Skechers USA France S.A.S.				100%(1)
Skechers EDC SPRL				100%(2)
Skechers USA Benelux B.V.				100%(2)
Skechers USA Italia S.r.l				100%(1)
Skechers S.a.r.l.				100%(2)
Skechers Holdings Jersey Limited				100%
Skechers International				100%(4)
Skechers International II				100%(5)
Skechers Do Brasil Calçados LTDA				100%(6)
Comercializadora Skechers Chile Limitada				100%(3)
Skechers Footwear (Dongguan) Co., Ltd.				100%(7)
Skechers Japan YK				100%(1)
Skechers USA Mauritius 10				100%(8)
Skechers USA Mauritius 90				100%(8)
Skechers China Business Trust				100%(9)
Skechers Holdings Mauritius				100%(10)
Skechers Trading (Shanghai) Co. Ltd.				50%(11)
Skechers China Limited	10,000	0	500(12)	50%
Skechers Hong Kong Limited	1,800,000	0	630,000(13)	35%
Skechers Southeast Asia Limited	10,000	0	500(12)	50%
Skechers Malaysia Sdn Bhd	500,000	0	250,000(14)	50%
Skechers Singapore Pte. Limited	200,000	0	100,000(14)	50%
Skechers (Thailand) Limited	58,824	0	29,999	51%
Skechers Collection, LLC				100%(15)
Skechers Sport, LLC				100%(15)
Duncan Investments, LLC				100%(15)
Yale Investments, LLC				100%(15)
Sepulveda Blvd. Properties, LLC				100%(15)
SKX Illinois, LLC				100%(15)

- (1) 100% owned by Skechers S.a.r.l.
- (2) 100% owned by Skechers International
- (3) 99% owned by Skechers S.a.r.l. and 1% owned by Skechers International, with nominee agreement granting control of latter's interest to Skechers S.a.r.l.
- (4) No shares issued. Percentage represents partnership interest, of which Parent owns 90% directly and 10% via Skechers U.S.A. Inc. II.
- (5) No shares issued. Percentage represents partnership interest, of which Parent owns 8.6% directly and 91.4% via Skechers International.
- (6) Skechers S.a.r.l. owns 99.99% of the shares and Skechers U.S.A., Inc. holds .01% of the shares
- (7) 100% owned by Skechers Holdings Mauritius, Ltd.
- (8) 100% owned by Skechers Holdings Jersey Limited
- (9) 90% owned by Skechers USA Mauritius 90, Ltd. and 10% owned by Skechers USA Mauritius 10, Ltd.
- (10) 100% owned by Skechers China Business Trust
- (11) 100% owned by Skechers China Limited
- (12) Shares issued to Skechers S.a.r.l., which is a 50% owner
- (13) Shares issued to Skechers China Limited, which is a 70% owner
- (14) Shares issued to Skechers Southeast Asia Limited, which is a 100% owner
- (15) No shares issued. Percentage represents membership interest in limited liability company.

Schedule 4.6(a)
Jurisdiction of Organization

<u>Name of Entity</u>	<u>Jurisdiction of Organization</u>
SKECHERS U.S.A., INC.	Delaware
Skechers U.S.A., Inc. II	Delaware
SKECHERS BY MAIL, INC.	Delaware
310 Global Brands, Inc.	Delaware
Skechers USA Canada Inc.	Canada
Skechers USA Ltd.	England
Skechers USA Iberia, S.L.	Spain
Skechers USA Deutschland GmbH	Germany
Skechers USA France SAS	France
Skechers EDC SPRL	Belgium
Skechers USA Benelux B.V	Netherlands
Skechers USA Italia S.r.l	Italy
Skechers S.a.r.l.	Switzerland
Skechers Holdings Jersey Limited	Jersey
Skechers International	Jersey
Skechers International II	Jersey
Skechers Do Brasil Calçados LTDA	Brazil
Comercializadora Skechers Chile Limitada	Chile
Skechers Footwear (Dongguan) Co., Ltd.	China
Skechers Japan YK	Japan
Skechers USA Mauritius 10	Mauritius
Skechers USA Mauritius 90	Mauritius
Skechers China Business Trust	China
Skechers Holdings Mauritius	Mauritius
Skechers Trading (Shanghai) Co. Ltd.	China
Skechers China Limited	Hong Kong
Skechers Hong Kong Limited	Hong Kong
Skechers Southeast Asia Limited	Hong Kong
Skechers Malaysia Sdn. Bhd.	Malaysia
Skechers Singapore Pte. Limited	Singapore
Skechers (Thailand) Limited	Thailand
SKECHERS COLLECTION, LLC	California
SKECHERS SPORT, LLC	California
Duncan Investments, LLC	California
Yale Investments, LLC	Delaware
Sepulveda Blvd. Properties, LLC	California
SKX ILLINOIS, LLC	Illinois

Schedule 4.6(b)
Chief Executive Offices

Name of Entity	Address	City, State, Zip Code, Country
Skechers U.S.A., Inc.	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers U.S.A., Inc. II	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers By Mail, Inc.	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
310 Global Brands, Inc.	225 S. Sepulveda Blvd.	Manhattan Beach, CA 90266, USA
Skechers USA Canada Inc.	2425 Matheson Boulevard East # 120	Mississauga ON L4W 5K4, Canada
Skechers USA Ltd.	Katherine House Darkes Lane 9/11 Wyllyotts Place, Potters Bar C/ Serrano 40, 1 - izda, 1st Floor	Hertfordshire EN6 2JD, United Kingdom 28001 Madrid, Spain
Skechers USA Iberia, S.L.	Waldstrasse 74	63128 Dietzenbach, Germany
Skechers USA Deutschland GmbH	20 rue des Capucines	75002 Paris, France
Skechers USA France SAS	Parc Industriel Hauts-Sarts, zone 3	4041 Milmort, Belgium
Skechers EDC SPRL	Avenue du parc industriel 159	
Skechers USA Benelux B.V	Cartographenweg 16	5141 MT Waalwijk, Holland, The Netherlands
Skechers USA Italia S.r.l	Via Alberto Dominutti, 6	37135 Verona, Italy
Skechers S.a.r.l.	Rue de la Mercerie 12, 7th Floor	CH-1003 Lausanne, Switzerland
Skechers Holdings Jersey Limited	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers International	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers International II	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers Do Brasil Calçados LTDA	Rua Haddock Lobo, 1307, 17th Floor, Cj-171	Cerqueira Cesar, Sao Paulo, 01414-003, Brazil
Comercializadora Skechers Chile Limitada	Avenue Kennedy 5118	Tercer Piso, Vitacura, Santiago, Chile
Skechers Footwear (Dongguan) Co., Ltd.	Building S Development Zone of Chi-Ling Hou	Dongguan City, Guangdong Province, 523940, PRC
Skechers Japan YK	7-4 Nishi Shimbashi, 2-Chome, Minat	Tokyo, Japan
Skechers USA Mauritius 10	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers USA Mauritius 90	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers China Business Trust	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers Holdings Mauritius	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers Trading (Shanghai) Co. Ltd.	Red House 3/F, No. 35 South Shanxi Road	Luwan District, Shanghai, China
Skechers China Limited	Red House 3/F, No. 35 South Shanxi Road	Luwan District, Shanghai, China
Skechers Hong Kong Limited	Block C, 10/F, Roxy Industrial Centre 58-66 Tai Lin Pai Road	Kwai Chung, Hong Kong
Skechers Southeast Asia Limited	Block C, 10/F, Roxy Industrial Centre 58-66 Tai Lin Pai Road	Kwai Chung, Hong Kong
Skechers Malaysia Sdn. Bhd.	Suite B-14-1 & @ Wisma Panta, Plaza No. 5 Jalan 4/83A Off Jalan Pantai Bahru	59200 Kuala Lumpur, Malaysia
Skechers Singapore Pte. Limited	45 Ubi Road 1 #03-03/04, Summit Building	Singapore 408696
Skechers (Thailand) Limited	1 Silom Road, Level 8 Zuellig House	Bangkok 10500, Thailand
Skechers Collection, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers Sport, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Duncan Investments, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Yale Investments, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Sepulveda Blvd. Properties, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
SKX Illinois, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA

Schedule 4.6(c)
Tax & Organizational ID Numbers

<u>Name of Entity</u>	<u>Federal Tax ID Number</u>	<u>Organizational ID Number</u>
Skechers U.S.A., Inc.	95-4376145	2902395(DL)
Skechers U.S.A., Inc. II	95-4747242	3056393(DL)
Skechers By Mail, Inc.	95-4701399	2934535(DL)
310 Global Brands, Inc.	43-2009441	3636174(DL)
Skechers USA Canada Inc.	none	none
Skechers USA Ltd.	98-0347474	none
Skechers USA Iberia, S.L.	98-0372248	none
Skechers USA Deutschland GmbH	98-0346701	none
Skechers USA France SAS	98-0346857	none
Skechers EDC SPRL	98-0385255	none
Skechers USA Benelux B.V	98-0392991	none
Skechers USA Italia S.r.l	47-0914957	none
Skechers S.a.r.l.	98-0349046	none
Skechers Holdings Jersey Limited	none	none
Skechers International	98-0357124	none
Skechers International II	none	none
Skechers Do Brasil Calcados LTDA	98-0518943	none
Comercializadora Skechers Chile Limitada	98-0620147	none
Skechers Footwear (Dongguan) Co., Ltd.	98-0495337	none
Skechers Japan YK	98-0499824	none
Skechers USA Mauritius 10	none	none
Skechers USA Mauritius 90	98-0492180	none
Skechers China Business Trust	98-6058967	none
Skechers Holdings Mauritius	98-0492179	none
Skechers Trading (Shanghai) Co. Ltd.	98-0551967	none
Skechers China Limited	98-0620149	none
Skechers Hong Kong Limited	98-0620152	none
Skechers Southeast Asia Limited	98-0620150	none
Skechers Malaysia Sdn. Bhd.	98-0528395	none
Skechers Singapore Pte. Limited	98-0518944	none
Skechers (Thailand) Limited	98-0520045	none
Skechers Collection, LLC	none	200001310034 (CA)
	none	200001310032 (CA)
Skechers Sport, LLC		
Duncan Investments, LLC	95-4846458	200103210004 (CA)
Yale Investments, LLC	95-4833459	3312951 (DL)
Sepulveda Blvd. Properties, LLC	26-2370011	200809810243 (CA)
SKX Illinois, LLC	27-0375751	03130428 (IL)

Schedule 4.6(d)

Commercial Tort Claims¹

1. *Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II (collectively, the "Borrower") v. Aetrex Worldwide (together with any affiliates, collectively, "Aetrex") (Case No. 03831, United States District Court for the Central District of California (Los Angeles) (the "Case"))*.

Nature of Action: Any and all claims arising in tort which Borrower may have as of the date of this Agreement (whether or not asserted) against Aetrex, including, without limitation, any such claim which Borrower may assert against Aetrex subsequent to such date (collectively, "Claims"), including, without limitation, any Claim of infringement by Aetrex of US Design Patent No. D532,962 and/or infringement of Borrower's trademark or trade dress rights in the Bikers-Sightsee Shoe Style and any other Claims described in the complaint for the Case, or any subsequent complaints related to any Claims.

¹ Inclusion of a claim in this Schedule does not in any manner constitute an admission of any fact, liability, defense or any limitation on or theory of damages.

SCHEDULE 4.7 (b)¹

<u>The Parties</u>	<u>The Nature of Action</u>	<u>Status of Claim</u>	<u>Insurance Coverage</u>
<i>Furness Logistics v. Skechers S.a.r.l.</i> (Belgium)	Furness alleges that Skechers S.a.r.l. breached a logistics services contract that had a year left by terminating the contract. Borrower Skechers USA, Inc. was originally named as a defendant but was subsequently dismissed from the case by the court.	The lower court ruled that there was a breach of contract but there was no evidence on damages and appointed a financial examiner to determine damages, if any. The appeals court affirmed. The damage proceeding is an adversary proceeding and is currently underway. Furness submitted a damage analysis to the examiner early last year. Skechers S.a.r.l has responded to Furness damage analysis and both sides are waiting for the examiner to conduct a forensic accounting.	None. Skechers S.a.r.l. has a potential indemnity claim against its tax advisors KPMG for malpractice.

¹ Inclusion of litigation in this Schedule does not in any manner constitute an admission of any fact, liability or theory of damages, all of which are being seriously contested and vigorously defended by Borrower.

The Parties	The Nature of Action	Status of Claim	Insurance Coverage
<p><i>Cobra v. Cancaribe and Skechers USA, Inc.</i> (U.S.D.C. Los Angeles)</p>	<p>This case involves the light units that Borrower puts in children's lighted footwear. Cobra alleges that the lighting circuit included in the units, which Borrower purchases from Cancaribe, infringes Cobra's patent on a sequential lighting circuit.</p>	<p>The federal case was stayed before discovery commenced, pending reexamination of Cobra's patent by the United States Patent and Trademark Office ("PTO"). The PTO issued its first office action rejecting all the claims in Cobra's patent. Cobra has filed a response to the first office action and Borrower is waiting for a decision by the examiner.</p>	<p>None. Borrower has an indemnity claim against its lights supplier and co-cross-defendant Cancaribe but collectability is questionable.</p>
<p><i>Miranda v. Skechers USA, Inc. (L.A.S.C.)</i></p>	<p>Miranda filed a Complaint in Superior Court for the State of California, County of Los Angeles, seeking damages for harassment, discrimination, retaliation, failure to prevent discrimination and wrongful termination. These allegations are based on the plaintiff's sexual orientation.</p>	<p>Borrower was served on June 12, 2009 and responsive pleading is due within 30 days.</p>	<p>Limited Employment Practices Liability Insurance.</p>

The Parties	The Nature of Action	Status of Claim	Insurance Coverage
adidas (threatened claim).	On May 12, 2009, adidas sent Borrower an e-mail complaining that 19 different two and four stripe shoe styles infringed its three stripe trademark. adidas added seven more styles on June 2, 2009.	Borrower disputed this claim in writing and on June 2, 2009, adidas wrote another letter adding seven additional styles to the dispute. The parties are trying to resolve the matter and the parties have a standstill agreement in place until July 10, 2009 while they try to settle. However, Borrower believes adidas' claims are overreaching and totally without merit and is not hopeful Borrower can resolve the dispute unless adidas backs significantly off its claims.	None.
Sporting Goods Intelligence (SGI) (threatened claim)	On April 2, 2009, counsel for the newsletter Sporting Goods Intelligence ("SGI") wrote to Borrower alleging that Borrower has violated its copyrights.	On April 30, 2009, Borrower made an offer to settle for \$55,000, \$22,500 of which represented pre-paid future subscriptions. On May 21, 2009, SGI rejected Borrowers' offer and asked for additional information to evaluate settlement value. Borrowers	Borrower is reviewing availability of coverage.

<u>The Parties</u>	<u>The Nature of Action</u>	<u>Status of Claim</u>	<u>Insurance Coverage</u>
Beyond Wear (threatened claim).	In November 2008, Beyond Wear wrote to Borrower alleging that Borrower terminated its non-exclusive apparel license without cause and seeking damages for expenses and lost profits.	responded on June 19 asking SGI for the factual basis for its allegations. On June 23, SGI responded with additional information. Borrowers have until July 6, 2009 to investigate and respond. Borrowers' counsel has been exchanging letters with Beyond Wear in an effort to understand the basis for its claim. Beyond Wear has not sued Borrower to date. In May 2009, the parties agreed to go to non-binding mediation to avoid litigation. Mediation has not been scheduled yet.	None.

Credit Agreement
Schedule 4.12
Environmental Matters

None.

Schedule 4.13

Intellectual Property

Copyrights

See attached lists of U.S. and foreign copyrights.

Intellectual Property Licenses

See attached schedules of licenses entered into by Grantors as licensor or licensee, as indicated.

Patents

See attached status report of U.S. and foreign patents and patent applications.

Trademarks

See attached schedules of U.S. and foreign trademarks and trademark applications as follows:

- a. U.S. trademark registrations recorded with U.S. Customs
 - b. Design (Bear Design)
 - c. Cali Bear
 - d. Cali Bits
 - e. Cali Gear
 - f. Elastika
 - g. Hot-Lights
 - h. Hydee and the Hy Tops
 - i. Hydee Hy-Top
 - j. It's the S
 - k. Kewl Breeze
 - l. Luminators
 - m. Mark Nason
 - n. Skechers' Other Marks
 - o. Public Royalty
 - p. Public Royalty Design
 - q. Punkrose
 - r. S Design (Performance S)
 - s. S Design (Sport Stripe)
 - t. Shape-Ups
 - u. Skechers Shape-Ups
-

- v. Shield Design
 - w. Skechers (miscellaneous marks including the term “Skechers”)
 - x. Skechers and Design
 - y. SKX
 - z. Somethin’ else from Skechers
 - aa. Soho Lab
 - bb. Z Strap and Z-Strap
 - cc. 310 Global Brands
 - dd. 4 Wheelers
-

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

As of June 29, 2009

<u>TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>REGISTRATION & REGISTRATION DATE</u>
SKECHERS 1994 CATALOG	08029		TX	TX 3-845-846 5/31/94
BANNER	08289		SCULPTURAL DESIGN	VA 676-899 11/3/94
1994 KARL KANI CATALOG	08337		TX	TX 3-939-682 11/16/94
CROSS COLOURS	08338		TX	TX 3-942-322 11/3/94 (Assigned to Stage II Apparel)
SKECHERS 1994 CATALOG	08339		TX	TX 3-845-846 5/31/94
1995 KARL KANI CATALOG	08642		TX	TX 4-018-560 4/6/95
1995 SKECHERS FOOTWEAR	08601		TX	TX 4-018-543 4/6/95
SKECHERS NEW EDITIONS 1995	08643		TX	TX 4-046-611 4/6/95










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

As of June 29, 2009

<u>TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>REGISTRATION & REGISTRATION DATE</u>
NEW SKECHERS ADDITIONS 1995-1996 CATALOG	09033		TX	TX 4-195-464 11/25/95
BROKEN HEART	09210		ART WORK	VA 746-319 1/24/96
LIPS DESIGN	09211		ART WORK	VA 746-318 1/24/96
EYE DESIGN	09212		ART WORK	VA 746-317 1/24/96
BUTTERFLY DESIGN	09214		ART WORK	VA 746-315 1/24/96
PLANET DESIGN	09215		ART WORK	VA 746-316 1/24/96
SHOE BOX DESIGN (YELLOW & BLACK)	09869		ART WORK	VA 847-922 3/10/98
SKECHERS 97 IT'S THE S	10589		TX	TX 4-708-262 1/16/98
SKECHERS 98 SPRING SUPPLEMENT	10590		TX	TX 4-704-338 1/16/98
SLIGHTS DESIGN	10632		VA	VA 905-184 FILED 3/13/98


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

As of June 29, 2009

<u>TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>REGISTRATION & REGISTRATION DATE</u>
KIDS SKECHERS IT'S THE S 98/99 CATALOGUE	10940		TX	TX 4-823-219 7/23/98
SKECHERS IT'S THE S FOOTWEAR 98/99 CATALOGUE	10941		TX	TX 4-828-575 7/23/98
SKECHERS IT'S THE S FOOTWEAR	11070		TX	TX 4-839-447 10/13/98
S SKECHERS U.S.A. 1999 SPRING SUPPLEMENT	11346		TX	TX 4-976-998 4/26/99
SHOE BOX DESIGN . . . IT'S THE S (BLUE & GREY)	11347		ART WORK	VA 709-505 12/31/99 - FOR PERIOD OF 95 YEARS.
4 WHEELERS SKECHERS	13105		VA	TX 5-441-636 01/17/02
4 WHEELERS SKECHERS	13106		TX	VA 1-108-920 01/17/02
SHOE BOX TEXT 4 WHEELERS	13108		TX	TX 5-441-637 01/14/02
SHOE BOX ARTWORK 4 WHEELERS	13109		VA	VA 1-108-919 01/14/02



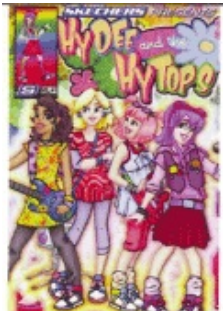
**SKECHERS U.S.A., INC. II
U.S. COPYRIGHTS**

As of June 29, 2009

<u>TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>REGISTRATION & REGISTRATION DATE</u>
TATTOO SKULL	17758		VA	VAU719-644 10/02/2006
KEWL BREEZE AND HIS AIR-COOLED AIRATORS	17815		TX	TX 6-456-893 11/06/2006
SKECHERS PRESENTS Z STRAP WRATH OF THE TANGLER VOL. #1	18238		TX	TXU1-363-659 06/08/2007
CALI GEAR FUN & GAMES BOOK	18665		TX	TX6-894-916 02/04/2008
SKECHERS PRESENTS THE INCREDIBLE ELASTIKA	18968		TX	TXu1-596-520 02/11/2008

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

As of June 29, 2009

<u>TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>REGISTRATION & REGISTRATION DATE</u>
CALI GEAR FUN & GAMES BOOK	18976		TX	TX 6-819-424 11/01/2007
CAT	19522		VA	Not registered 07/28/08 — Sent application to Copyright Office for filing.
LITTLE WONDERS	19593	n/a	PA (Performing Arts)	Pau 3-356-583 09/15/2008 (Audio Visual Work)
HYDEE HY-TOPS COMMERCIAL	19992	n/a	PA (Performing Arts)	Not registered 04/06/09 — Copyright Office confirmed receipt of deposit copy. 02/02/09 — Sent deposit copy to Copyright Office. 02/02/09 — Filed application with Copyright Office.
SHAPE-UPS INSTRUCTIONAL VIDEO	20072	n/a	PA (Performing Arts)	Pau 3-373-186 02/12/2009
HYDEE HY-TOP	20339	n/a	PA (Performing Arts)	06/24/09 — Filed application with Copyright Office.
TWINKLE TOES	20340	n/a	PA (Performing Arts)	06/16/09 — Filed application with Copyright Office.
SHMITTY MCFUNKLE AND STUMP — MAKE YOU FEEL	20341	n/a	PA (Performing Arts)	06/16/09 — Filed application with Copyright Office.
HYDEE AND THE HY TOPS (Comic Book)	20401		TX (Literary Work)	Not filed. 06/24/09 - Sent copyright application to SKX for signature.






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

As of June 29, 2009



Copyrights were assigned to Skechers II on October 18, 1999. Volume 3443, Page 180.

SKECHERS U.S.A., INC. II
Foreign COPYRIGHTS

As of June 25, 2009

<u>COUNTRY/TITLE</u>	<u>DKT NO.</u>	<u>WORK</u>	<u>NATURE OF WORK</u>	<u>STATUS</u>
CHINA S IN SHIELD DESIGN	19505			Registration No. 2008-F-013984 Registration Date 11/13/2008
CHINA: S DESIGN (Performance S with Borders)	19506			Registration No. 2008-F-013983 Registration Date 11/13/2008
CHINA: S DESIGN	19507			Registration No. 2008-F-013982 Registration Date 11/13/2008
MEXICO: CALI BEAR CHARACTER	19510	n/a	n/a	Pending . . .

SCHEDULE OF LICENSES — SKECHERS AS LICENSOR

<u>Licensor/Licensee/Date</u>	<u>IP Being Licensed</u>	<u>Licensed Products</u>	<u>Term</u>	<u>Territory</u>
Skechers U.S.A., Inc. II Beluga Inc. (Adjmi) July 25, 2008	SKECHERS and related “S” logos; all other marks containing the word “Skechers” (excluding “Skechers Cali Gear”); Skechers comic book and animated characters so long as the characters are coupled with the mark SKECHERS.	Children’s and babies’ apparel with the exception of underwear, sleepwear and swimwear.	July 25, 2008 until June 30, 2012. Licensee can renew the license for several successive renewal terms (ultimately expiring on June 30, 2021) so long as certain conditions are met.	The United States, its territories and possessions.
Skechers U.S.A., Inc. II SME Consolidated Ltd. and Mitzi Hong Kong Ltd. (Betesh) August 1, 2008	SKECHERS and related “S” logos; all other marks containing the word “Skechers” (excluding “Skechers Cali Gear”).	Men’s, women’s, juniors’ and children’s bags with the exception of luggage and promotional drawstring bags.	August 1, 2008 until December 31, 2011. Licensee can renew the license for several successive renewal terms (ultimately expiring on December 31, 2017) so long as certain conditions are met.	The United States, its territories and possessions, and Canada.
Skechers U.S.A., Inc. II Build-a-Bear Workshop, Inc.	SKECHERS and associated logos.	Toy footwear for toy animals.	June 1, 2002 until terminated by either party upon 30 days written notice.	Worldwide.
Skechers U.S.A., Inc. II United Legwear Company LLC October 15, 2003	SKECHERS	Ladies’, men’s, boys’, girls’, kids’, infants’ and toddlers’ socks, hosiery, legwear, tights and legwarmers.	October 15, 2003 until March 31, 2010.	The United States, its territories and possessions, Canada, Iceland, Norway, Sweden, Finland, Denmark, China, Japan, Panama and the United Arab Emirates.
Skechers USA, Inc., II, Skechers S.a.r.l., Skechers International II and Skechers USA Canada, Inc. Viva Optique, Inc. January 1, 2009	SKECHERS and 	Optical frames, sunglasses and eye accessories.	January 1, 2009 until June 30, 2013. Licensee can renew the license for several successive renewal terms (ultimately expiring on June 30, 2028) so long as certain conditions are met.	Worldwide (with certain limited exceptions).
Skechers U.S.A. Inc., II Strategic Partners, Inc. April 14, 2009	SKECHERS and 	Medical uniforms and scrubs.	April 14, 2009 until December 31, 2012. Licensee can renew the license for several successive renewal terms (ultimately expiring on December 31, 2024) so long as certain conditions are met.	United States of America, its territories and possessions

SCHEDULE OF LICENSES — SKECHERS AS LICENSEE

<u>Licenser/Licensee/Date</u>	<u>IP Being Licensed</u>	<u>Licensed Products</u>	<u>Term</u>	<u>Territory</u>
bebe stores, inc. Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II August 2007	BEBE SPORT and BBSF	Sports casual footwear for women.	Until December 31, 2017. Skechers can renew the license for one additional year so long as certain conditions are met.	Worldwide.
Ecko.Complex LLC Skechers U.S.A., Inc. II and Skechers International II April 7, 2003	MARC ECKO, Rhino I Design, Rhino Red Design, Rhino Unld. Design.	Men’s, women’s, boys’ and girls’ footwear with the exception of tuxedo shoes.	April 7 until June 30, 2028.	Worldwide (with certain limited exceptions).
Tapout LLC Skechers U.S.A., Inc. II and Skechers International II November 1, 2008	TAPOUT and related logos.	Men’s, women’s, boys’, girls’, infants’ and toddlers’ footwear.	Until June 30, 2014. Licensee can renew the license for several successive renewal terms (ultimately expiring on June 30, 2024) so long as certain conditions are met.	Worldwide.
Zoo York LLC Skechers USA, Inc., II Skechers SARL December 5, 2005	ZOO YORK and the “ZY” logo.	Men’s, women’s and children’s footwear.	December 5, 2005 until June 30, 2028.	Worldwide (with certain limited exceptions).

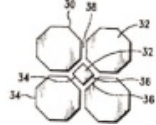
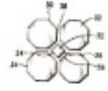
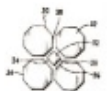
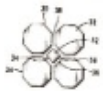


SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009

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Ralph Wilson: Torrance, CA 90503
Christina Yang: Los Angeles, CA
Jean Yang: Torrance, CA 90503

<u>TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. FILE DATE</u>	<u>[*]</u>	<u>DESIGN - FIG. 1</u>	<u>[*]</u>
USPA (CIP) DISPERSED-AIR FOOTPAD (based on parent app. 09/243,074 filed 02/02/1999)	11929	09/480,065 01/10/2000			
PCT — Continuation In Part DISPERSED-AIR FOOTPAD (International)	11970	US00/09835 04/12/2000			
PCT DISPERSED-AIR FOOTPAD (International)	11699	US99/18989 08/19/1999			
USPA DISPERSED-AIR FOOTPAD	11701	09/243,074 02/02/1999			
PCT — ARTICLE WITH ANIMATED DISPLAY	12871	PCT/US01/22 2 93 07/16/2001			
PCT — ARTICLE WITH ANIMATED DISPLAY	12982	PCT/US00/09 3 94 04/06/2000			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS







As of May 31, 2009

<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
PCT — MODULAR CHASSIS	14474	PCT/US 03/05910 02/26/2003			
PCT — KIDDY CHASSIS	14476	PCT US 03/05905 02/26/2003			
USPA UTILITY: INTEGRATED HEEL BRAKE (provisional)	12840	60/315,307 08/27/2001			
USPA UTILITY: INTEGRATED HEEL BRAKE (non-provisional) (Based on PPA, 12840)	13113	10/045,549 01/14/2002			
USPA UTILITY: ROLLER SKATE (provisional)	13114	60/353,102 01/30/2002			
File Closed US NPPA UTILITY ROLLER SHOE	13267	10/152,450 05/21/2002			
USPA UTILITY: MOTION SENSITIVE SWITCH (Type II) (non-provisional)	13145	10/288,674 11/05/2002			
US PPA UTILITY PUSH BUTTON RELEASABLE WHEEL HOUSING	13274			N/A	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
USDPA DISPERSED-AIR FOOTPAD	11859	29/108,453 07/27/1999			
USPA: MODULAR CHASSIS	14142	10/356,925 01/30/2003			
USPA: KIDDY CHASSIS	14143	10/356,929 01/30/2003			
USDPA: ROLLER SKATE CHASSIS (WITH SINGLE WHEEL IN THE REAR)	14504	29/176,370 02/21/2003			
USDPA SHOE DESIGN (QUARTER BRACE)	12879	29/152,524 12/21/2001			
USPA: SHOE BOTTOM HEEL PORTION	16034	11/198,944 08/04/2005			
(truss cradle)					

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SKECHERS U.S.A., INC. II

STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009

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(*)

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
USPA: SHOE VENTILATION SYSTEM	16294	11/223,696 09/08/2005	
USPA: SHOE LACING DEVICE	16470		
USDPA: ORNAMENT (lighted, for shoe)	15755	29/223,010 02/07/2005	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS










As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE # UNKNOWN USDPA: SHOE BOTTOM (DREAMERS)	10560	29/084,529 03/04/1998	
Style #1413 USDPA: ORNAMENTAL DESIGN FOR SHOES (Two Stripes)	14659	29/167,208 09/10/2002	
Style #1423 USDPA: SHOE UPPER (Double-Sided Serrated Trim)	13489	29/163,577 07/08/2002	
Style #1423 USDPA: SHOE UPPER (Double-Sided Serrated Trim)	14353	29/171,347 11/21/2002	
Style #1508 USDPA: SHOE UPPER	14122	29/173,576 01/02/2003	
USDPA: SHOE UPPER (STYLE #26882 SHARK TOOTH)	15544	29/216,171 10/29/2004	
Style #1728 USDPA: SHOE UPPER (PREMIUM ENERGY)	14806	29/183,758 08/12/2003	
Style #1786 USDPA: SHOE UPPER STAMINA	14807	29/184,016 08/22/2003	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
Style #1786 USDPA: SHOE BOTTOM STAMINA	14808	29/184,018 06/26/2003	
Style #1826 USDPA: SHOE UPPER (4 Wheelers Upper)	13069	29/155,159 02/04/2002	
STYLE #1845(Energy 3) USDPA SHOE UPPER	13401	29/161,721 06/03/2002	
STYLE #1845 (Energy 3) USDPA SHOE TONGUE Divisional of SHOE UPPER	13674	29/166,816 09/04/2002	
STYLE #1845(Energy 3) USDPA SHOE BOTTOM	13402	29/162,040 05/07/2002	
(Style #1851) Energy Prequel USDPA SHOE UPPER	13685	29/168,564 10/04/2002	
(Style #1852) Energy Prequel USDPA SHOE UPPER	13686	29/168,743 10/08/2002	
(Styles 1851 & 1852) Energy Prequel USDPA SHOE BOTTOM	13687	29/168,745 10/08/2002	
STYLE #2203 - STREET SWEETS USDPA: SHOE UPPER	11053	29/095,923 10/23/1998	

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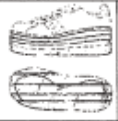







SKECHERS U.S.A., INC. II

STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

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As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #2203 - STREET SWEETS USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11054	29/095,924 10/23/1998	
STYLE #2211 USDPA: SHOE UPPER	11195	29/103,824 4/22/1999	
STYLE #2213 USDPA: SHOE UPPER	11196	29/103,902 4/23/1999	
STYLE #2214 USDPA: SHOE UPPER	11197	29/112,314 10/14/1999	
STYLE #2231 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11418	29/108,163 07/20/1999	
STYLE #2242 USDPA: SHOE UPPER	11198	29/112,315 10/14/1999	
STYLE #2250 USDPA: SHOE UPPER	11797	29/117,468 01/21/2000	
STYLE #2250 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11151	29/102,053 03/16/1999	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS










As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #2252 USDPA SHOE UPPER	11798	29/117,903 02/01/2000	
STYLE #2254 USDPA SHOE UPPER	11799	29/118394 02/08/2000	
STYLE #2254 COMBINED SHOE BOTTOM AND PERIPHERY	11800	29/118,393 02/08/2000	
STYLE #2310 COMBINED SHOE BOTTOM AND PERIPHERY	11268	29/103,956 04/23/1999	
STYLE #2350 (Energy #2) USDPA: SHOE UPPER	12527	29/136,096 01/24/2001	
STYLE #2350 USDPA: SHOE BOTTOM	12528	29/136,100 01/24/2001	
STYLE #2350 USDPA: DIV SHOE BOTTOM PERIPHERY	13157	29/154,392 01/21/2002	
STYLE #2439 SHOE UPPER	12542	29/138,446 03/13/2001	
STYLE #2439 SHOE BOTTOM	12543	29/137,392 02/20/2001	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009









COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #2464 USDPA: SHOE UPPER	12599	29/139,505 03/30/2001	
STYLE #2464 USDPA: SHOE BOTTOM	12600	29/139,584 03/30/2001	
STYLE #2578 USDPA: SHOE UPPER	11801	29/119,442 02/28/2000	
STYLE #2611 USDPA: SHOE UPPER	12213	29/128,364 08/23/2000	
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #1	12424	29/133,886 12/8/2000	
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #2	12425	29/133,876 12/08/2000	
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #3	12426	29/133,904 12/08/2000	
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #4	12427	29/133,907 12/08/2000	
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #5	12853	29/144,463 07/03/2001	

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SKECHERS U.S.A., INC. II

STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS










As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #2611 USDPA: SHOE UPPER EMBODIMENT #5-A	14084	29/168,565 10/04/2002	
STYLE #2611 USDPA: SHOE BOTTOM	12214	29/134,379 10/30/2000	
STYLE #2611 USDPA DIV: PERIPHERY OUTWARDLY SHOE BOTTOM	12550	29/136,098 01/24/2001	
STYLE #2611 USDPA DIV: PERIPHERY INWARDLY SHOE BOTTOM Div of 12214	12551	29/136,097 01/24/2001	
STYLE #2667 USDPA: SHOE UPPER	12521	29/135,514 01/12/2001	
STYLE #2667 USDPA: SHOE BOTTOM	12522	29/135,601 01/12/2001	
STYLE #2669 USDPA: SHOE BOTTOM	12724	29/142,235 05/21/2001	
STYLE #2667 USDPA: SHOE UPPER	12544	29/138,566 03/15/2001	

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS








As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #2687 USDPA: SHOE BOTTOM	12545	29/138,565 03/15/2001	
STYLE #26035 RHINO RED USDPA: SHOE UPPER	15335	29/207,886 06/18/2004	
STYLE #26035 RHINO RED USDPA: PORTION OF SHOE UPPER - EMBODIMENT 2 Sava Teteriatnikov	15536	29/213,811 09/23/2004	
STYLE 2890 USDPA: SHOE UPPER	13403	29/165,354 08/08/2002	
STYLE 2890 USDPA: DIV SHOE UPPER EMBODIMENT 2	14211	29/170,829 11/12/2002	
STYLE 2890 USDPA: SHOE BOTTOM	13404	29/165,355 08/08/2002	
STYLE 2890 USDPA: DIV SHOE BOTTOM FORWARD PORTION	14217	29/170,396 11/06/2002	
STYLE 2890 USDPA: DIV SHOE BOTTOM REARWARD PORTION	14218	29/170,433 11/06/2002	
STYLE #3901 SHOE OUTSOLE	13478	29/161,825 06/05/2002	

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	FIGURE 1
STYLE #3901 SHOE OUTSOLE EMBODIMENT 1 (SHOE OUTSOLE)	13667	29/166,371 08/26/2002	
STYLE #3901 SHOE OUTSOLE EMBODIMENT 2 (HEEL)	13668	29/166,191 08/30/2002	
STYLE #4042 USDPA: SHOE BOTTOM	12630	29/141,717 05/09/2001	
Style #4422 USDPA: SHOE UPPER	15172	29/200,360 02/27/2004	
STYLE #4501 USDPA: SHOE UPPER	07830	29/020,597 03/29/1994	
STYLE #5013 USDPA: SHOE UPPER	12215	29/127,972 08/15/2000	
STYLE #5013 USDPA: DIVISIONAL SHOE UPPER EMBODIMENT 1	12499	29/134,561 12/21/2000	

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	(*)	FIGURE 1	(*)
STYLE #5013 USDPA: DIVISIONAL SHOE UPPER EMBODIMENT 2	12500	29/134,569 12/21/2000			
STYLE #5013 USDPA SHOE BOTTOM	12216	29/127,966 August 15, 2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM INTERIOR FORWARD	12410	29/132,790 11/15/2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM INTERIOR REAR	12411	29/133,520 11/29/2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM BORDER	12412	29/133,512 11/29/2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM BORDER MIDDLE OUTWARDLY	12413	29/133,515 11/29/2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM BORDER MIDDLE INWARDLY	12414	29/133,516 11/29/2000			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	(*)	FIGURE 1	(*)
STYLE #5013 USDPA DIV: SHOE BOTTOM PERIPHERY OUTWARDLY	12415	29/133,513 11/29/2000			
STYLE #5013 USDPA DIV: SHOE BOTTOM PERIPHERY INWARDLY	12416	29/133,514 11/29/2000			
STYLE #5039 USDPA: SHOE UPPER	13153	29/160,929 03/28/2002 FOR Previously incorrect SN: 10/108,809			
STYLE #5381 USDPA: SHOE UPPER (Grand Prix)	13279	29/169,233 10/16/2002			
STYLE #5381 USDPA: PORTION OF SHOE UPPER DIVISIONAL EMBODIMENT 2 (Grand Prix)	14434	29/173,573 12/31/2002			
STYLE #5381 USDPA: TOE PORTION OF SHOE UPPER DIVISIONAL EMBODIMENT 3 (Grand Prix)	14445	29/173,549 12/31/2002			
STYLE #5381 USDPA: SHOE BOTTOM	13280	29/174,607 01/21/2003			
STYLE #6151 USDPA: SHOE BOTTOM	10388	29/082,175 12/23/1997			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	(*)	FIGURE 1	(*)
STYLE #6513 USDPA: SHOE UPPER	10725	29/088,460 05/23/1998			
STYLE #6523 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11063	29/095,956			
STYLE #6540 USDPA: SHOE UPPER	11152	29/105,008 05/14/1999			
STYLE #6540 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11153	29/098,839 01/07/1999			
STYLE #6553 USDPA: SHOE UPPER	11163	29/102,051 03/16/1999			
STYLE #6553 USDPA: SHOE BOTTOM AND PERIPHERY	11164	29/105,007 05/14/1999			
STYLE #6597 USDPA: SHOE UPPER	12043	29/126,243 07/10/2000			
STYLE #6664 USDPA: SHOE UPPER	11155	29/102,052 03/16/1999			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
STYLE #6665 USDPA: SHOE UPPER	11156	29/098,838 01/07/1999			
STYLE #6665 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11157	29/102,045 03/16/1999			
STYLE #6667 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11123	29/098,840 01/07/1999			
STYLE #6691 USDPA: SHOE UPPER	10597	29/084,373 03/02/1998			
STYLE #6691 USDPA: SHOE BOTTOM	10598	29/084,365 03/02/1998			
STYLE #6707 USDPA: SHOE UPPER	11051	29/096,211 11/06/1998			
STYLE #6707 COMBINED SHOE BOTTOM AND PERIPHERY	11052	29/096,210 11/06/1998			
Style #6802 USDPA: SHOE BOTTOM	12217	29/129,282 08/15/2000			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
STYLE #6809 COMBINED SHOE BOTTOM AND PERIPHERY	11345	29/108162 07/20/1999			
STYLE #7413 (& #7411) USDPA: SHOE BOTTOM	12513	29/136,028 01/23/2001			
STYLE #7450 USDPA: CLASSIX/DUKE, OUTSOLE/BOTTOM	09823	29/065,542 01/29/1997			
STYLE #7612 USDPA: SHOE UPPER	10569	29/084,170 02/26/1998			
STYLE #7612 USDPA: SHOE BOTTOM	10600	29/086,350 04/10/1998			
STYLE #7617 USDPA: SHOE UPPER	10801	29/083,570 02/11/1998			
STYLE #7617 USDPA: SHOE BOTTOM	10602	29/083,571 02/11/1998			
STYLE #7620 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	11158	29/102,050 03/16/1999			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
STYLE #7640 COMBINED SHOE BOTTOM AND PERIPHERY	11159	29/103,955 04/23/1999			
STYLE #7664 USDPA: GROOVER OUTSOLE/BOTTOM	09840	29/085,562 01/29/1997			
STYLE #7793 USDPA: SHOE UPPER	11124	29/102,049 03/16/1999			
STYLE #7810 USDPA: SHOE UPPER	10856	29/097,434 07/29/1998			
STYLE #7810 USDPA: SHOE BOTTOM	10857	29/091,418 07/29/1998			
STYLE #7849 USDPA: SHOE UPPER	10758	29/088,461 05/23/1998			
STYLE #7857 USDPA: SHOE - HEARTBEAT SLIDE	10015	29/075,462 08/21/1997			
STYLE #7880 USDPA: SHOE UPPER	10881	29/091,415 07/29/1998			
STYLE #7888 USDPA: STREET CLEATS OUTSOLE/BOTTOM	08647	29/066,414 02/13/1997			

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COUNTRY AND TITLE	DKT NO.	[*]	PATENT NO. & ISSUE DATE	FIGURE 1	[*]
STYLE #7900 USDPA: SHOE UPPER WOMPER CLOG	09992		D 401,049 11/17/1998		
STYLE #7919 USDPA: SHOE UPPER ONE BAND WOMPER SLIDE	09993		D 401,050 11/17/1998		
STYLE #7926 USDPA: SHOE UPPER	10603		D 402,457 12/15/1998		
STYLE #7926 USDPA: COMBINED SHOE BOTTOM AND PERIPHERY	10604		D 409,361 05/11/1999		
STYLE #7930 & #7992 USDPA: SHOE UPPER	10391		D 402,100 12/08/1998		
STYLE #7933 USDPA: SHOE UPPER	10952		D 409,364 05/11/1999		
STYLE #7946 USDPA: SHOE BOTTOM WOMPER DELUXE	10621		D 405,942 02/23/1999		
STYLE #7946 USDPA: SHOE UPPER WOMPER DELUXE	10882		D420,211 02/08/2000		

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STYLE #7951 USDPA: SHOE UPPER	10393	29/082,280 12/23/1997			
STYLE #7951 USDPA: SHOE BOTTOM	10394	29/082,176 12/23/1997			
STYLE #7951 USDPA: BUBBLE DESIGN (CONTINUATION TO DOCKET NO. 10394)	11013	29/092,069 08/11/1998			
STYLE #7955 USDPA: SHOE UPPER	10395	29/083,909 02/18/1998			
STYLE #7959 USDPA: SHOE UPPER	10561	29/083,572 02/11/1998			
STYLE #7960 USDPA: SHOE UPPER	10562	29/083,855 02/18/1998			
STYLE #7963 USDPA: SHOE OUTSOLE	10605	29/085,464 03/24/1998			
STYLE #7972 USDPA: SHOE UPPER	11125	29/102,046 03/16/1999			
STYLE #7962 USDPA: SHOE UPPER	10709	29/087,301 04/30/1998			

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	[*]	<u>FIGURE 1</u>	[*]
USPA: SHOE UPPER (MARY JANE)	17873	29/275,372 12/21/2006			
Inventor: Larry Clark					
UDSPA: SHOE BOTTOM (CITYWALK)	17923	29276124 01/16/2007			
USDPA: SHOE UPPER (MARY JANE SINGLE STRAP)	17985	29/277,067 02/13/2007			
Inventor: Larry Clark					
USDPA: SHOE UPPER (FISHERMAN'S SANDAL II)	18048	29/278,939 04/13/2007			
Inventor: Penny Masullo					
USDPA: SHOE BOTTOM (Zoo York/Mercer)	18101	n/a			

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
USDPA: SHOE BOTTOM (Biker Fixate Foam Version) Inventor: Savva Teteriatnikov	18121	29/278,887 04/12/2007			
USDPA: SHOE UPPER AND BOTTOM PERIPHERY (SOULMATES STYLE #21778) Inventor: Savva	18848	29/299,360 12/21/2007			
USDPA: SHOE BOTTOM (SOULMATES STYLE #21778) Inventor: Savva	18849	29/299,645 12/27/2007			
USDPA: SHOE UPPER (BIKER'S AMUSE STYLE #21410) Inventor: Savva	18884	29/299,965 01/07/2008			
USDPA: SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	18885	29/302,073 01/09/2008			

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
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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	[*]	<u>FIGURE 1</u>	[*]
USDPA: SHOE UPPER AND PERIPHERY (CALI GEAR MOLDED HEARTS)	18947	29/304,464 03/03/2008			
Inventor: Christina Yang					
USDPA: SHOE UPPER (CRISS-CROSS STRAP STYLE #21429)	19157	29/305,408 03/19/2008			
Inventor: Savva Teteriatnikov					
USDPA: SHOE UPPER (D'Lites Style #11422)	19794	29/327,221 10/31/2008			
Inventor: Lisa Yi					
USDPA: SHOE BOTTOM (D'Lites Style #11422)	19795	29/327,665 11/11/2008			
Inventor: Craig Nelson					
USPA (PROV.): SHOE	19901	61122911 12/16/2008			
<ul style="list-style-type: none"> - -Savva Teteriatnikov - -Kenneth J. Liu - -Eckhard Knoepke - -Julie Zhu 					

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
USDPA (DIV.) SHOE UPPER (D'Lites Style #11422)	19943	29/330,341 01/05/2009			
Inventor: Lisa Yi					
USPA (CONT.): CLOSURE DEVICE FOR SHOE	19977	12/353,204 01/13/2009			
Inventor: Scott Kelley					
USPA: SHOE	20006	12432279 04/29/2009			
USDPA: SHOE BOTTOM AND PERIPHERY (Biker w/Wedge Style #21269)	20010	29/334,289 03/24/2009			
Inventor: Savva Teteriatnikov					

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>PATENT NO. & ISSUE DATE</u>	<u>FIGURE 1</u>	<u>[*]</u>
USDPA: SHOE OUTSOLE AND PERIPHERY (Shape — Ups Optimized Style #11801)	20301		Not patented	N/a	
SHOE UPPER (Lighted Toe/ Tip/ Flap)	20303				
SHOE UPPER (Lighted Panel)	20304				
USPA: METHOD OF DIFFUSING LIGHT IN A BACKLIT PANEL	20305				
USPA: LIGHTED PANEL SHOE COVER DEVICE	20306				
USDPA: SHOE UPPER (LIGHTED FLAP)	20307				

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
AUSTRALIA DPA STYLE # 2350 SHOE UPPER	12658	1375/01 04/26/2001			
AUSTRALIA DPA SHOE BOTTOM STYLE #2350	12672	1376/01 04/26/2001			
AUSTRALIA DPA SHOE BOTTOM STYLE #2667	12644	1456/01 05/02/2001			
AUSTRALIA DPA SHOE UPPER STYLE #1845 ENERGY 3	13726	3036/2002 09/27/2002			
AUSTRALIA DISPERSED AIR FOOTPAD	13652	42363/00 07/17/2002			
AUSTRALIA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13740	3035/2002 09/27/2002 Ref: 607450			
AUSTRIA PA MODULAR CHASSIS	14329	299/2002 May 13, 2002			

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



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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
AUSTRIA PA KIDDY CHASSIS	14330	300/2002 May 13, 2002			
BOLIVIA DPA: SHOE UPPER STYLE #2250	12205	SP-0137 07/21/2000			
BOLIVIA DPA: SHOE UPPER STYLE #5013	12291	DI-202 09/29/2000			
BOLIVIA DPA: SHOE BOTTOM STYLE #5013	12345	DI-0227 11/09/2000			
BRAZIL DPA: SHOE UPPER (MARY JANE TWO STRAP)	18692	D16703021-1 08/31/2007			
CANADA UTILITY DESIGN PATENT ARTICLE WITH ANIMATED DISPLAY	13003	2,369,682 10/09/2001			
CANADA DPA SHOE BOTTOM STYLE #2667	12645	2001-1459 06/12/2001			

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CANADA DPA SHOE UPPER STYLE #2350	12659	2001-1687 07/05/2001			
CANADA DPA SHOE BOTTOM STYLE #2350	12673	2001-1686 07/05/2001			
CANADA UTILITY PATENT ROLLER SKATE	14547	2,430,596 02/26/2003			
CANADA UTILITY PATENT CHILD'S ROLLER SKATE	14551	2,431,870 02/26/2003			
CANADA DISPERSED AIR FOOTPAD	13653	2396400 07/10/2002			
CANADA DPA SHOE UPPER STYLE #1845 ENERGY 3	13727	101172 11/12/2002			
CANADA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13741	101164 11/12/2002			
CANADA DPA SHOE UPPER (D'Lites Style #11422)	20294	130445 04/29/2009			

Inventor: Lisa Yi

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHILE DPA: SHOE UPPER STYLE #2250	12000	819-2000 09/20/2000			

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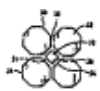
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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHILE DPA SHOE UPPER STYLE #5013	12292	2523-2000 09/15/2000			
CHILE DPA SHOE BOTTOM STYLE #5013	12346	N 2876-2000 10/19/2000			
CHILE DPA SHOE UPPER STYLE #1845 ENERGY 3	13762	2198-2002 09/25/2002			
CHILE DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13765	2199-2002			
CHINA DPA SHOE UPPER STYLE #2250	12137	00306735.1 04/28/2000 ref: USARA0009			
CHINA DPA SHOE UPPER STYLE #5013	12293	00337965.5 09/27/2000 Ref: USRA0010			

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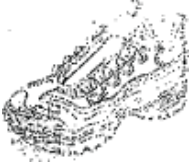




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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHINA DPA SHOE BOTTOM STYLE #5013	12347	00346159.9 12/01/2000 ref: USARA0011			
CHINA DPA SHOE BOTTOM STYLE #2667	12646	85192 06/28/2001			
CHINA DPA STYLE #2350 SHOE UPPER	12660	01307753.8 06/12/2001			
CHINA DPA SHOE BOTTOM STYLE #2350	12674	01307752.X 06/12/2001			
CHINA DPA ARTICLE WITH ANIMATED DISPLAY	13323	01802090.9 PCT/US01/22 293 03/18/2002			
CHINA DISPERSED AIR FOOTPAD	13654	0081947.6 04/12/2000			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHINA DPA SHOE UPPER STYLE #1845 ENERGY 3	13728	02369183.2 12/03/2002			
		Ref: USARA0020			
CHINA DPA SHOE UPPER DIV STYLE #1845 ENERGY 3 FIGURE 7	14656	03310593.6 12/03/2002			
		Ref: USARA0024			
CHINA DPA SHOE UPPER DIV STYLE #1845 ENERGY 3 FIGURES 8&9	14657	03310586.3 12/03/2002			
CHINA DPA SHOE UPPER DIV STYLE #1845 ENERGY 3 FIGURE 10	14658	03342338.5 12/03/2002			
CHINA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13742	02369184.0 12/03/2002			
CHINA UTILITY PATENT ROLLER SKATE	14548	03122384.2 05/09/2003			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHINA UTILITY PATENT CHILD'S ROLLER SKATE	14552	03122380.X 05/09/2003			
CHINA DPA: SHOE UPPER AND BOTTOM PERIPHERY (Soulmates Style #2178)	19140	20083000601 1.6 02/26/2008			
CHINA DPA: SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	19150	20083000902 5.3 03/12/2008			

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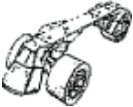


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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
CHINA DPA: SHOE UPPER (D'Lites Style #11422)	20295				
COLOMBIA DPA: SHOE UPPER STYLE #2250	12206	00-054.500 7/19/2000			
COLOMBIA DPA SHOE UPPER STYLE #5013	12294	00-0750.604 10/05/2000			
COLOMBIA DPA SHOE BOTTOM STYLE #5013	12348	00-0750.605 10/05/2000			
COLOMBIA DPA SHOE UPPER STYLE #1845 ENERGY 3	13763	02-109.546 12/03/2002			
COLOMBIA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13766	02-110.423 12/05/2002			

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COMMUNITY DESIGN PATENT	14577	144 69 02/21/2003			
ROLLER SKATE CHASSIS (WITH SINGLE WHEEL AT ONE END)					
COMMUNITY DPA: SHOE UPPER Style #1728 - Premium Energy	14822	000068499 08/26/2003			
COMMUNITY DPA: SHOE UPPER Style#1786 - Stamina	14823	000074950 09/11/2003			

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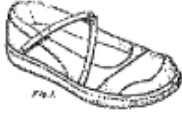
As of May 31, 2009

COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
COMMUNITY DPA: SHOE BOTTOM Style #1786 Stamina	14824	74-950			
COMMUNITY DPA: SHOE UPPER Style No. 21511	15652	251 731 11/10/2004			
COMMUNITY DPA: SHOE UPPER (Fisherman's Sandal)	18008	649306			
COMMUNITY DPA: SHOE UPPER (Mary Jane)	18009	653167			

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COMMUNITY DPA: SHOE BOTTOM (Citywalk)	18124	685284 03/08/2007			
COMMUNITY DPA: SHOE UPPER (Mary Jane Single Strap)	18125	685276 03/08/2007			
COMMUNITY DPA: SHOE UPPER (FISHERMAN'S SANDAL II) Inventor: Penny Masullo	18126	714035 04/25/2007			
COMMUNITY DPA: SHOE UPPER (Biker Fixate Foam Version)	18219	714001 04/25/2007			
COMMUNITY DPA (CDR): SHOE UPPER AND BOTTOM PERIPHERY (SOULMATES STYLE #21778)	18850	877329 02112/2008			
COMMUNITY DPA (CDR) SHOE BOTTOM (SOULMATES STYLE #21778)	18851	n/a		n/a	

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COMMUNITY DPA (CDR): SHOE UPPER (BIKER'S AMUSE STYLE #21410)	19144	878897 02/14/2008			
COMMUNITY DPA (CDR) SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	19149	890025 03/03/2008			
COMMUNITY DPA (CDR): SHOE UPPER AND BOTTOM PERIPHERY (CALI GEAR MOLDED HEARTS)	19241	903711 02/25/2008			
COMMUNITY DPA (CDR): SHOE UPPER (CRISS- CROSS STRAP STYLE #21429)	19158	000918198 04/07/2008			
COMMUNITY DPA (CDR): SHOE UPPER (D'LITES STYLE #11422)	19796	001037329 11/12/2008			

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





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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
COMMUNITY DPA (CDR): SHOE BOTTOM (D'LITES STYLE #11422)	19797	001043475 11/21/2008			
COMMUNITY DPA (CDR): SHOE OUTSOLE AND PERIPHERY (Biker w/Wedge Style #21269) Inventor: Savva Teteriatnikov	20331	1521329 05/22/2009			
DENMARK DPA: SHOE UPPER STYLE #2250	12192	MA20000075 0-Denmark 07/20/2000			
DENMARK DPA: SHOE UPPER STYLE #5013	12295	MA 2000-01269 11/24/2000			
DENMARK DPA: SHOE BOTTOM STYLE #5013	12349				
ECUADOR DPA: SHOE UPPER STYLE #2250	12207	SDI.2000-619 7/20/2000			
ECUADOR DPA: SHOE UPPER STYLE #5013	12296	SDI-2000-622 9/26/2000			

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ECUADOR DPA SHOE BOTTOM STYLE #5013	12350	SDI 2000-623 10/05/2000			
EUROPE UTILITY DESIGN PATENT ARTICLE WITH ANIMATED DISPLAY	13002	00921912.2 11/06/2001			
EAU DISPERSED AIR FOOTPAD	13655	00922128.4 Ref: JLWM			
EPO PA ARTICLE WITH ANIMATED DISPLAY	13324	01984260.8 04/18/2002			
EUROPEAN UNION UTILITY PATENT ROLLER SKATE	14549				
EUROPEAN UNION UTILITY PATENT CHILD'S ROLLER SKATE	14553				
FRANCE DPA STYLE #2350 SHOE UPPER	12661	01 3485 06/14/2001			
FRANCE DPA SHOE BOTTOM STYLE #2350	12675	01 3484 06/14/2001			

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FRANCE DPA SHOE BOTTOM STYLE #2667	12647	01 3486 06/14/2001			
FRANCE DPA SHOE UPPER STYLE #1845 ENERGY 3	13729	025146 08/28/2002			
FRANCE DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13743	025145 08/23/2002			
GERMANY DPA SHOE BOTTOM STYLE #2667	12648	401 03 426.7 04/09/2001			
GERMANY DPA SHOE UPPER STYLE #2350	12662	40103568.9 04/11/2001			
GERMANY DPA SHOE BOTTOM STYLE #2350	12676	40103569.7 04/11/2001			
GERMANY DPA SHOE UPPER STYLE #1845 ENERGY 3	13730	402 06 972.2 08/21/2002			
GERMANY DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13744	402 06 973.0 08/21/2002			

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GREECE DPA SHOE BOTTOM STYLE #2667	12649	20010600074 03/30/2001			
		Assoc. Ref. P 673.15			
GREECE DPA SHOE UPPER STYLE #2350	12663	20010600080 04/06/2001			
GREECE DPA SHOE BOTTOM STYLE #2350	12677	20010600079 04/06/2001			
GREECE DPA SHOE UPPER STYLE #1845 ENERGY 3	13731	20020600198 08/20/2002			
		Ref: P 673.21			
GREECE DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13745	20020600199 08/20/2002			
		Ref: P 673.22			

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HONG KONG DPA: SHOE UPPER STYLE #2250	12134	0010531 04/29/2000			
HONG KONG DPA SHOE UPPER STYLE #5013	12297	0011218 09/06/2000			
HONG KONG DPA SHOE BOTTOM STYLE #5013	12351	0011392 09/30/2000			
HONG KONG DPA SHOE BOTTOM STYLE #2667	12650	0110471.0 03/29/2001 Assoc Ref: DO/US- HK728			
HONG KONG DPA SHOE UPPER STYLE #2350	12664	0110498 04/04/2001 Assoc Ref: D01US- HK729			

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HONG KONG DPA SHOE BOTTOM STYLE #2350	12678	0110499 04/04/2001			
HONG KONG DPA SHOE UPPER STYLE #1845 ENERGY 3	13732	0211245.4 08/26/2002 Ref: D02US- HK935			
HONG KONG DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13746	0211246.6 08/26/2002 Ref: D027US- HK936			
HONG KONG PA ARTICLE WITH ANIMATED DISPLAY	14578	3100693.7 01/27/2003			
HONG KONG PA DISPERSED AIR FOOTPAD	14961				
HONG KONG DPA: SHOE UPPER (D'Lites Style #11422)	20296	0900682.4 04/28/2009		 <i>Fig. 1.</i>	
ISRAEL DPA: SHOE UPPER STYLE #2250	12151	33625 05/28/2000			

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ISRAEL DPA SHOE UPPER STYLE #5013	12298	34127 09/20/2000			
ISRAEL DPA SHOE BOTTOM STYLE #5013	12352	34232 10/04/2000 Ref: 1059/00			
JAPAN DPA: SHOE UPPER STYLE #2250	12212	19978/2000 07/19/2000			
JAPAN DPA SHOE UPPER STYLE #5013	12299	3200/2001 02/14/2001 Assoc Ref: 1A, DS-126-2			

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JAPAN DPA	12353	3201/2001			
SHOE BOTTOM STYLE #5013		Ref: IA, DS-126-3			
JAPAN DPA	12651	18252/2001			
SHOE BOTTOM STYLE #2667		Assoc Ref: IA, DS-126-4			
JAPAN DPA	12665	18253/2001			
SHOE UPPER STYLE #2350		Assoc Ref: IA-DS-126- GEN			
JAPAN DPA	12679	18254/2001			
SHOE BOTTOM STYLE #2350		Assoc. Ref: IA, DS-126-6			

Refer to Docket 12528

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JAPAN UTILITY DESIGN PATENT ARTICLE WITH ANIMATED DISPLAY	13004	2000-609979 10/09/2001			
JAPAN PA ARTICLE WITH ANIMATED DISPLAY	13325	2002-512591 03/18/2002			
JAPAN DISPERSED AIR FOOTPAD	13656	2001-551334			
JAPAN UTILITY PATENT ROLLER SKATE	14550	05/26/2003			
JAPAN UTILITY PATENT CHILD'S ROLLER SKATE	14554	05/26/2003			
JAPAN DPA SHOE UPPER STYLE #1845 ENERGY 3	13733	33658/2002 12/04/2002			
JAPAN DPA TONGUE OF SHOE UPPER STYLE #1845 ENERGY 3	14424	33659/2002 12/04/02			

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JAPAN DPA REAR OF SHOE UPPER STYLE #1845 ENERGY 3	14425	33660/2002 12/04/2002			
JAPAN DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13747	33941/2002 12/06/2002			
JAPAN DPA RIGHT SIDE OF SHOE BOTTOM STYLE #1845 ENERGY 3	14426	33942/2002 12/06/2002			
JAPAN DPA LEFT SIDE OF SHOE BOTTOM STYLE #1845 ENERGY 3	14427	33943/2002 12/06/2002			

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JAPAN DPA SHOE UPPER STYLE #1728 PREMIUM ENERGY	14911	3056/2004 02/06/2004			
JAPAN DPA SHOE UPPER STYLE #1786 STAMINA	14914	4399/2004 02/19/2004			
JAPAN DPA SHOE BOTTOM STYLE #1786 STAMINA	14917	4400/2004 02/19/2004			

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





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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
JAPAN DPA SHOE UPPER AND BOTTOM PERIPHERY (SOULMATES STYLE #21778)	19141	6693/2008 03/18/2008			
JAPAN DPA SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	19151	6867/2008 03/19/2008			
JAPAN DPA: SHOE UPPER (D'Lites Style #11422) Figures 1-6.	20297	100272009 04/30/2009			
JAPAN (DIV.) DPA: SHOE UPPER (D'Lites Style #11422) Figures 7-11.	20330	Not filed			
KOREA PA ARTICLE WITH ANIMATED DISPLAY	13326	10-2002-7003608 03/18/2002			

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KOREA DISPERSED AIR FOOTPAD	13657	10-2002- 7008928 Ref PL02304FR			
NEW ZEALAND DPA SHOE BOTTOM STYLE #2667	12652	401614			
KOREA DPA SHOE UPPER (Biker Sightsee Style #21548)	19520	Not filed			
NEW ZEALAND DPA SHOE UPPER STYLE #2350	12666	401627 04/05/2001			
NEW ZEALAND DPA SHOE BOTTOM STYLE #2350	12680	401627 04/04/2001			
NEW ZEALAND DISPERSED AIR FOOTPAD	13658	520424 07/29/2002			

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NEW ZEALAND DPA	13734	402903 08/22/2002			
SHOE UPPER STYLE #1845 ENERGY 3		Ref: 591-22			
NEW ZEALAND DPA	13748				
SHOE BOTTOM STYLE #1845 ENERGY 3		Ref: 591-23			
NORWAY DPA:	12193	2000 0482 July 20, 2000			
SHOE UPPER STYLE #2250					
NORWAY DPA	12300	2000 0702 Filed 10/10/2000			
SHOE UPPER STYLE #5013					
NORWAY DPA	12354	2001 0089 02/12/2001			
SHOE BOTTOM STYLE #5013					
PERU DPA: SHOE UPPER STYLE #2250	12208	000734.2000 07/21/2000			
PERU DPA	12301	001070 00 10/06/2000			
SHOE UPPER STYLE #5013					
PERU DPA	12355	001076 00 10/09/2000			
SHOE BOTTOM STYLE #5013					

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PANAMA DPA SHOE UPPER STYLE #2350 <i>Refer to Docket 12527</i>	12667	85192 06/28/2001 Assoc Ref: Il-C-41	
PANAMA DPA SHOE BOTTOM STYLE #2350	12681	85191 June 8, 2001	
PANAMA DPA SHOE BOTTOM STYLE #2667	12653	85193 08/08/2001	
PANAMA DPA SHOE UPPER STYLE #1845 ENERGY 3	13735	85609 12/03/2002	
PANAMA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13749	85608 12/06/2002 Ref: Il-D-67	
PANAMA DPA: SHOE UPPER (D'Lites Style #11422)	20298	88249 04/29/2009	
PHILIPPINES DPA: SHOE UPPER STYLE #2250	12155	3-2000-00341 06/07/2000	

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PHILIPPINES DPA SHOE UPPER STYLE #5013	12302	3-2000-00524 09/19/2000			
PHILIPPINE DPA SHOE BOTTOM STYLE #5013	12356	3-2000-00703 11/16/2000			
PHILIPPINES DPA SHOE BOTTOM STYLE #2667	12654	3-2001-00199 April 17, 2001			

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PHILIPPINES DPA SHOE UPPER STYLE #2350	12668	3-2001-00268 05/25/2001			

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PHILIPPINES DPA SHOE BOTTOM STYLE #2350 <i>Refer to Docket 12528</i>	12682	3-2001 00269			
PHILIPPINES DPA SHOE UPPER STYLE #1845 ENERGY 3	13736	3-2002-000614 10/11/2002			
PHILIPPINES DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13750	3-2002-000569 09/19/2002			
PHILIPPINES DPA SHOE UPPER STYLE #1728 PREMIUM ENERGY	14912	3-2003-000650 10/24/2003			

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PHILIPPINES DPA SHOE UPPER STYLE #1786 STAMINA	14915	3-2003-000648 10/24/2003			
PHILIPPINES DPA SHOE BOTTOM STYLE #1786 STAMINA	14918	3-2003-000649 10/24/2003			
PHILIPPINES DPA: SHOE UPPER AND BOTTOM PERIPHERY (SOULMATES STYLE#21778)	19142	3-2008-000175 02/21/2008			
PHILIPPINES DPA: SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	19152	3-2008-000224 03/12/2008			

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PHILIPPINES DPA: SHOE UPPER (D'Lites Style #11422)	20299	3-2009-00248 04/29/2009			
SOUTH AFRICA DPA SHOE UPPER STYLE #2350	12669	A2001/0365 04/05/011			
SOUTH AFRICA DPA SHOE BOTTOM STYLE #2350	12683	A2001/0366 04/05/2001			
SOUTH AFRICA DPA SHOE BOTTOM STYLE #2667	12655	A 2001/0364 04/05/2001			
SOUTH AFRICA DPA SHOE UPPER 1A STYLE #1845 ENERGY 3	13737	A2002/01089 09/10/2002			

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SOUTH AFRICA DPA SHOE UPPER 2A STYLE #1845 ENERGY 3	14332	A2002/01091 09/10/2002			
SOUTH AFRICA DPA SHOE UPPER 3A STYLE #1845 ENERGY 3	14333	A2002/01093 09/10/2002			
SOUTH AFRICA DPA SHOE UPPER 4A STYLE #1845 ENERGY 3	14334	A2002/01095 09/10/2002			
SOUTH AFRICA DPA SHOE UPPER 5A STYLE #1845 ENERGY 3	14335	A2002/01097 09/10/2002			
SOUTH AFRICA DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13751	A2002/01099 09/10/2002			
SOUTH AFRICA DPA SHOE BOTTOM 2A STYLE #1845 ENERGY 3	14336	A2002/01100 09/10/2002			
SOUTH AFRICA DPA SHOE BOTTOM 3A STYLE #1845 ENERGY 3	14337	A2002/01103 09/10/2002			
SOUTH AFRICA DPA SHOE BOTTOM 4A STYLE #1845 ENERGY 3	14338	A2002/01083 09/10/2002			

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
SOUTH AFRICA DPA SHOE BOTTOM 5A STYLE #1845 ENERGY 3	14339	A2002/01085 09/10/2002			
SOUTH AFRICA DPA SHOE BOTTOM 6A STYLE #1845 ENERGY 3	14340	A2002/01087 09/10/2002			
SWEDEN DPA: SHOE UPPER STYLE #2250	12194	00-1198 6/30/2000			
SWEDEN DPA SHOE UPPER STYLE #5013	12304	00-1639 09/11/2000			
SWEDEN DPA SHOE BOTTOM STYLE #5013	12357	00-1811 10/05/2000			
TAIWAN DESIGN PATENT SHOE BOTTOM STYLE #7951	10718	87,302,664 04/14/1998			
TAIWAN DPA: SHOE UPPER STYLE #2250	12156	89304375 06/28/2000			

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SKECHERS U.S.A., INC. II
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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
TAIWAN DPA SHOE UPPER STYLE #5013	12305	89306599 10/02/2000 Ref. FCP- 24112			
<i>Refer to Docket 12215</i>					
TAIWAN DPA SHOE BOTTOM STYLE #5013	12358	89307174 10/25/2000			
TAIWAN DPA SHOE BOTTOM STYLE #2667	12656	90303757 06/06/2001			
TAIWAN DPA SHOE UPPER STYLE #2350	12670	90303758 06/06/2001 Assoc Ref: FCP - 25271			

Refer to Docket 12527

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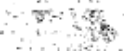

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
TAIWAN DPA SHOE BOTTOM STYLE #2350	12684	90303759 06/09/2001			
TAIWAN DPA SHOE UPPER STYLE #1845 ENERGY 3	13738	91304848 09/02/2002			
TAIWAN DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13752	091304849 09/02/2002 FCP-27535			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
TAIWAN PA ARTICLE WITH ANIMATED DISPLAY	12872	90117405 07/17/2001			
		Assoc Ref: FCP-25725			
<i>Based on 12871</i>					
TAIWAN PA: ROLLER SKATE (MODULAR CHASSIS)	14475	92102846 02/12/2003			
TAIWAN PA: ROLLER SKATE FOR A CHILD (KIDDY CHASSIS)	14477	92102848 02/12/2003			
TAIWAN DPA SHOE UPPER STYLE #1728 PREMIUM ENERGY	14913	92305731 09/19/2003			

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
TAIWAN DPA SHOE UPPER STYLE #1786 STAMINA	14916	92305732 09/19/2003			
TAIWAN DPA SHOE BOTTOM STYLE # 1786 STAMINA	14919	92305733 09/19/2003			
TAIWAN DPA: SHOE UPPER AND BOTTOM PERIPHERY (SOULMATES STYLE #21778)	19143	97300811 02/15/2008			

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SKECHERS U.S.A., INC. II
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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
TAIWAN DPA: SHOE UPPER (BIKER'S GRAPEVINE STYLE #21361)	19153	97301260 03/05/2008			
TAIWAN DPA: SHOE UPPER (D'Lites Style #11422)	20300	98301924 04/29/2009			
UNITED KINGDOM (ENGLAND) DPA SHOE UPPER STYLE #2350	12671	2103438 07/24/2001			
UNITED KINGDOM DPA SHOE BOTTOM STYLE #2350	12685	2103437 07/24/2001			

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COUNTRY AND TITLE	DKT NO.	SERIAL NO. & FILING DATE	[*]	FIGURE 1	[*]
UNITED KINGDOM DPA (ENGLAND) SHOE BOTTOM STYLE # 2687	12657	2103130 07/11/2001 Assoc Ref: D32035GBJLWM			
UNITED KINGDOM DPA SHOE UPPER STYLE #1845 ENERGY 3	13739	3009242 12/06/2002			
UNITED KINGDOM DPA SHOE BOTTOM STYLE #1845 ENERGY 3	13753	3009243 12/06/2002			
VENEZUELA DPA SHOE UPPER STYLE #5013	12306	2.062-00 09/18/2000			
<i>Refer to Docket 12215</i>					
VENEZUELA DPA SHOE BOTTOM STYLE #5013	12359	2.196-00 10/02/2000			

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<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
VENEZUELA DPA	13764	1.675/-02 09/02/2002			
SHOE UPPER STYLE #1845 ENERGY 3					

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS


As of May 31, 2009

<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
VENEZUELA DPA: SHOE UPPER STYLE #2250	12209	11884 07/25/2000			

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009

<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
VENEZUELA DPA	13767	1.674/-02 09/02/2002			
SHOE BOTTOM STYLE #1845 ENERGY 3					

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SKECHERS U.S.A., INC. II
STATUS REPORT OF U.S. AND FOREIGN PATENTS AND PATENT APPLICATIONS

As of May 31, 2009

<u>COUNTRY AND TITLE</u>	<u>DKT NO.</u>	<u>SERIAL NO. & FILING DATE</u>	<u>[*]</u>	<u>FIGURE 1</u>	<u>[*]</u>
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* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. TRADEMARK AND SERVICE MARK REGISTRATIONS AS OF MAY 31, 2009

MARK	K&L DOCKET	SERIAL NO.	FILE DATE	REG. NO.	REG. DATE	RENEWAL DUE	CLASS/GOODS
3 Wheelers (and design)	13440	78/123,536	04/23/2002	2,700,482	03/25/2003	03/25/2013*	28 — roller skates.
Chrome Dome	07311	74/403,046	06/18/1993	1,853,178	09/06/1994	09/06/2004*	25 — footwear.
CALI BITS	18076	77/107,652	02/14/2008	3,399,196	03/18/2008	03/18/2018	26 — Ornaments for footwear and apparel, namely, shoe ornaments and apparel ornaments not of precious metal.
CALI GEAR	17525	78/947,432	08/08/2006	3,255,968	06/26/2007	06/26/2017	25 — footwear.
Clear Grip	08805	74/708,352	06/30/1995	2,029,327	01/07/1997	01/07/2007*	25 — footwear.
Design (Bear Design)	19211	77/427,338	03/20/2008	3,488,573	08/19/2008	08/19/2018	25 — footwear.
Design (on shoe side)	07469	74/437,769	09/20/1993	1,944,893	01/24/1996	01/02/2006*	25 — footwear.
Design oval and arrow on lt. shoe	11215	75/647,017	02/24/1999	2,388,867	09/19/2000	09/19/2010	25 — footwear.
Design oval and arrow on rt. shoe	11214	75/647,021	02/24/1999	2,388,868	09/19/2000	09/19/2010	25 — footwear.
ELASTIKA	18838	77/323,098	11/06/2007	3,562,222	01/13/2009	01/13/2019	16 — Cartoon prints, cartoon strips, comic books, comic strips. 25 — Footwear.
Endurolite	09239	75/048,376	01/25/1996	2,045,142	03/11/1997	03/11/2007*	25 — footwear.
Foamies	10173	75/332,278	07/29/1997	2,296,563	11/30/1999	11/30/2009	25 — footwear.
Friction	08547	74/623,765	01/20/1995	1,963,040	03/19/1996	03/19/2006	25 — footwear.
Gen S	11203	75/642,104	02/17/1999	2,319,260	02/15/2000	02/15/2010	25 — footwear.
Generation S	10417	75/397,478	11/21/1997	2,286,438	10/12/1999	10/12/2009	25 — footwear and apparel.
G-Tech	11749	75/824,521	10/18/1999	2,498,948	10/16/2001	10/16/2011	25 — footwear.
Heartbeats	08913	75/013,865	11/02/1995	2,003,200	09/24/1996	09/24/2006*	25 — footwear.
HOT-LIGHTS	19453	77/504,685	06/20/2008	3,592,868	03/17/2009	03/17/2019	25 — footwear.
House Parties	11825	75/876,409	12/21/1999	2,423,237	01/23/2001	01/23/2011	25 — footwear.
HURRICANE	17071	78/819,991	02/21/2006	3,251,076	06/12/2007	06/12/2017	25 — Footwear, excluding those to commemorate a professional hockey team.
It's the S (plain S)	10798	75/557,324	09/23/1998	2,409,860	12/05/2000	12/05/2010	35 — retail footwear and clothing store services, mail order catalog services featuring footwear and clothing, on-line retail store services featuring footwear and clothing.
It's the S (stylized S)	10801	75/508,605	06/25/1998	2,713,698	05/06/2003	05/06/2013	25 — clothing, namely shirts, pants, jackets, dresses, shorts, skirts, headwear, hats, socks and belts.
It's the S (stylized S)	10782	75/489,231	05/21/1998	2,284,971	10/12/1999	10/12/2009	25 — footwear.
KEWL BREEZE	17475	78/939,010	07/27/2006	3,247,387	05/29/2007		25 — Footwear
KEWL BREEZE	17575	78/953,808	08/16/2006	3,332,834	11/06/2007	11/06/2017	16 — Cartoon prints; cartoon strips; comic books, comic strips.

MARK	K&L DOCKET	SERIAL NO.	FILE DATE	REG. NO.	REG. DATE	RENEWAL DUE	CLASS/GOODS
Mark Nason	14110	78/170,845	10/03/2002	3,133,663	08/22/2006	08/22/2026	25 — Apparel, namely shirts, pants
Mark Nason	15314	78/975,439	10/03/2002	2,865,769	07/20/2004	07/20/2014	25 — footwear.
MICHELLE K	14515	78/210,820	02/04/2003	3,248,040	05/29/2007	05/29/2017	18 — All-purpose sports and athletic bags, tote bags, carry-on bags.
Michelle K	14575	78/225,145	03/13/2003	2,810,699	02/03/2004	02/03/2014	25 — footwear.
Michelle K	14576	78/225,124	03/13/2003	3,142,810	09/12/2006	09/12/2016	25 — Apparel, namely shirts, pants
Michelle K	15364	78/975,516	02/04/2003	2,890,466	09/28/2004	09/28/2014	35 — retail footwear store services, mail order catalog services featuring footwear and on-line retail store services featuring footwear
MKLA	14949	76/976,178	12/17/2001	2,818,259	02/24/2004	02/24/2014	25 — footwear.
PUBLIC ROYALTY	19301	77/462,949	05/01/2008	3,596,374	03/24/2009	03/24/2019	25 — footwear.
Quarter Shield Left	13759	76/975,378	03/18/2002	2,849,052	06/01/2004	06/01/2014	25 — footwear.
ROCK NEVER DIES	17121	78/827,737	03/02/2006	3,339,494	11/20/2007	11/20/2017	25 — footwear.
S (abstract shield design)	11267	75/688,708	04/22/1999	2,425,782	01/30/2001	01/30/2011	25 — footwear.
S (black abstract shield design)	11266	75/688,710	04/22/1999	2,425,783	01/30/2001	01/30/2011	25 — footwear.
S (globe logo)	08471	74/624,135	01/23/1995	1,945,652	01/02/1996	01/02/2006	25 — footwear.
S (sideways "S")	13260	76/382,751	03/14/2002	2,702,175	04/01/2003	04/01/2013	25 — footwear.
S Design (Performance S with Borders)	17106	78/827,479	03/02/2006	3,158,807	10/17/2006	10/17/2016	25 — footwear.
S in an oval	07275	74/419,322	08/02/93	1,852,458	09/06/1994	09/06/2004*	25 — footwear.
S in shield design	10174	75/332,550	07/29/1997	2,578,973	06/11/2002	06/11/2012	25 — clothing, namely pants, jackets, dresses, shorts, skirts, headwear, hats, socks and belts.
S in shield design	10304	75/976,914	07/29/1997	2,205,906	11/24/1998	11/24/2008	25 — footwear.
S in shield design	12195	75/980,241	07/29/1997	2,480,927	08/21/2001	08/21/2011	25 — clothing, namely shirts.
S in shield design (sm)	10799	75/557,984	09/23/1998	2,349,542	05/16/2000	05/16/2010	35 — retail footwear and clothing store services, mail order catalog services featuring footwear and clothing, on-line retail store services featuring footwear and clothing.
S in shield flag design	12052	76/039,129	05/02/2000	2,521,252	12/18/2001	12/18/2011	25 — apparel, namely shirts.
S and design	15049	78/336,350	12/04/2003	2,916,380	01/04/2005	01/04/2015	25 — footwear.
S Lights	10652	75/443,560	03/03/1998	2,261,697	07/13/1999	07/13/2009	25 — footwear.
S Skechers Comfort (and design)	12912	76/313,102	09/10/2001	2,668,481	12/31/2002	12/31/2012	25 — footwear.
S Tremes	11730	75/824,711	10/18/1999	2,373,042	08/01/2000	08/10/2010	25 — footwear.
SIREN BY MARK NASON	17179	78/847,326	03/27/2006	3,598,532	03/31/2009	03/31/2019	25 — footwear.
Sity	10617	75/420,981	01/21/1998	2,369,139	07/18/00	07/18/2010	25 — footwear.

<u>MARK</u>	<u>K&L DOCKET</u>	<u>SERIAL NO.</u>	<u>FILE DATE</u>	<u>REG. NO.</u>	<u>REG. DATE</u>	<u>RENEWAL DUE</u>	<u>CLASS/GOODS</u>
Skechers	07074	74/330,368	11/12/1992	1,851,977	08/30/1994	08/30/2004	25 — men's, women's and children's footwear and men's, women's and children's clothing, namely t-shirts, sweat-shirts, sweat-pants, socks, shorts and hats.
Skechers	09758	75/178,756	10/08/1996	2,145,468	03/17/1998	03/17/2008	18 — leather and non-leather bags, namely purses, handbags, fanny packs, wallets, briefcases, briefcase type portfolios, tote bags, luggage, shopping and gym bags.
Skechers (megaphone design)	09615	75/149,232	08/12/1996	2,116,997	11/25/1997	11/25/2007	25 — footwear
Skechers (sm)	10800	75/557,323	09/12/1998	2,313,660	02/01/2000	02/01/2010	35 — retail footwear and clothing store services, mail order catalog services featuring footwear and clothing, on-line retail store services featuring footwear and clothing.
Skechers	13712	78;/155,941	08/20/2002	2,789,863	12/02/2003	12/02/2013	14 — watches, namely wrist and pockets watches; and clocks.
Skechers by Michelle K (plain)	12746	76/313,104	09/10/2001	2,656,178	12/03/2002	12/03/2012	25 — footwear.
Skechers by Michelle K (stylized)	12829	76/313,103	09/10/2001	2,656,177	12/03/2008	12/03/2012	25 — footwear.
SKECHERS D'LITES	19433	77/490,089	06/03/2008	3,610,186	04/21/2009	04/21/2019	25 — footwear.
Skechers and design	08119	74/575,310	09/19/1994	1,985,039	07/09/1996	07/09/2006	25 — shoes.
Skechers Sport	13710	78/158,540	08/28/2002	2,734,901	07/08/2003	07/08/2013	25 — footwear.
Skechers Sport	13711	78/155,948	08/20/2002	3,146,139	09/19/2006	09/19/2016	25 — Apparel, namely shirts, pants, jackets, dresses, coats, shorts, skirts, headwear, hats, socks.
Skechers USA	09828	75/220,099	12/31/1996	2,105,579	10/14/1997	10/14/2007	25 — footwear.
Skechers USA S Footwear and design	10692	75/449,285	03/12/1998	2,362,883	06/27/2000	06/27/2010	25 — footwear.
Skechers USA Sport Utility Bags	08417	74/632,898	01/03/1995	2,065,545	05/27/1997	05/27/2007	18 — leather and non-leather bags, namely purses, handbags, backpacks, tote bags, luggage and gym bags.
SKECH TECHS	17863	77/048,313	11/20/2006	3,399,073	03/18/2008	03/18/2018	25 — Footwear.
Skeva	15821	78/579,452	03/03/2005	3,059,087	02/14/2006	02/14/2016	25 — Footwear
SKX	12309	75/980,297	03/11/2000	2,542,311	02/26/2002	02/26/2012	25 — footwear and shoes.
Slights	10375	75/384,900	11/05/97	2,246,720	05/18/1999	05/18/2009	25 — footwear.
Slights and design	10631	75/443,557	03/03/1998	2,293,564	11/16/1999	11/16/2009	25 — footwear.
SOHO LAB	15631	78/975,775	08/04/2004	3,076,820	04/04/2006	04/04/2016	35 — Retail store services
SOHO LAB	16581	78/748,762	11/07/2005	3,270,044	07/24/2007		25 — Footwear.
Somethin' Else	15685	78/975,836	09/10/2003	2,950,390	05/10/2005	05/10/2015	25 — footwear.
Somethin' Else from Skechers	12469	76/178,933	12/11/2000	2,750,899	08/12/2003	08/12/2013	25 — footwear.
Somethin' Else from Skechers	13041	76/341,730	11/26/2001	3,055,819	01/31/2006	01/31/2016	25 — apparel; namely shorts, skirts

MARK	K&L DOCKET	SERIAL NO.	FILE DATE	REG. NO.	REG. DATE	RENEWAL DUE	CLASS/GOODS
Somethin' Else from Skechers (and design)	12913	76/313,101	09/10/2001	2,653,976	11/26/2002	11/26/2012	25 — footwear.
Sport-Utility Clothing (and design)	08305	74/573,606	09/14/1994	2,292,945	11/16/1999	11/16/2009	25 — apparel; namely shirts.
Sport-Utility Footwear (and design)	07274	74/419,321	08/02/1993	2,003,846	10/01/1996	10/01/2006	25 — footwear.
Sport-Utility Sockwear (and design)	07728	74/472,098	12/21/1993	2,175,206	07/21/1998	07/21/2008	25 — apparel, namely socks and hosiery.
Street Cleat	08297	74/569,793	09/06/1994	2,079,608	07/15/1997	07/15/2007	25 — footwear.
Stretch-fit by Skechers	13347	75/982,506	11/20/2000	2,643,653	10/29/2002	10/29/2012	25 — footwear, namely shoes.
SUPER Z	17877	77/063,700	12/13/2006	3,296,644	09/25/2007	09/25/2017	25 — Footwear
The Mark of Style	14540	78/215,972	02/18/2003	2,855,282	06/15/2004	06/15/2014	25 — footwear.
Quarter Shield Left	13760	76/975,087	03/18/2002	2,761,637	09/09/2003	09/09/2013	25 — footwear.
Wompers	09577	75/132,155	07/10/1996	2,107,996	10/21/1997	10/21/2007	25 — footwear.
Z STRAP	18604	77/252,510	08/10/2007	3,456,974	07/01/2008	07/01/2018	25 — Footwear.
Z STRAP	18918	77/361,338	12/28/2007	3,538,370	11/25/2008	11/25/2018	16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.

SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
Design (Bear Design)

As of May 31, 2009



<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear.			
Design (Bear Design)				
(Our Docket 19211)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada (Our Docket 19212)	Class 25 — Footwear.			
China Madrid Protocol (Our Docket 19214)	Class 25 — Footwear.			
CTM Madrid Protocol (Our Docket 19215)	Class 25 — Footwear.			
Hong Kong (Our Docket 19213)	Class 25 — Footwear.			
Japan Madrid Protocol (Our Docket 19216)	Class 25 — Footwear.			
Mexico (Our Docket 19217)	Class 25 — Footwear,			
Philippines (Our Docket 19218)	namely shoes,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Taiwan (Our Docket 19219)	sandals, boots, slippers. Class 25 — Footwear.			

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SKECHERS U.S.A. INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
CALI BEAR

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear			
CALI BEAR				
(Our Docket 18188)				

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CANADA	Class 25 — Footwear.			
(Our Docket 19091)				
CHINA	Class 16 — Cartoon prints;			
CALI BEAR	cartoon strips;			
(Our Docket 18920)	comic books;			
	comic strips.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CHINA	Class 25 — Footwear;			
CALI BEAR (Our Docket 19175)	apparel; football shoes; hosiery; gloves [clothing]; caps [headwear]; scarves; bathing suits; waterproof clothing.			
HONG KONG (Our Docket 19092)	Class 25 — Footwear.			
MEXICO (Our Docket 19093)	Class 25 — Footwear.			
PHILIPPINES (Our Docket 19094)	Class 25 — Footwear, namely shoes, slippers, boots, sandals.			
TAIWAN (Our Docket 19095)	Class 25 — Footwear.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
CALI BITS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM:	Class 26 —			
CALI BITS	Ornaments for			
(Our Docket 18076)	footwear and			
	apparel, namely,			
	shoe ornaments			
	and apparel			
	ornaments not of			
	precious metal.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Madrid Protocol General file 19074

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
AUSTRALIA Madrid Protocol	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments			
CALI BITS (Our Docket 19075)	not of precious metal.			
BRAZIL	Class 26 — Ornaments for footwear and apparel			
CALI BITS (Our Docket 19067)				
CANADA	Class 26			
CALI BITS (Our Docket 19068)				
CHILE	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19069)				
CHINA:	Class 26 — Ornaments for footwear and apparel			
CALI BITS (Our Docket 18619)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
COLOMBIA	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19070)				
CROATIA Madrid Protocol	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments not of precious metal.			
CALI BITS (Our Docket 19076)				
CTM:	Class 26 — Ornaments for footwear and apparel not of precious metal.			
CALI BITS (Our Docket 18618)				
ECUADOR	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19125)				
EGYPT:	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19127)				
HONG KONG	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19071)				
INDIA	Class 26 — Ornaments for			

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Country	Class	[*]	[*]	[*]
CALI BITS (Our Docket 19072)	INDONESIA			
CALI BITS (Our Docket 19128)	ISRAEL			
CALI BITS (Our Docket 19073)	JAPAN			
Madrid Protocol				
CALI BITS (Our Docket 19077)	KOREA			
Madrid Protocol				
CALI BITS (Our Docket 19078)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
KUWAIT	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19126)	Class 26 — Ornaments for footwear and apparel.			
MALAYSIA	Class 26 — Ornaments for footwear and apparel.			
CALI BITS (Our Docket 19081)	Class 25 — Footwear.			
MEXICO:				
CALI BITS (Our Docket 18764)	Class 26 — Ornaments for footwear and apparel.			
MEXICO				
CALI BITS (Our Docket 19113)	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments and apparel ornaments not of precious metal.			
MEXICO				
CALI BITS BY SKECHERS (Our Docket 19249)	Class 26 — Ornaments for apparel.			
CALI BITS BY SKECHERS (Oval (Our Docket 19082)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
PANAMA	Class 26 —			
CALI BITS	Ornaments for footwear and apparel.			
(Our Docket 19083)				
PHILIPPINES	Class 26 —			
CALI BITS	Ornaments for footwear and apparel.			
(Our Docket 19084)				
PERU	Class 26 —			
CALI BITS	Ornaments for footwear and apparel.			
(Our Docket 19124)				
RUSSIA	Class 26 —			
Madrid Protocol	Ornaments for footwear and apparel, namely, shoe ornaments			
CALI BITS	not of precious metal.			
(Our Docket 19079)				
SAUDI ARABIA	Class 26 —			
CALI BITS	Ornaments for footwear and apparel.			
(Our Docket 19085)				
SERBIA	Class 26 —			
Madrid Protocol	Ornaments for footwear and apparel, namely, shoe ornaments			
CALI BITS	not of precious metal.			
(Our Docket 19135)				
SINGAPORE	Class 26 —			
Madrid Protocol	Ornaments for			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CALI BITS (Our Docket 19132)	footwear and apparel, namely, shoe ornaments not of precious metal.			
SOUTH AFRICA CALI BITS (Our Docket 19086)	Class 26 — Ornaments for footwear and apparel.			
SWITZERLAND Madrid Protocol CALI BITS (Our Docket 19130)	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments no. of precious metal.			
TAIWAN CALI BITS (Our Docket 19087)	Class 26 — Ornaments for footwear and apparel.			
THAILAND CALI BITS (Our Docket 19088)	Class 26 — Ornaments for footwear and apparel.			
TURKEY Madrid Protocol CALI BITS (Our Docket 19080)	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments not of precious metal.			
UKRAINE Madrid Protocol CALI BITS (Our Docket 19131)	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments not of precious metal.			

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Country	Class	[*]	[*]	[*]
UNITED ARAB EMIRATES	Class 26 — Ornaments for footwear and apparel.			
CALI BITS				
(Our Docket 19089)				
VIETNAM Madrid Protocol	Class 26 — Ornaments for footwear and apparel, namely, shoe ornaments not of precious metal.			
CALI BITS				
(Our Docket 19133)				
VENEZUELA	Class 26 — Ornaments for footwear and apparel			
CALI BITS				
(Our Docket 19090)				

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SKECHERS J.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
CALI GEAR

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States (Our Docket 17525)	Class 25 — Footwear			
United States (Our Docket 18561)	Class 25 — Apparel, namely, shirts, sweaters, tops, trousers, pants, shorts, jackets, coats, pullovers, underwear, headwear, hats, caps, visors, socks, belts, gloves and wristbands.			
United States (Our Docket 18829)	Class 25 — Headwear			
United States (Our Docket 18830)	Class 18 — Leather and non-leather bags, namely, purses, handbags, tote bags, fanny packs, wallets, gym bags, sport			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	bags, duffle bags, rolling bags, messenger bags, backpacks, luggage, and shopping bags.			

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Madrid Protocol general file: 19025

<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia (Our Docket 18892)	Class 25 — Footwear and apparel.			
Australia (Our Docket 19026)	Class 25 — Footwear.			
Brazil (Our Docket 18673)	Class 25 — Footwear.			
Canada (Our Docket 18091)	Class 25 — Footwear.			
Canada (Our Docket 18164)	Class 25 — Apparel.			
Chile (Our Docket 18893)	Class 25 — Footwear and apparel.			
China (Our Docket 18608)	Class 25 — Footwear, apparel, football shoes, hosiery,			



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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	gloves [clothing], caps [headwear], scarves, bathing suits, waterproof clothing.			
COLOMBIA (Our Docket 19021)	Class 25 — Footwear.			
CROATIA Madrid Protocol (Our Docket 19027)	Class 25 — Footwear.			
CTM (Our Docket 17886)	Class 25 — Footwear and apparel			
Ecuador (Our Docket 19062)	Class 25 — Footwear.			
Egypt (Our Docket 19064)	Class 25 — Footwear.			
Hong Kong (Our Docket 18894)	Class 25 — Footwear and apparel			
India (Our Docket 19023)	Class 25 — Footwear.			
Indonesia (Our Docket 19065)	Class 25 — Footwear.			
Israel	Class 25 —			

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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19024)	Footwear.			
Japan (Our Docket 18610)	Class 25 — Footwear			
Korea Madrid Protocol (Our Docket 19028)	Class 25 — Footwear.			
Kuwait (Our Docket 19063)	Class 25 — Footwear.			
Malaysia (Our Docket 19031)	Class 25 — Footwear.			
Mexico	Class 25 —			

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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 18765)	Footwear			
Mexico	Class 25 — Footwear.			
CALI GEAR BY SKECHERS				
(Our Docket 19246)				
Mexico	Class 25 — Footwear.			
CALI GEAR (bear Design)				
				
(Our Docket 19247)				
Mexico	Class 25 — Footwear.			
GALI GEAR BY SKECHERS (Bear Design)				
				
(Our Docket 19248)				
Montenegro	Class 25 — Footwear.			
Madrid Protocol				
(Our Docket 19059)				
New Zealand	Class 25 —			

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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 18895)	Clothing, footwear, headgear.			
Panama (Our Docket 18896)	Class 25 — Footwear and apparel			
Panama CALI GEAR BY SKECHERS (Our Docket 19392)	Class 25 — Footwear and apparel.			
Peru (Our Docket 19061)	Class 25 — Footwear.			
Peru CALI GEAR BY SKECHERS (Our Docket 19521)	Class 25 — Footwear.			
Philippines (Our Docket 18897)	Class 25 — Footwear, and apparel.			

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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Saudi Arabia (Our Docket 19032)	Class 25 — Footwear.			
Serbia Madrid Protocol (Our Docket 19060)	Class 25 — Footwear.			
Singapore Madrid Protocol (Our Docket 19057)	Class 25 — Footwear.			
Taiwan (Our Docket 18898)	Class 25 — Footwear and apparel.			
Russia Madrid Protocol (Our Docket 19029)	Class 25 — Footwear			
South Africa (Our Docket 19033)	Class 25 — Footwear.			
Switzerland Madrid Protocol (Our Docket 19055)	Class 25 — Footwear			
Thailand (Our Docket 19034)	Class 25 — Footwear, namely, sport shoes, leather shoes, sneakers, canvas boots, slippers and sandals.			
Turkey Madrid Protocol (Our Docket 19030)	Class 25 — Footwear			

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<u>Country</u>	<u>Goods</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United Arab Emirates (Our Docket 19035)	Class 25 — Footwear.			
Ukraine Madrid Protocol (Our Docket 19056)	Class 25 — Footwear.			
Venezuela (Our Docket 19036)	Class 25 — Footwear.			
Vietnam Madrid Protocol (Our Docket 19058)	Class 25 — Footwear.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
ELASTIKA

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States ELASTIKA (Our Docket 18838)	Class 16 — Cartoon prints, cartoon strips; comic books; comic strips. Class 25 — Footwear.			
United States ELASTIKA (Our Docket 20334)	Class 09 — Pre recorded DVDs, digital video discs, digital versatile discs, CD-ROM discs and video cassettes featuring animated entertainment; motion picture films featuring animated entertainment; downloadable television shows featuring animated entertainment; video game cartridges; video game discs. Class 41 — Entertainment in the nature of on- going television programs in the field of animated entertainment.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CANADA (Our Docket 19096)	Class 25 — Footwear.			
CHINA ELASTIKA (Our Docket 18921)	Class 25 — Footwear.			
CHINA ELASTIKA (Our Docket 19373)	Class 16 — Cartoon prints, cartoon strips; comic books; comic strips.			
CTM (Our Docket 18965)	Class 16 — Cartoon prints, cartoon strips; comic books, comic strips.			
	Class 25 — Footwear.			
HONG KONG	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19097)				
JAPAN (Our Docket 18966)	Class 16 — Cartoon prints, cartoon strips; comic books; comic strips.			
(Divisional) JAPAN (Our Docket 19570)	Class 25			
MEXICO (Our Docket 19014)	Class 25 — Footwear.			
MEXICO (Our Docket 19268)	Class 16 — Cartoon prints; cartoon strips; comic books; comic strips.			
PHILIPPINES (Our Docket 19017)	Class 16 — n/a. Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
TAIWAN	Class 25 — Footwear.			

(Our Docket 19098)

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS

HOT-LIGHTS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear			

HOT- LIGHTS

(Our Docket
19453)

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia	Class 25 — Footwear.			

Madrid Protocol
(Our Docket 19678)

Brazil Class 25 — Footwear.

(Our Docket 19659)

Canada Class 25 — Footwear.

(Our Docket 19660)

Chile Class 25 — Footwear.

(Our Docket 19661)

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
China Madrid Protocol	Class 25 — Footwear.			
(Our Docket 19679)				
Colombia	Class 25 — Footwear.			
(Our Docket 19662)				
Croatia Madrid Protocol	Class 25 — Footwear.			
(Our Docket 19663)				
CTM Madrid Protocol	Class 25 — Footwear.			
(Our Docket 19680)				
Hong Kong	Class 25 — Footwear.			
(Our Docket 19664)				
India	Class 25 — Footwear.			
(Our Docket 19665)				
Israel	Class 25 — Footwear.			
(Our Docket 19666)				
Japan Madrid Protocol	Class 25 — Footwear.			
(Our Docket 19681)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Korea Madrid Protocol	Class 25 — Footwear.			
(Our Docket 19682)				
Malaysia	Class 25 — Footwear.			
(Our Docket 19667)				
Mexico	Class 25 — Footwear.			
(Our Docket 19668)				
New Zealand	Class 25 — Footwear.			
(Our Docket 19669)				
Panama	Class 25 — Footwear.			
(Our Docket 19670)				
Philippines	Class 25 — Footwear.			
(Our Docket 19671)				
Russia Madrid Protocol	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19683) Saudi Arabia	Class 25 — Footwear.			
(Our Docket 19672)				
South Africa	Class 25 — Footwear.			
(Our Docket 19673)				
Taiwan	Class 25 — Footwear.			
(Our Docket 19674)				
Thailand	Class 25 — Shoes (except sport shoes), sport shoes, sneakers; sandals, slippers, and boots:			
(Our Docket 19675)				
Turkey	Class 25 — Footwear.			
Madrid Protocol				
(Our Docket 19684)				
United Arab Emirates	Class 25 — Footwear.			
(Our Docket 19676)				
Venezuela	Class 25 — Footwear.			
(Our Docket 19677)				

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS

HYDEE AND THE HY TOPS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States HY TOP (Our Docket 19165)	Class 16 — Publications, namely, comic books, comic magazines, cartoon prints, cartoon strips, graphic novels and printed stories in illustrated form featured in books and magazines.			
United States HYDEE (Our Docket 19562)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
United States HYDEE AND THE HY TOPS (Our Docket 19563)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
United States	Class 41 — Live entertainment in the nature of musical shows and live performances by a musical band.			
HYDEE AND THE HY TOPS (Our Docket 20002)	Class 09 — Pre-recorded digital media featuring musical performances and pre-recorded video musical performances.			

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia Madrid Protocol (Our Docket 19736)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	Class 25 — Footwear.			
Brazil	Class 25 — Footwear.			
(Our Docket 19718)				
Brazil	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
(Our Docket 19825)				
Canada	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
(Our Docket 19719)	Class 25 — Footwear.			
Chile	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in			
(Our Docket 19720)				

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Country	Class	[*]	[*]	[*]
	illustrated form featured in books and magazines. Class 25 — Footwear.			
China Madrid Protocol (Our Docket 19737)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Colombia (Our Docket 19721)	Class 25 — Footwear.			
Colombia (Our Docket 19763)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Croatia Madrid Protocol (Our Docket 19738)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM Madrid Protocol (Our Docket 19739)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Hong Kong (Our Docket 19722)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
India (Our Docket 19723)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Israel (Our Docket 19724)	Class 25 — Footwear.			
Israel (Our Docket 19755)	Class 16 — Publications, namely comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Japan Madrid Protocol (Our Docket 19740)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Korea Madrid Protocol (Our Docket 19741)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Malaysia (Our Docket 19725)	Class 25 — Footwear.			
Malaysia (Our Docket 19841)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Mexico (Our Docket 19726)	Class 25 — Footwear.			
Mexico (Our Docket 19798)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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Country	Class	[*]	[*]	[*]
New Zealand (Our Docket 19727)	Class 16 — Publications, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
Panama (Our Docket 19728)	Class 25 — Footwear.			
Panama (Our Docket 19799)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Philippines (Our Docket 19729)	Class 16 — Publications, namely, comic books, comic magazines,			

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Country	Class	[*]	[*]	[*]
	graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Russia Madrid Protocol (Our Docket 19742)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Saudi Arabia (Our Docket 19730)	Class 25 — Footwear.			
Saudi Arabia (Our Docket 19800)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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Country	Class	[*]	[*]	[*]
South Africa (Our Docket 19731)	Class 25 — Footwear.			
South Africa (Our Docket 19801)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Taiwan (Our Docket 19732)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Thailand (Our Docket 19733)	Class 25 — Shoes (except sport shoes), sport shoes, sneakers, sandals, slippers, boots.			

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Country	Class	[*]	[*]	[*]
Thailand (Our Docket 19802)	Class 16 — Comic books, comic magazines, graphic novels, printed stories in illustrated form featured in books, printed stories in illustrated form featured in magazines.			
Turkey Madrid Protocol (Our Docket 19743)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
United Arab Emirates (Our Docket 19734)	Class 25 — Footwear.			
United Arab Emirates (Our Docket 19803)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Venezuela (Our Docket 19735)	Class 25 — Footwear.			
Venezuela (Our Docket 19967)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
HYDEE HY-TOP

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States HYDEE HY-TOP (Our Docket 19993)	Class 25 — Footwear.			
United States HYDEE HY-TOP (Our Docket 20225)	Class 16 — Publications, namely, comic books, comic magazines, cartoon prints, cartoon strips, graphic novels and printed stories in illustrated form featured in books and magazines.			
<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia Madrid Protocol (Our Docket 20111)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	illustrated form featured in books and magazines. Class 25 — Footwear.			
Brazil (Our Docket 20099)	Class 25 — Footwear.			
Brazil (Our Docket 20087)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Canada (Our Docket 20079)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Chile (Our Docket 20080)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels			

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<u>Country</u>	<u>Class</u>	[*]	[*]	[*]
	and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
China Madrid Protocol (Our Docket 20112)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Colombia (Our Docket 20100)	Class 25 — Footwear.			
Colombia (Our Docket 20088)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Croatia Madrid Protocol	Class 16 — Publications,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20113)	namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
CTM Madrid Protocol (Our Docket 20114)	Class 16 — Publication, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Ecuador (Our Docket 20081)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Ecuador (Our Docket 20199)	Class 25 — Footwear.			
Hong Kong (Our Docket 20082)	Class 16 — Publications, namely, comic			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
India (Our Docket 20083)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Israel (Our Docket 20101)	Class 25 — Footwear.			
Israel (Our Docket 20089)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Japan Madrid Protocol	Class 16 — Publications,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20115)	namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Korea Madrid Protocol (Our Docket 20116)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Malaysia (Our Docket 20102)	Class 25 — Footwear.			
Malaysia (Our Docket 20090)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Mexico (Our Docket 20103)	books and magazines. Class 25 — Footwear.			
Mexico (Our Docket 20091)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
New Zealand (Our Docket 20084)	Class 16 — Publications, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Panama (Our Docket 20104)	Class 25 — Footwear.			
Panama (Our Docket 20092)	Class 16 — Publications, namely, comic books, comic magazines,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	graphic novels and printed stories in illustrated form featured in books and magazines.			
Peru (Our Docket 20105)	Class 25 — Footwear.			
Peru (Our Docket 20093)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Philippines (Our Docket 20085)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Russia Madrid Protocol	Class 16 — Publications,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20117)	namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Saudi Arabia (Our Docket 20106)	Class 25 — Footwear.			
Saudi Arabia (Our Docket 20094)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
South Africa (Our Docket 20107)	Class 25 — Footwear.			
South Africa (Our Docket 20095)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Taiwan	Class 16 —			

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<u>Country</u>	<u>Class</u>	[*]	[*]	[*]
(Our Docket 20086)	Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Thailand (Our Docket 20108)	Class 25 — Shoes (except sport shoes), sport shoes, sneakers, sandals, slippers, boots.			
Thailand (Our Docket 20096)	Class 16 — Comic books, comic magazines, graphic novels, printed stories in illustrated form featured in books, printed stories in illustrated form featured in magazines.			
Turkey Madrid Protocol (Our Docket 20118)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed			

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Country	Class	[*]	[*]	[*]
	stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
United Arab Emirates (Our Docket 20109)	Class 25 — Footwear.			
United Arab Emirates (Our Docket 20097)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Venezuela (Our Docket 20110)	Class 25 — Footwear.			
Venezuela (Our Docket 20098)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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SKECHERS U.S.A., INC.

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAN S) AND (4) THE S

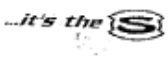
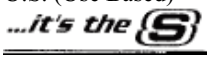
As of May 31, 2009



SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>DUE DATE FOR FILING §8 & §15</u>	<u>[*]</u>
ABANDONED	10139				
U.S.A. IT'S THE S (W/ S IN AN OVAL)					
U.S.A. IT'S THE S (STYLIZED S)	10782			n/a	
					
U.S.A. IT'S THE S (PLAIN S) SERVICE MARK	10798			12/05/2006	
U.S.A. IT'S THE S (STYLIZED S)	10801			05/06/2006	
ABANDONED U.S.A. (ITU) IT'S THE S (STYLIZED S)	09679				
ABANDONED U.S.A. (ITU) THE S — for footwear	11398				
U.S. (Use Based) 	20337			n/a	

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Argentina IT'S THE S (STYLIZED S)	10423			
Australia IT'S THE S (W/ S IN AN OVAL)	09719			
Australia IT'S THE S (STYLIZED S)	10424			
Austria IT'S THE S (STYLIZED S)	10425			
Benelux IT'S THE S (STYLIZED S)	10426			
Brazil IT'S THE S (STYLIZED S)	10427			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009


<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil IT'S THE S (W/S IN AN OVAL)	09718			
ABANDONED Canada IT'S THE S (W/ S IN AN OVAL) — for footwear	09717			
Canada IT'S THE S (STYLIZED S)	10428			
ABANDONED Canada IT'S THE S (W/ S IN AN OVAL) — for apparel	10310			
Chile IT'S THE S (STYLIZED S)	10429			
China IT'S THE S (STYLIZED S)	10430			
China IT'S THE S (W/ S IN AN OVAL)	09716			
China IT'S THE S (PLAIN S) — in Chinese script — translation	10802			
China IT'S THE S (PLAIN S) — in Chinese script — transliteration	10944			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Colombia IT'S THE S (STYLIZED S)	10431			
Croatia IT'S THE S (STYLIZED S)	10432			
CTM IT'S THE S (Performance S with Borders) <i>...it's the </i>	20338			
Denmark IT'S THE S (STYLIZED S)	10433			
Dubai (UAE) IT'S THE S (STYLIZED S)	10434			
ABANDONED Europe (CTM) IT'S THE S (STYLIZED S)	09715			
Finland IT'S THE S (STYLIZED S)	10435			
France IT'S THE S (STYLIZED S)	10436			
Germany IT'S THE S (STYLIZED S)	10437			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Greece IT'S THE S (STYLIZED S)	10438			
Hong Kong IT'S THE S (STYLIZED S)	10439			
Hong Kong IT'S THE S (PLAIN S) — in Chinese translation	10803			
Hong Kong IT'S THE S (PLAIN S) — in Chinese transliteration	10945			
Hungary IT'S THE S (STYLIZED S)	10440 11/19/97			
Iceland IT'S THE S (STYLIZED S)	10513			
India IT'S THE S (STYLIZED S)	10441			
Indonesia IT'S THE S (STYLIZED S)	10442			
Ireland IT'S THE S (STYLIZED S)	10443			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Italy IT'S THE S (STYLIZED S)	10444			
Japan IT'S THE S (W/ S IN AN OVAL)	09714			
Japan IT'S THE S (STYLIZED S)	10445			
Korea IT'S THE S (W/ S IN AN OVAL)	09713			
Korea IT'S THE S (W/ S IN AN OVAL)	09851			
Korea IT'S THE S (STYLIZED S)	10446			
Mexico IT'S THE S (W/ S IN AN OVAL)	09712			
Mexico IT'S THE S (STYLIZED S)	10447			
New Zealand IT'S THE S (STYLIZED S)	10448			

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SKECHER U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Norway IT'S THE S (STYLIZED S)	10449			
Panama IT'S THE S (W/ S IN AN OVAL)	09711			
Panama IT'S THE S (STYLIZED S)	10450			
Philippines IT'S THE S (STYLIZED S)	10451			
Portugal IT'S THE S (STYLIZED S)	10452			
Puerto Rico IT'S THE S (STYLIZED S)	10453			
Romania IT'S THE S (STYLIZED S)	10454			
Russia IT'S THE S (STYLIZED S)	10455			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Singapore IT'S THE S (STYLIZED S)	10456			
Singapore IT'S THE S (PLAINS) — in Chinese script — translation 丽兹 S	10804			
Singapore IT'S THE S (PLAIN S) -- in Chinese transliteration 这是 S	10946			
South Africa IT'S THE S (STYLIZED S)	10457			
Spain IT'S THE S (STYLIZED S)	10459			
Sweden IT'S THE S (STYLIZED S)	10460			
Switzerland IT'S THE S (STYLIZED S)	10461			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Taiwan IT'S THE S (W/ S IN AN OVAL)	09710			
Taiwan IT'S THE S (STYLIZED S)	10462			
Taiwan IT'S THE S (PLAIN S)	10947			
— in Chinese script — translation				
Taiwan IT'S THE S (PLAIN S)	11001			
— in Chinese script — transliteration				
Turkey IT'S THE S (W/ S IN AN OVAL)	09709			
Turkey IT'S THE S (STYLIZED S)	10463			
United Kingdom IT'S THE S (PLAIN S)	09852			
United Kingdom IT'S THE S (STYLIZED S)	10643			

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SKECHERS U.S.A., INC.

**U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) IT'S THE S (STYLIZED S); (2) IT'S THE S (W/ S IN AN OVAL); (3) IT'S THE S (PLAIN S) and (4) THE S**

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Venezuela IT'S THE S (STYLIZED S)	10464			
Vietnam IT'S THE S (STYLIZED S)	10465			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
KEWL BREEZE

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear			
KEWL BREEZE				
(Our Docket 17475)				
United States	Class 16 — Cartoon prints, cartoon strips, comic books and comic			
KEWL BREEZE	strips			
(Our Docket 17575)				
United States	Class 09 — Pre-recorded DVDs, digital video discs, digital versatile discs, CD-ROM discs and video cassettes featuring animated entertainment; motion picture films featuring animated entertainment; downloadable television shows featuring animated entertainment; video game cartridges; video game discs.			
KEWL BREEZE				
(Our Docket 20335)				
	Class 41 — Entertainment in the nature of on-going television programs in the field of animated entertainment.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CANADA KEWL BREEZE (Our Docket 19099)	Class 25 — Footwear.			
CHINA KEWL BREEZE (Our Docket 18609)	Class 25 — Footwear; apparel; football shoes; hosiery; gloves [clothing]; caps [headwear]; scarves; bathing suits; waterproof clothing.			
CHINA KEWL BREEZE (Our Docket 18631)	Class 16 — Cartoon prints; cartoon strips; comic books; comic strips.			
CTM KEWL BREEZE (Our Docket 18337)	Class 16 — Publications, namely comic books, comic magazines,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear and apparel.			
HONG KONG	Class 25 — Footwear.			
KEWL BREEZE				
(Our Docket 19101)				
JAPAN	Class 25 — Footwear.			
KEWL BREEZE				
(Our Docket 18611)				
JAPAN	Class 16- Cartoon prints, cartoon strips;			
KEWL BREEZE	comic books; comic strips.			
(Our Docket 18632)				
JAPAN	Class 25 — Footwear [other than boots for sports and horse-riding boots].			
KEWL BREEZE				
Madrid Protocol				
(Our Docket 19853)				
MEXICO	Class 25 — Footwear.			
KEWL BREEZE				
(Our Docket 19015)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
PHILIPPINES	Class 25 —			
KEWL BREEZE	Footwear, namely shoes, sandals, boots, slippers.			
(Our Docket 19018)				
TAIWAN	Class 25 —			
KEWL BREEZE	Footwear.			
(Our Docket 19103)				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
LUMINATORS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU): TEEN LUMINATORS (Our Docket 19973)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
USTM (ITU): LUMINATORS (Our Docket 19974)	Class 25 — Footwear.			
USTM (ITU): LUMINATORS (Our Docket 20059)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia Madrid Protocol (Our Docket 20259)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Brazil (Our Docket 20230)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Brazil (Our Docket 20241)	Class 25 — Footwear.			
Canada (Our Docket 20252)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	books and magazines.			
	Class 25 — Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Chile (Our Docket 20253)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
China Madrid Protocol (Our Docket 20260)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
Colombia (Our Docket 20231)	Class 16 — Publications, namely, comic books, comic			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Colombia (Our Docket 20242)	Class 25 — Footwear.			
Croatia Madrid Protocol (Our Docket 20261)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
CTM Madrid Protocol (Our Docket 20262)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Hong Kong (Our Docket 20254)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
India (Our Docket 20255)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Israel (Our Docket 20232)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Israel (Our Docket 20243)	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Japan Madrid Protocol (Our Docket 20263)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Korea Madrid Protocol (Our Docket 20264)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
Malaysia (Our Docket 20233)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Malaysia (Our Docket 20244)	Class 25 — Footwear.			
Mexico (Our Docket 20234)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Mexico (Our Docket 20245)	Class 25 — Footwear.			
New Zealand (Our Docket 20256)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
Panama (Our Docket 20235)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Panama (Our Docket 20246)	Class 25 — Footwear.			
Philippines (Our Docket 20257)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in Illustrated form featured in books and magazines. Class 25 — Footwear.			
Russia Madrid Protocol (Our Docket 20265)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Saudi Arabia (Our Docket 20236)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Saudi Arabia (Our Docket 20247)	Class 25 — Footwear.			
South Africa (Our Docket 20237)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
South Africa (Our Docket 20248)	Class 25 — Footwear.			
Taiwan (Our Docket 20258)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Thailand (Our Docket 20238)	Class 16 — Publications, namely, comic books comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Thailand (Our Docket 20249)	Class 25 — Shoes (except sport shoes), sport shoes, sneakers, sandals, slippers and boots			
Turkey Madrid Protocol (Our Docket 20266)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 — Footwear.			
UAE (Our Docket 20239)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
UAE (Our Docket 20250)	Class 25 — Footwear.			
Venezuela (Our Docket 20240)	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Venezuela (Our Docket 20251)	Class 25 — Footwear.			

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SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark
MARK NASON

As of May 31, 2009

MARK NASON

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U.S. and Foreign Status Report for the mark
MARK NASON

As of May 31, 2009

<u>Mark</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM	14110	25			
MARK NASON					
USTM THE MARK OF STYLE	14540	25			
USTM (DIV)	15314	25			
MARK NASON					
<i>USTM (ITU)</i>	14129	18			
MARK NASON					
USTM:	17121	25			
ROCK NEVER DIES					
USTM:	17179	25			
SIREN BY MARK NASON					

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MARK NASON

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<u>Mark</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU):	18831	18			
MARK NASON					
Goods: Leather and non-leather bags, namely, purses, handbags, tote bags, fanny packs, wallets, gym bags, sport bags, duffle bags, rolling bags, messenger bags, backpacks, and luggage.					
USTM (ITU):	19855	03			
MARK NASON					
(Class 03)					
USTM (ITU):	20322	09			
MARK NASON					
Class 09					

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<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia TM	14167	25			

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<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia TM	14167	25			

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<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada TM:	19182	25			
MARK NASON					
China TM	14169	25			
CTM	14170	25			
CTM:	19858	3			
MARK NASON					
France TM	14171	25			
Germany TM	14172	25			
Hong Kong TM	14173	25			

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<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Italy TM	17171	25			
Japan TM	14174	25			
Korea	17809	25			
New Zealand TM	14175	25			
Panama TM	14176	25			

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<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Philippines TM	14177	25			
South Africa TM	14178	25			
Taiwan TM	14179	25			
United Kingdom TM	14180	25			
Venezuela TM	17763	25			

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SKECHERS' OTHER MARKS
(not including the term "SKECHERS" and are not included on an individual report)

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
S (GLOBL LOGO) for footwear	08471				
"FRICTION"	08547	FRICTION			
"CLEAR GRIP"	08805	CLEAR GRIP			
"HEARTBEATS"	08913	HEARTBEATS			
"ENDUROLITE"	09239	ENDUROLITE			
"WOMPERS"	09577	WOMPERS			
"FOAMIES"	10173	FOAMIES			
"STREET CLEAT"	08297	STREET CLEAT			
SLIGHTS	10375	SLIGHTS			
S LIGHTS	10652	S LIGHTS			
SLIGHTS & Design	10631				
SLIGHTS	10594	SLIGHTS			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	[*]	[*]	[*]
(ITU) "SKECH AIR"	10309	SKECH AIR			
(GENERATIONS [work mark])	10417	GENERATION S			
(ITU) PLANET S	10620	PLANET S			
(ITU) "FATSOLES"	10879	FATSOLES			
(ITU) SKLA	12533	SKLA			
United States (GEN S)	11203	GEN 			
"DESIGN OVAL AND ARROW ON RT. SHOE"	11214				
"DESIGN OVAL AND ARROW ON LT. SHOES"	11215				
(ITU) "S GEAR"	11326	S GEAR			
- for footwear U.S. A. (ITU) "CLUB S"	11335	CLUB S			
- for footwear					
U.S.A. (ITU) "CLUB S AND DESIGN" - for footwear	11357				
(ITU) "U th "	11417	UTH			
(ITU) "UNSEEN, UNTOLD, UNSOLD"	11725	UNSEEN, UNTOLD, UNSOLD			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
"S TREMES" - for footwear	11730	S TREMES			
"G-TECH" - for footwear	11749	G-TECH			
"SKECH-UPS" - for footwear and apparel	11819	SKECH-UPS			
"SKECH-UPS"	11820	SKECH-UPS			
"HOUSE PARTIES" <i>Goods: for footwear</i>	11825	HOUSE PARTIES			
(ITU) "SKETCHES" - footwear and apparel	12034	SKETCHES			
TM/SM (ITU) "NETWEAR"	12045	NETWEAR			
(ITU) "SKETCHERS"	12072	SKETCHERS			
"STRIPE ON SIDE OF SHOE"	12095				
U.S.A. TM (ITU) "QUANTUM" <i>for footwear</i>	12251	QUANTUM			
USTM (ITU) S and heart design	12360				

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU) heart design	12361				
U.S.A. "CHROME DOME"	07311	CHROME DOME			
"DESIGN (ON SHOE SIDE)"	07469				
"PARALLEL STRIPES"	07416				
"WHAT'S THE WORLD'S COMING TO"	08411	WHAT THE WORLD COMING TO			
S (GLOBE LOGO) - for apparel	08497				
"PNEUMATIX" — for footwear	10043	PNEUMATIX			
(ITU) "POP STARS" — for footwear	10129	POP STARS			
(ITU) "M.K." — for footwear	10276	M.K.			
(ITU) "DURAFO M" — for footwear	10382	DURAFO M			
DESIGN (STREET CLEAT)	10618				
DESIGN (WOMPER)	10619				

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
DESIGN UPPER (Style #7926) for footwear	10674				
(ITU) "FATSO'S" for footwear	10909	FATSO'S			
(ITU) "STREET SWEETS"	11047	STREET SWEETS			
(ITU) "S BOYS" – for footwear	11088	S BOYS			
"JAMMERS" – for footwear	11143	JAMMERS			
(ITU) "SITYBALL" – for footwear	11294	SITYBALL			
(ITU) "SWINGERS"	11397	SWINGERS			
(ITU) "DESIGN" – WOMPER BOTTOM" – for footwear	11415				
(ITU) "DESIGN STREET CLEAT BOTTOM" – for footwear	11416				
(ITU) "SKETCH-UPS"	11427	SKETCH-UPS			
(ITU) "GRAFFEETI"	11428	GRAFFEETI			
(ITU) "GRAFFEETI"	11429	GRAFFEETI			
Service Mark SKETCH-UPS	11430	SKETCH-UPS			
GRAFFEETI (ITU) SERVICE MARK	11431	GRAFFEETI			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
GRAFFEETI (ITU) SERVICE MARK	11432	METROS			
"METROS" — for Footwear	11712	DOLLIES			
"DOLLIES"—for footwear	11731	WINSKECHER S. COM			
"WINSKECHERS.COM" — (ITU)	11855	WINSKECHER S. COM			
"WINSKECHERS.COM" — (ITU) SERVICE MARK	11856	WINSKECHER S. COM			
"S DESIGN ON THE SIDE OF SHOE"	09052				
"WELCOME TO THE PARTY"	10934	WELCOME TO THE PARTY			
(ITU) "PLATFOAMS" — for footwear	11018	PLATFOAMS			
SKOOTERS TM (ITU)	12279	SKOOTERS			
TM/SM (ITU) "WEBWEAR"	12044	WEBWEAR			
"DESIGN (SQUARE ON SIDE OF SHOE)" .	07736				
"DESIGN (ON SHOE TONGUE)"	07447				
"BLASTERS"	11046	BLASTERS			
(ITU) "STRETCH-FIT" — <i>footwear</i>	12046	STRETCH-FIT			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(ITU)	10779	S GIRLS			
"S GIRLS"					
(ITU) THAT TOO	12747	THAT TOO			
(ITU) QUADS	12848	QUADS			
(ITU) S GIRLS for footwear and apparel	12860	S GIRLS			
(ITU) FIRST STEP for infant and toddler shoes	12867	FIRST STEPS			
USTM: PLUS ONE	12899	PLUS ONE			
(ITU) STRETCHABLES <i>for footwear</i>	12901	STRETCHABLES			
USTM (ITU) STREET SKATES	12923	STREET SKATES			
USTM (ITU) ROAD SKATES	12924	ROAD SKATES			
USTM (ITU) ENERGY QUADS	12996	ENERGY QUADS			
USTM (ITU) ROLLERBOARDS	13005	ROLLERBOARDS			
USTM (ITU) TRI WHEELIES	13070	TRI WHEELIES			
USTM (ITU) POP WHEELIES	13071	POP WHEELIES			
USTM (ITU) SHOE DESIGN (Quarter Brace)	13084				
USTM (ITU) 3 WHEELERS (Class 25 for apparel)	13097	3 WHEELERS			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM Use Based 3 WHEELERS (Class 25 for Footwear)	14227	3 WHEELERS			
USTM (ITU) 3 WHEELERS (Class 28 for roller skates)	13098	3 WHEELERS			
USTM S and design (sideways "s")	13260				
USTM (ITU) S LAND 25 for footwear	13276	S LAND			
USTM (ITU) S VILLE 25 for footwear	13277	S VILLE			
USTM (ITU) STREET SKATES USA 16 for magazines	13299	STREET SKATES USA			
USTM (ITU) ROAD SKATES USA 16 for magazines	13300	ROAD SKATES USA			
USTM (ITU) QUADS USA 16 for magazines	13302	QUADS USA			
(ITU) CHEAP SKATES USA 16 for magazines	13306	CHEAP SKATES USA			
USTM (ITU) 3 WHEELERS and design 25 for footwear and apparel	13345				
USTM USE BASED DESIGN ("B") 28 for roller skates	13349				

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	[*]	[*]	[*]
USTM ITU	13350				
DESIGN ("B") 25 for footwear and apparel					
ITU	13351				
DESIGN ("B") 18 for bags					
ITU	13352				
DESIGN ("B") for safety equipment for roller skates					
USE BASED 3 WHEELERS and design 28 for wheeled footwear	13440				
USTM DESIGN Double-Sided Serrated Trim	13490				
USTM: DESIGN (SLIPPING MAN)	13694				
USTM (ITU) ALL DAY COMFORT <i>25 for footwear</i>	13774	ALL DAY COMFORT			
USTM (ITU) DESIGN ON RIGHT SIDE OF SHOE (WALSH)	14230				
USTM (ITU) DESIGN ON LEFT SIDE OF SHOE (WALSH)	14231				

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As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): TUFF-AIR (footwear)	14771	TUFF-AIR
USTM (ITU): TUFF S	14834	TUFF S
USTM: S and design	15049	
USTM (ITU): CALI GIRL	15182	CALI GIRL
USTM (ITU): LA SUPERSTARS	15353	L.A. SUPERSTARS
USTM (ITU): S (design)	15366	
USTM (ITU): SKEVLAR	15445	SKEVLAR
USTM (ITU): TWISTERS	15447	TWISTERS

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	[*]	[*]	[*]
USTM (ITU): STUDIO L.A.	15646	STUDIO L.A.			
USTM (USE): ALL DIRECTION COMFORT	15664	ALL DIRECTION COMFORT			
USTM (USE): ALL DIRECTION COMFORT and Design	15665				
USTM: SKEVA	15821	SKEVA			
USTM (ITU): LARRY LEGEND	15850	LARRY LEGEND			
USTM (ITU): BIRD 33	15851	BIRD 33			
Owner: Larry Bird					
USTM (ITU): BIRD 33 MVP	15852	BIRD 33 MVP			

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COUNTRY	DKT NO.	DESIGN OF MARK	[M] [M] [M]
USTM (ITU): H and design (Hurricane Design) Class 25 – Footwear, wristbands, shirts, t-shirts and sweat shirts.	16177		

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As of May 31, 2000

COUNTRY	DKT NO.	DESIGN OF MARK
USTM: VENTILATOR	16355	VENTILATOR
USTM: AIRATORS	17012	AIRATORS
USTM: AERATORS	17013	AERATORS
USTM: HURRICANE Class 25 for footwear.	17071	HURRICANE

[*] [*] [*]

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COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): HURRICANE Class 25 – Apparel, namely, sports jerseys, sweaters, tops, trousers, pants, shorts, jackets, coats, pullovers, underwear, headwear, hats, caps, visors, socks, belts, gloves and wristbands, excluding those to commemorate a professional hockey team, or relating to or promoting a university.	17072	HURRICANE E


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COUNTRY	DKT NO.	DESIGN OF MARK	
USTM (ITU): H DESIGN Class 25 – Apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.	17099		[*] [*] [*]
USTM/SM (ITU): FASHION LAB Class: 25 and 35 Goods: Footwear and retail stores services featuring footwear and apparel.	17528	WORD MARK	[*] [*] [*]

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COUNTRY	DKT NO.	DESIGN OF MARK	[*]	[*]	[*]
USTM: SKECH-AIR Class: 25 Goods: Footwear	17543	WORD MARK			
USTM (ITU): CRIK Class: 25 Goods: Footwear	17662	WORD MARK			
USTM (ITU): KALIES Class: 25 Goods: Footwear	17847	WORD MARK			
USTM (ITU): SKECH TECHS	17863	WORD MARK			

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COUNTRY	DKT NO.	DESIGN OF MARK
USTM: SUPER-Z	17877	WORD MARK
USTM: DISCIPLE	18049	WORD MARK
USTM: A DESIGN	18114	
USTM (ITU): SPRINKLES	18186	WORD MARK
USTM (ITU): BUNJEE	18248	WORD MARK
USTM (ITU): BUNJEE LACES	18249	WORD MARK
USTM (ITU): CALI GIRL	18351	WORD MARK

[] [] []

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COUNTRY	DKT NO.	DESIGN OF MARK
USTM: POLKA-DOT	18591	WORD MARK
USTM (TU): HI-BEAMZ	18670	HI-BEAMZ
USTM (TU): HOT FUDGE	18671	HOT FUDGE
Class 25 – Footwear. USTM (DIV): HOT FUDGE	18923	HOT FUDGE
Class 16 – Publications, namely, comic books, comic magazines, cartoon prints, graphic novels and printed stories in illustrated form featured in books and magazines.		


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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM: DESIGN (PHOENIX)	18696	
USTM (ITU): FIT FLOPS	18742	
USTM (ITU): NANOLITE Class 25 – Footwear. Class 17 – Plastic materials used for making footwear and apparel.	18763	
USTM (ITU): TRAXXION	18839	
USTM (ITU): SPRINKLES	18840	

[*] [*] [*]

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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009


COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): ROCK THIS WAY	18863	[] [] []
USTM (ITU): RELAXED FIT	18974	
USTM (ITU): HEAD LIGHTS	19012	
USTM (ITU): FUN FLOPS	19154	
USTM (ITU): WALK & WORK OUT!	19155	

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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): NANO LITE	19159	Word Mark
USTM (ITU): D-LITES	19240	[REDACTED]
USTM/SM (ITU): HAMSTERFLY PICTURES	19405	[REDACTED]
USTM (ITU): Design (Star in Heart)	19417	

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009



COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): D'LITES Class 25 - Footwear.	19432	[*] [*] [*]
USTM: SKECHERS D'LITES	19433	
USTM (ITU): FIZZ ED Class 16 - Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.	19523	[*] [*] [*]
USTM (ITU): KLEETZ Class 16 - Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.	19525	
USTM (ITU): FIZZ ED Class 25 - Footwear.		
USTM (ITU): KLEETZ Class 16 - Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.		
USTM (ITU): FIZZ ED Class 25 - Footwear.		

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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM: DESIGN (STRIPE DESIGN RIGHT SHOE)	19547	
USTM: DESIGN (STRIPE DESIGN LEFT SHOE)	19548	

[] [] []

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

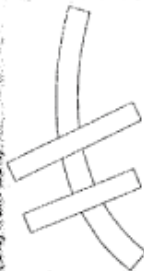
COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): DESIGN (Citywalk Right)	19692	
USTM (ITU): TWINKLE TOES (Class 16)	19821	Word Mark
USTM (ITU): SKECHERS TWINKLE TOES	19822	Word Mark

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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): DESIGN (Citywalk Left)	19849	
USTM (ITU): GET IN SHAPE WITHOUT SETTING FOOT IN A GYM	19861	Word Mark: GET IN SHAPE WITHOUT SETTING FOOT IN A GYM
USTM (ITU): SHAPE UP WHILE YOU WALK	19862	Word Mark
USTM (ITU): CONSENT	19865	Word Mark

[] [] []

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SKECHERS S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

COUNTRY	DKT NO.	DESIGN OF MARK
USTM (ITU): PRETTY TALL Class 16 – Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines. Class 25 – Footwear.	19905	Word Mark
USTM (ITU): SHAPE-UP DIET	19929	Word Mark
USTM (ITU): LOOK UPS	19975	Word Mark
USTM (ITU): THE SPORT OF BUSINESS	20001	Word Mark
USTM (DIV): TWINKLE TOES (Class 25)	20052	Word Mark

[] [] []

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU): SCHMITTY	20053	Word Mark			
USTM (ITU): MCFUNKLE	20054	Word Mark			
USTM (ITU): STUMP	20055	Word Mark			
Class 25 only. (Parent application)					
USTM (ITU): STRETCH WALKERS	20056	Word Mark			
USTM/SM (ITU): TWINKLE TOES (Class 09 and 41)	20063	Word Mark			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU): RELAXED FIT (Stylized)	20187				
USTM (ITU): TONE UPS	20192	Word Mark			
USTM (ITU): SKECHERS TONE UPS	20193	Word Mark			
USTM (DIV): STUMP	20289	Word Mark			
Class 16 only. (Child application)					
USTM (ITU): SCHMITTY MCFUNKLE AND STUMP	20293	Word Mark			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU): FIRM-UPS	20302	Word Mark			
USTM (ITU): SHMITTY MCFUNKLE AND STUMP	20348	Word Mark			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada	12583	25	SKETCHERS			
SKETCHERS						
Canada	12584	35	SKECHERS			
SKETCHERS						
Canada (ITU) AIRATORS	17550	25	AIRATORS			
Goods: Footwear						
Canada (Use-based) AIRATORS	17844	25	AIRATORS			
Goods: Footwear						
Canada TM AIRATORS BY SKECHERS	19811	25	Word Mark			
Chile	17551	25	AIRATORS			
AIRATORS						
Goods: Footwear						

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CHINA	18620	25	WORD MARK			

AIRATORS

Class 25 –
Footwear;
apparel; football
shoes; hosiery;
gloves
[clothing]; caps
[headwear],
scarves; bathing
suits; waterproof
clothing.

CHINA	18873	25				
-------	-------	----	--	--	--	--

S Design
(Performance S)

Class 25 –
Footwear

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CHINA	18908	25				
NANOLITE						
Class 25 - Footwear						
CHINA	19409	17				
NANOLITE						
Class 17 – Plastic materials used for making footwear and apparel.						
CHINA	18909	25				
S LIGHTS						
Class 25 – Footwear						

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CHINA SKECH-AIR	18910	25				
Class 25 - Footwear.						
Colombia	17552	25	WORD MARK			
AIRATORS						
Class: 25 Goods: Footwear						
CTM S and design	15368	25				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"



As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM S (design)	15369	25				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM:	17073	25	 Version #4			
H Design						
CTM:	17074	25	HURRICANE BY 310			
HURRICANE BY 310						
CTM:	17547	25	WORD MARK			
AIRATORS						
CTM:	18864		Word Mark			
ROCK THIS WAY						
CTM:	19114	25	Footwear.			
ROCK LIVES						
CTM	19420	25				
DESIGN (Star in Heart)						
CTM	19524	16, 25				
FIZZ ED						

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"



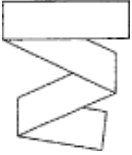
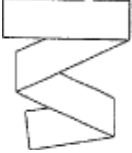
As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM	19526	16, 25				
KLEETZ						
CTM	19594	25				
DESIGN (A Design)						
CTM:	19863	25				
GET IN SHAPE WITHOUT SETTING FOOT IN A GYM						
CTM:	19864	25				
SHAPE UP WHILE YOU WALK						
CTM	19866	03				
CONSENT						

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM	19932	25				
DESIGN (CITYWALK Left)						
CTM	19933	25				
DESIGN (CITYWALK Right)						
CTM:	19923	25	Word Mark			
SKECHERS D'LITES						
CTM DESIGN (Stripe Design Right Side)	20332	25				
CTM DESIGN (Stripe Design Left Side)	20333	25				
Hong Kong	17553	25	AIRATORS			
AIRATORS						

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"



As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
ITALY	18869					
ROCK THIS WAY						
Japan	13026	25	G-TECH			
G-TECH						
Abandoned Japan	13027	25	QUANTUM			
QUANTUM						
Japan	13029	25	SKETCHERS			
SKETCHERS						
Japan S and design	15367	25				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
JAPAN: H Design	17075	25				
JAPAN: HURRICANE BY 310	17076	25	HURRICANE BY 310			
Madrid Protocol/ Japan: AIRATORS	17554	25	AIRATORS			
JAPAN NANO LITE (two words)	19160	25	Word Mark			
Kosovo S DESIGN	19504	25				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Madrid Protocol/ Switzerland:	17555	25	AIRATORS			
AIRATORS						
Mexico	18622	25				
S SOLOS and design						
Mexico	19450		KALLI			
KALLI						
Montenegro	19489					
New Zealand:	17556	25	AIRATORS			
AIRATORS						
Goods: Footwear						
Panama Class: 25 Goods: Footwear	17557	25	AIRATORS			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Philippines	17558	25	AIRATORS			
AIRATORS						
Goods:						
Footwear						
Serbia and Montenegro:	16987	25	S and design			
S and design						

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Philippines S and design	15436	25				
Taiwan AIRATORS	17559	25	WORD MARK			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS SKECHERS' MARKS
NOT INCLUDING THE WORD "SKECHERS"

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Venezuela AIRATORS	17560	25	WORD MARK			
Venezuela S and Design	17023	25				

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
PUBLIC ROYALTY

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 – Footwear			
PUBLIC ROYALTY				
(Our Docket 19301)				
United States	Class 03 – Cologne; eaux de toilette;			
PUBLIC ROYALTY	fragrances; perfumes.			
(Our Docket 19856)				

NONE ARE MADRID PROTOCOL

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia	Class 25 – Footwear.			
(Our Docket 19310)				
Brazil	Class 25 – Footwear.			
(Our Docket 19302)				
Canada	Class 25 – Footwear.			
(Our Docket 19303)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
Chile (Our Docket 19304)	Class 25 – Footwear.			
China (Our Docket 19311)	Class 25 – Footwear.			
Colombia (Our Docket 19305)	Class 25 – Footwear.			
Croatia (Our Docket 19312)	Class 25 – Footwear.			
CTM (Our Docket 19313)	Class 25 – Footwear.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
CTM (Our Docket 19859)	Class 03 – Cologne; eaux de toilette; fragrances; perfumes.			
Ecuador (Our Docket 19555)	Class 25 – Footwear.			
Hong Kong (Our Docket 19306)	Class 25 – Footwear.			
India (Our Docket 19307)	Class 25 – Footwear.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
Israel (Our Docket 19308)	Class 25 – Footwear.			
Japan (Our Docket 19314)	Class 25 – Footwear.			
Korea (Our Docket 19309)	Class 25– Footwear.			
Malaysia (Our Docket 19317)	Class 25 – Footwear.			
Mexico (Our Docket 19318)	Class 25 – Footwear			
New Zealand (Our Docket 19319)	Class 25– Footwear.			
Panama (Our Docket 19320)	Class 25 – Footwear.			
Peru (Our Docket 19554)	Class 25 – Footwear.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
Philippines (Our Docket 19321)	Class 25 – Footwear.			
Russia (Our Docket 19315)	Class 25 – Footwear.			
Saudi Arabia (Our Docket 19322)	Class 25 – Footwear.			
South Africa (Our Docket 19323)	Class 25 – Footwear.			
Taiwan (Our Docket 19324)	Class 25 – Footwear.			
Thailand (Our Docket 19325)	Class 25 – Shoes (except sport shoes) and sport shoes.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
Turkey (Our Docket 19316)	Class 25 – Footwear.			
United Arab Emirates (Our Docket 19326)	Class 25 – Footwear.			
United Kingdom (Our Docket 19787)	Class 25 – Footwear.			
Venezuela (Our Docket 19327)	Class 25 – Footwear.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
PUBLIC ROYALTY

As of May 31, 2009



<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear			
PUBLIC ROYALTY				
(Our Docket 19972)				
<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia	Class 25 — Footwear.			
Madrid Protocol				
(Our Docket 20036)				
Brazil	Class 25 — Footwear.			
(Our Docket 20016)				
Canada	Class 25 — Footwear.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20017)				
Chile	Class 25 – Footwear.			
(Our Docket 20018)				
China	Class 25 – Footwear.			
Madrid Protocol				
(Our Docket 20037)				
Colombia	Class 25 – Footwear.			
(Our Docket 20019)				
Croatia	Class 25 – Footwear.			
Madrid Protocol				
(Our Docket 20038)				
CTM	Class 25 – Footwear.			
Madrid Protocol				
(Our Docket 20039)				
Ecuador	Class 25 – Footwear.			
(Our Docket 20020)				
Hong Kong	Class 25 – Footwear.			
(Our Docket 20021)				
India	Class 25 – Footwear.			
(Our Docket 20022)				
Israel	Class 25 – Footwear.			
(Our Docket 20023)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Japan Madrid Protocol (Our Docket 20040)	Class 25 – Footwear.			
Korea Madrid Protocol (Our Docket 20041)	Class 25 – Footwear.			
Malaysia (Our Docket 20024)	Class 25 – Footwear.			
Mexico (Our Docket 20025)	Class 25 – Footwear.			
New Zealand (Our Docket 20026)	Class 25 – Footwear.			
Panama (Our Docket 20027)	Class 25 – Footwear.			
Peru (Our Docket 20028)	Class 25 – Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Philippines (Our Docket 20029)	Class 25 – Footwear.			
Russia Madrid Protocol (Our Docket 20042)	Class 25 – Footwear.			
Saudi Arabia (Our Docket 20030)	Class 25 – Footwear.			
South Africa (Our Docket 20031)	Class 25 – Footwear.			
Taiwan (Our Docket 20032)	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Thailand (Our Docket 20033)	Class 25 – Footwear.			
Turkey Madrid Protocol (Our Docket 20043)	Class 25 – Footwear.			
United Arab Emirates	Class 25 – Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20034)				
Venezuela	Class 25 – Footwear.			
(Our Docket 20035)				


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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
PUNKROSE

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States DESIGN (Lightning Bolt) (Our Docket 19406)	Class 25 — Shoes and t-shirts and hats and caps for men and women and children.			
United States PUNKROSE (Our Docket 19274)	Class 25—Women's shoes.			
United States PUNKROSE (Our Docket 19441)	Class 25 — Apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear,			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
United States	Class 25 — Footwear and apparel.			
DESIGN (Punkrose Bolt)				
				
(Our Docket 19447)				

United States	Class 03 — Cologne; eaux de toilette; fragrances; perfumes.			
PUNKROSE				
(Our Docket 19857)				

NONE ARE MADRID PROTOCOL FOR FOOTWEAR.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia	Class 25 — Footwear.			
(Our Docket 19275)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil	Class 25 — Footwear.			
(Our Docket 19276)				
Brazil	Class 25 — Apparel.			
(Our Docket 19463)				
Canada	Class 25 — Footwear.			
(Our Docket 19277)				
Canada	Class 25 —			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19464)	Apparel.			
Chile	Class 25 — Footwear.			
(Our Docket 19278)				
Chile	Class 25 — Apparel.			
(Our Docket 19465)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Chile PUNKROSE (Stylized Script)	Class 25 — Footwear and apparel.			



(Our Docket 20067)


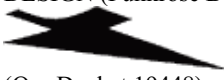
China Class 25 — Footwear.

(Our Docket 19279)

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
China	Class 25 — Apparel			
<u>Madrid Protocol</u>				
(Our Docket 19481)				
China	Class 25 — Shoes for women.			
(Our Docket 19558)				
Colombia	Class 25 — Footwear.			
(Our Docket 19280)				
Colombia	Class 25 — Apparel.			
(Our Docket 19466)				
Croatia	Class 25 — Footwear.			
(Our Docket 19281)				
Croatia	Class 25 — Apparel.			
<u>Madrid Protocol</u>				
(Our Docket 19482)				
CTM	Class 25 — Clothing, footwear, headgear, particularly			
(Our Docket 19282)				


* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
	women's shoes.			
CTM DESIGN (Lightning Bolt)	Class 25 — Footwear, shoes.			
(Our Docket 19407)				
				
CTM Madrid Protocol	Class 25 — Apparel			
(Our Docket 19442)				
CTM DESIGN (Punkrose Bolt)	Class 25 — Footwear and apparel.			
				
(Our Docket 19448)				
CTM PUNKROSE	Class 03 — Cologne; eaux de toilette; fragrances; perfumes.			
(Our Docket 19860)				
Ecuador	Class 25 — Footwear and apparel			
(Our Docket 19552)				
Hong Kong	Class 25 — Footwear.			

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<u>Country</u>	<u>Class</u>	[*]	[*]	[*]
(Our Docket 19283)				
Hong Kong	Class 25 — Apparel.			
(Our Docket 19467)				
India	Class 25 — Footwear.			
(Our Docket 19284)				
India	Class 25 — Apparel			
(Our Docket 19468)				
Israel	Class 25 — Footwear.			
(Our Docket 19285)				
Israel	Class 25 — Apparel.			
(Our Docket 19469)				
Japan	Class 25 — Footwear.			
(Our Docket 19286)				
Japan	Class 25 — Apparel.			
<u>Madrid Protocol</u>				
(Our Docket 19483)				
Korea	Class 25 —			

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Country	Class	[*]	[*]	[*]
 (Our Docket 19287)	Footwear.			

Korea	Class 18
	Class 25


(Our Docket 19844)

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Malaysia	Class 25 — Footwear.			

(Our Docket 19288)

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
New Zealand	Class 25 — Apparel.			

(Our Docket 19472)

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
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Panama	Class 25 — Footwear.			
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(Our Docket 19291)

Panama	Class 25 — Clothing, footwear, headgear, apparel, namely tops, shirts, blouses, t- shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties,			
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(Our Docket 19473)

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
	socks, belts, gloves, scarves and wristbands.			
Peru (Our Docket 19553)	Class 25 — Footwear and apparel.			
Philippines (Our Docket 19292)	Class 25 — Footwear, namely shoes, sandals, slippers, boots.			
Philippines (Our Docket 19474)	Class 25 — Apparel.			
Russia (Our Docket 19293)	Class 25 — Footwear.			
Russia <u>Madrid Protocol</u> (Our Docket 19484)	Class 25 — Apparel.			
Saudi Arabia (Our Docket 19294)	Class 25 — Clothing, footwear and			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
	headgear.			
Saudi Arabia (Our Docket 19475)	Class 25 — Apparel.			
South Africa (Our Docket 19295)	Class 25 — Footwear.			
South Africa (Our Docket 19476)	Class 25 — Apparel.			
Taiwan (Our Docket 19296)	Class 25 — Footwear.			
Taiwan (Our Docket 19477)	Class 25 — Tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Thailand (Our Docket 19297)	Class 25 — Footwear.			
Thailand (Our Docket 19478)	Class 25 — Apparel.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Turkey	Class 25 — Footwear.			
(Our Docket 19298)				
Turkey	Class 25 — Apparel.			
<u>Madrid Protocol</u>				
(Our Docket 19485)				
United Arab Emirates	Class 25 — Footwear.			
(Our Docket 19299)				
United Arab Emirates	Class 25 — Apparel			
(Our Docket 19479)				
Venezuela	Class 25 — Footwear.			
(Our Docket 19300)				
Venezuela	Class 25 — Apparel.			
(Our Docket 19480)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country _____ **Class** _____ [*] [*] [*] _____

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
S Design (Performance S with Borders)

As of May 31, 2009



<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States (Our Docket 17105)	Class 25 – Apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States (Our Docket 17106)	Class 25 - - Footwear			
United States (Our Docket 19909)	Class 09 - Eyewear, namely eyeglasses, sunglasses and optical frames; eyewear accessories namely eyewear cases, neck cords and neck chains.			
United States (Our Docket 19971)	Class 25 - Clothing, namely, uniforms, tops, vests, pants, dresses, skirts, jackets, lab coats, headwear and non-surgical scrubs worn by nurses and other medical and health care professionals.			

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Country	Class	[*]	[*]	[*]
Australia Madrid Protocol (Our Docket 18989)	Class 25 - - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Bosnia (Our Docket 19584)	Class 25 - - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants,			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
	shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Brazil (Our Docket 17293)	class 25 – Footwear			
Bulgaria (Our Docket 19995)	Class 25 – Footwear and apparel.			
Canada (Our Docket 18981)	Class 25 - - Footwear and apparel.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada (Our Docket 19910)	Class 09 - - Eyewear, namely eyeglasses, sunglasses and optical frames; eyewear accessories namely eyewear cases, neck cords and neck chains.			
Chile (Our Docket 18982)	Class 25 - - Footwear and apparel			
China (Our Docket 17108)	Class 25 - - Footwear; apparel; football shoes; hosiery; gloves [clothing]; caps [headwear]; scarves; bathing suits; waterproof clothing.			


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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
China	Class 14 -			
(Our Docket 19440)				
China	Class 18 -			
(Our Docket 19576)				
China	Class 09 -			
(Our Docket 19935)				
Colombia	Class 25 - - Footwear and apparel.			
(Our Docket 18983)				
Croatia Madrid Protocol	Class 25 - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants,			
(Our Docket 18990)				


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Country	Class	[*]	[*]	[*]
	shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
CTM (Our Docket 17107)	Class 25 - - Footwear and apparel			
CTM (Our Docket 19911)	Class 09 - - Eyewear, namely eyeglasses, sunglasses and optical frames; eyewear accessories namely eyewear cases, neck cords and neck chains.			
Egypt (Our Docket 19046)	Class 25 - - Footwear and apparel.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Egypt	Class 25 - - Footwear and apparel.			
SKECHERS and S Design (Performance S with Borders)				
				
(Our Docket 20203)				
Ecuador	Class 25 - Footwear and apparel.			
(Our Docket 19045)				
Hong Kong	Class 25 - Footwear and apparel			
(Our Docket 18984)				
India	Class 25 - Footwear and apparel.			
(Our Docket 18985)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
India 	Class 25 -Footwear and apparel.			
(Our Docket 20317)				
Indonesia	Class 25 -Footwear and apparel.			
(Our Docket 19047)				
Israel	Class 25 -Footwear and apparel.			
(Our Docket 18986)				
Japan Madrid Protocol	Class 25 -Footwear and apparel, namely, tops, shirts, blouses, t- shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear,			
(Our Docket 18991)				

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Country	Class	[*]	[*]	[*]
Korea Madrid Protocol (Our Docket 18987)	swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands Class 25 - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Kuwait (Our Docket 19048)	Class 25 - - Footwear and apparel.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Madrid Protocol GENERAL FILE (Our Docket 18988)	Class 25 — Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Macedonia (Our Docket 19585)	Class 25 — Footwear and apparel;			

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Country	Class	[*]	[*]	[*]
	apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Malaysia (Our Docket 18994)	Class 25 – Footwear and apparel.			
Mexico (Our Docket 18995)	Class 25 – Footwear and apparel.			
Montenegro Madrid Protocol	Class 25 – Footwear and			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19049)	apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
New Zealand (Our Docket 18996)	Class 25 – Clothing, footwear and headgear.			
Panama (Our Docket 18997)	Class 25 – Footwear and apparel			
Peru (Our Docket 19044)	Class 25 – Footwear and apparel.			
Philippines (Our Docket 18998)	Class 25 – Footwear, namely boots, shoes and slippers; and apparel,			

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Country	Class	[*]	[*]	[*]
Russia Madrid Protocol (Our Docket 18992)	<p>namely tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.</p> <p>Class 25 - - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts,</p>			


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Country	Class	[*]	[*]	[*]
	beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Saudi Arabia (Our Docket 18999)	Class 25 – Footwear and apparel.			
Serbia Madrid Protocol (Our Docket 19050)	Class 25 – Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Singapore Madrid Protocol (Our Docket 19051)	Class 25 – Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
South Africa (Our Docket 19000)	Class 25 – Footwear and apparel.			
Switzerland Madrid Protocol	Class 25 – Footwear and apparel, namely, tops,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19052)	shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Taiwan (Our Docket 19001)	Class 25 – Footwear and apparel			
Taiwan SKECHERS and S Design (Performance S with Borders)	Class 25 – Shoes, sneakers, sandals, slippers and boots; tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets,			
 (Our Docket 19840)				

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Country	Class	[*]	[*]	[*]
	coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Thailand (Our Docket 19002)	Class 25 – Footwear, namely, sport shoes, leather shoes, sneakers, canvas boots, slippers and sandals; and apparel, namely, apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sport jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear,			

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Country	Class	[*]	[*]	[*]
Turkey Madrid Protocol (Our Docket 18993)	swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands. Class 25 – Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
Ukraine Ukraine Madrid Protocol (Our Docket 19053)	Class 25 – Footwear and apparel, namely, tops, shirts, blouses,			

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Country	Class	[*]	[*]	[*]
	t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			
United Arab Emirates (Our Docket 19003)	Class 25 — Footwear and apparel.			
Venezuela (Our Docket 19004)	Class 25 — Footwear and apparel.			
Vietnam Madrid Protocol (Our Docket 19054)	Class 25 — Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
DESIGN (Sport Stripe)

As of May 31, 2009



<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 - Footwear and apparel, namely, tops, shirts, blouses, t-shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia Madrid Protocol (Our Docket 19704)	Class 25 – Footwear and apparel.			
Brazil (Our Docket 19686)	Class 25 – Footwear and apparel.			
Canada (Our Docket 19687)	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots. Apparel, namely, tops, shirts, blouses, t- shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	dresses, skirts, beachwear, swimsuits, underwear, lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Chile (Our Docket 19688)	Class 25 – Footwear and apparel.			
China Madrid Protocol (Our Docket 19705)	Class 25 – Footwear and apparel.			
Colombia (Our Docket 19689)	Class 25 – Footwear and apparel.			
Croatia Madrid Protocol (Our Docket 19706)	Class 25 – Footwear and apparel.			
CTM Madrid Protocol (Our Docket 19707)	Class 25 – Footwear and apparel.			
Hong Kong (Our Docket 19690)	Class 25 – Footwear and apparel.			
India	Class 25 – Footwear and			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 19691)	apparel.			
Israel (Our Docket 19692)	Class 25 – Footwear and apparel.			
Japan Madrid Protocol (Our Docket 19708)	Class 25 – Footwear and apparel.			
Korea Madrid Protocol (Our Docket 19709)	Class 25 – Footwear and apparel.			
Malaysia (Our Docket 19693)	Class 25 – Footwear and apparel.			
Mexico (Our Docket 19694)	Class 25 – Footwear and apparel.			
New Zealand (Our Docket 19695)	Class 25 – Footwear and apparel.			
Panama (Our Docket 19696)	Class 25 – Footwear and apparel.			
Philippines (Our Docket 19697)	Class 25 – Footwear and apparel.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Russia Madrid Protocol (Our Docket 19710)	Class 25 – Footwear and apparel.			
Saudi Arabia (Our Docket 19698)	Class 25 – Footwear and apparel.			
South Africa (Our Docket 19699)	Class 25 – Footwear and apparel.			
Taiwan (Our Docket 19700)	Class 25 – Shoes, sneakers, sandals, slippers and boots; tops, shirts, blouses, t- shirts, sweat shirts, sports jerseys, sweaters, bottoms, trousers, pants, sweat pants, shorts, jackets, coats, overcoats, pullovers, jumpers, dresses, skirts, beachwear, swimsuits, underwear,			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
	lingerie, headwear, hats, caps, beanies, visors, ties, socks, belts, gloves, scarves and wristbands.			
Thailand (Our Docket 19701)	Class 25 – Shoes (except sport shoes) and sport shoes.			
Turkey Madrid Protocol (Our Docket 19711)	Class 25 – Footwear and apparel.			
United Arab Emirates (Our Docket 19702)	Class 25 – Footwear and apparel.			
Venezuela (Our Docket 19703)	Class 25 – Footwear and apparel.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
SHAPE-UPS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 – Footwear			
SHAPE-UPS				
(Our Docket 19578)				
United States	Class 25 – Footwear.			
SHAPE-UPS BY SKECHERS				
(Our Docket 19579)				
United States	Class 05 – Vitamins.			
SHAPE-UPS	Class 25 – Apparel.			
(Our Docket 20349)	Class 32 – Bottled water.			
United States	Class 05 – Vitamins.			
SHAPE UP	Class 25 – Apparel.			
(Our Docket 20350)	Class 32 – Bottled water.			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20148)				
Brazil	Class 25 – Footwear.			
(Our Docket 20129)				
Canada	Class 25 – Footwear.			
(Our Docket 20130)				
Chile	Class 25 – Footwear.			
(Our Docket 20131)				
China Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20037)				
Colombia	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots.			
(Our Docket 20132)				
Croatia Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20038)				
CTM Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20151)				
Hong Kong	Class 25 – Footwear.			
(Our Docket 20133)				
India	Class 25 – Footwear.			
(Our Docket 20134)				
Israel	Class 25 – Footwear.			
(Our Docket 20135)				
Japan	Class 25 – Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20136)				
Korea Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20041)				
Malaysia	Class 25 – Footwear.			
(Our Docket 20137)				
Mexico	Class 25 – Footwear.			
(Our Docket 20138)				
New Zealand	Class 25 – Footwear, including shoes, sneakers, sandals, slippers and boots.			
(Our Docket 20139)				
Panama	Class 25 – Footwear.			
(Our Docket 20140)				
Philippines	Class 25 – Footwear.			
(Our Docket 20141)				
Russia Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20042)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Saudi Arabia (Our Docket 20142)	Class 25 – Footwear.			
South Africa (Our Docket 20143)	Class 25 – Footwear.			
Taiwan (Our Docket 20144)	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Thailand (Our Docket 20145)	Class 25 – Shoes (except sport shoes) and sport shoes (specialty shoes for athletic purposes).			
Turkey Madrid Protocol (Our Docket 20043)	Class 25 – Footwear.			
United Arab Emirates (Our Docket 20146)	Class 25 – Footwear.			
Venezuela (Our Docket 20147)	Class 25 – Footwear.			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
SKECHERS SHAPE-UPS

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 – Footwear.			
SKECHERS SHAPE-UPS				
(Our Docket 20155)				
Australia	Class 25 – Footwear.			
Madrid Protocol				
(Our Docket 20175)				
Brazil	Class 25 – Footwear.			
(Our Docket 20156)				
Canada	Class 25 – Footwear.			
(Our Docket 20157)				
Chile	Class 25 – Footwear.			
(Our Docket 20158)				
China	Class 25 – Footwear.			
Madrid Protocol				
(Our Docket 20176)				
Colombia	Class 25 – Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
(Our Docket 20159)				
Croatia Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20177)				
CTM Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20178)				
Hong Kong	Class 25 – Footwear.			
(Our Docket 20160)				
India	Class 25 – Footwear.			
(Our Docket 20161)				
Israel	Class 25 – Footwear.			
(Our Docket 20162)				
Japan	Class 25 – Footwear other than boots for sports.			
(Our Docket 20163)				
Korea Madrid Protocol	Class 25 – Footwear.			
(Our Docket 20179)				
Malaysia	Class 25 – Footwear.			
(Our Docket 20164)				

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Mexico (Our Docket 20165)	Class 25 – Footwear.			
New Zealand (Our Docket 20166)	Class 25 – Footwear, including shoes, sneakers, sandals, slippers and boots.			
Panama (Our Docket 20167)	Class 25 – Footwear.			
Peru (Our Docket 20028)	Class 25 – Footwear.			
Philippines (Our Docket 20168)	Class 25 – Footwear.			
Russia Madrid Protocol (Our Docket 20180)	Class 25 – Footwear.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Saudi Arabia (Our Docket 20169)	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots.			
South Africa (Our Docket 20170)	Class 25 – Footwear.			
Taiwan (Our Docket 20171)	Class 25 – Footwear, namely shoes, sneakers, sandals, slippers and boots.			
Thailand (Our Docket 20172)	Class 25 – Shoes (except sport shoes) and sport shoes (specialty shoes for athletic purposes).			
Turkey Madrid Protocol (Our Docket 20181)	Class 25 – Footwear.			
United Arab Emirates (Our Docket 20173)	Class 25 – Footwear.			
Venezuela (Our Docket 20174)	Class 25 – Footwear.			

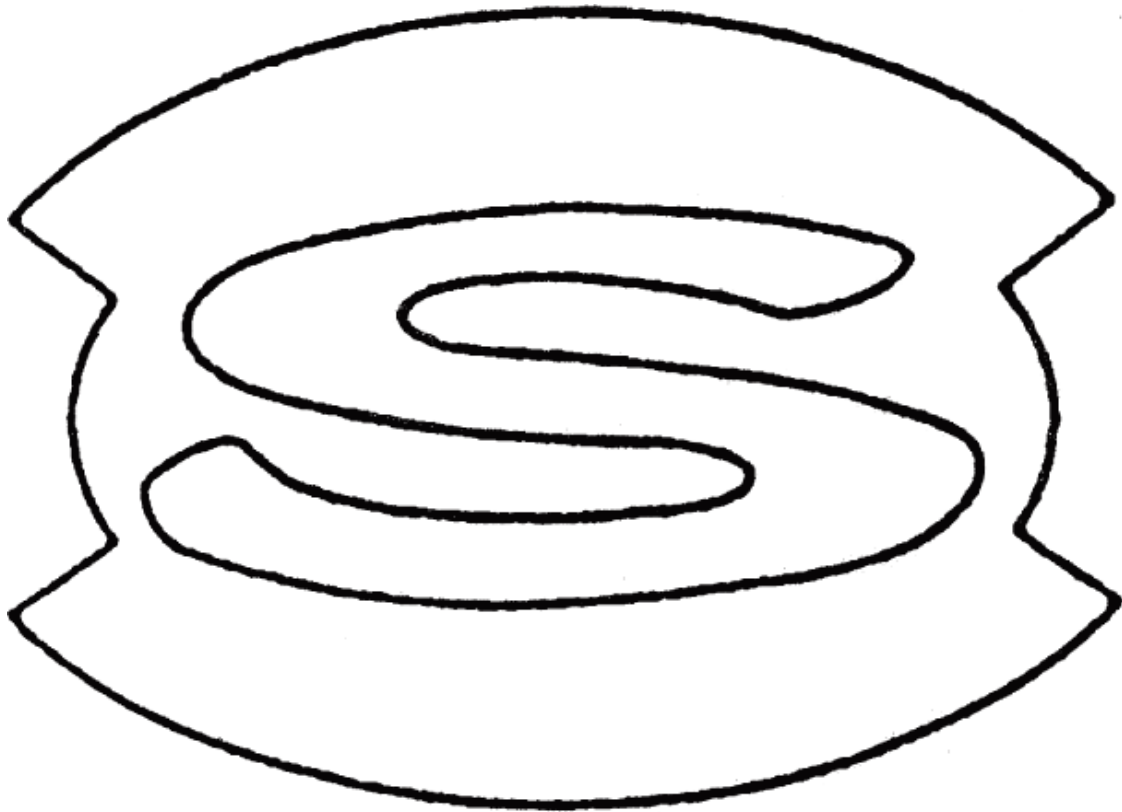
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SKECHERS U. S. A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

U.S.: Pages 2-3 Foreign: Pages 4-17

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
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U.S.: Pages 2-3 Foreign: Pages 4-17

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
U.S.A.	10304	25			
S IN SHIELD DESIGN					
U.S.A.	10174	25			
S IN SHIELD DESIGN					
U.S.A	10799	35			
SERVICE MARK					
S IN SHIELSD DESIGN					
U.S.A.	11266	25			
S ABSTRACT SHIELD DESIGN (BLACK VERSION)					



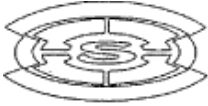

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
U.S.A.	11267	25			
S ABSTRACT SHIELD DESIGN (OUTLINE VERSION)					
					
U.S.A. (ITU)	12051	251			
S IN SHIELD FLAG DESIGN <i>Goods for footwear</i>					
U.S.A.	12051	25			
S IN SHIELD FLAG DESIGN					
ABANDONED					
U.S.A (ITU) SHIELD DESIGN					
USA USTM (DIV)	12195	25			
					
FILE CLOSED					
USTM (ITU) DIVISIONAL S in shield					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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As of May 31, 2009

COM

<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia	10262	25			
S IN SHIELD DESIGN					
Austria	10263	25			
S IN SHIELD DESIGN					
Bolivia	12188	25			
S IN SHIELD DESIGN					
Brazil	10265	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Bulgaria	12453	25			

S IN SHIELD
DESIGN

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada	10266	25			
S IN SHIELD DESIGN					
Canada	10961	25			
S IN SHIELD DESIGN					
Chile	10267	25			
S IN SHIELD DESIGN					
Chile	15669	35			
S IN SHIELD DESIGN					
China	10268	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
China	19437	14			
S in Shield Design					
(Class 14)					
China	19577	18			
S in Shield Design					
(Class 18)					
Colombia	10812	25			
S IN SHIELD DESIGN					
Croatia	10269	25			
SIN SHIELD DESIGN					

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SKECHERS U. A., INC. 11

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS: (1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM:	10264	25			
S IN SHIELD DESIGN					
CTM SM:	12908	35			
S IN SHIELD DESIGN					
Denmark	10270	25			
S IN SHIELD DESIGN					
Ecuador	12189	25			
S IN SHIELD DESIGN					
Benelux (European Community)	10271	25			
S IN SHIELD DESIGN					
Finland	10272	25			
S IN SHIELD DESIGN					
France	10273	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
FRANCE SM: S IN SHIELD DESIGN	12907	42			
Germany S IN SHIELD DESIGN	10274	25			
Greece S IN SHIELD DESIGN	10275	25			
Hong Kong S IN SHIELD DESIGN	10277	25			
Hungary S IN SHIELD DESIGN	10278	25			
Iceland S IN SHIELD DESIGN	10279	25			

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

U.S.: Pages 2-3 Foreign: Pages 4-17

As of May 31, 2009

<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
India	10280	25			
S IN SHIELD DESIGN					
Indonesia	10281	25			
S IN SHIELD DESIGN					
Ireland	10512	25			
S in Shield Design					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Israel S IN SHIELD DESIGN	12157	25			
Italy S IN SHIELD DESIGN	10282	25			
Japan S IN SHIELD DESIGN	10283	25			

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN

U.S.: Pages 2-3 Foreign: Pages 4-17



As of May 31, 2009

<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
JAPAN SM: S IN SHIELD DESIGN	12909	42			
Korea S IN SHIELD DESIGN	10284	27			
Korea S IN SHIELD DESIGN	10303	45			

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN
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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Mexico	10285	25			
S IN SHIELD DESIGN					
Moldova	17576	25 35			
S IN SHIELD DESIGN					
					
Moldova	19808	25 35			
S IN-SHIELD DESIGN SKECHERS					
(Combination design/word mark)					
					
Netherlands-Antilles	11062	25			
S IN SHIELD DESIGN					
New Zealand	10286	25			
S IN SHIELD DESIGN					
Norway	10287	25			
S IN SHIELD DESIGN					
Panama	10288	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II
 U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Peru	12190	25			
S IN SHIELD DESIGN					
Philippines	10289	25			
S IN SHIELD DESIGN					
Portugal	10290	25			
S IN SHIELD DESIGN					
Puerto Rico	10291	25			
S IN SHIELD DESIGN					
Romania	10292	25			
S IN SHIELD DESIGN					
Russia	10640	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

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<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Singapore	10293	25			
S IN SHIELD DESIGN					
South Africa	10294	25			
S IN SHIELD DESIGN					
Spain	10295	25			
S IN SHIELD DESIGN					
Sweden	10296	25			
S IN SHIELD DESIGN					
Switzerland	10297	25			
S IN SHIELD DESIGN					
Taiwan	10361	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

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U.S.: Pages 2-3 Foreign: Pages 4-17

As of May 31, 2009

<u>COUNTRY</u>	<u>DCKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Thailand	14809	25			
S IN SHIELD DESIGN					
Turkey	10298	25			
S IN SHIELD DESIGN					
					
TURKEY	19176	25			
S IN SHIELD DESIGN					
					
U.K.	10299	25			
S IN SHIELD DESIGN					
UNITED KINGDOM SM:	12906	35			
S IN SHIELD DESIGN					
Venezuela	10650	25			
S IN SHIELD DESIGN					
Vietnam	10422	25			
S IN SHIELD DESIGN					

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SKECHERS U.S.A., INC. II

U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:

(1) S IN SHIELD DESIGN; (2) S ABSTRACT SHIELD DESIGN; and (3) SHIELD DESIGN



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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARKS:
including the term SKECHERS

As of May 31, 2009

SKECHERS
AND MARKS INCLUDING THE TERM "SKECHERS"

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
SKECHERS	07074	SKECHERS			
SKECHERS and megaphone design	09615				
SKECHERS (BAGS)	09758	SKECHERS			
“SKECHERS USA”	09828	SKECHERS USA			
<i>Class 25 — Footwear</i>					
“SKECHERS USA, S FOOTWEAR AND DESIGN	10692				
<i>Class 25 — footwear</i>					
USSM: SKECHERS	10800	SKECHERS			
USTM (ITU) STRETCH-FIT BY SKECHERS	12444	STRETCH-FIT BY SKECHERS			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (DIV) STRETCH-FIT BY SKECHERS <i>div of 12444</i>	13347	STRETCH-FIT BY SKECHERS			
USTM: (ITU) SKECHERS MEN'S USA	12530	SKECHERS MEN'S USA			
"JAMMERS BY SKECHERS"	12035	JAMMERS BY SKECHERS			
USTM: (ITU) THAT TOO FROM SKECHERS	12748	THAT TOO FROM SKECHERS			
USTM (ITU) S SKECHERS COMFORT and design <i>for apparel</i>	12828				
USTM (ITU) QUADS BY SKECHERS	12849 Class	QUADS BY SKECHERS			
USTM (USE) S SKECHERS COMFORT and design					
USTM SKECHERS	13709	SKECHERS			
USTM (USE) SKECHERS	13710	SKECHERS SPORT			
USTM SKECHERS SPORT <i>25 for apparel</i>	13711	SKECHERS SPORT			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM	13712	SKECHERS SPORT			
SKECHERS SPORT <i>14 for wrist and pocket watches</i>					
USTM (Use Based)	13713	SKECHERS COLLECTION			
SKECHERS COLLECTION					
USTM (ITU)	13714	SKECHERS COLLECTION			
SKECHERS COLLECTIONS <i>25 for appeal</i>					
USTM (ITU)	13716	SKECHERS USA			
SKECHER USA <i>25 for apparel</i>					
USTM (ITU)	13717	SKECHERS USA			
SKECHERS USA					
USTM (ITU)	18917				
SKECHERS LOVE THE SHOES					

Class 25 — Footwear and apparel, namely, men's, women's and children's clothing and outerwear, namely, tops, shirts, t-shirts, knit shirts, sweat-shirts, sweaters, sports shirts, sports jerseys, bottoms, pants, sweat-pants, trousers, shorts, jackets, coats.

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>DESIGN OF MARK</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU):	18922				

SKECHERS HOT
FUDGE

Class 16 —
Publications, namely,
comic books, comic
magazines, cartoon
prints, graphic novels
and printed stories in
illustrated form featured
in books and
magazines.

Class 25 — Footwear.

USTM (ITU):	19906	Word Mark
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SKECHERS

Class 09 — Eyewear,
namely eyeglasses,
sunglasses and optical
frames; eyewear
accessories namely
eyewear cases, neck
cords and neck chains

USTM (ITU):	19970	Word Mark
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SKECHERS

Class 25 — Clothing,
namely, uniforms, tops,
vests, pants, dresses,
skirts, jackets, lab coats,
headwear and non-
surgical scrubs worn by
nurses and other
medical and health care
professionals.

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Algeria	08535	25			
SKECHERS					
Argentina	08713	25			
SKECHERS					
Australia	07081	25			
SKECHERS					
Australia	14364	18			
SKECHERS					
Austria	07496	25			
SKECHERS					
Austria	14365	18			
SKECHERS					
Bahamas	08527	38			
SKECHERS					
Bahrain	08522	25			
SKECHERS					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Benelux	07124	25			
SKECHERS					
Benelux	14366	18			
SKECHERS					
Bermuda	08528	25			
SKECHERS					
Bolivia	08529	25			
SKECHERS					
Bolivia	14367	18			
SKECHERS					
Bosnia- Herzegovina	15601	25			
SKECHERS					
Botswana	08517	25			
SKECHERS					
Brazil	08833	28			
SKECHERS					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil	07080	25			

Skechers
Class 25
for apparel

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil	14368	18			

SKECHERS

Brazil 17295 25
SKECHERS
BEACH

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil SKECHERS SPORT	17296	25			
Bulgaria SKECHERS	12451	25			
Bulgaria SKECHERS	14369	18			
Canada SKECHERS	07325	25			
CANADA TM: SKECHERS <i>14 for wrist and pocket watches</i>	13718	14			
CANADA TM: SKECHERS	14370	18			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CANADA TM:	13719	25			
SKECHERS SPORT					
CANADA TM:	14073	25			
SKECHERS SPORT					
CANADA TM:	13721	25			
SKECERS COLLECTION <i>25 apparel</i>					
CANADA TM:	14074	25			
SKECHERS COLLECTION					
CANADA TM:	13722	25 14			
SKECHERS USA <i>25 apparel</i> <i>14 watches</i>					
CANADATM:	19907	09			
SKECHERS (Class 9)					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTR.</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Chile	07478	25			
SKECHERS					
Chile	14371	18			
SKECHERS					
Chile	15668	35			
SKECHERS					
China:	17600	09			
SKECHERS					
Class 9 — Eye glasses; sunglasses; pince-nez chains; pince-nez cases; eyeglass cases; spectacles [optics]; spectacle frames; eyeglass frames; pince-nez mountings; contact lenses.					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
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SKECHERS

-- in
Chinese
script

China	10023	25			
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SKECHERS

China	07087	25			
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SKECHERS

Class 18 —
Bags.

China	14372	18			
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SKECHERS

Class 14

China	19436	14			
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SKECHERS

Class 09

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Colombia	07497	25			
SKECHERS					
Colombia	14373	18			
SKECHERS					
Costa Rica	08526	25			
SKECHERS					
Croatia	08510	25			
SKECHERS					
Croatia	14374	18			
SKECHERS					
CTM	14375	18			
SKECHERS					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM	15681	25 18 35			
SKECHERS 3 Classes					
CTM	19908	09			
SKECHERS Class 09					
Cyprus	07840	25			
SKECHERS Czech Republic	07479	25			
SKECHERS Denmark	07459	25			
SKECHERS Denmark SKECHERS	14376	18			
Dominican Republic	17109	25			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Dubai SKECHERS	08524	25			
Ecuador SKECHERS	09877	25			
Ecuador SKECHERS	14377	18			
Egypt SKECHERS	08516	25			
El Salvador SKECHERS	08530	25			
Estonia SKECHERS	14946	25			
Finland SKECHERS	07480	25			
Finland SKECHERS	14378	18			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
France SKECHERS	07076	25			
France SKECHERS	12921	9 14 18 28			
France SKECHERS	12922	12 32 41			
FRANCE SM: SKECHERS	12903	16 35			
Germany SKECHERS	07077	25			
GERMANY SM: SKECHERS	12904	42			
Germany SKECHERS	14379	18			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Greece	07481	25			
SKECHERS					
Greece:	14380	18			
SKECHERS					
Guatemala	08531	25			
SKECHERS					
Guatemala	14689	42			
SKECHERS					
Honduras	08538	25			
SKECHERS					
Hong Kong	10022	25			
SKECHERS					
<i>- in transliteration</i>					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Hong Kong SKECHERS	07082	25			
Hong Kong SKECHERS	14381	18			
Hungary SKECHERS	07489	25			
Hungary SKECHERS	14382	18			
Iceland SKECHERS	08511	25			
Iceland SKECHERS	14383	18			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
India	07482	25			

SKECHERS

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
India	14384	18			
SKECHERS					
Indonesia	07086	25			
SKECHERS					
Indonesia:	14385	18			
SKECHERS					
Ireland	07483	25			
SKECHERS					
Ireland:	14386	18			
SKECHERS					
Israel	07460	25			
SKECHERS					
Israel	14387	18			
SKECHERS					
Italy	07078	25			
SKECHERS					
Italy	14388	18			
SKECHERS					
Japan	09276	34			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Japan	09196	9			
SKECHERS					
Japan	07079	25			
SKECHERS					
Japan	08061	18			
SKECHERS					
Japan	09197	14			
SKECHERS					
Japan	09198	16			
SKECHERS					
Japan	09199	18			
SKECHERS					
Japan	09200	25			
SKECHERS					
Japan	09201	28			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
JAPAN SM: SKECHERS	12905	42			
Jordan SKECHERS	08518	25			
Kazakhstan SKECHERS	08515	25			
Korea (So.) SKECHERS - - same mark as 8653	08470	45			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Korea (So.)	08653	45			
SKECHERS - - same mark as 8470					
Korea (So.)	08654	43			
SKECHERS					
Korea (So.)	07084	27			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Korea (So.) SKECHERS	09708	25			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Korea SKECHERS	14389	18			
Korea SKECHERS (Korean Transliteration)	19580	25			
Kosovo SKECHERS	19503	25			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Kuwait SKECHERS	08519	25			
Latvia SKECHERS	14947	25			
Lebanon SKECHERS	07484	25			
Lithuania SKECHERS	14948	25			
Macau SKECHERS	08514	25			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Malaysia	07498	25			
SKECHERS					
Macedonia	15602	25			
SKECHERS					
Mexico	07324	25			
SKECHERS					
Mexico	14390	18			
SKECHERS					
Moldova	17544	25			
SKECHERS					
Montenegro	19488	25			
Morocco	08520	25			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Mozambique SKECHERS	17834	25			
Mozambique SKECHERS	17835	41			
Netherlands- Antilles SKECHERS	11061	25			
Netherlands- Antilles SKECHERS	14391	18			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
New Zealand SKECHERS	07499	25			
New Zealand SKECHERS	14392	18			
Nicaragua SKECHERS	08532	25			
Norway SKECHERS	07485	25			
Norway SKECHERS	14393	18			
Pakistan SKECHERS	08537	25			
Panama SKECHERS	07105	25			
Panama SKECHERS	14394	18			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Paraguay	08533	25			
SKECHERS					
Peru	07486	25			
SKECHERS					
Peru	14395	18			
SKECHERS					
Philippines	14396	18			
SKECHERS					
Philippines	07487	25			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Philippines SKECHERS	17593	09			
Philippines SKECHERS	20202	09			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Poland SKECHERS	07488	25			
Portugal SKECHERS	07490	25			
Portugal SKECHERS	14397	18			
Puerto Rico SKECHERS	13518	25			
Puerto Rico SKECHERS	14398	18			
Qatar SKECHERS	08521	25			
Romania SKECHERS	14399	18			
Romania SKECHERS	15607	25			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Russia SKECHERS	07493	25			
Russia SKECHERS	14400	18			
Saudi Arabia SKECHERS	07461	25			
Serbia (formerly Serbia and Montenegro) SKECHERS	15603	25			
Singapore SKECHERS	07125	25			
Singapore SKECHERS	10885	25			
-in Chinese transliteration Singapore SKECHERS	14401	18			

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Slovak Republic	07548	25			
SKECHERS					
Slovenia	08512	25			
SKECHERS					
South Africa	07500	25			
SKECHERS					
South Africa	14402	18			
SKECHERS					
Spain	07083	25			
SKECHERS					
Spain	14403	18			
SKECHERS					
Sweden	07491	25			
SKECHERS					
Sweden	14404	18			
SKECHERS					
Switzerland	07462	25			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Switzerland	14405	18			
SKECHERS					
Syria	18914	25			
SKECHERS					
Class 25 — Footwear and apparel					
Taiwan	07099	41			
SKECHERS					
Taiwan (Assigned)	11952	25			
SKECHERS - in Chinese Script					
Taiwan	10805	25			
SKECHERS - in Chinese Script for footwear					
Taiwan	07085	40			
SKECHERS					
Taiwan	14406	18			
SKECHERS					
Taiwan	19915	14			
SKECHERS (Class 14)					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Thailand	07492	25			
SKECHERS					
Thailand	14810	25			
SKECHERS					
Tunisia	08536	25			
SKECHERS					
Turkey	07463	25			
SKECHERS					
Turkey	14407	18			
SKECHERS					
U.K.	07075	25			
SKECHERS					
U.K.	10189	25			
SKECHERS					
UNITED KINGDOM SM: SKECHERS	2902	35			
U.K.	14408	18			
SKECHERS					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Ukraine	07494	25			
SKECHERS (Sojuz)					
Ukraine	15097	25			
SKECHERS (Vepol)					
United Arab Emirates	08523	25			
SKECHERS					
Uruguay	08534	25			
SKECHERS					
Uruguay	17588	18			
SKECHERS					
Goods: Bags					

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Venezuela	07495	25			

SKECHERS

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<u>COUNTRY</u>	<u>DOCKET</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Venezuela	14409	18			
SKECHERS					
Vietnam	14410	18			
SKECHERS					
Vietnam	15657	25			
SKECHERS					
Zimbabwe	08525	25			
SKECHERS					

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SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS FOR THE MARK:
SKECHERS AND DESIGN

As of May 31, 2009



COUNTRY	DKT NO.	IC	[*]	[*]	DUE DATE FOR FILING § 8 & § 15	[*]
U.S.A.	8119	25			7/9/2002 Filed	
U.S.A.	08417	18			5/27/03	
“SKECHERS USA SPORT- UTILITY BAGS AND DESIGN”						
“SPORT- UTILITY FOOTWEAR”	07274				10/1/2002	
						
“SPORT- UTILITY SOCKWEAR AND DESIGN	07728				7/21/2004	
						
“SPORT- UTILITY CLOTHING & DESIGN	08305				11/16/2005	
						


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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Argentina	8030	25			
Australia	8031	25			
Benelux	8032	25			
Bolivia	12185	25			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil	08033	28.20			


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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Brazil	17294	25			
S SKECHERS and Design					
					
Bulgaria	12452	25			
Canada — footwear	08034	25			
Canada — footwear	09849	25			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Chile	08035	25			
China	8036	25			
Colombia	9859	25			
Ecuador	12186	25			
France	8037	25			
Germany	8038	25			
Hong Kong	8039	25			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
India	08040	25			
Indonesia	08041	25			
Israel	8042	25			
Italy	8043	25			
 Japan	08044	25			
Japan	08419	18			
SKECHERS SPORT- UTILITY BAGS SKECHERS					
Korea (So.)	8045	27			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Korea (So.)	8483	45			
Korea	9811	45			
Korea	9812	27			
Korea (So.)	09813	45			
SKECHERS SPORT UTILITY FOOTWEAR & DESIGN					
Mexico	08046	25			
Goods: Footwear and apparel					

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COUNTRY	DKT NO.	IC	[*]	[*]	[*]
Mexico	11365	16			
Goods: Cardboard Boxes					
Panama	08047	25			
Peru	12187	25			
Philippines	08853	25			
- for footwear					
Philippines	11796	25			
Philippines	09376	25			

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COUNTRY	DKT NO.	IC	[*]	[*]	[*]
Portugal	8048	25			
Russia	8049	25			
Puerto Rico	13519	25			
Singapore	08050	25			
South Africa	8051	25			
Spain	7990	25			
Taiwan	8052	25			
Thailand	14810	25			

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<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Turkey	08854	25			
U.K.	08418	18			
SPORT- UTILITY BAGS & DESIGN					
U.K.	8053	25			
Venezuela	11233	25			

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SKECHERS U.S.A., INC. II
Status Report for the mark SKX
U.S. 1-4; Foreign 4-4


As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
U.S.A. (ITU)					
SKX	11983	25			
U.S.A (ITU) "SK" -for footwear	11323	25			
USA SKX for footwear (child application, Dkt. 11983)	12309	25			
U.S.A. (ITU) "SKX BY SKECHERS"	12002	25			
U.S.A. (ITU) "SKECHERS SKX"	12004	25			
U.S.A. SERVICE MARK (ITU) "SKX"	12005	42			
U.S.A. SERVICE MARK (ITU) "SKX BY SKECHERS"	12006	42			
U.S.A. SERVICE MARK (ITU) "SKECHERS SKX"	12007	42			
U.S.A. TM/SM (ITU) "SKX and Shield Design"	12031	25 42			

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SKECHERS U.S.A., INC. II
Status Report for the mark SKX
 U.S. 1-4; Foreign 4-4

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
U.S.A. TM/SM (ITU)	12032	25			
“SKX and Design”		42			
U.S.A. TM DIV SKX and design	13100	25			
					
<i>Div. of 12032</i>					
U.S.A. TM/SM (ITU)	12831	25			
SKX ENGINEERED BY SKECHERS and Design (stylized script)					
U.S.A. TM:	12914	25			
SKX ENGINEERED BY SKECHERS and Design (stylized script)					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
Status Report for the mark SKX
U.S. 1-4; Foreign 4-4

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
AUSTRALIA TM SKX	12749	25			
BULGARIA TM SKX	12454	25			
CANADA TM SKX	12750	25			
CHINA TM SKX	12751	25			
CTM TM SKX	12979	25			
FRANCE TM SKX	12752	25			
GERMANY TM SKX	12753	25			
GREECE TM SKX	12754	25			
HONG KONG TM SKX	12755	25			
JAPAN TM SKX	12756	25			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
Status Report for the mark SKX
U.S. 1-4; Foreign 4-4

As of May 31, 2009

<u>COUNTRY</u>	<u>DKT NO.</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
NEW ZEALAND TM SKX	12757	25			
PANAMA TM SKX	12758	25			
PANAMA COLON FREE ZONE TM SKX	15293	25			
PHILIPPINES SKX for footwear	12344	25			
PUERTO RICO TM SKX	13520	25			
SOUTH AFRICA TM SKX	12759	25			
TAIWAN TM SKX	12760	25			
UNITED KINGDOM SKX	12761	25			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark
SOMETHIN' ELSE FROM SKECHERS

As of May 31, 2009

Mark	Docket No.	Goods Class	[*]	[*]	Decl. of Use Due	[*]
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* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark
SOMETHIN' ELSE FROM SKECHERS


As of May 31, 2009

<u>Mark</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>Decl. of Use Due</u>	<u>[*]</u>
ITU SOMETHIN' ELSE FROM SKECHERS (plain script)	12469	Footwear 25			08/12/2009	
ITU SUMTH'N ELSE FROM SKECHERS (plain script)	12470	Footwear 25				
ITU SOMETHIN' ELSE FROM SKECHERS (Stylized script)	12830	Apparel 25				
Use Based SOMETHIN' ELSE FROM SKECHERS (stylized script)	12913	Footwear 25			11/26/2008	
USTM (USE BASED) DESIGN WAVE SHAPE	13038	25 footwear				
USTM (ITU) DESIGN WAVE SHAPE	13039	25 apparel.				
USTM SOMETHIN' ELSE FROM SKECHERS (plain script)	13041	25 apparel.			01/31/2012	
USTM (ITU) SOMETHIN' ELSE FROM SKECHERS (plain script)	13042	18 Purses and handbags				
USTM (ITU) SOMETHIN' ELSE FROM SKECHERS (stylized script)	13043	18 Purses and handbags				

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SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark
SOMETHIN' ELSE FROM SKECHERS

As of May 31, 2009

<u>Mark</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>Decl. of Use Due</u>	<u>[*]</u>
USTM (ITU) DESIGN WAVE SHAPE 	14235	25 footwear				
USTM (ITU) SOMETHIN' ELSE	14908	25				
USTM (Divisional) SOMETHIN' ELSE	15685	35				
USTM (ITU) SOMETHIN' ELSE	15963	35				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark

<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Australia TM	12956	Footwear			
Brazil TM	17297	Footwear Class 25			
Canada TM	12957	Footwear			
China TM	12958	Footwear			
CTM TM	12959	Footwear			
France TM	12973	Footwear			
Germany TM	12974	Footwear			
Hong Kong TM	12960	Footwear			
Japan TM	12961	Footwear			
New Zealand TM	12962	Footwear			
Panama TM	12963	Footwear			
Philippines TM	12964	Footwear			
South Africa TM	12965	Footwear			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. and Foreign Status Report for the mark

<u>Country</u>	<u>Docket No.</u>	<u>Goods Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Taiwan TM	12966	Footwear			
United Kingdom TM	12975	Footwear			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
SOHO LAB

As of May 31, 2009

<u>Country</u>	<u>Docket</u>	<u>Design</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
USTM (ITU): SOHO LAB Divisional (Parent) to 15631	15375	WORD MARK			
USSM: SOHO LAB Divisional (Child) of 15375	15631	SOHO LAB			
USTM: SOHO LAB	16581	SOHO LAB			
CHINA: SOHO LAB	18911	SOHO LAB			
Class 25 — Footwear; apparel; football shoes; hosiery; gloves [clothing]; caps [head wear]; scarves; bathing suits; waterproof clothing					
COLOMBIA: SOHO LAB	16597	SOHO LAB			
COLOMBIA: SOHO LAB	17908	SOHO LAB			
CTM: SOHO LAB	15649	n/a			
CTM SOHO LAB	15818	SOHO LAB			
JAPAN: SOHO LAB	15650	SOHO LAB			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Docket</u>	<u>Design</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
PANAMA: SOHO LAB	16598	SOHO LAB			

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<u>Country</u>	<u>Docket</u>	<u>Design</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
VENEZUELA: SOHO LAB	16599	SOHO LAB			
VENEZUELA SM: SOHO LAB	17909	SOHO LAB			

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Country _____ **Docket** _____ **Design** _____ [*] _____ [*] _____ [*] _____

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. AND FOREIGN TRADEMARK REGISTRATIONS AND APPLICATIONS
Z-STRAP and Z STRAP (no hyphen)

As of May 31, 2009

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
United States	Class 25 — Footwear.			
Z-STRAP				
(Our Docket 16783)				
United States	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Z-STRAP				
(Our Docket 18128)				
United States	Class 25 — Footwear			
Z STRAP				
(Our Docket 18604)				
United States	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Z STRAP				
(Our Docket 18918)				
United States	Class 09 — Pre- recorded DVDs,			

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

Country	Class	[*]	[*]	[*]
TM/SM	digital video			
	discs, digital			
Z STRAP	versatile			
(Our Docket 20336)	discs, CD-			
	ROM discs			
	and video			
	cassettes			
	featuring			
	animated			
	entertainment;			
	motion picture			
	films			
	featuring			
	animated			
	entertainment;			
	downloadable			
	television			
	shows			
	featuring			
	animated			
	entertainment;			
	video game			
	cartridges;			
	video game			
	discs.			
	Class 41 —			
	Entertainment			
	in the nature			
	of on-going			
	television			
	programs in			
	the field of			
	animated			
	entertainment.			

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<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
Canada	Class 25 — Footwear			
Z STRAP				
(Our Docket 19104)				
China	Class 25 — Footwear			
Z STRAP				
(Our Docket 18912)				
China	Class 16 — Publications, namely, comic books, comic magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
Z STRAP				
Our Docket 18913)				
CTM	Class 16 Class 25			
Z-STRAP				
(Our Docket 18129)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
CTM	Class 25 — Footwear.			
Z STRAP				
(Our Docket 19105)				
HONG KONG	Class 25 — Footwear			
Z STRAP				
(Our Docket 19106)				
Japan	Class 16 — Publications, namely, comic books, comic			
Z STRAP				
(Our Docket 18924)				
	magazines, graphic novels and printed stories in illustrated form featured in books and magazines.			
	Class 25 — Footwear.			
MEXICO	Class 25 — Footwear.			
Z STRAP				
(Our Docket 19016)				
PHILIPPINES	Class 25 — Footwear.			
Z STRAP				
(Our Docket 19019)				

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

<u>Country</u>	<u>Class</u>	<u>[*]</u>	<u>[*]</u>	<u>[*]</u>
TAIWAN	Class 25 — Footwear.			
Z STRAP				

(Our Docket 19107)

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
U.S.A.	18, 25			11/13/2013	
310					
Bags (tote, sport, duffel, rolling, messenger), backpacks and luggage; footwear and clothing					
BULGARIA	25				
310					
Footwear and apparel					
CANADA	25				
310	(no official classes in Canada)				
Footwear; clothing and outerwear					
EUROPEAN UNION	2, 3, 7, 9, 12, 14, 16, 18, 25, 35, 37				
310					
Automotive products; automobile components; watches; key chains; desk accessories; leather goods; clothing; retail services; maintenance services					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
U.S.A. 310 Combo (Elongated) Footwear, clothing and outerwear, namely, tops, bottoms, golf shirts, jackets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, jackets and sports jerseys; headwear, hats, caps, beanies and visors; wristbands	25			12/04/2013	
CHINA 310 Combo (Elongated) Footwear, clothing, swimsuits, rainwear, socks, ties, belts, headwear, scarves and gloves	25				

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310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15</u> <u>DUE DATE</u>	<u>[*]</u>
JAPAN	1, 3, 4, 9, 12, 14, 18, 25, 37				
310 Combo (Elongated)					
Chemical motor oil additives and detergents; glazing and coating agents; automobile cleaners, wax, polishes, soaps; compact disc cases; eyeglasses and sunglasses; automobile video systems; automobile audio systems; automobile radios and apparatus; telephones, wheels, tires, automobile bodies; automobile bumpers; automobile seat cushions; automobile windshield sunshades; automobile parts and fittings made of plastic; license plate frames and holders; watches; handbags, tote bags, wallets, duffel bags, briefcases, backpacks, luggage, umbrellas and leather key chains; footwear and clothing items; automobile and truck maintenance, conversion, customization and accessory installation services; automobile cleaning and car washing; automobile waxing, polishing and interior cleaning; automobile repair and maintenance; automobile undercoating services; automotive refinishing					
U.S.A.	25			09/13/2011	
310 Combo (Vertical)					
Footwear					

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**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
U.S.A.	6, 20, 25			11/06/2013	
310 MOTORING					
Key chains; footwear and clothing					
U.S.A.	18			03/18/2014	
310 MOTORING					
Bags					
BRAZIL	25				
310 MOTORING					
Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands					
BULGARIA	25				
310 MOTORING					
Footwear and apparel					

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP

<u>COUNTRY</u>	<u>IC</u>	[*]	[*]	<u>§§ 8 & 15 DUE DATE</u>	[*]
CANADA	25				
310 MOTORING					
Footwear; clothing and outerwear					
CHILE	25				
310 MOTORING					
Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands					
CHINA	25				
310 MOTORING					
Footwear, clothing, swimsuits, rainwear, socks, ties, belts, headwear, scarves and gloves					

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**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15</u> <u>DUE DATE</u>	<u>[*]</u>
COLOMBIA	25				

310 MOTORING

Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands

EUROPEAN UNION	3, 9, 12,14, 18, 25
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310 MOTORING

Automotive products; automobile components, eyewear, watches, bags, footwear and clothing

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
KOREA	25				

310 MOTORING

Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands

PANAMA	25				
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310 MOTORING

Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
VENEZUELA	25				

310 MOTORING

Footwear; clothing and outerwear, namely, tops, bottoms, golf shirts, dresses, jumpers, cardigans, suits, overcoats, overalls, trousers, jackets, singlets, knit shirts, sport shirts, sweat shirts, t-shirts, pants, sweaters, shorts, beachwear, swimsuits, blouses, pullovers, sports jerseys, scarves and gloves; rainwear, rain gear, namely, rain boots, rain coats, rain jackets, rain suits and rain hats; lingerie and underwear; socks, ties, bow ties and belts; headwear, hats, caps, beanies and visors; wristbands

EUROPEAN UNION	3, 9, 12, 14, 18, 25
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310 RACING

Automotive products; automobile components, eyewear, watches, bags, footwear and clothing

JAPAN	25
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THE GAME BY 310 & Design

Footwear and apparel

GUATEMALA	25
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Opposition Proceeding re
310 MOTORING

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

**310 GLOBAL BRANDS, INC.
STATUS REPORT OF LIVE U.S. AND FOREIGN TRADEMARK APPLICATIONS /
OPPOSITION PROCEEDINGS
HANDLED BY CONNOLLY BOVE LODGE & HUTZ LLP**

<u>COUNTRY</u>	<u>IC</u>	<u>[*]</u>	<u>[*]</u>	<u>§§ 8 & 15 DUE DATE</u>	<u>[*]</u>
U.S.A.	18, 25				

Possible Cancellation
Proceeding re D3 10
PRODUCE BY
DESCENTS

EUROPEAN UNION 18, 25, 35

Possible Opposition
Proceeding re TRES-DIEZ
3:10?

* Confidential Portions of Columns Omitted and Filed Separately with the Commission.

SKECHERS U.S.A., INC. II
U.S. Status Report for the mark
4 WHEELERS
(and related marks)



08/19/03 — Phil requested we discontinue prosecution of all of the files for 4 WHEELERS and 4 WHEELERS BY SKECHERS.

01/14/03 — Amy requested we immediately discontinue prosecution on all 4 WHEELERS trademarks for the United States in class 25.

11/21/02 — Phil requested we immediately discontinue prosecution/ any work on all 4 WHEELERS trademarks for the United States in class 28.

** 11/21/02 — Phil requested we proceed with foreign applications unless they involve a substantial amount of fees and costs. **

<u>Country</u>	<u>Docket</u>	<u>Class</u>	<u>App. No. Filing Date</u>	<u>Registration No. Issue Date</u>	<u>§8 & §15 Due</u>	<u>Status</u>
USTM	13102	28	76/352,707 12/26/2001	2,677,251 01/21/2003	01/21/09	REGISTRATION RENEWAL DUE 01/21/2013
4-W						03/12/03 — Sent registration to Skechers and informed them that pursuant to their request in their letter dated November 21, 2002, we will not calendar the renewal of this registration. Class 28 — Roller skates.
USTM (DIV.)	13104	25	75/982,144 01/09/2002	2,661,258 12/17/2002	12/17/08	REGISTRATION RENEWAL DUE 12/17/2012 Class 25 — Footwear.
4-W						

Schedule 4.15

Deposit Accounts and Securities Accounts

Bank	Account Holder	Account Name	Route #	Retail Bank Info Account #	Address	Phone	Signer
Bank of America	Skechers U.S.A., Inc.	SKECHERS USA, INC.	122000661 51000855	14578-01856	675 Anton Blvd. 2nd FL Costa Mesa, CA 92626 Contact: Sarah Singh	714-850-6536	D.Weinberg
JP Morgan Chase Bank	Skechers U.S.A., Inc.	SKECHERS USA, INC.	021000021	777-116669	1999 Avenue of the Stars 27th FL, CA2-1951 Los Angeles, CA 90067 Contact: Sharon Mayreis	310-860-7202	D.Weinberg
Bank of Hawaii	Skechers U.S.A., Inc.	SKECHERS USA INC 28	121301028	0080-525117	94-817 Lumiaina St. Waipahu, HI 96797	888-643-3888	D.Weinberg
First Citizens	Skechers U.S.A., Inc.	SKECHERS USA INC 42	053100300	007411211950	18 Lake Concord Rd. Concord, NC 28025	888-323-4732	D.Weinberg
Wachovia Bank	Skechers U.S.A., Inc.	SKECHERS USA Wire	021200025 031201467	2000005469440	1525 West W.T. Harris Blvd. Charlotte, NC 28288	800-566-3862	D.Weinberg
Sun Trust	Skechers U.S.A., Inc.	SKECHERS USA INC #49	061000104	0766766224350	7677 Dr. Phillips Blvd. Orlando, FL 32819	407-354-1398	D.Weinberg
TD Banknorth	Skechers U.S.A., Inc.	SKECHERS USA INC 11	021201503	4243536880	260 Route 32 Central Valley, NY 10917	800-482-5465	D.Weinberg
Citizen's Bank	Skechers U.S.A., Inc.	SKECHERS USA INC #52	036076150	610164-909-5	195 Franklin Blvd. Philadelphia, PA 19154 contact: Louis Kaelin	212-553-1862 800-862-6200	D.Weinberg
Banco Popular (P.R.)	Skechers U.S.A., Inc.	SKECHERS USA, INC #78	021502011	119041030	BPPR Plaza Rial Canovanas CLAVE -507 P.O. Box 362708 San Jaun, PR 0936-2708 contact: Norma Vazquez	787-876-2030	D.Weinberg
Chase Bank (IL)	Skechers U.S.A., Inc.	SKECHERS USA INC	511101029	1115001668000	K-311 Woodfield Mall Schaumburg, IL 60173 contact: Mary Beth Baldrige	847-240-6475	D.Weinberg
Highland Bank	Skechers U.S.A., Inc.	SKECHERS USA INC #92	091916378	8002010	322 West Market Bloomington, MN. 55425	877-457-1305	D.Weinberg
First Bank of Colorado	Skechers U.S.A., Inc.	SKECHERS USA, INC #75	107005047	9195550653	10403 W.Colfax Ave Lakewood, CO 80215	303-232-2000	D.Weinberg
National City	Skechers U.S.A., Inc.	SKECHERS US 111 Savings	043000122 50014607	658933683	201 S. Broad St. Grove City, PA 16127	724-458-9250	D.Weinberg
HSBC	Skechers U.S.A., Inc.	SKECHERS USA INC 112	021001088	143711962	630 Old Country Rd Garden City, NY 11530	516-742-5501	D.Weinberg
Regions Bank	Skechers U.S.A., Inc.	SKECHERS USA Wire	063210112 062000019	0036208566	91 Old Highway 98 Destin, FL 32550 Contact: Jamie Plummer	850-833-8258 850-837-9537fax	D.Weinberg
BB&T	Skechers U.S.A., Inc.	SKECHERS USA INC	061113415	5146958968	136 Hwy 400 S. Dawsonville, GA 30534	706-216-5050	D.Weinberg
Southern Community	Skechers U.S.A., Inc.	SKECHERS USA INC	061119875	27896	4970 Bill Gardner Parkway Locust Grove, GA 30248	770-460-3818	D.Weinberg
Central Bank of Lake of the Ozarks	Skechers U.S.A., Inc.	SKECHERS USA INC Wire	081509070 086500634	095561	3848 Hwy 54 Osage Beach, MO 65065 Contact: Dawn Arnold	573-348-2761	D.Weinberg
Marshall & Isley Bank	Skechers U.S.A., Inc.	SKECHERS USA, INC.	075000051	0038112162	31 Meadow View Dr.	608-253-8425	F. Schneider

Retail Bank Info							
Bank	Account Holder	Account Name	Route #	Account #	Address	Phone	Singer
Compass Bank	Skechers U.S.A., Inc.	SKECHERS USA, INC.	114909013	51311828	500 S. Missouri Weslaco, Texas 78596 Contact: Joann Freeman	956-969-6262 959-969-1078fax	F.Schneider
Wells Fargo	Skechers U.S.A., Inc.	SKECHERS USA, INC.	543300393 112000066	2704166442	222 N. Kansas St. El Paso, TX 79901	915-546-4570	F.Schneider
Security National Bank	Skechers U.S.A., Inc.	SKECHERS USA INC	42207308	1200121118630	2 South Main Street Jeffersonville, OH 43128	740-426-6384 740-426-6385	F.Schneider
M & T Bank	Skechers U.S.A., Inc.	SKECHERS USA INC	52000113	9850075566	10721 Fariway Lane Hagerstown, MD 21740	301-790-0901	F.Schneider
MainSource Bank	Skechers U.S.A., Inc.	SKECHERS USA INC	74903308	5440830	3880 W. Presidential Way P.O. Box 38 Edinburgh, IN 46124	812-526-0551	F.Schneider
Credit Card Processing				Customer #			
Fifth Third Bank	Skechers U.S.A., Inc.	SKECHERS USA, INC		C 70538804	38 Fountain Square Plaza 10909A Cincinnati, OH 45263 Contact: Amber Riley	877-744-5300	
Bank of America	Skechers U.S.A., Inc.	SKECHERS USA INC		430132313568011	675 Anton Blvd. 2nd Floor Costa Mesa, CA 92626	B2B Merchant service acct	

Corporate Bank Info							
Bank	Account Holder	Account Name	Route #	Account #	Address	Description	
Bank of America	Skechers U.S.A., Inc.	SKECHERS USA INC		1457901483	675 Anton Blvd. 2nd Floor Costa Mesa, CA 92626	Disbursement acct	
Bank of America	Skechers By Mail, Inc.	Skechers By Mail		1457602620	675 Anton Blvd. 2nd Floor Costa Mesa, CA 92626	Depository	
Bank of America	Skechers U.S.A., Inc.	SKECHERS USA INC		1457202462	1655 Grant St BldgA-10th Floor Concord, CA 94520	Payroll	
Bank of America	Skechers U.S.A., Inc. II	Skechers II		1457903086	675 Anton Blvd. 2nd Floor Costa Mesa, CA 92626	Customs Disbursements	

Securities Account Info							
Investment Firm	Account Holder	Account Name	Route #	Account #	Address	Description	
Bank of America Securities LLC	Skechers U.S.A., Inc.	SKECHERS USA INC		24901320	333 S. Hope St., 23rd Floor Los Angeles, CA 90071		
Bank of America, N.A.	Skechers U.S.A., Inc.	SKECHERS USA INC		408493	333 S. Hope St., 23rd Floor Los Angeles, CA 90071		
Wachovia Securities	Skechers U.S.A., Inc.	SKECHERS USA INC		5889-0707	620 Coolidge Dr., Suite 300 Folsom, CA 95630		

Schedule 4.17

Material Contracts

1. Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 2. Amendment No. 1 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 3. Amendment No. 2 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 4. Amendment No. 3 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 5. 2006 Annual Incentive Compensation Plan of Skechers U.S.A., Inc.
 6. 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 7. Form of Restricted Stock Agreement under 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 8. 2008 Employee Stock Purchase Plan of Skechers U.S.A., Inc.
 9. Indemnification Agreement dated June 7, 1999 between Skechers U.S.A., Inc. and its directors and executive officers.
 10. Registration Rights Agreement dated June 9, 1999, between Skechers U.S.A., Inc., the Greenberg Family Trust and Michael Greenberg.
 11. Tax Indemnification Agreement dated June 8, 1999, between Skechers U.S.A., Inc. and certain shareholders.
 12. Promissory Note, dated December 27, 2000, between Skechers U.S.A., Inc. and Washington Mutual Bank, FA, for the purchase of property located at 225 South Sepulveda Boulevard, Manhattan Beach, California.
 13. Loan Agreement, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 South Champagne Avenue, Ontario, California.
 14. Promissory Note, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 Champagne Avenue, Ontario, California.
 15. Agreement dated August 25, 2005 between Duncan Investments, LLC, a wholly owned subsidiary of Skechers U.S.A., Inc., and Morley Construction Company regarding 330 South Sepulveda Boulevard, Manhattan Beach, California.
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16. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1661 South Vintage Avenue, Ontario, California.
 17. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 18. Second Amendment to Lease Agreement, dated December 10, 2007, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 19. Third Amendment to Lease Agreement, dated January 29, 2009, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 20. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1777 South Vintage Avenue, Ontario, California.
 21. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 22. Second Amendment to Lease Agreement, dated May 14, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 23. Third Amendment to Lease Agreement, dated May 7, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 24. Fourth Amendment to Lease Agreement, dated November 10, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 25. Fifth Amendment to Lease Agreement, dated November 20, 2008, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 26. Lease Agreement, dated April 10, 2001, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 27. First Amendment to Lease Agreement, dated October 22, 2003, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 28. Second Amendment to Lease Agreement, dated April 21, 2006, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
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29. Lease Agreement, dated February 8, 2002, between Skechers International, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium II SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 30. Lease Agreement dated September 25, 2007 between Skechers U.S.A., Inc. and HF Logistics I, LLC, regarding distribution facility in Moreno Valley, California.
 31. Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium.
 32. Addendum to Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 33. Lease Agreement dated May 9, 2007 between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 34. First Amendment to Lease Agreement, dated December 28, 2007, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 35. Second Amendment to Lease Agreement, dated August 4, 2008, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 36. Lease Agreement dated August 13, 2007 between Skechers U.S.A., Inc. and Thor Palmer House Retail LLC regarding 17 East Monroe Street, Chicago, Illinois.
 37. Lease Agreement dated June 20, 2008 between Skechers U.S.A., Inc. and KLCH Associates regarding 140 West 34th Street, New York, New York.
 38. Lease Agreement dated May 23, 2003 between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
 39. Amendment to Lease Agreement, dated January 14, 2009, between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
 40. Purchase Order dated June 23, 2009 from Skechers U.S.A., Inc. to WEI West, Inc. for approximately \$80.7 million regarding material handling system and engineering services for new distribution center, of which approximately \$45.3 million in payables remains outstanding.
 41. License Agreement dated April 7, 2003 between Ecko.Complex, LLC dba Ecko Unltd., Skechers U.S.A., Inc. II and Skechers International II
 42. License Agreement dated December 5, 2005 between Zoo York, LLC, Skechers U.S.A., Inc. II and Skechers S.a.r.l.
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43. License Agreement dated August 2007 between bebe stores, inc., Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II.
 44. Buying Agency Agreement dated June 1, 2006 between Skechers U.S.A., Inc. II and Skechers Holdings Jersey Limited.
 45. Cost Sharing Agreement dated July 1, 2001 between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers International II.
 46. First Amendment to Cost Sharing Agreement, dated January 1, 2005, between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II, Skechers International II and Skechers USA Canada, Inc.
 47. Skechers International II Partnership Agreement dated June 29, 2001 by Skechers U.S.A., Inc.
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Schedule 4.19
Indebtedness

Indebtedness	Amount Outstanding as of 5/31/09
Washington Mutual Borrower is Skechers U.S.A., Inc. re 225 S. Sepulveda Blvd. that matures on 1/1/11	9,195,477
Capmark Borrower is Yale Investments, LLC re 1670 Champagne Avenue that matures on 1/1/11	7,095,091
HSBC Skechers China, Ltd. is the Borrower under a revolving line of credit with no maturity date	1,272,736
Capital Leases	
Operating lease (Skechers U.S.A. is lessee; K.W. Global, Inc. is lessor) of warehouse located at 295 Brea Canyon Road in Industry, CA that was capitalized as part of acquisition of Punkrose. Lease expires on 6/30/10	235,619
Skechers Do Brasil Calçados Ltda — Auto lease payments	14,012
Total Indebtedness	<u>17,812,934</u>
Intercompany Advances	<u>42,297,952</u>
Net Intercompany Advance balance due to Loan Parties from Subsidiaries of Loan Parties that are not Loan Parties	

Schedule 4.30(a)

Third Party Locations of Inventory and Equipment

The following third party facility is where inventory of Skechers U.S.A., Inc. is located:

Automated Distribution Systems

34 Commerce Drive, Gaffney, SC 29340-4506

Schedule 4.30(b)

Locations of Inventory and Equipment

Domestic warehouse locations

The following warehouse locations are all leased by Skechers U.S.A., Inc. from third parties with the exception of 1670 Champagne Avenue, which is leased from Yale Investments, LLC.

1. 4100 East Mission Blvd., Ontario, CA 91761
2. 1670 Champagne Ave., Ontario, CA 91761
3. 1661 S. Vintage Ave., Ontario, CA 91761
4. 1777 S. Vintage Ave., Ontario, CA 91761
5. 2120 S. Archibald Ave., Ontario, CA 91761

Domestic retail store locations

See attached list of domestic stores, which includes three stores (nos. 243, 274 and 286) that are expected to open within the next three months. All of the domestic retail store locations are leased by Skechers U.S.A., Inc.



SKECHERS Domestic Store Listing

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
1	C	2,200	Manhattan Beach	1121 Manhattan Ave	Manhattan Beach	CA	90266	310.318.3116	310.408.2946	6/1/95	2/15/10
2	WHS	10,140	Gardena	19000 S. Vermont Avenue	Gardena	CA	90248	310.327.4600	310.327.6274	9/1/95	8/31/10
4R	OTL	4,490	Camarillo Promenade	620 Ventura Blvd., #1311	Camarillo	CA	93010	805.388.1029	805.388.9603	4/23/09	1/31/20
5	C	1,531	Galleria at South Bay	1815 Hawthorne Blvd. Space #112	Redondo Beach	CA	90278	310.370.7769	310.370.0490	6/1/96	6/30/16
6	OTL	2,768	Ontario Mills Outlet Mall	1 Mills Circle, Space #202	Ontario	CA	91764	909.484.8733	909.484.8526	11/1/96	1/31/17
7	OTL	2,376	Gilroy Premium Outlets	8300 Arroyo Circle, Space #B050	Gilroy	CA	95020	408.847.8485	408.847.6686	3/28/97	3/31/17
9	C	3,422	Sunvalley Mall	129B Sunvalley Mall, Space #E206	Concord	CA	94520	925.691.5877	925.691.6878	7/1/97	1/31/11
10R	OTL	4,001	Arizona Mills	5000 Arizona Mills Circle, Space #250	Tempe	AZ	85282	480.755.7888	480.756.1261	6/28/07	4/30/17
11	OTL	2,300	Woodbury Common Premium Outlets	877 Grapevine Court	Central Valley	NY	10917	846.928.1469	846.928.1466	3/27/98	1/31/19
12	C	1,562	Garden State Plaza	1 Garden State Plaza, #1230	Paramus	NJ	07662	201.291.4128	201.291.4134	8/15/97	1/31/18
16R	OTL	6,000	Tanger Outlet. Riverhead II	Long Island Expressway, Exit 73 Tanger Drive, Space #1209	Riverhead	NY	11801	631.369.5526	631.369.3906	8/7/03	1/31/13
18R	C	3,106	Beverly Center	8500 Beverly Blvd., Space #643	Los Angeles	CA	90048	310.652.6185	310.652.5037	4/30/03	1/31/13
19	OTL	3,197	Milpitas Mills	498 Great Mall Drive	Milpitas	CA	95035	408.719.8155	408.719.8265	4/1/98	4/30/10
21R	C	2,019	Irvine Spectrum	71 Fortune Drive, Space #852	Irvine	CA	92618	949.450.0994	949.460.0996	5/1/08	4/30/18
22	C	2,093	The Block at Orange	20 City Blvd. J3, Space #312	Orange	CA	92868	714.978.2951	714.939.6979	11/19/98	1/31/19

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
23	WHS	11,000	Tarzana	18143 Ventura Blvd.	Tarzana	CA	91356	818.345.1024	818.345.0662	5/1/98	1/31/13
25	OTL	3,000	Wrentham Village Premium Outlets	1 Premium Outlets Blvd., #165	Wrentham	MA	02093	508.384.8001	508.384.1418	5/22/98	5/31/15
26	WHS	5,600	Anaheim	1195 N. State College Blvd.	Anaheim	CA	92806	714.958.2477	714.956.2506	8/1/98	7/31/13
27	WHS	9,110	Van Nuys	6426 Van Nuys Blvd.	Van Nuys	CA	91401	818.989.2189	818.989.2171	6/1/98	8/25/13
28	OTL	1,898	Waikole Premium Outlets	94-792 Lumaina Street, Bldg. 2, #213	Walpahu	HI	96797	808.680.9711	808.680.9239	7/23/98	7/31/15
29R	C	1,972	Bridgewater Commons	400 Commons Way, Space #3475	Bridgewater	NJ	08807	908.686.5808	908.252.1779	11/21/08	9/30/18
30	OTL	3,166	Fashion Outlets	32100 Las Vegas Blvd., Space #432	Primm	NV	89019	702.874.1890	702.874.1895	7/15/98	1/31/19
31R	C	3,194	The Oaks	332 W. Hillcrest Drive, Space #L005	Thousand Oaks	CA	91360	805.557.0166	805.557.0266	6/27/08	6/30/18
32	C	1,995	Bayside Marketplace	401 Biscayne Blvd, Space #2250	Miami	FL	33132	305.358.3583	305.358.8790	10/1/98	7/31/09
36	OTL	2,970	Dolphin Mall	11401 N.W. 12th Street, Space #121	Miami	FL	33172	305.591.2667	305.591.3017	3/3/01	2/28/19
38	C	1,982	Glendale Galleria	2234 Glendale Galleria	Glendale	CA	91210	818.543.0741	818.543.0744	9/1/98	1/31/11
40	WHS	7,100	San Diego	4475 Mission Blvd., Space #A	San Diego	CA	92109	858.581.6010	858.581.6222	12/1/98	1/31/12
41	OTL	4,073	Katy Mills	28500 Katy Freeway, Space #671	Katy	TX	77494	281.644.6500	281.644.6501	10/28/99	1/31/10
42	OTL	3,846	Concord Mills	8111 Concord Mills Blvd., Space #694	Concord	NC	28027	704.979.8333	704.979.8330	9/16/99	1/31/18
43	C	4,261	Universal City Walk	1000 Universal Center Dr., Space #V118	Universal City	CA	91608	818.762.9688	818.762.9317	3/25/00	3/16/15
44	WHS	10,317	Norwalk	11033 E. Rosecrans Blvd., Space #A	Norwalk	CA	90650	562.868.7747	562.868.6647	4/1/99	4/22/10
45	WHS	10,400	El Monte	12017 E. Garvey Avenue, Space #A	ElMonte	CA	91733	626.454.3600	626.454.3657	10/1/99	10/31/09

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
46	OTL	2,914	Jersey Gardens Metro Mall	651 Kapkowski Blvd., Space #2061	Elizabeth	NJ	07201	908.820.8825	908.820.8826	12/4/99	1/31/10
47	OTL	3,682	Opry Mills	428 Opry Mills Drive, #230	Nashville	TN	37214	615.514.6700	615.514.6701	5/14/00	1/31/11
48	C	4,724	New York	140 W. 34th Street	New York	NY	10001	646.473.0490	646.473.0491	6/4/00	6/30/17
49	OTL	3,817	Orlando Premium Outlets	8200 Vineland Ave., Space #1229	Orlando	FL	32821	407.477.0029	407.477.0031	6/8/00	6/30/10
50	OTL	4,272	Arundel Mills	7000 Arundel Mills Circle	Hanover	MD	21076	443.755.8888	443.755.8885	11/17/00	1/31/11
51	OTL	9,000	Las Americas	4345 Camino de la Plaza, #330	San Diego	CA	92173	619.934.7340	619.934.7342	11/15/01	11/30/13
52	OTL	3,800	Franklin Mills	1701 Franklin Mills Circle, #202	Philadelphia	PA	19154	215.501.0710	215.501.0713	7/26/01	1/31/12
53	OTL	2,011	Desert Hills Premium Outlets	48400 Seminole Drive, #408	Cabazon	CA	92230	961.922.9301	951.922.0852	6/29/00	5/31/15
54	WHS	8,932	Westheimer Square Center	6518 Westheimer Road	Houston	TX	77057	713.977.1174	713.977.1386	8/2/02	1/31/13
55	OTL	2,389	Folsom Premium Outlets	13000 Folsom Blvd., #1215	Folsom	CA	96630	916.608.2209	916.608.2216	8/17/00	7/31/10
56	WHS	9,595	Huntington Park	6202 Pacific Blvd.	Huntington Park	CA	90255	323.582.3293	323.582.0523	2/10/01	2/28/11
57	WHS	12,000	Halleah	3301 W. Okeechobee Road	Halleah	FL	33012	305.817.1970	305.817.1969	11/19/00	1/31/11
58	WHS	7,200	San Francisco	2600 Mission Street	San Francisco	CA	94110	415.401.6211	415.401.6215	12/17/00	12/31/10
59	WHS	10,000	Houston	8460 Gulf Freeway	Houston	TX	77017	713.847.9327	713.847.9236	12/17/00	6/30/11
60	WHS	12,669	Leon Valley	5751 N.W. Loop 410	Leon	TX	78238	210.256.2160	210.256.2161	2/8/01	12/31/10
61	WHS	10,400	The Edgewood Center	422 S. Azusa Avenue	Azusa	CA	91702	626.812.0693	626.815.2553	6/23/02	5/31/12
63	OTL	3,783	Grapevine Mills	3000 Grapevine Mills Pkwy, Space #G	Grapevine	TX	76051	972.539.3117	972.539.8422	6/10/01	1/31/17
64	WHS	10,000	San Antonio	903 S.W. Military Drive	San Antonio	TX	78221	210.927.7864	210.927.7830	6/26/01	6/26/11

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
65	WHS	8,645	Long Beach	2550 Long Beach Blvd.	Long Beach	CA	90806	562.490.2504	562.490.2505	6/15/01	6/30/11
66	WHS	9,900	Waterford Lakes Town Center	517 N. Alafaya Trail	Oriando	FL	32828	407.207.1239	407.207.2136	3/22/01	3/31/11
67	OTL	3,389	Discover Mills	5900 Sugarloaf Parkway, #225	Lawrenceville	GA	30043	678.847.5155	678.847.5157	11/2/01	1/31/12
68	WHS	7,910	Snapper Creek	7174-7186 S.W. 117th Avo.	Miami	FL	33183	305.270.1792	305.270.8506	3/24/01	9/30/12
69	WHS	9,863	Miami Gateway	805.825 N.W. 167th Street	Miami	FL	33169	305.627.0535	305.627.0636	7/26/01	1/31/12
70	C	3,858	Woodfield Mall	G.308 Woodfield Shopping Center	Schaumburg	IL	60173	847.413.0211	847.413.0234	11/1/01	1/31/11
71	C	3,200	The Shops at Willow Bend	6121 West Park Blvd., Space #B116	Piano	TX	75093	469.366.0149	469.366.0151	8/3/01	1/31/11
76	OTL	3,583	Colorado Mills	14500 W. Colfax Avenue, # 259	Lakewood	CO	80401	720.497.0141	720.497.0143	11/14/02	1/31/13
77	C	3,750	Third Street Promenade	1343 3rd Street Promenade	Santa Monica	CA	90401	310.899.0151	310.899.9840	8/17/01	5/31/11
78	OTL	5,282	Belz Canovas	18400 State Rd. #3, Space #051	Canovanas	PR	00729	787.886.0505	787.886.0515	8/16/01	8/31/11
79	OTL	6,000	Las Vegas Outlet Center	7400 Las Vegas Blvd., South, #241	Las Vegas	NV	89123	702.492.0592	702.492.0594	7/25/01	7/31/11
80	OTL	3,500	Tanger Outlet. San Marcos	4015 Interstate 35 South, #1070	San Marcos	TX	78666	512.363.4045	512.353.4012	7/14/01	7/31/11
81	C	1,800	Partridge Creek	17420 Hall Road, #142	Clinton Township	MI	48038	586.226.0804	586.228.0809	10/18/07	1/31/17
82	OTL	4,585	Tanger Outlet. Lancaster	201 Stanley K. Tanger Blvd.	Lancaster	PA	17602	717.393.2997	717.393.4791	11/21/01	11/30/11
83	WHS	9,666	Los Angeles	5191 Whittler Boulevard	Los Angeles	CA	90022	323.264.4700	323.264.4746	12/19/01	12/31/11
84	WHS	13,305	El Cerrito	5805 Cutting Blvd.	El Cerrito	CA	94530	510.235.1123	510.236.1218	9/20/01	4/30/13
86	OTL	3,500	Tanger Outlet Center. Kittery II	360 US Route 1, Unit 101	Kittery	ME	03904	207.439.0566	207.439.3049	6/20/03	5/31/13
87	C	2,400	Twelve Oaks	27500 Novi Road, #126	Novi	MI	48377	248.380.7020	248.380.7224	9/28/07	1/31/17

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
88	OTL	6,000	Queens Place	88.01 Queens Blvd., Space #121	Queens Center	NY	11373	718.699.2773	718.699.0683	11/2/01	9/30/11
89	OTL	3,510	Sun Valley Factory Shoppes	7051 S. Desert Blvd., #A-145	Canutillo	TX	79835	915.877.2002	915.877.2086	10/10/07	10/31/12
90	C	2,995	The Plaza at the King of Prussia	160 North Gulph Road, Suite 2057	King of Prussia	PA	19406	610.337.7366	610.337.7822	11/15/01	3/31/16
91	WHS	10,512	Fresno	86 E. Shaw Avenue	Fresno	CA	93710	559.221.0399	559.221.0699	5/3/02	5/31/12
92	C	3,707	Mall of America	214 North Garden	Bloomington	MN	55425	952.854.3000	952.854.8515	7/19/02	7/31/12
93	OTL	3,414	Carisbad Premium Outlets	5610 Paseo Del None, #105	Carisbad	CA	92008	760.918.0040	760.918.0057	6/16/02	6/31/12
94	OTL	3,500	Tanger Outlet Center Wisconsin Dells	210 Gasser Road, Suite #1030	Baraboo	WI	53913	608.253.2024	608.253.2025	7/28/06	7/31/11
95	C	3,019	Florida Mall	8001 S. Orange Blossom Trail, #312	Oriando	FL	32809	407.851.0900	407.851.6773	8/22/02	1/31/13
96	OTL	4,527	Tanger Outlet, Myrtle Beach	10827 Kings Road, Space #895	N. Myrtle Beach	SC	29672	843.449.7473	843.449.6684	6/28/02	6/30/12
97	WHS	8,000	Washington Square	4801 W. North Ave.	Chicago	IL	60639	773.489.9901	773.489.9902	3/13/03	5/31/13
99	OTL	4,550	Steinway Street	31.01 Stelway Street	Astoria	NY	11103	718.204.0040	718.204.2583	4/11/02	1/31/12
100	C	6,372	Times Square, Reuters Building	3 Times Square	New York	NY	10036	212.869.9550	212.869.9548	1/11/03	8/31/12
102	WHS	8,000	El Paso	6100 Montana Avenue, Suite A	El Paso	TX	79925	915.774.0002	915.774.0026	3/6/03	4/30/13
103	C	2,781	Houston Galleria II	5085 Westhelmer, Suite B3615	Houston	TX	77056	713.623.8660	713.623.0784	6/27/03	1/31/14
104	C	3,165	Tyson's Comer	1961 Chain Bridge Rd. Space # D12L	McLean	VA	22102	703.790.5520	703.790.5542	10/4/02	10/31/12
107	C	3,247	Ala Moana Shopping Center	1450 Ala Moana Blvd, #2033	Honolulu	HI	96814	808.941.0660	808.941.0664	10/4/02	1/31/12
111	OTL	3,000	Prime Outlets at Grove City	Grove City Factory Shops #1020 1911 Leesburg-Grove City Road	Grovo City	PA	16127	724.748.3547	724.748.4674	11/14/02	11/30/12

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112	C	2,846	Roosevelt Fields	630 Old Country Road, #1064	Garden City	NY	11530	616.873.7267	516.873.8029	1/13/03	1/31/13
113	WHS	7,200	McLendon Plaza	10255 N. Freeway #F	Houston	TX	77037	281.999.5796	281.999.0317	5/1/03	4/30/14
114	OTL	3,155	Las Vegas Premium Outlet	905 S. Grand Central Parkway, #1720	Las Vegas	NV	89106	702.383.4061	702.383.4063	8/1/03	7/31/13
116	C	2,500	Town Center at Boca Raton	6000 Glades Rd. #1131	Boca Raton	FL	33431	561.368.1622	561.368.1760	2/13/03	2/28/13
119	WHS	11,260	Southgate Mall	4260 Florin Rd., Unit B103	Sacramento	CA	95823	916.424.8763	916.424.8744	6/20/03	4/30/13
120	WHS	10,251	Pavilions at San Mateo	4900 Cutler Ave. NE Space #E1	Albuquerque	NM	87110	505.884.1191	505.884.8077	5/29/03	5/31/13
121	OTL	3,894	Tanger Outlet Center Five Oaks	1645 Parkway, #1390	Sevlerville	TN	37862	865.453.9911	865.453.9916	8/14/03	7/31/13
122	WHS	8,196	Pine Trail Square Mall	1951 A North Military Trail	West Palm Beach	FL	33409	561.681.6831	561.681.6841	8/7/03	8/31/13
123	OTL	3,200	Jackson Outlet Village	537 Monmouth Road, Suite 116A, Space 142	Jackson	NJ	08527	732.928.3636	732.928.6906	11/20/03	5/31/13
124	OTL	3,000	St. Augustine Outlet Center	2700 State Road 16, #813	St. Augustine	FL	32092	904.819.9376	904.819.9381	7/17/03	7/31/13
125	OTL	3,718	Carolina Premium Outlets	1025 Industrial Park Drive, #740	Smithfield	NC	27577	919.989.2133	919.989.3014	6/21/03	6/30/13
126	C	2,486	Fashion Show Las Vegas	3200 Las Vegas Boulevard, South, #1240	Las Vegas	NV	89109	702.696.9905	702.696.1247	11/15/03	1/31/14
129	WHS	8,624	Clearwater Mall	2663 Gulf To Bay Blvd., #910	Clearwater	FL	33759	727.791.4048	727.726.6092	10/30/03	10/31/13
130	OTL	3,500	Tanger Outlet Center Charleston	4840 Tanger Outlet Blvd., #501	Charleston	SC	29418	843.554.8175	843.554.8177	8/4/06	8/31/11
132	WHS	5,512	Aurora City Place	130 S. Abilene St., SM.3	Aurora	CO	80012	303.344.5767	303.367.2552	7/24/03	7/31/13
133	C	2,553	The Corner Mall	417 Washington St.	Boston	MA	02108	617.423.0412	617.423.2875	9/25/03	7/31/13
134	WHS	6,150	Dale Mabry	3804 W. Linebaugh Ave., UPS SHIPMENTS; Use ZIP Code 33624	Tampa	FL	33618-8702	813.265.9133	813.960.9385	11/3/03	10/31/13
135	OTL	3,065	Fashion Outlets of Niagara	1900 Military Dr., #12	Niagara Falls	NY	14304	716.297.5464	716.297.4275	7/31/03	7/31/13

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139	OTL	3,380	Silver Sands Factory Stores	10676 Emerald Coast Parkway West, #139	Destin	FL	32550	850.650.0387	850.650.0951	7/2/03	7/31/13
140	WHS	8,891	North Creek Plaza	7901 San Dario Avenue, Unit A	Lardeo	TX	78045	956.796.1531	956.729.1862	3/1/07	2/29/12
141	OTL	3,399	Potomac Mills	2700 Potomac Mills Circle, #555	Prince William	VA	22192	703.490.5546	703.490.5760	5/28/04	1/31/15
142	OTL	3,748	Sawgrass Mills	12801 West Sunrise Blvd., #539	Sunrise	FL	33323	954.838.9337	954.838.0162	7/23/04	1/31/15
143	OTL	3,159	St. Louis Mills	5555 St. Louis Mills Blvd., #532	Hazelwood	MO	63042	314.227.5868	314.227.5870	5/21/04	1/31/15
144	OTL	3,287	Jersey Shore Premium Outlets	1 Premium Outlets Blvd., #221	Tinton Falls	NJ	07753	732.695.1919	732.695.1994	11/13/08	1/31/14
145	OTL	3,214	Seattle Premium Outlets	10800 Qull Ceda Blvd, Suite 715	Tulallp	WA	98271	360.716.3886	360.716.3888	5/5/05	6/31/10
146	OTL	3,500	Tanger Outlet Center Foley	2601 S McKenzie St, #488	Foley	AL	36635	251-943-9101	251-943-9104	11/18/05	11/30/10
147	OTL	4,000	Rehoboth I Tanger Outlets	35000 Midway Outlet Drive, #204	Rehoboth Beach	DE	19971	302.644.6834	302.844.6836	7/1/05	6/30/10
148	OTL	4,000	Locust Grove Tanger Outlet Center	1000 Tanger Drive, Suite 624	Locust Grove	GA	30248	770.288.2011	770.288.2016	8/19/05	8/31/10
149	OTL	3,380	Great Lakes Crossing	Store Address: 4000 Baldwin Road, Shipping Address: 4544 Baldwin Road	Auburn Hills	MI	48326	248.972.0807	248.972.0829	6/8/05	1/31/15
150	OTL	2,498	North Georgia Premium Outlets	800 Highway 400 South Suite 1050	Dawsonville	GA	30534	706.216.1262	706.216.1362	7/15/05	7/31/10
151	OTL	3,168	Clinton Crossing Premium Outlets	20-A Killingworth Turnpike Suite 410	Clinton	CT	06413	860.664.3833	860.664.3848	8/4/05	7/31/15
152	C	3,045	Bellevue Square	575 Bellevue Square, Suite 240	Bellevue	WA	98004	425.688.7601	425.688.7606	7/29/05	6/30/15
153	OTL	3,350	Tilton	120 Laconia Road, Space #306	Tilton	NH	03276-5238	603.286.1247	603.286.9314	8/19/05	8/31/10
154	OTL	3,320	Round Rock Premium Outlets	4401 North IH-35, Suite #729	Round Rock	TX	78664	512.869.3090	512.819.9080	8/3/06	8/31/11
155	C	2,700	Gaslamp - SoHo Lab	480 5th Avenue, Spaces 2-110 and 2-111	San Diego	CA	92101	619.238.0912	619.238.4749	6/29/06	8/31/16

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156	C	1,995	Burbank Collection	152 E. Palm Avenue, Space 214	Burbank	CA	91502	818.624.2106	818.624.2408	2/26/09	1/31/19
157	OTL	3,569	Branson Tanger Outlet Center	300 Tanger Boulevard, Space 501	Branson	MO	65616	417.339.1304	417.339.1308	8/31/06	8/31/10
158	C	2,012	The Pler at Ceasars	One Atlantic Ocean Suite BW-236	Atlantic City	NJ	08401	609.345.7980	609.449.0369	10/19/06	12/31/16
159	C	2,370	Westfield Topanga Plaza	6600 Topanga Canyon Blvd. Suite 43A	Canoga Park	CA	91303	818.887.1827	818.887.5740	3/1/07	6/30/17
160	C	2,360	Vegas Town Square	6605 South Las Vegas Blvd., Space N-139	Las Vegas	NV	89119	702.361.8958	702.407.8463	11/14/07	11/30/17
161	C	2,456	North Park Center	2112 NorthPark Center	Dallas	TX	75225	214.360.9303	214.360.9609	4/7/06	4/30/16
162	OTL	4,250	Rio Grande Outlet Center	5001 East Expressway 83, Suite #712	Mercedes	TX	78570	956.565.2011	956.565.2034	11/2/06	11/30/11
163	OTL	3,600	Park City Factory Outlets -Tanger	6699 North Landmark Dr.	Park City	UT	84098	435.655.3912	435.655.3917	1/20/06	1/31/11
164	OTL	3,075	Osage Beach Premium Outlets	4540 Highway 54 Space Q1	Osage Beach	MO	65065	573.348.1883	573.348.4425	5/19/06	5/31/11
165	C	2,531	Hollywood & Highland Center	6801 Hollywood Boulevard, Suite B3-326B	Hollywood	CA	90028	323.382.0108	323.382.0124	6/28/06	4/30/16
166	C	2,700	Summit Sierra	13985 S Virginia St. Space 803	Reno	NV	89511	775.853.3330	775.853.3371	10/4/06	10/31/16
167	C	1,803	Del Amo Fashion Center	3 Del Amo Fashion Center Space 83	Torrance	CA	90503	310.793.2474	310.793.2484	9/14/06	1/31/17
168	C	2,465	Tempe Market Place	2000 E. Rio Salado Parkway, #1074	Tempe	AZ	85281	480.966.2663	480.966.2664	8/23/07	8/31/17
169	C	2,708	Queens Center Mall	90-15 Queens Blvd, Space 2008	Elmhurst	NY	11373	718.592.4073	718.592.2418	7/20/06	1/31/17
170	C	2,322	Woodbridge Center	2335 Woodbridge Center	Woodbridge	NJ	07095	732.726.0920	732.726.0938	8/30/06	1/31/17
172	OTL	3,515	Atlantic City Outlets	121 N. Arkansas, Space #316	Atlantic City	NJ	08401	609.344.2850	609.344.2852	8/30/07	7/31/17
173	OTL	3,500	Prime Orlando	4967 International Dr., Suite 3A-4.1	Orlando	FL	32819	407.345.8922	407.345.8924	8/11/07	8/31/17

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174	C	2,500	Cherry Creek	3000 East First Ave. Space #134	Denver	CO	80206	303.333.1864	303.333.1871	9/28/06	1/31/16
175	C	2,247	International Plaza	2223 N. West Shore Blvd., #184	Tampa	FL	33607	813.871.5970	813.871.5973	10/5/06	1/31/16
176	C	2,483	Promenade Shops at Dos Lagos	2785 Cabot Drive, Space 7-145	Corona	CA	92883	951.277.0484	951.277.1265	1/18/07	1/31/17
177	C	2,587	Arrowhead Towne Center	7700 West Arrowhead Towne Center, #1061	Phoenix	AZ	85308	623.979.9040	623.979.9626	10/11/06	10/31/16
178	C	2,184	Tyrone Square	6901 22nd Avenue North, Space 492A	St. Petersburg	FL	33710	727.345.1061	727.345.3630	12/7/06	1/31/17
179	OTL	3,500	Albertville Premium Outlets	6415 Labeaux Ave NE Space B230	Albertville	MN	55301	763.488.1556	763.488.1557	9/21/06	9/30/11
180	C	2,359	Northshore Mall	210 Andover St. #E125	Peabody	MA	01960	978.531.7019	978.531.7046	4/24/08	1/31/19
181	C	1,735	Mall at Rockingham	99 Rockingham Park Blvd., #E-159	Salem	NH	03079	603.893.1697	603.893.2348	1/10/07	1/31/17
182	C	2,000	Mall of New Hampshire	1500 S. Willow Street, #S-165	Manchester	NH	03103	603.629.9647	603.629.9659	11/29/06	1/31/17
183	C	1,858	Solomon Pond	601 Donald Lynch Blvd., #S-132	Marlborough	MA	01752	508.481.8042	508.481.8627	1/17/07	1/31/17
184	C	2,009	Anaheim Gardenwalk	321 West Katella Ave., #143	Anaheim	CA	92808	714.533.9621	714.533.3779	5/29/08	5/31/18
185	OTL	3,066	Hilton Head Factory Outlet Center	1414 Fording Island Road, #A130	Bluffton	SC	29910	843.837.2344	843.837.2347	3/16/07	3/31/12
186	OTL	3,500	Gonzales Outlet Center	2210 S. Tanger Blvd., #206	Gonzales	LA	70737	225.644.4555	225.644.3248	11/20/07	11/30/12
187	OTL	3,500	Tanger Outlet Center, Washington, PA	2200 Tanger Blvd., Space #701	Washington	PA	15301	724.228.8823	724.228.8826	8/29/08	8/31/13
188	WHS	7,087	Valley Plaza Shopping Center	1523 West Main Street, Suite A	El Centro	CA	92243	760.353.8873	760.353.5911	12/7/06	12/31/16
189	C	2,499	Freehold Raceway Mall	3710 Route 9, Space # G-220	Freehold	NJ	07728	732.625.1451	732.625.1456	2/21/07	12/31/16
190	OTL	3,000	Chicago Premium Outlets	1650 Premium Outlets Blvd., #207	Aurora	IL	60502	630.236.1118	630.238.1120	6/21/07	4/30/17
192	OTL	3,300	Prime Outlets at Pleasant Prairie	11211 120th Ave., #579	Pleasant Prairie	WI	53158	262.857.9260	262.857.9470	3/22/07	3/31/17

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193	C	1,820	Barton Creek Square	2901 Capital of Texas Highway, #N01C	Austin	TX	78746	512.732.1882	512.732.1821	8/23/07	1/31/18
194	C	1,909	Pheasant Lane Mall	310 Daniel Webster Highway, #W267A	Nashua	NH	03060	603.891.1031	603.891.1045	4/5/07	1/31/18
195	C	2,412	Edison Mall	4125 Cleveland Ave., #1470B	Fort Myers	FL	33901	239.939.4911	239.939.2633	5/24/07	1/31/18
196	OTL	3,000	Leesburg Corner Premium Outlets	241 Fort Evans Road, NE, #1233	Leesburg	VA	20176	703.779.2650	703.779.8497	5/17/07	4/30/17
197	OTL	3,497	Philadelphia Premium Outlets	18 Lightcap Road, #1071	Pottstown	PA	19464	610.326.9733	610.326.9735	11/8/07	11/30/12
198	OTL	3,500	Tanger Outlet Center Barstow	2796 Tanger Way, #350	Barstow	CA	92311	760.253.3707	760.253.3708	12/13/07	12/31/12
199	C	1,992	Arden Fair	1689 Arden Way, #2042	Sacramento	CA	95815	916.926.0980	916.926.8122	5/24/07	5/31/17
200	C	2,658	Aventura Mall	19575 Biscayne Blvd., #1323	Aventura	FL	33180	305.682.8221	305.931.0588	6/28/07	3/31/17
201	C	2,414	Northgate Mall	401 NE Northgate Way, #533C	Seattle	WA	98125	206.362.2930	206.362.3866	10/30/07	1/31/18
202	C	2,000	The Shops at Mission Vlejo	555 The Shops at Mission Vlejo, #934B	Mission Vlejo	CA	92691	949.365.1256	949.365.0734	8/15/07	1/31/18
203	C	2,559	Plaza Bonita	3030 Bonita Plaza Road, #2276	National City	CA	91950	619.267.8053	619.267.2384	7/1/08	1/31/19
204	C	2,259	South Park Center	500 Southpark Center Drive, #HL68	Strongsville	OH	44136	440.238.6617	440.238.6533	5/24/07	1/31/18
206	C	1,986	Great Northern Mall	4954 Great Northern Mall Blvd., #802	North Olmstead	OH	44070	440.734.3465	440.734.3630	8/16/07	1/31/18
208	OTL	2,750	North Bend Factory Stores	461 South Fork Ave., #421A1	North Bend	WA	98045	425.888.8860	425.888.8863	5/24/07	5/31/17
209	OTL	2,426	Factory Store at Camarillo Outlet	740 E. Ventura Blvd., #512	Camarillo	CA	93010	805.389.7424	805.389.7430	6/21/07	6/30/17
210	C	2,527	Dadeland Mall	7535 Dadeland Mall, #3030	Miami	FL	33165	786.268.1088	786.268.1168	8/9/07	1/31/18
211	C	2,003	Clelo Vista Mall	8401 Gateway Blvd. West, G04A	El Paso	TX	79925	915.781.7765	916.781.7765	5/8/08	1/31/19
212	WHS	8,998	Hillside Plaza	725 Broadway (Route 1 South)	Saugus	MA	01906	781.231.1000	781.231.1162	10/16/07	8/31/17

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213	WHS	6,000	Pacific Town Center	850 W. Hammer Lane	Stockton	CA	95210	209.952.4519	209.952.5861	9/22/07	8/31/12
215	C	2,310	Annapolis Mall	2002 Annapolis Mall, #1225	Annapolis	MD	21401	410.573.9229	410.573.9433	11/1/07	1/31/18
216	C	2,707	Altamonte Mall	451 Altamonte Ave., #1341	Altamonte Springs	FL	32701	407.332.7362	407.332.7908	5/15/08	1/31/19
217	C	2,186	Riverchase Galleria	3000 Riverchase Galleria, #286	Hoover	AL	35244	205.560.0695	205.560.0697	10/21/07	1/31/18
218	C	2,164	North Point Mall	1000 North Point Circle, #2032	Alpharetta	GA	30022	770.667.2263	770.667.2071	11/15/07	1/31/18
219	C	2,384	Augusta Mall	3450 Wrightsboro Road, #2510	Augusta	GA	30909	706.736.1070	706.736.1072	10/19/07	1/31/18
220	C	2,080	Meadowood Mall	5000 Meadowood Mall Circle, #C104	Reno	NV	89502	775.828.9400	776.828.9403	3/13/08	1/31/18
221	C	1,897	Chandler Fashion Center	3111 W. Chandler Blvd., #2436	Chandler	AZ	86226	480.963.8600	480.963.8610	11/8/07	11/30/17
222	C	7,800	San Francisco	200 Powell Street	San Francisco	CA	94102	415.986.7044	415.986.7056	10/16/08	10/31/18
223	WHS	7,102	Baldrige Commons	350 N. Dysart Road, Suites 205, 207, 208, & 209	Goodyear	AZ	86338	623.932.2027	623.932.3770	4/17/08	1/31/13
224	OTL	3,200	Houston Premium Outlets	29300 Hempstead Road, #0861	Cypress	TX	77433	281.758.1830	281.758.1639	3/27/08	1/31/14
225	C	2,569	Perimeter Mall	4400 Ashford-Dunwoody Rd., #1035	Atlanta	GA	30346	770.396.4221	770.396.4082	4/3/08	1/31/19
226	C	2,002	The Oaks Mall Florida	6215 Newberry Road, Space #H6	Gainesville	FL	32605	352.332.2473	352.332.2708	9/18/08	1/31/19
227	C	2,500	Pembroke Lakes Mall	11401 Pines Blvd., Space #426	Pembroke Pines	FL	33026	954.447.1449	954.447.1491	6/13/09	1/31/20
228	C	2,174	Coastland Center	1900 North Tamiami Trail, Space #H6	Naples	FL	34102	239.261.3449	239.262.2692	6/12/08	1/31/19
229	C	3,035	The Palmer House Hilton Retail Development	17 East Monroe St., Space #S-6	Chicago	IL	60603	312.346.2302	312.346.2387	5/1/08	4/30/23
230	C	2,623	Westfield Southcenter	816 Southcenter Mall, Space #1140	Tukwila	WA	98188	206.246.2459	206.246.0662	7/25/08	1/31/19
231	OTL	3,500	Prime Outlets Williamsburg	5555 Richmond Rd., Space #G140	Williamsburg	VA	23188	757.220.3813	757.220.4824	4/17/08	4/30/18

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232	OTL	3,500	Prime Outlets Puerto Rico	1 Prime Outlets Blvd., Space #520	Barceloneta	PR	00617	787.970.0134	787.970.0136	11/14/08	11/30/18
233	OTL	3,542	Prime Outlets Hagerstown	495 Prime Outlets Blvd., Space #565	Hagerstown	MD	21740	240.420.0050	240.420.0052	3/13/09	3/31/19
235	OTL	3,195	Prime Outlets Birch Run	12240 South Beyer Rd., Space #V011	Birch Run	MI	48415	989.624.9336	989.524.9526	4/10/08	4/30/18
236	C	2,500	Westgate City Center	9404 W. Westgate Blvd., Space #C107	Glendale	AZ	85305	623.772.1717	623.772.1919	1/18/08	1/31/18
237	C	2,694	SanTan Village	2174 East Williams Field Road, #538	Gilbert	AZ	85296	480.857.2442	480.857.8227	3/27/08	3/31/18
238	C	2,660	Greenwood Park Mall	1261 U.S. Highway 31 N, #C08C	Greenwood	IN	46142	317.885.9470	317.885.9471	4/17/08	1/31/19
239	C	2,600	The Avenues	10300 Southside Blvd., #1090A	Jacksonville	FL	32256	904.363.2838	904.363.2928	5/22/08	1/31/19
241	C	3028 Ground Floor 1728 Basement 1300	Union Square	15 Union Square West, Space C	New York	NY	10003	212.647.8891	212.647.8893	12/6/08	4/30/19
242	C	2,300	Westfield Galleria at Roseville	1151 Galleria Blvd., Space 2085	Roseville	CA	95678	916.782.1404	916.782.1462	n/a	n/a
243	OTL	3,500	Preferred Outlets at Tulare	1407 Retherford St., Space K-040	Tulare	CA	83274	n/a	n/a	Sept. 2009	n/a
247	OTL	3,384	The Legends at Sparks Marina	1475 East Lincoln Way, #D138	Sparks	NV	89434	775.358.4082	775.368.7528	6/18/09	1/31/20
248	OTL	3,361	Lighthouse Place Premium Outlets	601 Wabash St., Space #G030	Michigan City	IN	46360	219.878.0525	219.878.0527	8/28/08	1/31/19
249	OTL	3,927	The Crossings Factory Outlets	1000 Route 511, Space #D04	Tanneraville	PA	18372	570.629.4210	570.629.5017	9/25/08	1/31/19
251	OTL	3,000	Tanger Factory Outlets at Commerce	800 Steven B Tanger Blvd., Space #1210	Commerce	GA	30529	706.336.8471	706.336.8483	4/24/09	4/30/14
252	OTL	3,727	Tanger Factory Outlets at Myrtle Beach Hwy 501	4633 Factory Stores Blvd., Space #C170	Myrtle Beach	SC	29579	843.236.8085	843.236.8550	9/4/08	9/30/13
255	OTL	3,154	Prime Outlets Jeffersonville	8000 Factory Shops Blvd., Space #620	Jeffersonville	OH	43128	740.948.2048	740.948.2036	9/4/08	9/30/18
257	WHS	6,000	Nellis Plaza	306 N.Nellis Blvd., #105	Las Vegas	NV	89110	702.437.7676	702.437.7141	11/28/08	1/31/14
258	C	2,312	Tucson Mall	4500 N. Oracle Road, Space #217	Tucson	AZ	85705	520.293.2365	520.293.2257	3/20/09	3/31/19

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
259	C	2,500	Lincoln Road	730 Lincoln Road	Miami	FL	33139	305.673.9601	306.673.9605	n/a	3/31/18
260	C	3,252	Natlek Collection	1245 Worcester Street, Space #4066	Natlek	MA	01760	508.651.0569	508.6514174	11/26/08	10/31/18
261	C	2,227	Park Meadows	8405 Park Meadows Center Dr, Space #1170	Lone Tree	CO	80124	720.873.2800	720.873.2819	11/13/08	11/30/18
262	OTL	3,679	Prime Outlets Gaffney	1 Factory Shops Blvd., Space #440	Gaffney	SC	29341	864.487.9635	864.487.9537	3/13/09	3/31/18
263	OTL	3,780	The Shoppes at Prime Outlets International - Orlando	5269 International Dr., Space #C	Orlando	FL	32819	407.351.2902	407.351.2964	2/13/09	2/28/14
264	OTL	3,000	Tanger Outlets Howell	1475 N. Burkhart Road, Space #H120	Howell	MI	48855	517.646.5715	617.545.6717	3/19/09	3/31/14
266	OTL	3,500	Edinburgh Premium Outlets	11741 North Executive Drive, Space #B85	Edinburgh	IN	46124	812.526.5044	812.526.6147	3/27/09	1/31/20
267	OTL	3,000	Allen Premium Outlets	820 West Stacy Road, Space #410	Allen	TX	75013	972.908.2322	972.906.2392	5/22/09	12/31/09
268	OTL	3,607	Citadel Outlets	100 Citadel Drive, Space #426	Commerce	CA	90040	323.832.9884	323.832.9870	6/22/09	5/31/19
269	OTL	2,850	Vacaville Premium Outlets	321 Nut Tree Road, Space #131H	Vacaville	CA	95687	707.451.3768	707.451.3786	5/22/09	1/31/20
274	OTL	3,200	Cincinnati Premium Outlets	127 Premium Outlets Drive, #619	Monroe	OH	45050	n/a		August 2009	n/a
285	OTL	3,769	Gumee Mills	6170 West Grand Avenue, Space #589	Gumee	IL	60031	847.856.6123	847.856.8013	6/5/09	n/a
286	OTL	3,506	The Outlets at Zlon	350 North Red Cliffs Drive, Space #25	St. George	UT	84790	n/a		July 2009	n/a
511	cart	n/a	Fashion Valley Mall cart	7007 Friars Road	San Diego	CA	92108	619.220.0357		6/10/09	10/31/09
520	cart	40	Fashion Show Las Vegas cart	3200 Las Vegas Boulevard, South	Las Vegas	NV	89109	702.785.0125		5/15/09	10/31/09
521	temp	2,975	Plaza El Segundo	750 S. Sepulveda Blvd.	El Segundo	CA	90245	310.416.9840	310.416.9672	6/5/09	4/30/10
523	cart	54	Century City Mall cart	1801 Avenue of the Stars, #R019Z	Los Angeles	CA	90067	310.203.9687		6/10/09	10/31/09

Schedule 5.1

Deliver to Agent, with sufficient copies for the Lenders, each of the financial statements, reports, or other items set forth below at the following times in form reasonably satisfactory to Agent:

as soon as available, but in any event within 30 days (or, in the case of any month that is also the end of a fiscal quarter, 45 days) after the end of each month during each of Parent's fiscal years,

(a) an unaudited consolidated and consolidating balance sheet, income statement, and statement of cash flow (which statements of cash flow are not required to be prepared in accordance with GAAP) covering Parent's and its Subsidiaries' operations for such period and for the period commencing at the end of the immediately preceding fiscal year and ending with the end of such month, and a report comparing the figures in such financial statements with the figures in Parent's Projections for the corresponding periods and the figures for the corresponding periods of the immediately preceding fiscal year, and

(b) a Compliance Certificate.

as soon as available, but in any event within 90 days after the end of each of Parent's fiscal years,

(c) consolidated and consolidating financial statements of Parent and its Subsidiaries for each such fiscal year, audited by independent certified public accountants reasonably acceptable to Agent and certified, without any qualifications (including any (i) "going concern" or like qualification or exception, (ii) qualification or exception as to the scope of such audit, or (iii) qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7 of the Agreement), by such accountants to have been prepared in accordance with GAAP (such audited financial statements to include a balance sheet, income statement, and statement of cash flow and, if prepared, such accountants' letter to management), and

(d) a Compliance Certificate.

as soon as available, but in any event within 30 days prior to the start of each of Parent's fiscal years,

(e) copies of Parent's Projections, in form and substance (including as to scope and underlying assumptions) satisfactory to Agent, in its Permitted Discretion, for the forthcoming 3 years, year by year, and for the forthcoming fiscal year, month by month, certified by the chief financial officer of Parent as being such officer's good faith estimate of the financial performance of Parent and its Subsidiaries during the period covered thereby.

if and when filed or provided,

(f) Form 10-Q quarterly reports, Form 10-K annual reports, and Form 8-K current reports filed by Parent,

(g) any other filings made by Parent or any Borrower with the SEC, and

(h) any other information that is provided by Parent to its shareholders generally.

promptly, but in any event within 5 days after a Borrower has Knowledge of any event or condition that constitutes a Default or an Event of Default,

(i) notice of such event or condition and a statement of the curative action that the Borrowers propose to take with respect thereto.

promptly after the commencement thereof, but in any event within 5 days after the service of process with respect thereto on Parent or any of its Subsidiaries,

(j) notice of all actions, suits, or proceedings brought by or against Parent or any of its Subsidiaries before any Governmental Authority which reasonably could be expected to result in a Material Adverse Change.

upon the request of Agent,

(k) any other information reasonably requested relating to the financial condition of Parent or its Subsidiaries.

Schedule 5.2

Provide Agent (and if so requested by Agent, with sufficient copies for the Lenders) with each of the documents set forth below at the following times in form reasonably satisfactory to Agent:

- | | |
|---|--|
| Monthly (no later than the 10th day of each month); provided that upon the occurrence and during the continuance of any Financial Covenant Period, weekly (no later than the 5th Business Day of each week) | <ul style="list-style-type: none">(a) an Account roll-forward with supporting details supplied from sales journals, collection journals, credit registers and any other records,(b) notice of all claims, offsets, or disputes asserted by Account Debtors with respect to Parent's and its Subsidiaries' Accounts, and(c) Inventory system/perpetual reports specifying the cost and the wholesale market value of Parent's and its Subsidiaries' Inventory, by category, with additional detail showing additions to and deletions therefrom (delivered electronically in an acceptable format, if the Borrowers have implemented electronic reporting).(d) a Borrowing Base Certificate. |
| Monthly (no later than the 10th day of each month) | <ul style="list-style-type: none">(e) a detailed report regarding (i) any unpaid freight charges, warehousing or storage costs, taxes, duties and other similar unpaid costs associated with Eligible In-Transit Inventory of any Borrower, (ii) any other amounts that are payable to a landlord, lessor, bailee, or customs broker with respect to any Inventory of any Borrower or other Collateral located or stored at a premises that is owned or operated by any of the foregoing persons and (iii) and any reclamation claims of unpaid sellers of any Borrower's Inventory, in the case of each of clauses (i), (ii), and (iii), to the extent such amounts are more than 30 days past due.(f) a detailed aging, by total, of the Borrowers' Accounts, together with a reconciliation and supporting documentation for any reconciling items noted (delivered electronically in an acceptable format, if the Borrowers have implemented electronic reporting).(g) a detailed calculation of those Accounts that are not eligible for the Borrowing Base, if the Borrowers have not implemented electronic reporting.(h) a detailed Inventory system/perpetual report together with a reconciliation to the Borrowers' general ledger accounts (delivered electronically in an acceptable format, if the Borrowers have implemented electronic reporting).(i) a detailed calculation of Inventory categories that are not eligible for the Borrowing Base, if the Borrowers have not implemented electronic reporting.(j) a summary aging, by vendor, of Parent's and its Subsidiaries' accounts payable, accrued expenses and any book overdraft (delivered electronically in an acceptable format, if the Borrowers have implemented electronic reporting), together with a reconciliation to the general ledger and supporting documentation for any reconciling items noted.(k) an aging, by vendor, of any held checks.(l) a detailed report regarding Parent's and its Subsidiaries' cash and Cash Equivalents, including an indication of which amounts constitute Qualified Cash. |
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(m) a monthly Account roll-forward, in a format acceptable to Agent in its discretion, tied to the beginning and ending account receivable balances of the Borrowers' general ledger.

(n) a reconciliation of Accounts, trade accounts payable, and Inventory of the Borrowers' general ledger accounts to its monthly financial statements including any book reserves related to each category.

(o) a report regarding advances and intercompany loans owed by Parent's Subsidiaries that are not Loan Parties to any Borrower.

(p) evidence of Parent's and its Subsidiaries' payment of all taxes due and payable, including all accrued, but unpaid, *ad valorem* and real estate taxes.

(q) a report regarding the Parent's and its Subsidiaries' accrued, but unpaid, *ad valorem* and real estate taxes.

(r) a detailed report regarding deemed dividend tax liability, if applicable, for Parent and its Subsidiaries.

Quarterly (no later than 45 days after the end of each of fiscal quarter)

(s) a list of all Material Contracts entered into by Parent or any of its Subsidiaries since the Closing Date (or the last such quarterly report delivered to Agent), together with copies of each such Material Contract, together with an updated Schedule 4.17 to the Agreement reflecting any updates thereto.

(t) a list of all registered material trademarks, trade names, copyrights, patents, and material licenses acquired by Parent or any of its Subsidiaries since the Closing Date (or the last such quarterly report delivered to Agent), together with an updated Schedule 4.13 to the Agreement reflecting any updates thereto.

(u) an updated listing of all the Loan Parties' owned or operated retail store locations, together with a description of all closings of Loan Party owned or operated retail store locations during the immediately preceding fiscal quarter.

Annually (no later than 30 days before the start of each of Parent's fiscal years)

(v) a detailed list of Parent's and its Subsidiaries' wholesale customers, with address and contact information.

Promptly, in no event later than 3 Business Days after execution, receipt or delivery thereof

(w) copies of any notices regarding termination, expiration, material defaults or claimed violations that Parent or any of its Subsidiaries executes or receives in connection with any Material Contract.

Upon request by Agent

(x) copies of purchase orders and invoices for Inventory and Equipment acquired by Parent or its Subsidiaries, and

(y) such other reports as to the Collateral or the financial condition of Parent and its Subsidiaries, as Agent may reasonably request.

(z) copies of invoices together with corresponding shipping and delivery documents, and credit memos together with corresponding supporting documentation, with respect to invoices

and credit memos in excess of an amount determined in the sole discretion of Agent, from time to time.

Schedule 6.6

Nature of Business

Skechers U.S.A., Inc. and its Subsidiaries (collectively, the “Company”) designs and markets Skechers-branded contemporary footwear for men, women and children under several unique lines. The Company’s footwear reflects a combination of style, quality and value that appeals to a broad range of consumers. In addition to Skechers-branded lines, the Company also offers several uniquely branded designer, fashion and street-focused footwear lines for men, women and children. These lines are branded and marketed separately from Skechers and appeal to specific audiences. The Company’s brands are sold through department stores, specialty stores, athletic retailers, and boutiques as well as catalog and Internet retailers. Along with wholesale distribution, the Company’s footwear is available at its e-commerce website and its own retail stores. The Company also selectively licenses the Skechers brand name and its product line names to licensees who manufacture, distribute and market non-footwear products, including but not limited to, men’s, women’s and children’s apparel and accessories.

Schedule 6.12

Transactions with Affiliates

Transactions involving provisions of hotel services, from time to time, between the Borrowers or their Subsidiaries, and the Shade Hotel or the Manhattan Inn Operating Company, LLC, an Affiliate of the Borrowers.

Transactions between and among Subsidiaries of Parent that are not Loan Parties.

Transactions under and pursuant to that certain Buying Agent Agreement dated as of June 1, 2006 between Skechers U.S.A., Inc. II and Skechers Holdings Jersey Limited (Trustee of the Skechers China Business Trust), as such agreement may be amended from time to time; provided that any amendment increasing the percentage for the calculation of the fees payable thereunder may not be effected without the prior written consent of Agent.

Transactions under and pursuant to that certain Cost Sharing Agreement by and among Skechers U.S.A., Inc., Skechers U.S.A., Inc. II, Skechers USA Canada, Inc. and Skechers International II, as such agreement may be amended from time to time; provided that any amendment changing the basis upon which the cost sharing contemplated thereunder is effected may not be effected without the prior written consent of Agent.

Management and administrative services arrangements under and pursuant to which management fees are payable to the Loan Parties from Subsidiaries of Parent that are not Loan Parties.

Sales of products in the ordinary course of business by Loan Parties to Subsidiaries of Parent that are not Loan Parties at prices supported by the annual transfer pricing studies prepared by the Borrowers.

Expense reimbursements by and among the Borrowers and their Subsidiaries purposed to allocate such expenses to the party otherwise primarily benefiting from the event giving rise to the expense and responsible for defraying such expenses.

Inventory transfers at no less than the cost of such inventory by and among the Borrowers and their Subsidiaries purposed for the distribution of such inventory to align with regional demand for product.

Transactions between and among Skechers U.S.A., Inc., Skechers International, and Skechers International II under and pursuant to that certain Skechers International II Partnership Agreement by and among Skechers U.S.A., Inc., Skechers International Limited, and Skechers International II, as such agreement may be amended from time to time so long as any such amendment is not materially adverse to the interests of the Lenders.

AMENDMENT NUMBER ONE TO CREDIT AGREEMENT AND WAIVER

THIS AMENDMENT NUMBER ONE TO CREDIT AGREEMENT AND WAIVER (this "Amendment"), dated as of November 5, 2009, is entered into by and among **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent and each other Subsidiary that becomes a party thereto after the date thereof in accordance with the terms thereof, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), and **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent") in light of the following:

W I T N E S S E T H

WHEREAS, Parent, Borrowers, Lenders, Agent, **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger are parties to that certain Credit Agreement, dated as of June 30, 2009 (as amended, restated, supplemented, or otherwise modified through the date hereof, the "Credit Agreement");

WHEREAS, Borrowers have informed Agent that (i) Robert Y. Greenberg, a Permitted Holder, has entered into The Robert Y. Greenberg 2009 Annuity Trust, executed on September 14, 2009 (the "Robert Greenberg Trust"), by and among Robert Y. Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee (the "Trustee of the Robert Greenberg Trust") and, in connection therewith, has transferred 2.5 million Class B shares of the Stock of Parent to the Robert Greenberg Trust and (ii) M. Susan Greenberg, a Permitted Holder, has entered into The M. Susan Greenberg 2009 Annuity Trust, executed on September 14, 2009 (the "Susan Greenberg Trust"; and together with the Robert Greenberg Trust, collectively, the "Trusts"), by and among M. Susan Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee (the "Trustee of the Susan Greenberg Trust"; the Trustee of the Susan Greenberg Trust and the Trustee of the Robert Greenberg Trust, referred to collectively as the "Trustee") and, in connection therewith, has transferred 2.5 million Class B shares of the Stock of Parent to the Susan Greenberg Trust;

WHEREAS, the Trusts do not constitute "Family Trusts" as defined in Schedule P-1 to the Credit Agreement;

WHEREAS, (i) as a result of the transfer of the Class B shares of the Stock of Parent to the Trusts, the Permitted Holders own and control approximately 48.1% of the Stock of Parent having the right to vote for the election of members of the Board of Directors, (ii) pursuant to the terms and conditions of the Robert Greenberg Trust and the Susan Greenberg Trust, the Trustee is the beneficial owner of approximately 30.5% of the Stock of Parent having the right to vote for the election of members of the Board of Directors, and (iii) in light of clauses (i) and (ii) of this recital, a Change of Control has occurred under the Credit Agreement (the "Designated Change of Control");

WHEREAS, the occurrence of the Designated Change of Control constitutes an Event of Default pursuant to Section 6.8 of the Credit Agreement (the "Designated Event of Default");

WHEREAS, Borrowers have requested that Agent and Lenders (i) make certain amendments to the Credit Agreement and (ii) waive the Designated Event of Default; and

WHEREAS, upon the terms and conditions set forth herein, Agent and the undersigned Lenders are willing to accommodate Borrowers' requests.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, as amended hereby.

2. Amendments to Credit Agreement.

(a) Schedule 1.1 of the Credit Agreement is hereby amended and modified by amending and restating or adding (as applicable) the following definitions in the appropriate alphabetical order:

"Continuing Director" means (a) any member of the Board of Directors who was a director (or comparable manager) of Parent on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either (i) the Permitted Holders (other than any trust or estate planning vehicle pursuant to clause (b) or (c) of the definition of Family Trust) or (ii) a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of Parent and whose initial assumption of office resulted from such contest or the settlement thereof.

"Family Member" has the meaning specified therefor in Schedule P-1.

"Family Trusts" has the meaning specified therefor in Schedule P-1.

"First Amendment" means that certain Amendment Number One to Credit Agreement and Waiver, dated as of November 5, 2009, by and among the Borrowers, Agent, and the Lenders signatory thereto.

"Non-Qualified Family Trust" has the meaning specified therefor in Section 5.17 of the Agreement.

"Robert Greenberg Trust Agreement" has the meaning specified therefor in the definition of Family Trusts.

"Susan Greenberg Trust Agreement" has the meaning specified therefor in the definition of Family Trusts.

"Trust Agreements" and "Trust Agreement" have the respective meanings specified therefor in the definition of Family Trusts.

(b) Section 5 of the Credit Agreement is hereby amended and modified by adding a new Section 5.17 following Section 5.16 therein as follows:

"5.17 **Trusts**. In the event that any trust or other estate planning vehicle is established for the benefit of Robert Greenberg or any Family Member of Robert Greenberg on or after the date of the First Amendment, which trust or other estate planning vehicle does not constitute a Family Trust

solely because Robert Greenberg or a Family Member of Robert Greenberg does not serve as trustee or a similar capacity therefor (a “Non-Qualified Family Trust”), Borrower shall provide Agent with not less than 5 Business Days prior written notice before (a) the establishment of any such Non-Qualified Family Trust that, at the time of its creation, will hold 250,000 or more shares of the Stock of Parent and (b) the transfer or contribution (whether in one transfer or contribution or a series of related transfers or contributions) of 250,000 or more shares of the Stock of Parent to any such Non-Qualified Family Trust, in each case, together with copies of the applicable trust agreement or estate planning vehicle agreement relating to such Non-Qualified Family Trust.”

(c) Section 8.2 of the Credit Agreement is hereby amended and modified by amending and restating Section 8.2(a) in its entirety as follows:

“(a) fails to perform or observe any covenant or other agreement contained in any of (i) Sections 3.6, 5.1, 5.2 (other than with respect to any of clauses (a) through (r) of Schedule 5.2), 5.3 (solely if any Borrower is not in good standing in its jurisdiction of organization), 5.6, 5.7 (solely if Borrowers refuse to allow Agent or its representatives or agents to visit Borrowers’ properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss Borrowers’ affairs, finances, and accounts with officers and employees of Borrowers), 5.10, 5.11, 5.14, or 5.17 of this Agreement, (ii) Sections 6.1 through 6.16 of this Agreement, (iii) Section 7 of this Agreement, or (iv) Section 6 of the Security Agreement;”

(d) Section 15.1 of the Credit Agreement is hereby amended and modified by amending and restating the first four sentences appearing therein in their entirety as follows:

“**15.1 Appointment and Authorization of Agent.** Each Lender hereby designates and appoints WFF as its agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as agent for and on behalf of the Lenders (and the Bank Product Providers) on the conditions contained in this Section 15. The provisions of this Section 15 are solely for the benefit of Agent and the Lenders, and Parent and its Subsidiaries shall have no rights as a third party beneficiary of any of the provisions contained herein. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender (or Bank Product Provider), and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing, the use of the term “agent” in this Agreement or the other Loan Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a representative relationship between independent contracting parties. Each Lender hereby further authorizes (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to authorize) Agent to act as the secured party under each of the Loan Documents that create a Lien on any item of Collateral.”

(e) Section 15.3 of the Credit Agreement is hereby amended and modified by inserting “(or Bank Product Providers)” after “the Lenders” appearing therein.

(f) Section 15.4 of the Credit Agreement is hereby amended and modified by (1) inserting “(and, if it so elects, the Bank Product Providers)” after the phrase “If Agent so requests, it shall first be

indemnified to its reasonable satisfaction by the Lenders” and (b) inserting “(and Bank Product Providers)” after “the Lenders” in the last sentence appearing therein.

(g) Section 15.6 of the Credit Agreement is hereby amended and modified by amending and restating such section in its entirety as follows:

“15.6 **Credit Decision.** Each Lender (and Bank Product Provider) acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Parent and its Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender (or Bank Product Provider). Each Lender represents (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to represent) to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers. Each Lender also represents (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to represent) that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender (or Bank Product Provider) with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrowers or any other Person party to a Loan Document that may come into the possession of any of the Agent-Related Persons. Each Lender acknowledges (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to acknowledge) that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender (or Bank Product Provider) with any credit or other information with respect to Borrowers, its Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent’s or its Affiliates’ or representatives’ possession before or after the date on which such Lender became a party to this Agreement (or such Bank Product Provider entered into a Bank Product Agreement).”

(h) Section 15.7 of the Credit Agreement is hereby amended and modified by inserting “(or Bank Product Providers)” after “Agent is authorized and directed to deduct and retain sufficient amounts from the Collections of Parent and its Subsidiaries received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders” appearing therein.

(i) Section 15.8 of the Credit Agreement is hereby amended and modified by amending and restating such section in its entirety as follows:

“15.8 **Agent in Individual Capacity.** WFF and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Document as though WFF were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, WFF or its Affiliates may receive information regarding Parent or its Affiliates or any other Person

party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders (or Bank Product Providers), and the Lenders acknowledge (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms “Lender” and “Lenders” include WFF in its individual capacity.”

(j) Section 15.9 of the Credit Agreement is hereby amended and modified by amending and restating the first three sentences appearing therein in their entirety as follows:

“15.9 **Successor Agent.** Agent may resign as Agent upon 30 days prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Borrowers (unless such notice is waived by Borrowers) and without any notice to the Bank Product Providers. If Agent resigns under this Agreement, the Required Lenders shall be entitled to, with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a successor Agent for the Lenders (and the Bank Product Providers). If, at the time that Agent’s resignation is effective, it is acting as an Issuing Lender or the Swing Lender, such resignation shall also operate to effectuate its resignation as an Issuing Lender or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit, to cause the Underlying Issuer to issue Letters of Credit, or to make Swing Loans.”

(k) Section 15.10 of the Credit Agreement is hereby amended and modified by amending and restating clause (a) of such section in its entirety as follows:

“(a) Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group (or the Bank Product Providers). The other members of the Lender Group acknowledge (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding Parent or its Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.”

(l) Section 15.11 of the Credit Agreement is hereby amended and modified by amending and restating such section in its entirety as follows:

“15.11 **Collateral Matters.**

(a) The Lenders hereby irrevocably authorize (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to authorize) Agent to release any Lien on any Collateral or otherwise consent to the disposition thereof free of the Lien created by the Loan Documents (i) upon the termination of the Commitments and payment and satisfaction in full by Borrowers of all Obligations, (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrowers certify to Agent that the sale or disposition is

permitted under Section 6.4 or the other Loan Documents (and Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property in which Parent or its Subsidiaries owned no interest at the time Agent's Lien was granted nor at any time thereafter, or (iv) constituting property leased to Parent or its Subsidiaries under a lease that has expired or is terminated in a transaction permitted under this Agreement. The Lenders hereby irrevocably authorize (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to authorize) Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by Agent under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, or at any other sale or foreclosure conducted by Agent (whether by judicial action or otherwise) in accordance with applicable law. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of Collateral having an aggregate book value in excess of \$75,000,000 during any calendar year, all of the Lenders (without requiring the authorization of the Bank Product Providers), or (z) otherwise, the Required Lenders (without requiring the authorization of the Bank Product Providers); provided, however, that nothing in clause (y) of this sentence shall be deemed to restrict or limit the enforcement rights or remedies of Agent with respect to the Collateral under this Agreement or any other Loan Document that arise as a result of an Event of Default. Upon request by Agent or Borrowers at any time, the Lenders will (and if so requested, the Bank Product Providers will) confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, however, that (1) Agent shall not be required to execute any document necessary to evidence such release on terms that, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of Borrowers in respect of) all interests retained by Borrowers, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. The Lenders further hereby irrevocably authorize (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to authorize) Agent, at its option and in its sole discretion, to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(b) Agent shall have no obligation whatsoever to any of the Lenders (or the Bank Product Providers) to assure that the Collateral exists or is owned by Parent or its Subsidiaries or is cared for, protected, or insured or has been encumbered, or that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender (or Bank Product Provider) as to any of the foregoing, except as otherwise provided herein."

(m) Section 15.13 of the Credit Agreement is hereby amended and modified by amending and restating such section in its entirety as follows:

"15.13 **Agency for Perfection.** Agent hereby appoints each other Lender (and each Bank Product Provider) as its agent (and each Lender hereby accepts (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to accept) such appointment) for the purpose of

perfecting Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions."

(n) Section 15.14 of the Credit Agreement is hereby amended and modified by inserting "(or Bank Product Providers)" after "the Lenders" appearing therein:

(o) Section 15.15 of the Credit Agreement is hereby amended and modified by amending and restating such section in its entirety as follows:

"15.15 **Concerning the Collateral and Related Loan Documents.** Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees (and by its acceptance of the benefits of the Loan Documents, each Bank Product Provider shall be deemed to agree) that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders (and such Bank Product Provider)."

(p) Schedule P-1 to the Credit Agreement is hereby amended in its entirety and replaced with Schedule P-1 attached hereto as Exhibit B.

3. Waiver of Designated Event of Default. Anything in the Credit Agreement to the contrary notwithstanding, and subject to the satisfaction or waiver of the conditions precedent set forth in Section 4 hereof, Agent and Lenders hereby (i) waive the Designated Event of Default; provided, however, nothing herein, nor any communications among Parent, any Borrower, any Guarantor, Agent, or any Lender, shall be deemed a waiver with respect to any Events of Default, other than the Designated Event of Default, or any future failure of Parent, any Borrower or any Guarantor to comply fully with any provision of the Credit Agreement or any provision of any other Loan Document, and in no event shall this waiver be deemed to be a waiver of enforcement of any of Agent's or Lenders' rights or remedies under the Credit Agreement and the other Loan Documents, at law (including under the Code), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.1 of the Credit Agreement, with respect to any other Defaults or Events of Default now existing or hereafter arising. Except as expressly provided herein, Agent and each Lender hereby reserves and preserves all of its rights and remedies against Parent, any Borrower and any Guarantor under the Credit Agreement and the other Loan Documents, at law (including under the Code), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.1 of the Credit Agreement.

4. Conditions Precedent to Amendment. The satisfaction or waiver of each of the following shall constitute conditions precedent to the effectiveness of this Amendment:

(a) Agent shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) Agent shall have received the reaffirmation and consent of each Guarantor attached hereto as Exhibit A, duly executed and delivered by an authorized official of each Guarantor.

(c) Agent shall have received copies of The Robert Y. Greenberg 2009 Annuity Trust, executed on September 14, 2009, by and among Robert Y. Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee, and The M. Susan Greenberg 2009 Annuity Trust, executed on September 14, 2009, by and among M.

Susan Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee, and any other documents executed in connection therewith, duly executed and delivered by each party thereto, as in effect on November 5, 2009, which documents shall be in full force and effect and shall in the forms attached as Exhibit C hereto.

(d) After giving effect to this Amendment, the representations and warranties herein and in the Credit Agreement and the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

(e) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against any Borrower, any Guarantor, Agent, or any Lender.

(f) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing or shall result from the consummation of the transactions contemplated herein.

5. Representations and Warranties. Each of Parent and each Borrower hereby represents and warrants to Agent and the Lenders as follows:

(a) It (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business in all material respects as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) The execution, delivery, and performance by it of this Amendment and the performance by it of each Loan Document to which it is or will be a party (i) have been duly authorized by all necessary action on the part of such Borrower or Parent, as the case may be and (ii) do not and will not (A) violate any material provision of federal, state or local law or regulation applicable to it or its Subsidiaries, the Governing Documents of it or its Subsidiaries, or any order, judgment or decree of any court or other Governmental Authority binding on it or its Subsidiaries, (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of it or its Subsidiaries, except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (C) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Borrower or any Guarantor, other than Permitted Liens, or (D) require any approval of any Borrower's or any Guarantor's interestholders or any approval or consent of any Person under any Material Contract of any Borrower or any Guarantor, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

(c) No registration with, consent, or approval of, or notice to, or other action by, any Governmental Authority, other than registrations, consents approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date, is

required in connection with the due execution, delivery and performance by it of this Amendment or any other Loan Document to which it is or will be a party.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Loan Party that is a party thereto, will be the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(e) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any Governmental Authority against any Borrower, any Guarantor, or any member of the Lender Group.

(f) No Default or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes a Default or an Event of Default.

(g) The representations and warranties set forth in this Amendment, the Credit Agreement, as amended by this Amendment and after giving effect hereto, and the other Loan Documents to which it is a party are true, correct, and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

(h) This Amendment has been entered into without force or duress, of the free will of each of Parent and each Borrower, and the decision of each of Parent and each Borrower to enter into this Amendment is a fully informed decision and such Person is aware of all legal and other ramifications of each decision.

(i) It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder and thereunder.

6. Release by Each Borrower and Each Guarantor.

(a) Effective on the date hereof, each Borrower and each Guarantor, for itself and on behalf of its successors and assigns, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges Agent and each Lender, each of their respective Affiliates, and each of their respective successors in title, past, present and future officers, directors, employees, limited partners, general partners, investors, attorneys, assigns, subsidiaries, shareholders, trustees, agents and other professionals and all other persons and entities to whom any member of the Lenders would be liable if such persons or entities were found to be liable to such Borrower or such Guarantor (each a "Releasee" and collectively, the "Releasees"), from any and all past, present and future claims (provided that, future claims are hereby waived, released, remised and forever discharged solely to the extent such future claims relate, directly or indirectly, to acts or omissions that occurred on or prior to the date of this Amendment), suits, liens, lawsuits, adverse consequences, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "Claim" and

collectively, the “Claims”), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Borrower or such Guarantor ever had from the beginning of the world, now has, or might hereafter (provided, that, claims that might arise hereafter are hereby waived, released, remised and forever discharged solely to the extent such claims relate, directly or indirectly, to acts or omissions that occurred on or prior to the date of this Amendment) have against any such Releasee which relates, directly or indirectly, to any acts or omissions of any such Releasee that occurred on or prior to the date of this Amendment, which relate directly or indirectly, to the Credit Agreement, any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents. As to each and every Claim released hereunder, each Borrower and each Guarantor hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

As to each and every Claim released hereunder, each Borrower and each Guarantor also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Borrower and each Guarantor acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Borrower and each Guarantor understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(b) Each Borrower and each Guarantor, for itself and on behalf of its successors and assigns, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any claim released, remised and discharged by such Person pursuant to the above release. Each Borrower and each Guarantor further agrees that it shall not dispute the validity or enforceability of the Credit Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Agent’s Lien on any item of Collateral under the Credit Agreement or the other Loan Documents. If each Borrower and each Guarantor or any of its respective successors, assigns, or officers, directors, employees, agents or attorneys, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys’ fees and costs incurred by such Releasee as a result of such violation.

7. Choice of Law. THE VALIDITY OF THIS AMENDMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AMENDMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH PARTY HERETO WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AMENDMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

8. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect or particular unless each such alteration, amendment, change or modification is made in accordance with the terms and provisions of Section 14.1 of the Credit Agreement.

9. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. Expenses. Each Borrower shall pay to the Agent and the Lenders all costs, all out-of-pocket expenses, and all fees and charges of every kind in connection with the preparation, negotiation, execution and delivery of this Amendment any documents and instruments relating thereto. In addition thereto, each Borrower agrees to reimburse Agent and the Lenders on demand for its costs arising out of this Amendment and all documents or instruments relating hereto (which costs may include the reasonable fees and expenses of any attorneys retained by Agent or any Lender).

11. Effect on Loan Documents.

(a) The Credit Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of Agent or any Lender under the Credit Agreement or any other Loan Document. The waivers, consents and modifications herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are

based, shall not excuse any non-compliance with the Loan Documents (except as expressly stated herein), and shall not operate as a consent to any matter under the Loan Documents. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement and other Loan Documents shall remain unchanged and in full force and effect. The execution, delivery and performance of this Amendment shall not operate as a waiver (except as expressly stated herein) of or, except as expressly set forth herein, as an amendment of, any right, power or remedy of the Lenders in effect prior to the date hereof. The amendments and waivers set forth herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences other than those on which the same are based, and except as expressly set forth herein, shall neither excuse any future non-compliance with the Credit Agreement, nor operate as a waiver of any Default or Event of Default (other than the Designated Event of Default). To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

(c) To the extent that any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

(e) Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”.

12. Entire Agreement. This Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each of Parent and each Borrower hereby reaffirms its obligations under each Loan Document to which it is a party. Each of Parent and each Borrower hereby further ratifies and reaffirms the validity and enforceability of all of the liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to Agent, on behalf and for the benefit of the Lender Group and Bank Product Providers, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged as security for such obligations, continues to be and remain Collateral for such obligations from and after the date hereof.

15. Ratification. Each of Parent and each Borrower hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement and the Loan Documents effective as of the date hereof and as amended hereby.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[signature pages follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

SKECHERS U.S.A., INC.,
a Delaware corporation, as Parent and as a Borrower

By: /s/ DAVID WEINBERG
Name: David Weinberg
Title: Chief Operating Officer

SKECHERS U.S.A., INC. II,
a Delaware corporation, as a Borrower

By: /s/ DAVID WEINBERG
Name: David Weinberg
Title: Chief Financial Officer

SKECHERS BY MAIL, INC.,
a Delaware corporation, as a Borrower

By: /s/ DAVID WEINBERG
Name: David Weinberg
Title: Chief Financial Officer

310 GLOBAL BRANDS, INC.,
a Delaware corporation, as a Borrower

By: /s/ DAVID WEINBERG
Name: David Weinberg
Title: Chief Executive Officer

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

WELLS FARGO FOOTHILL, LLC,
a Delaware limited liability company, as
Agent and as a Lender

By: /s/ RINA SHINODA
Name: Rina Shinoda
Title: Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ STEPHEN KING

Name: Stephen King

Title: Senior Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

PNC BANK, N.A.,
as a Lender

By: /s/ Robin L. Arriola
Name: Robin L. Arriola
Title: Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

UNION BANK, N.A.,
as a Lender

By: /s/ PETER EHLINGER
Name: Peter Ehlinger
Title: Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

HSBC BUSINESS CREDIT (USA) INC.,
as a Lender

By: /s/ KYSHA A. PIERRE-LOUIS

Name: Kysha A. Pierre-Louis

Title: Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

CIT BANK,
as a Lender

By: /s/ BENJAMIN HASLAM

Name: Benjamin Haslam

Title: Authorized Signatory

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

CAPITAL ONE LEVERAGE FINANCE CORPORATION,
as a Lender

By: /s/ ARI KAPLAN
Name: Ari Kaplan
Title: Senior Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ WAYNE G. ELLIOTT

Name: Wayne Glen Elliott

Title: Vice President

[Signature Page to Amendment Number One to Credit Agreement and Waiver]

EXHIBIT A

REAFFIRMATION AND CONSENT

All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in that certain Credit Agreement dated as of June 30, 2009 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent and each other Subsidiary that becomes a party thereto after the date thereof in accordance with the terms thereof, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO FOOTHILL, LLC**, a Delaware limited liability company, as a joint lead arranger and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), **BANK OF AMERICA, N.A.** ("BOA"), as syndication agent, and **BANC OF AMERICA SECURITIES LLC** ("BOAS"), as a joint lead arranger, as amended by that certain Amendment Number One to Credit Agreement and Waiver, dated as of November 5, 2009 (the "Amendment"), by and among the Borrowers, the Lenders signatory thereto, and Agent. The undersigned Guarantors each hereby (a) represents and warrants to Agent and the Lenders that the execution, delivery, and performance of this Reaffirmation and Consent (i) are within its powers, (ii) have been duly authorized by all necessary action, (iii) do not and will not violate of any material provisions of federal, state, or local law or regulation applicable to it or its Subsidiaries or of the terms of its Governing Documents, or any order, judgment, or decree of any court or other Governmental Authority binding on it or its Subsidiaries, (iv) do not and will not in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of such Guarantor except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (v) do not and will not result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of such Guarantor, other than Permitted Liens, and (vi) do not and will not require any approval of its interestholders or any approval or consent of any Person under any Material Contract of such Guarantor, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change; (b) consents to the amendment of the Credit Agreement as set forth in the Amendment and any waivers granted therein, including, without limitation, and agrees to the terms of the release granted in Section 6 thereof; (c) acknowledges and reaffirms its obligations owing to Agent and the Lenders under any Loan Document to which it is a party; (d) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect; and (e) ratifies and reaffirms the validity and enforceability of all of the liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to Agent, on behalf and for the benefit of the Lender Group and the Bank Product Providers, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged as security for such obligations, continues to be and remain Collateral for such obligations from and after the date hereof. Although each of the undersigned has been informed of the matters set forth herein and in the Amendment and has acknowledged and agreed to same, they each understand that neither any Agent nor any Lender has any obligations to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Delivery of an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Reaffirmation and Consent. Any party delivering an executed

counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Reaffirmation and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Reaffirmation and Consent.

This Reaffirmation and Consent is a Loan Document.

THE VALIDITY OF THIS REAFFIRMATION AND CONSENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have each caused this Reaffirmation and Consent to be executed as of the date of the Amendment.

SKECHERS COLLECTION, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC.,
its sole member and manager

By: _____
Name:
Title:

SKECHERS SPORT, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC.,
its sole member and manager

By: _____
Name:
Title:

DUNCAN INVESTMENTS, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC.,
its sole member and manager

By: _____
Name:
Title:

SEPULVEDA BLVD. PROPERTIES, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC.,
its sole member and manager

By: _____
Name:
Title:

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT TO
AMENDMENT NUMBER ONE TO CREDIT AGREEMENT AND WAIVER]

SKX ILLINOIS, LLC,
an Illinois limited liability company

By: SKECHERS U.S.A., INC.,
its sole member and manager

By: _____
Name:
Title:

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT TO
AMENDMENT NUMBER ONE TO CREDIT AGREEMENT AND WAIVER]

EXHIBIT B

Schedule P-1

Permitted Holder means Robert Greenberg and any of his Affiliates, Family Members, Family Trusts and any Family Trust of a Family Member of Robert Greenberg.

For purposes of this Schedule, "Family Member" means, with respect to any individual, any other individual having a relationship by blood (to the second degree of consanguinity), marriage, or adoption to such individual and "Family Trusts" means, (a) with respect to any individual, trusts or other estate planning vehicles established for the benefit of such individual or Family Members of such individual and in respect of which such individual or a Family Member of such individual serves as trustee or in a similar capacity, (b) with respect to Robert Y. Greenberg, The Robert Y. Greenberg 2009 Annuity Trust, executed on September 14, 2009, by and among Robert Y. Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee, as in effect on November 5, 2009 in the form attached as Exhibit C to the First Amendment (the "Robert Greenberg Trust Agreement"), and (c) with respect to M. Susan Greenberg, The M. Susan Greenberg 2009 Annuity Trust, executed on September 14, 2009, by and among M. Susan Greenberg, as the settler, and Gil N. Schwartzberg, as the trustee, as in effect on November 5, 2009 in the form attached as Exhibit C to the First Amendment (the "Susan Greenberg Trust Agreement"), and together with the Robert Greenberg Trust Agreement, each a "Trust Agreement" and collectively, the "Trust Agreements").

EXHIBIT C

THE ROBERT Y. GREENBERG 2009 ANNUITY TRUST

**ARTICLE 1
INTRODUCTION**

1.1. Creation Of Trust

ROBERT Y. GREENBERG, who is referred to herein as the "Settlor," declares that he has transferred and delivered to **GIL N. SCHWARTZBERG**, who is referred to herein as the "Trustee," in trust, the property described in Exhibit "A" hereto and such other property as may be subject to this document. As a matter of convenience, all property at any time subject to this document is collectively referred to as the "trust estate." No consideration was or will be given by the Trustee to the Settlor for the transfer to the Trustee of any of the trust estate. The Trustee accepts such title to the trust estate as transferred to him without liability or responsibility for the conditions or validity of the title. The Trustee acknowledges that the trust estate has been or will be transferred to the Trustee, as a gift irrevocably in trust, solely for the uses and purposes provided in this document.

1.2. Name Of Document

This document shall be known as **THE ROBERT Y. GREENBERG 2009 ANNUITY TRUST**. As a matter of convenience, a trust created hereunder is sometimes referred to in this document by reference to the tax election(s) made with respect to such trust and/or the name of its Income Beneficiaries.

1.3. Irrevocability Of Trust

Except as specifically provided to the contrary in this document, this document and the trusts established hereunder are irrevocable and may not be altered or amended.

1.4. Rules Of Construction

All provisions of this document shall be interpreted, applied and construed in accordance with the definitions set forth in Article 6.

**ARTICLE 2
DISTRIBUTION OF TRUST ESTATE**

2.1. Qualified Annuity Trust

It is the Settlor's intention that this instrument create a Qualified Annuity Trust during the Fixed Term of the Settlor's interest and that the Settlor's interest in the trust constitute a "Qualified Annuity Interest" within the meaning of Section 25.2702-3 of the

Treasury Regulations. Therefore, all provisions of this instrument shall be interpreted and limited accordingly, and the Trustee shall not take any action nor have any power which would impair the ability of this trust so to qualify. Should any provision of this document be in conflict with the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued, dealing with Qualified Annuity Interests, such provisions shall be deemed to override and supersede the conflicting provisions herein. If the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued, require that a Qualified Annuity Trust contain provisions that are not expressly set forth herein, such provisions shall be incorporated herein by reference as if set forth in full as of the date of execution hereof. Unless prohibited by the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, the Trustee shall have the power, acting alone, to amend the provisions of this document in any manner required for the sole purpose of ensuring that the annuity trust established hereunder qualifies and continues to qualify as a Qualified Annuity Trust. The Trustee may exercise such power either by a duly acknowledged written instrument executed by the Trustee and delivered to all beneficiaries living at the date of such amendment, or by petitioning any court which may acquire jurisdiction over this document to have the provisions hereof reformed accordingly. The Trustee is further authorized to enter into any and all agreements with the Internal Revenue Service or any other governmental body or official or to execute, from time to time, any agreements, declarations of policy or disclaimers that may be required in order for this trust to qualify as a Qualified Annuity Trust.

2.2. Fixed Term Of The Settlor's Interest

The Fixed Term of the Settlor's interest means a period of two (2) years, commencing with the date of execution of this document.

2.3. Administration Until Expiration Of Fixed Term Or Settlor's Death

Until the expiration of the Fixed Term of the Settlor's interest, the trust estate shall be held, administered and distributed as provided in this Paragraph 2.3.

2.3.a. Annuity Amount

The annuity amount for the first annuity payment shall be an amount equal to 47.85834% of the value of the Initial Value, as defined in Paragraph 2.3.e., and the annuity amount for the second annuity payment shall be an amount equal to 57.43% of the Initial Value. Each of the two annuity payments is referred to herein as an "Annuity Amount."

2.3.b. Payments Of Annuity Amount From Trust Estate

The Trustee shall pay the Annuity Amount for each taxable year of this trust to **ROBERT Y. GREENBERG'S SEPARATE PROPERTY TRUST under THE GREENBERG FAMILY TRUST** for the Settlor's benefit; provided, however, that the Settlor may at any time direct that the Annuity Amount be paid to the Settlor, his estate or another trust revocable by the Settlor. The recipient of the Annuity Amount is hereinafter referred to as the "Payee." Each Annuity Amount shall be paid in a single installment annually on the calendar month and day immediately preceding the calendar month and day on which this document is executed, first from the net income of the trust and, to the extent such income is insufficient, then from principal.

2.3.c. No Payment Of Annuity Amount By Note Or Debt Instrument

Each Annuity Amount may be paid in cash or in kind, but shall not be paid by means of a note, other debt instrument, option or other similar financial arrangement.

2.3.d. Late Payments

The right to receive payments pursuant to Paragraph 2.3.b. shall begin on the date of execution of this document. The Annuity Amount payable under Paragraph 2.3.b. for any taxable year may be paid after the close of the taxable year, provided the payment is made no later than the date by which the Trustee is required to file the federal income tax return of the trust for the taxable year (without regard to extensions).

2.3.e. Incorrect Valuation

For purposes of determining the Annuity Amounts, the "Initial Value" shall equal the value of the property transferred by the Settlor to the Trustee as finally determined for federal gift tax purposes. If the value of any property or interest is incorrectly determined, then within a reasonable period after such value is finally determined for federal gift tax purposes, the Trustee shall pay to (in the case of an undervaluation) the Payee or shall receive from (in the case of an overvaluation) the Payee, as the case may be, an amount equal to the difference between the Annuity Amounts properly payable and the Annuity Amounts actually paid to the Payee. Any such payment shall bear interest at such rate and in such manner as may be required by the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, as now in effect or as subsequently issued from time to time.

2.3.f. Short Taxable Year

The Trustee shall prorate the Annuity Amount on a daily basis for a short first taxable year and for the short taxable year during which the payment of the Annuity

Amount terminates. In the case of a taxable year which is for a period of less than twelve (12) full months, other than the last taxable year of the trust, the Annuity Amount shall be the amount otherwise determined multiplied by a fraction, the numerator of which is the number of days in the taxable year of the trust, and the denominator of which is 365 (or 366 if a leap year). If the last taxable year of the trust is less than twelve (12) full months, the Annuity Amount shall be the amount otherwise determined multiplied by a fraction, the numerator of which is the number of days in the period beginning on the first day of such taxable year and ending on the day the trust terminates, and the denominator of which is 365 (or 366 if a leap year).

2.3.g. Additional Contributions Prohibited

No additional contributions may be made to this trust.

2.3.h. No Distributions Other Than Annuity Amount

During the Fixed Term of the Settlor's interest, no distribution may be made from this trust to or for the benefit of any person or entity, except for the payment of the Annuity Amounts to the Payee; provided, however, that this sentence shall not be construed as preventing the payment of expenses properly chargeable to this trust.

2.3.i. Term Of The Qualified Annuity Interest

The term of the Settlor's Qualified Annuity Interest shall terminate upon the expiration of the Fixed Term of the Settlor's interest.

2.3.j. No Commutation

The Qualified Annuity Interest shall not be subject to commutation.

2.4. Distribution Of Trust Estate Upon Expiration Of Fixed Term

Upon the expiration of the Fixed Term of the Settlor's interest, the remaining balance of the trust estate shall be divided into as many equal shares as are necessary to make the following distributions:

2.4.a. Gift To [*] Or Issue

If [*] ("[*]") or any of his issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such

* Confidential Portions Omitted and Filed Separately with the Commission.

trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.b. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.c. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.d. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.e. Gift To [*] Or Issue

If [*] (“[*]”) or any of her issue survive the expiration of the Fixed Term of the Settlor’s interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for her benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among her issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

* Confidential Portions Omitted and Filed Separately with the Commission.

2.4.f. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, one (1) share shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.g. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, one (1) share shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.5. Administration Of Trusts For Settlor’s Issue

The following provisions shall apply to the administration of the trusts established for the Settlor’s issue. The primary beneficiary of each such trust is referred to herein as the “Descendant.”

2.5.a. Administration Of Trusts For Living Descendant

(i) **Distributions Of Income And Principal.** Until the Descendant attains age twenty-five (25), the Trustee shall pay to the Descendant as much of the net income and principal of his or her trust as the Trustee considers appropriate for the Descendant’s health, education, maintenance support in his or her accustomed standard of living. Any income not so distributed shall become principal. From and after the Descendant’s attainment of age twenty-five (25), the Trustee shall pay to the Descendant the net income of his or her trust. If the Trustee considers this income to be insufficient, the Trustee shall also pay to the Descendant as much of the principal of his or her trust as the Trustee considers appropriate for the Descendant’s health, education, maintenance support in his or her accustomed standard of living. In addition, the Trustee shall pay to the Descendant as much principal of his or her trust as the Independent Trustee determines from time to time in the Independent Trustee’s sole discretion. The Independent Trustee shall not be subject to any obligation, liability or surcharge

* Confidential Portions Omitted and Filed Separately with the Commission.

for making or not making distributions from the Descendant's trust unless such action was taken in bad faith.

(ii) **Descendant's Limited Lifetime Power Of Appointment.** The Descendant may, during his or her lifetime, appoint all or any portion of the principal and undistributed income of his or her trust, on any terms and conditions, either outright or in trust, in favor of any one or more of the Descendant's issue. Such power may not be exercised for the benefit of the Descendant, the Descendant's estate or the creditors of the Descendant or of the Descendant's estate. To the extent a Descendant's appointment affects future distributions, it may be revoked or amended by a subsequent appointment by the Descendant.

(iii) **Descendant's Limited Testamentary Power Of Appointment.** Upon the Descendant's death, the Descendant may appoint all or any portion of the principal and undistributed income of his or her trust, on any terms and conditions, either outright or in trust, in favor of any one or more persons other than the Descendant's estate or the creditors of the Descendant or of the Descendant's estate.

(iv) **Disposition Of Descendant's Trust Not Effectively Appointed By Descendant.** Upon the Descendant's death, any portion of the Descendant's trust not effectively appointed by the Descendant (the "Unappointed Property") shall be allocated to a trust for the benefit of the Descendant's issue, to be divided and administered as provided in Paragraph 2.5.b. If the Descendant is an issue of a child of the Settlor (with such child referred to herein as the Descendant's "Ancestor") and is not survived by issue, the Unappointed Property instead shall be distributed, by right of representation, to those issue of the Ancestor who are the then living issue of the Descendant's closest lineal ancestor who has issue of the Ancestor then living. Any part of the Unappointed Property which is distributable to an individual who is an issue of the Ancestor either (A) shall be added to the trust for the individual's benefit then being administered under this document, to be administered according to its terms; or (B) if no trust is then being administered under this document for the individual's benefit, shall be retained in a new trust for the individual's benefit, to be administered as provided in this Paragraph 2.5.a. (with the individual considered the "Descendant" for purposes of this Paragraph). If either (1) the Descendant is a child of the Settlor who dies without issue or (2) the Descendant is not a child of the Settlor but there are no then living issue of the Descendant's Ancestor, the Unappointed Property instead shall be distributed as provided in Paragraph 2.4. as if (a) the Descendant's death was the expiration of the Fixed Term of the Settlor's interest and (b) the Unappointed Property was the remaining balance of the trust estate.

2.5.b. Administration Of Trusts Allocated To Issue Of Deceased Descendant

Each trust allocated to a group composed of the living issue of a deceased Descendant shall be divided into equal parts. One equal part shall be allocated to each then living child of the deceased Descendant, and one equal part shall be allocated to each group composed of the then living issue of a deceased child of the deceased Descendant. Each part shall constitute a separate and independent trust, and Exempt Trusts shall remain separate from Non-Exempt Trusts. A trust for a living child of the deceased Descendant shall be administered for the child's benefit as provided in Paragraph 2.5.a. (with the child considered the "Descendant" for purposes of that Paragraph), and a trust for the then living issue of a deceased child of the deceased Descendant shall be further divided for the benefit of such issue as provided in this Paragraph 2.5.b. (with the deceased child considered the deceased "Descendant" for purposes of this Paragraph).

2.6. Distribution To Beneficiary Under Age Twenty-Five Or Lacking Legal Capacity

If any provision of this document would require the Trustee to distribute a trust (other than any Qualified Subchapter S Trust), or a portion thereof, to an individual who, at the time of such distribution, has not attained age twenty-five (25) or is lacking legal capacity, the Trustee may:

2.6.a. Distribute such property to the individual or to the individual's Agent, if any; or

2.6.b. If the individual has not attained age twenty-five (25), distribute such property to a custodian under the California Uniform Transfers to Minors Act until the age of twenty-five (25); or

2.6.c. Retain in further trust the property which would otherwise have been distributed to the individual and pay to him or her as much of the net income and principal thereof as the Trustee considers necessary for his or her health, education, maintenance and support in his or her accustomed standard of living. Upon the last to occur of (i) the individual attaining age twenty-five (25) or (ii) the individual regaining legal capacity, as the case may be, the Trustee shall distribute to him or her the principal and undistributed income then being administered for his or her benefit. If the individual dies before becoming entitled to receive distribution in full of his or her trust, then upon his or her death, he or she may appoint all or any portion of the principal and undistributed income of his or her trust on any terms and conditions, either outright or in trust, in favor of any one or more persons and entities, including his or her

estate. Any portion of such trust not effectively appointed by the individual shall be distributed to his or her estate.

2.7. Distributions From Multiple Trusts

2.7.a. Distributions From Separate Trusts

If the terms of any divided trust or the terms of any multiple trusts for the same Beneficiary, whether administered under this document or otherwise, authorize or require distribution to a Beneficiary of a pecuniary amount or payments for the same purpose, the aggregate amount paid from all such trusts for such purpose shall not exceed the maximum amount that could be paid to such Beneficiary from any one of such trusts. The Trustee may, in the Trustee's discretion, charge all of a payment to one trust to the exclusion of the others, or the Trustee may charge a portion of such payment to two or more trusts.

2.7.b. Consultation With Other Trustee

If any Beneficiary is also a Beneficiary of one or more other trusts, whether administered under this document or otherwise, the Trustee shall consult with the trustee of such other trust(s) in determining whether to make distributions from a trust hereunder to such Beneficiary; in such consultation, the Trustee shall take into account the income, estate, generation-skipping transfer, excise and other tax consequences from making or not making the distribution from a particular trust.

2.8. General Power Of Appointment

2.8.a. Additional Power Of Appointment

Subject to the provisions of Paragraph 2.8.d., if a generation-skipping transfer tax would be payable upon the death of a Beneficiary, other than the Settlor, with respect to any trust but for the provisions of this Paragraph 2.8., then upon the Beneficiary's death, in addition to any limited power of appointment the Beneficiary may have hereunder, he or she may appoint all or any portion of the part of such trust as is set forth below on any terms and conditions, either outright or in trust, in favor of any one or more of the Beneficiary's creditors:

(i) That part of such trust, up to the whole thereof, which as of the date of the Beneficiary's death has a value equal to the amount (under the rate schedule of Code §2001 then applicable) with respect to which the marginal Tentative Tax rate equals the Maximum Federal Estate Tax Rate, reduced (but not below zero) by the amount, if any, by which the sum of (A) such Beneficiary's Adjusted Taxable Gifts at the time of his or her death

and (B) the Beneficiary's Adjusted Gross Estate, calculated without consideration of the General Power of Appointment created under this Paragraph or of any other General Power of Appointment under a document that becomes irrevocable after the date of this document, exceeds (C) the deductions provided for in Code §2055 and Code §2056 allowed with respect to property included in such Adjusted Gross Estate. If there are two or more trusts under this document for the Beneficiary to which the General Power of Appointment created by this Paragraph applies, the Beneficiary may appoint a portion of each such trust. With respect to any such trust, such portion shall equal the value determined under this Paragraph multiplied by a fraction, the numerator of which is the value of such trust, and the denominator of which is the aggregate value of all such trusts.

(ii) The balance of any such trust, if including such balance in the Beneficiary's Taxable Estate would cause the estate tax payable at the Beneficiary's death to be less than the generation-skipping transfer tax payable at the Beneficiary's death if such balance were not so included.

2.8.b. Property Not Otherwise Appointed

Any portion of any trust not effectively appointed upon the Beneficiary's death under this Paragraph 2.8. shall be distributed pursuant to the terms of such trust without regard to this Paragraph 2.8.

2.8.c. Action To Reduce Generation-Skipping Transfer Tax

For purposes of implementing the provisions of this Paragraph 2.8., the Trustee may take whatever action is deemed necessary or appropriate to reduce the amount of generation-skipping transfer tax payable and to resolve ambiguities arising in situations not explicitly covered by this Paragraph 2.8. The Trustee shall not be subject to any obligation, liability or surcharge for acting or failing to act under this Paragraph 2.8., unless such action or failure to act was in bad faith.

2.8.d. Direct Skip If General Power Of Appointment Not Exercised

If the Beneficiary's failure to exercise the General Power of Appointment granted under this Paragraph 2.8. would result in a Direct Skip from the Beneficiary, then notwithstanding the foregoing provisions of this Paragraph 2.8., the Beneficiary shall have no General Power of Appointment hereunder.

2.9. Death Of All Beneficiaries

If all of the Settlor's issue die before complete distribution of the trust estate, that portion of the trust estate then remaining shall be distributed to the Settlor's heirs, whose

identities and shares shall be determined at the time of the event requiring distribution under this Paragraph 2.9. as though the Settlor's death and his wife's death occurred simultaneously immediately following such event, and according to the California laws of intestate succession then in force relating to separate property not acquired from a parent, grandparent or previously deceased spouse. However, if after six (6) months of reasonable search following the occurrence of such event, the Trustee is unable to identify and locate any such heirs of the Settlor, the property distributable to such heirs shall instead be distributed to one or more Charities selected by the Trustee.

2.10. Survivorship Provision

If any person named or described in this Article 2 fails to survive any event by thirty (30) days, such person shall be deemed to have predeceased that event, and any gifts to or for the benefit of such person occurring by reason of that event, unless otherwise specifically provided to the contrary, shall lapse and instead shall be distributed as part of the residue of the trust from which such gift is directed to be made.

2.11. Rule Against Perpetuities

Unless earlier terminated, each trust established hereunder or by the exercise of a power of appointment granted hereunder shall terminate as follows:

2.11.a. All trusts shall terminate twenty-one (21) years after the death of the last survivor of the issue of the Settlor's grandparents and the issue of the grandparents of **M. SUSAN GREENBERG** who are living on the date of this document. Notwithstanding the foregoing, any trust established by the exercise of a lifetime General Power of Appointment shall terminate as provided in the instrument in which such power is exercised.

2.11.b. Upon such termination, each trust shall be distributed to the Income Beneficiaries thereof in proportion to their respective rights to receive income. In the case of a trust providing for discretionary income distributions, the trust estate shall be distributed by right of representation to the issue of the Settlor who are Income Beneficiaries or, if there are none, in equal shares to all Income Beneficiaries.

**ARTICLE 3
PROVISIONS REGARDING TRUSTEES**

3.1. Appointment Of Trustees

GIL N. SCHWARTZBERG shall serve as Trustee. If **GIL N. SCHWARTZBERG** ceases to serve and has not designated a successor as provided in

Paragraph 3.2., **REGINA BROWN** shall serve as Trustee. If **REGINA BROWN** fails to qualify or also ceases to serve and has not designated a successor as provided in Paragraph 3.2., **JACK SUZAR** shall serve as Trustee.

3.2. Designation Of Co-Trustees And Successor Trustees

3.2.a. At any time and from time to time, any individual serving as Trustee may designate one or more persons to serve as Co-Trustees with him or her or as successor Trustees after he or she ceases to serve as a Trustee. Additionally, a designation may (i) specify the compensation for so serving, (ii) be for a fixed or an unlimited duration, (iii) be subject to the designating Trustee's subsequent revocation or alteration, (iv) be for all or a portion of such Trustee's powers, and (v) otherwise set forth terms and conditions of such service as are not inconsistent with this document.

3.2.b. This power to designate Co-Trustee(s) and successor(s) may be exercised only by delivering to the designee(s) and to the then adult Income Beneficiaries of such trust a signed and acknowledged writing specifically referring to this Paragraph. Any designation of successors may be revoked or amended by a subsequent designation that complies with the foregoing formalities. As used in this Paragraph, the term "person" includes a corporate Trustee. If a conflict occurs between the terms of two or more designations, the terms of the most recent designation shall prevail.

3.3. Provisions Concerning Successor Trustees

No person shall be deemed to have qualified as a Co-Trustee or as a successor Trustee of any trust unless such person consents to serve in such capacity in a writing delivered to his, her or its predecessor or, if such predecessor is not then living and competent, with the then adult Income Beneficiaries of such trust. Such writing shall specifically acknowledge acceptance of any terms and conditions imposed on such person so serving, including but not limited to limitations on compensation, duration of service and exercisable powers. Such person may undertake a reasonable investigation into the assets and liabilities of such trust before consenting to serve. All reasonable expenses incurred by such person in determining whether or not to consent to serve shall be paid from such trust as an expense of administration.

3.4. Exculpatory Clause

3.4.a. No Trustee without actual notice of any death, birth or other event upon which the right to payments under this document depends shall be liable for any disbursements unless made in bad faith.

3.4.b. No Trustee or successor Trustee shall be liable or responsible for the acts, omissions or defaults of a Co-Trustee or predecessor Trustee, as the case may be, provided that he or she does not have actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults. Unless, within ninety (90) days of his, her or its appointment, a successor Trustee is requested in writing by a Beneficiary or a Beneficiary's Agent to investigate the actions of the predecessor Trustee, such successor Trustee shall not be required to make such investigation and may accept the accounting records of the predecessor Trustee without liability. If requested to investigate any action of the predecessor Trustee, all Trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor Trustee.

3.4.c. No Trustee who has (i) designated Co-Trustees or successor Trustees, (ii) delegated powers during a delegation period, or (iii) employed professionals to assist with the administration of any trust established hereunder, shall be liable or responsible for the acts, omissions or defaults of such designees, delegates or professionals, nor shall the Trustee be obligated to supervise or monitor any of them (except on a semi-annual basis), unless either (A) the Trustee made such designation, delegation or employed such professional in bad faith, with gross negligence or with willful misconduct, or (B) the Trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults.

3.5. Voluntary Resignation

A Trustee may resign upon written notice to all other Trustees or, if there are none, to his, her or its successor or, if there is none, to all then Income Beneficiaries. However, such Trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such Trustee's accounting has been settled pursuant to Paragraph 5.7. or 5.8.

3.6. Incapacity Of Trustee

Any individual Trustee who is deemed incapacitated pursuant to Paragraph 3.6.a. shall temporarily or permanently, as the case may be, cease to serve as a Trustee of all trusts under this document as provided in Paragraph 3.6.b.

3.6.a. Determination Of Incapacity Or Capacity

For purposes of this document, an individual Trustee shall be deemed to be incapacitated (or to have recovered from a temporary incapacity) if either (i) the individual's regular attending physician (provided such physician is not related by blood or marriage to any Trustee or Beneficiary) examines such individual and certifies in writing that

such individual is or is not temporarily or permanently incapacitated (hereinafter referred to as a “determination”), (ii) both a board-certified psycho-neurologist and a board-certified psychiatrist, neither of whom is related by blood or marriage to any Trustee or Beneficiary, examine such individual and certify in writing that such individual is or is not temporarily or permanently incapacitated (also referred to as a “determination”) or (iii) the court having jurisdiction over any trust under this document of which such individual is serving as Trustee finds that such individual is or is not temporarily or permanently incapacitated (hereinafter referred to as a “finding”). As used herein, the term “incapacitated” means incapable of exercising powers as Trustee under the criteria set forth in California Probate Code §810 et. seq. If any Trustee (including a person who has been determined to be incapacitated) or Beneficiary disputes a determination, such Trustee or Beneficiary may petition the court for a finding under this Paragraph, and the court’s finding shall supersede the determination. The expenses of any examination or court proceeding under this Paragraph 3.6.a. shall be paid from all trusts under this document of which such individual is a Trustee in proportion to the relative book values of such trusts.

3.6.b. Effect Of Determination Or Finding Of Incapacity

(i) **Temporary Incapacity.** An individual Trustee shall temporarily cease to serve as Trustee of all trusts under this document upon a determination or finding of temporary incapacity. If the temporarily incapacitated Trustee is serving as a Co-Trustee, the other Trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only Trustee(s), and no successor Trustee for such temporarily incapacitated Trustee shall serve in his or her place. If the temporarily incapacitated Trustee is serving as sole Trustee, the successor Trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only Trustee(s).

(ii) **Resumption Of Trusteeship Upon Recovery From Temporary Incapacity.** Any Trustee deemed to be temporarily incapacitated shall resume serving as a Trustee upon a determination or finding of capacity made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor Trustee serving in place of a temporarily incapacitated sole Trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor Trustee’s accounting has been settled pursuant to Paragraph 5.7. or 5.8.

(iii) **Permanent Incapacity.** An individual Trustee shall permanently cease to serve as Trustee of all trusts under this document upon the first to occur of (A) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual Trustee has resumed serving as Trustee pursuant to subparagraph (ii) above, and (B) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual Trustee's resumption of service as Trustee pursuant to subparagraph (ii) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A Trustee who permanently ceases to serve as Trustee pursuant to this Paragraph shall not be relieved of liability as Trustee until his or her accounting has been settled pursuant to Paragraph 5.7. or 5.8.

3.6.c. Consent To Examination And Waiver Of Doctor-Patient Privilege

Each individual Trustee hereunder, by accepting his or her office, agrees (i) to cooperate in any examination reasonably necessary to carry out the provisions of this Paragraph 3.6., (ii) to waive the doctor-patient privilege in respect to the results of such examination to the extent required to implement this Paragraph 3.6. and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) that his or her obligation to comply with the provisions of this Paragraph 3.6. is specifically enforceable.

3.7. Delegation By Trustees Permitted

3.7.a. If Co-Trustees are serving hereunder, an individual Co-Trustee may from time to time delegate to the other Co-Trustees all or any of his or her powers as Trustee. Such delegation shall be in writing, shall be delivered to all other Co-Trustees, shall specify the power(s) delegated and may be revoked or modified by a comparable writing. A statement that the Trustee delegates all powers granted by this document shall be sufficient to delegate all such powers. Powers vested in an Independent Trustee may only be delegated to another Independent Trustee.

3.7.b. Any third party, including any bank, savings and loan, title insurer, stock or bond broker or transfer agent may rely upon any delegation under this Paragraph 3.7. and shall incur no liability for any action taken in reliance on such delegation in the absence of actual knowledge of its revocation or modification.

3.7.c. Any Co-Trustee who delegates all or any of his or her powers as Trustee shall not be liable or responsible for the acts, omissions or defaults of the other Co-Trustee(s) during the period of delegation provided that he or she does not have actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults.

3.8. Conflicts Of Interest

No Trustee named or designated herein shall be disqualified by reason of owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

3.9. Removal And Replacement Of Trustee

A majority in percentage interest of all Income Beneficiaries of any trust established hereunder may remove any Trustee thereof for reasonable cause. In such event, the next successor Trustee named in Paragraph 3.1. or designated as provided in Paragraph 3.2. shall serve in place of such removed Trustee. If no successor is so named or designated, a majority in percentage interest of all Income Beneficiaries of such trust may substitute a new Trustee in place of such removed Trustee. With respect to a replacement Trustee so substituted, the majority of Income Beneficiaries may specify (i) the compensation for so serving, (ii) the term or duration of service, (iii) the powers to be held by each replacement Trustee, and such majority may designate different persons to hold different powers; provided, however, that all of the removed Trustee's powers are vested in one or more of the replacement Trustees, and/or (iv) otherwise set forth terms and conditions of such service as are not inconsistent with this document. When the removed Trustee has received written notice of his, her or its removal and has been notified in writing by his, her or its successor of the latter's acceptance, the removed Trustee shall surrender to the appropriate replacement Trustee all books, records and assets in its possession comprising a portion of the trust estate or relating thereto. However, such removed Trustee shall not be relieved of liability until his, her or its replacement has qualified and such Trustee's accounting has been settled pursuant to Paragraph 5.7. or 5.8. As used in this Paragraph, the term "reasonable cause" includes, but is not limited to, (i) the legal incapacity of the Trustee; (ii) the willful or negligent mismanagement by the Trustee of trust assets; (iii) the abuse or abandonment of, or inattention to, the trust by the Trustee; (iv) a federal or state charge against the Trustee involving the commission of a felony or serious misdemeanor; (v) an act of stealing, dishonesty, fraud, embezzlement, moral turpitude or moral degeneration by the Trustee; (vi) the Trustee's use of narcotics or excessive amounts of alcohol; (vii) the Trustee's poor physical, mental or emotional health which causes the Trustee to be unable to devote sufficient

time to administer the trust; (viii) the Trustee's failure to comply with a written agreement regarding compensation or any other legally enforceable written agreement affecting the trust's operation; (ix) a demand for unreasonable compensation; (x) the failure of a corporate Trustee to appoint a senior officer with at least five (5) years of experience in administering trusts to handle the account; (xi) unreasonably high turnover of account officers assigned to the trust (unless requested by the Beneficiaries); (xii) unreasonably poor investment performance; (xiii) the removal of all current Income Beneficiaries from the State wherein the corporate Trustee is licensed to conduct business as a corporate Trustee; (xiv) the relocation of the Trustee away from the location where the trust operates so as to interfere with the administration of the trust; (xv) unreasonable lack of communication between the Trustee and the Beneficiaries; (xvi) unreasonably inaccurate or unclear transaction statements or statements of account; (xvii) unreasonable conflicts between the Trustee and the Beneficiaries caused by the Trustee; (xviii) merger, acquisition or a deteriorating financial condition of a corporate Trustee; or (xix) any other reason for which a court of competent jurisdiction would remove a Trustee. The power of removal and replacement may be exercised on a Beneficiary's behalf by his or her Agent. If an Independent Trustee is removed pursuant to this Paragraph, only another Independent Trustee may be appointed to fill the vacancy so arising.

3.10. Bond Waived

No bond shall be required of any Trustee named herein, or of any Trustee designated herein if such designation waives bond for such Trustee, whether serving alone or with Co-Trustees and whether named or designated to serve alone or with Co-Trustees. Additionally, no bond shall be required of a Trustee neither named nor designated herein, unless requested by a majority in percentage interest of all Income Beneficiaries of such trust or their Agents.

3.11. Compensation For Services

While any corporate trustee serves as Trustee, the Trustee shall receive compensation for its services in the amount and at the time specified in its Schedule of Fees and Charges established from time to time by it for the administration of trusts of a character similar to this trust and in effect when such compensation is payable. Any individual Trustee shall pay himself or herself reasonable compensation for services rendered to the trust estate as Trustee, even if receiving compensation as a partner, officer, director or employee of any partnership, corporation or business venture, an interest in which is included in the trust estate, and shall reimburse himself, herself or itself for any expenses of the trust estate that such Trustee has paid. Notwithstanding the foregoing, any person may waive the right to compensation for services to be rendered the trust estate. A waiver may be limited in duration or to specific services. The

Trustee is authorized to retain himself or herself or any firm with which he or she is associated to render legal or other professional services. Fees may be paid for such services without respect to such relationship and without respect to any agreement which the Trustee may have with his or her firm concerning the division of fees and commissions after complying with the requirements of California Probate Code §15687, if applicable.

3.12. **Majority Control**

Subject to the provisions of Paragraph 3.13., when more than two Trustees are serving, the determination of a majority of them with respect to any matter affecting any trust shall control. The dissenting Trustees shall not be liable to any person for any action taken or not taken pursuant to the decision of the majority.

3.13. **Actions By Independent Trustee**

3.13.a. If any of the following powers are granted the Trustee by this document, such powers shall be exercised only by an Independent Trustee:

(i) To make discretionary distributions of income or principal to or for the benefit of any Beneficiary for any purpose other than the health, education, maintenance or support of such Beneficiary in his or her accustomed standard of living;

(ii) If the Trustee is legally obligated to educate and support a Beneficiary, to make discretionary distributions of income or principal to or for the benefit of the Beneficiary for his or her health, education, maintenance or support that would discharge, in whole or in part, the Trustee's obligation to support and educate the Beneficiary;

(iii) Subject to the provisions of Paragraph 2.3., to postpone or accelerate distributions of principal to a Beneficiary;

(iv) To borrow, pledge, encumber, guarantee or lend to or for the benefit of a Beneficiary;

(v) To determine the terms of sale, including the purchase price and conditions and timing of payment, with respect to any purchase, exchange or sale of property from, with or to a Beneficiary or any trust (including a trust established hereunder) as to which one or more of the Trustees is also a trustee and a beneficiary;

(vi) To acquire insurance on the life of any person serving as Trustee, to exercise any option with respect to the acquisition of such insurance and to possess and exercise any and all incidents of ownership with respect to any such insurance; and

(vii) To exercise any other power exercisable by the Independent Trustee under the terms of this document.

3.13.b. No Trustee who is not an Independent Trustee (including any person serving as a Co-Trustee) may exercise or participate in the exercise of the foregoing powers vested in the Independent Trustee. If at any time no acting Trustee is an Independent Trustee, the first successor Trustee named or designated herein who would be an Independent Trustee shall serve as Independent Trustee for the sole purpose of exercising or not exercising the Independent Trustee's powers. If no successor Trustee named or designated herein would be an Independent Trustee, the then serving Trustee shall appoint an Independent Trustee for the sole purpose of exercising or not exercising such powers. Such appointment shall be made in the manner provided in Paragraph 3.2.b. The provisions of this Article 3 shall apply to any person or corporation serving as Independent Trustee solely for such purpose; provided, however, that no Independent Trustee may delegate the powers granted such Independent Trustee by this Paragraph 3.13. except to another Independent Trustee.

3.13.c. A person or corporation serving as Independent Trustee solely for the purpose of exercising one or more of the powers vested in the Independent Trustee shall have no responsibility for the administration and management of any other assets of the trust estate and shall receive reasonable compensation for his, her or its services.

ARTICLE 4 PAYMENT OF ESTATE AND GENERATION-SKIPPING TRANSFER TAXES

4.1. Payment Of Estate Taxes Attributable To Trust Assets

All estate, inheritance and similar death taxes (but not generation-skipping transfer taxes) attributable to the trust estate shall be paid by, charged to and recovered from the persons (including trusts) receiving taxable benefits under this document in accordance with the principles of California Probate Code §20110 and related sections, after giving effect to Code §2207A.

4.2. Payment Of Generation-Skipping Transfer Taxes

All generation-skipping transfer taxes attributable to a direct skip shall be paid by the Trustee out of and charged against the property constituting the transfer as provided in

Code §§2603(a)(3) and 2603(b). All generation-skipping transfer taxes attributable to a taxable distribution occurring with respect to any trust established hereunder shall be paid by the transferee thereof as provided in Code §§2603(a)(1) and 2603(b), and all generation-skipping transfer taxes attributable to a taxable termination occurring with respect to any trust established hereunder shall be paid by the Trustee and charged against the property constituting the transfer as provided in Code §§2603(a)(2) and 2603(b).

4.3. Reserves

The Trustee may establish such reserves and make such charges as the Trustee considers necessary for the payment of all taxes described in this Article 4.

**ARTICLE 5
TRUST ADMINISTRATION**

5.1. Powers Of Trustee

Subject to all of the limitations contained in Article 2 and elsewhere in this document, the Trustee is granted all powers necessary to carry out the terms of this document, including the following powers:

5.1.a. To Employ Professional And Other Assistance

To employ, reasonably compensate and grant discretionary authority to agents, managers, attorneys, accountants, brokers, investment counselors and others, even if they are associated with a Trustee. The Trustee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared by such persons as to matters which the Trustee reasonably believes to be within such person's professional or expert competence and shall not be liable for losses resulting therefrom.

5.1.b. To Pay Expenses

To pay all reasonable expenses and taxes incurred in the administration of all trusts established hereunder, including such insurance as the Trustee deems advisable to protect the trust estate from damage or loss and to protect the Trustee from liability.

5.1.c. To Receive And Retain Property

To receive and retain any property at any time subject to this document, regardless of whether receipt or retention thereof violates sound diversification principles, or such property is under productive.

5.1.d. To Hold Property

To hold property in the name of the Trustee (with or without revealing fiduciary capacity), or in the name of a nominee, or in bearer form.

5.1.e. To Operate A Business

To hold and operate a business or an interest in a business at the risk of the trust estate and not at the risk of the Trustee, and to incorporate or dissolve such business or to operate it as a partnership, limited or general, or in any other form. To exercise all voting and management rights attendant to owning an interest in such a business, including the right to vote securities, give proxies and pay assessments; to participate in voting trusts, pooling arrangements, foreclosures, reorganizations, consolidations, mergers and liquidations; to deposit securities with and transfer title to any protective or other committee; and to exercise or sell stock subscription or conversion rights.

5.1.f. To Manage And Control Property

To manage, control, lease for terms within or beyond the duration of a trust created hereunder, grant options with respect to, partition, divide, improve, insure and repair any kind of property, real or personal.

5.1.g. To Purchase And Sell

To purchase, exchange or sell for cash or upon terms at public or private sale any kind of property, real or personal, including trust funds administered by the Trustee, stocks, bonds, futures contracts and other securities, puts, calls, straddles and other options of every kind, general and limited partnership interests and interests in other business ventures, whether or not an interest in any such property is already included in the trust estate. Any such purchase, exchange or sale may be made with any person, including any Beneficiary, any Trustee, Special Trustee or other fiduciary under this document or any estate or trust, including an estate or trust having as a beneficiary or fiduciary any Beneficiary or fiduciary hereunder; provided, however, that any property sold to any such Beneficiary, fiduciary, estate or trust is sold for adequate consideration. The Trustee may maintain brokerage accounts, including margin and commodity accounts, and in connection therewith borrow, pledge securities, make short sales and sell on margin or otherwise. If any security is purchased for a premium or at a discount, such premium or discount shall be amortized in a reasonable manner. The Trustee's investment performance shall be evaluated in light of his, her or its overall investment performance and not in light of any isolated investment.

5.1.h. To Create Restrictions

To create restrictions, easements and servitudes; to litigate, arbitrate and compromise claims and actions; and to effect transactions among trusts established hereunder for fair market value, including sales, exchanges and loans.

5.1.i. To Borrow And Lend

To borrow and lend money and to encumber trust property by mortgage, deed of trust, pledge, or otherwise for the debts of the trust or the joint debts of the trust and any co-owner of the property in which the trust has an interest and in connection therewith to execute any mortgages, deeds of trust, pledges, guarantees or other loan or security documents reasonably attendant thereto. Any loan, guarantee, pledge or encumbrance may be for a period within or beyond the duration of the trust. The Trustee may lend money to, and/or encumber all or any of the assets thereof by mortgage, deed of trust, pledge, guarantee or otherwise to secure any indebtedness of any Beneficiary of said trust, irrespective of whether such mortgage, deed of trust, pledge, guarantee or otherwise is for the benefit of the trust or for the exclusive benefit of such Beneficiary.

5.1.j. To Conduct Banking

To deposit trust funds in accounts of any kind, with any bank, savings and loan association or similar institution, including a Trustee; to withdraw such funds; to designate in writing the persons, whether or not Trustees, who may conduct such activities; and such institutions may rely, without liability, on such designation.

5.1.k. To Combine And Divide Trusts

To combine two or more trusts having the same beneficiaries and Inclusion Ratios, provided they have substantially the same terms, as determined by the Trustee, into a single trust. The Trustee may also divide any trust established hereunder into two or more separate trusts of equal or unequal value but on the same terms and with the same beneficiaries for the purpose of creating an Exempt Trust and a Non-Exempt Trust or for any other purpose. Division of a trust shall be made according to the value of the assets of the trust at the time of the division. Whenever such division will result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest. If any provision of this document provides that property is to be added to a trust by reason of the partial or complete distribution or termination of another trust or otherwise, the Trustee may add property having an Inclusion Ratio of zero only to an Exempt Trust and the Trustee may add property having an Inclusion Ratio greater than zero only to a Non-Exempt Trust. If a trust with the appropriate Inclusion Ratio does not exist, the Trustee shall establish a new trust having the

same terms, conditions and beneficiaries as the trust to which such property would otherwise have been added so that such property may be added to the new trust without changing the Inclusion Ratio of such property.

5.1.l. To Distribute Assets

To allocate or distribute trust assets, in cash or in kind or partly in each, including undivided interests, pro rata or non-pro rata, and for this purpose to sell trust assets. In making such allocation or distribution, the Trustee is not required to consider the income tax bases of such assets or the potential income tax consequences to the distributees. Property distributed in kind shall be selected and valued as required by the Code, Treasury Regulations and Rulings. Unless otherwise required by the Code, Treasury Regulations and Rulings, the Trustee shall value property distributed in kind at its value on the date or dates of distribution. Whenever the distribution of property would result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest.

5.1.m. To Release Powers

To release or restrict, by means of a written document, any power granted the Trustee. Unless otherwise specified by the releasing Trustee, any power released or restricted shall continue to exist and shall pass to all Trustees and successor Trustees other than the releasing Trustee.

5.1.n. To Deal With Insurance

To acquire by purchase, bequest, gift or in any other manner one or more policies insuring the life, health, or income of any Beneficiary or any person in whom any Beneficiary has an insurable interest, and to retain each policy as a part of any trust established hereunder, the benefits thereunder to be payable to such trust; and to exercise all options, benefits, rights and privileges of an owner thereof, including the right to borrow against and to pledge such insurance, to surrender it for its cash value, to name and change beneficiaries, to select and change settlement options, and to receive any benefits thereunder, all for the exclusive benefit of such trust.

(i) The Trustee may but is not obligated to pay premiums for such life insurance or cause them to be paid by others and shall incur no liability if such premiums are not paid. If the Trustee has actual notice that any premium has not been paid when due or will not be paid when due, the Trustee may apply the cash value of such insurance to the purchase of paid-up insurance, borrow against such insurance for the payment of premiums, use

other assets of the trust to pay such premiums, surrender such insurance or take such other action as the Trustee deems reasonable and appropriate under the circumstances.

(ii) On receipt of proof of death of an insured, or on receipt of proof of the prior maturity of any policy, and on receiving possession of the policies, the Trustee shall use reasonable efforts to collect all sums payable on them, which sums on receipt shall be principal and any interest paid thereon by the insurer shall be income. The Trustee may maintain, defend, compromise, arbitrate or settle any suit or claim with respect to such insurance. However, the Trustee shall not be responsible for any acts or omissions of the insured in connection with any policy and shall not be required to prosecute any action to collect any insurance or to defend any action relating to any policy unless indemnified in a manner and amount satisfactory to the Trustee.

(iii) Insurers shall have no obligation to inquire into the terms of this document or see to the application of the proceeds of any policy, and may rely without liability on a receipt, release or other document executed by the Trustee.

(iv) If the trust estate includes insurance on the life of a Trustee, all other Trustees or, if there are none, the next successor Trustee shall exercise all incidents of ownership with respect to such insurance.

5.1.o. To Allocate Income And Principal

Except as otherwise provided herein, determination of what is principal and income shall be governed by the California Uniform Principal and Income Act from time to time existing. Any matter not provided for herein, or in the California Uniform Principal and Income Act, shall be determined by the Trustee. The Trustee shall not be required to establish any reserve for depreciation or to make any charge for depreciation against all or any portion of the income of the trust estate, including any income realized through use of any portion of the trust estate principal in the conduct of a business by the trust; but the Trustee may determine whether to establish such a reserve and, if so, to fund the same by appropriate charges against the income of the trust estate, such reserve and charges to be established on such assumptions and in such amounts as the Trustee may determine. In exercising the discretion conferred on the Trustee, the Trustee is required to consider that the Settlor's desire is to benefit primarily the Income Beneficiaries.

5.1.p. No Need To Make Adjustments

The Trustee shall not be required to make adjustments in the rights of any Beneficiaries, or among the principal and income accounts, to compensate for the

consequences of any tax decision or election that has had the effect, directly or indirectly, of preferring one Beneficiary or a group of Beneficiaries over others.

5.2. Income And Expenses

Income accrued on property distributed to a trust shall be treated as income. Income accrued at the termination of an interest in a trust shall retain its character as income and be administered as a part of the next succeeding interest. At the termination of an interest, the Trustee shall not apportion periodic payments of principal not then due but may prorate taxes and other expenses.

5.3. Accounting For Separate Trusts

If separate trusts are established hereunder, each trust shall constitute a separate and independent trust. The Trustee shall keep an account for each trust and may, but shall not be required to, segregate trust assets. Each trust established hereunder may be designated by the name of its Income Beneficiary and the date of its creation or by such other designation as Trustee deems appropriate.

5.4. Delay In Distribution

If any trust established hereunder is subject to the federal estate or generation-skipping transfer tax, the Trustee may delay distribution or division of such trust until after the alternate valuation date under Code §2032; provided, however, that all rights to income and principal established under other provisions of this document shall not be affected by such delay.

5.5. Spendthrift Restrictions

A Beneficiary or his or her Agent may disclaim or release his or her interest in principal or income, but no Beneficiary shall anticipate, assign, encumber, or subject to any creditor's claim or to legal process any interest in principal or income before its actual receipt by any Beneficiary, except that a Beneficiary may assign the right to receive payment of any sum otherwise distributable to him or her under this document to a trust which is, during the Beneficiary's lifetime, revocable by him or her. The beneficial and legal interests in this trust, its principal, and its income shall be free from interference or control of any Beneficiary's creditor and shall not be subject to claims of any such creditor or liable to attachment, execution, bankruptcy or other process of law.

5.6. No Attachment

If a creditor obtains a writ of attachment, garnishment or like process against a Beneficiary, then, until its release, the Trustee shall pay to such Beneficiary only such sums as

are necessary for his or her reasonable health, education and support according to his or her accustomed standard of living, and the remainder of his or her interest shall be accumulated.

5.7. Accounting

Except as provided in this Paragraph, California Probate Code §16064(a) shall apply, and the Trustee shall be under no obligation to render an annual accounting to the Beneficiaries of any trust established hereunder. Any Beneficiary of an irrevocable trust established hereunder may obtain information concerning, or compel an accounting for, that trust as provided by California Probate Code §16060 et seq. Any Trustee's account may, at the Trustee's option, either be settled pursuant to the foregoing provisions of the California Probate Code or by sending the account to all Beneficiaries of such trust, or their Agents, at their respective last known addresses by certified mail, return receipt requested. No guardian ad litem shall be required for any minor, unborn or unascertained Beneficiary. Unless written objections are received by the Trustee within one hundred and eighty (180) days of mailing such account, the account and all transactions set forth therein shall be deemed settled and approved.

5.8. Receipts Upon Distribution

As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a Beneficiary entitled thereto, the Trustee may furnish such Beneficiary with an accounting of the acts and doings of the Trustee then acting hereunder or of any predecessor Trustee and may require such Beneficiary to deliver to the Trustee a receipt for the portion of the trust estate then paid to such Beneficiary together with a release and discharge of the Trustee from all liability for any act, investment, transaction or distribution of the Trustee shown on that accounting up to and including the date of such distribution. If any such Beneficiary, after being furnished with the foregoing accounting of the Trustee, refuses or neglects to furnish the Trustee with such receipt, release and discharge, then the Trustee, prior to making such distribution and at the expense of the appropriate trust(s), may submit its account or accounts to a Court of proper jurisdiction in order to obtain a decree absolving the Trustee from all further liability hereunder after the making of such distribution.

5.9. Provisions Relating To S Stock

5.9.a. If any irrevocable trust established hereunder, other than a charitable remainder trust under Code §664(d), holds stock in one or more S Corporations, the Settlor intends that such trust qualify as a Qualified Subchapter S Trust or as an Electing Small Business Trust under Code §1361. Notwithstanding any other provision of this document to the contrary, the Independent Trustee may, without application to any court, direct the reformation

of any such irrevocable trust so that it satisfies the requirements of a Qualified Subchapter S Trust or an Electing Small Business Trust.

5.9.b. If the irrevocable trust does not by its terms satisfy the requirements of a Qualified Subchapter S Trust but will be reformed to satisfy those requirements, then the Independent Trustee shall reform the trust subject to the following guidelines:

(i) If the irrevocable trust contains both S Corporation stock and other assets, the Trustee shall divide the irrevocable trust into two trusts, one such trust funded with the S Corporation stock and the other such trust funded with the other assets, as provided in Paragraph 5.1.k., and the reformation shall apply only to the resulting trust funded with the S Corporation stock. Each resulting trust shall constitute a separate and independent trust. The trust funded with the S Corporation stock shall be administered in accordance with subparagraph (iii) below, and the other trust shall be administered in accordance with its terms.

(ii) If the irrevocable trust has more than one Income Beneficiary, the Trustee shall divide the S Corporation stock into as many equal shares as there are Income Beneficiaries of the irrevocable trust. Each share shall constitute a separate and independent trust and shall be administered for one such Income Beneficiary in accordance with subparagraph (iii) below.

(iii) The irrevocable trust may be reformed to require that:

(A) All of the income of such irrevocable trust is distributed at least quarterly to one individual who is a citizen or resident of the United States. If the individual is a minor, distribution shall be made to the minor's natural guardian as custodian under the California Uniform Transfers to Minors Act.

(B) There is only one Income Beneficiary of such irrevocable trust.

(C) No distribution of principal of such irrevocable trust may be made to anyone other than such Income Beneficiary during such Income Beneficiary's lifetime.

(D) The Income Beneficiary's income interest ends on the earlier of the Income Beneficiary's death or the irrevocable trust's termination by its terms.

(E) If the irrevocable trust ends during the Income Beneficiary's lifetime, the Trustee shall distribute all of the irrevocable trust's assets to the Income Beneficiary, outright.

5.10. Environmental Hazards And Compliance With Environmental Laws

5.10.a. Authorization To Inspect Property Prior To Accepting Property Or Consenting To Serve As Trustee

(i) Prior to accepting assets as part of the trust estate and prior to consenting to serve as a Trustee or Co-Trustee of any trust established hereunder, any person named or designated herein to so serve may take the following actions at the expense of the trust estate:

(A) To enter and inspect any existing or proposed asset of such trust (or of any partnership or corporation in which the trust holds an interest) for the purpose of determining the existence, location, nature, and magnitude of any past or present release or threatened release of any hazardous substance; and

(B) To review records of the currently serving Trustee or of the Settlor (or of any partnership or corporation in which the trust or the Settlor holds an interest) for the purpose of determining compliance with any federal, state or local environmental laws or regulations, including those records relating to permits, licenses, notices, reporting requirements, and governmental monitoring of hazardous waste.

(ii) The right of the person named or designated to serve as Trustee to enter and inspect assets and records of a partnership or corporation under subparagraph (i) above shall be treated as equivalent to the right under state law of a partner or shareholder to inspect assets and records under similar circumstances.

(iii) Acts performed under this Paragraph 5.9.a. by a person named or designated as Trustee shall not constitute consent to serve as a Trustee or Co-Trustee.

(iv) If, upon any review of a trust's assets under this Paragraph 5.9.a., the person named or designated to serve as Trustee discovers that an asset of the trust is contaminated with hazardous waste or otherwise not in compliance with any environmental law or regulation, he, she or it may decline to so serve solely as to such asset while consenting to so serve as to all other assets of the trust. Similarly, any currently acting Trustee or Co-Trustee may refuse to accept the transfer of any asset proposed to be transferred to

the Trustee. If there is no person willing to serve as Trustee or Co-Trustee with respect to any asset in or proposed to be transferred to any trust, the court having jurisdiction over such trust shall appoint a receiver or special Trustee to hold and manage the rejected asset, pending its final disposition.

5.10.b. Termination, Bifurcation Or Modification Of Trust Due To Environmental Liability

(i) If any trust established hereunder holds one or more assets, either directly or through any corporation or partnership, the nature, condition, or operation of which is likely to give rise to liability under, or is an actual or threatened violation of any environmental law or regulation, the Trustee may take one or more of the following actions:

(A) Modify the trust provisions by granting the Trustee such additional powers as are required to protect the trust and its Beneficiaries from liability or damage relating to the actual or threatened violation of any such environmental law or regulation;

(B) Bifurcate the trust;

(C) Appoint a special Trustee to administer any such assets or business interests which fail to comply with or may give rise to liability under any environmental law and regulation; or

(D) Abandon such assets or business interests.

(ii) With court approval, the Trustee may terminate the trust or partially or totally distribute its assets to its Beneficiaries.

(iii) It is the Settlor's intent that the Trustee have the widest possible discretion in identifying and responding to administration problems associated with the potential environmental liability of any trust or the Trustee, in order to protect the interests of such trust, the Trustee and the Beneficiaries of the trust.

5.10.c. Trustee's Powers Relating To Environmental Laws

The Trustee may, on behalf of any trust established hereunder, take any action necessary or appropriate to prevent, abate, avoid or otherwise remedy any actual or threatened violation of any environmental law or regulation or any condition that may reasonably give rise to liability under any environmental law or regulation, including but not limited to

performing investigations and audits and taking action considered a “response” under 42 U.S.C. §9601(25), relating to any asset which is or has been held as part of such trust.

5.10.d. Indemnification Of Trustee For Environmental Expenses

(i) The Trustee shall be entitled to be indemnified and reimbursed from any trust for any liabilities, losses, damages, penalties, costs or expenses incurred arising out of or relating to the actual or threatened violation of any environmental laws or regulations (hereinafter “environmental expenses”). Environmental expenses shall include, but not be limited to:

(A) Costs of investigation, removal, remediation, response, or other cleanup costs of contamination by hazardous substances, as defined under any environmental law or regulation;

(B) Legal fees and costs arising from any judicial, investigative or administrative proceeding relating to any environmental law or regulation;

(C) Civil or criminal fees, fines or penalties levied with respect to the violation of any environmental law or regulation; and

(D) Fees and costs payable to environmental consultants, engineers, or other experts, including legal counsel, relating to the identification, avoidance or prevention of or in any other manner related to any environmental law or regulation.

(ii) This right to indemnification or reimbursement shall extend to environmental expenses relating to:

(A) Any real property or business enterprise which is or has at any time been owned or operated by the Trustee as part of any trust; and

(B) Any real property or business enterprise which is or has at any time been owned or operated by a corporation or partnership in which the Trustee holds or has held at any time an ownership or management interest as part of any trust.

(iii) The Trustee need not expend his, her or its own funds in payment of environmental expenses; instead, environmental expenses may be paid directly from trust assets. Any environmental expenses paid directly by the Trustee shall be reimbursed from

the trusts holding the assets giving rise to the environmental expenses. Pending reimbursement from such trusts, the Trustee shall have a primary lien against the assets of such trusts.

(iv) Notwithstanding anything in this Paragraph 5.10.d. to the contrary, this right of indemnification or reimbursement shall not apply to any environmental expenses resulting from the Trustee's negligence, intentional wrongdoing, bad faith or reckless disregard of fiduciary obligation.

5.10.e. Indemnification Of Trustee For Environmental Expenses In Excess Of Trust Value

If the assets of any trust are insufficient, or there is insufficient liquidity in any trust to satisfy the obligation of indemnification or reimbursement for environmental expenses provided in Paragraph 5.10.d., the Trustee shall notify the Settlor and the Beneficiaries thereof. If the assets giving rise to the environmental expenses were directly or indirectly transferred to the trust by the Settlor, then the Settlor shall within thirty (30) days thereafter indemnify or reimburse the Trustee for such environmental expenses. Each of the Beneficiaries of such trust shall within thirty (30) days thereafter indemnify or reimburse the Trustee for such environmental expenses to the extent not otherwise indemnified or reimbursed by the Settlor. Any indemnification under this Paragraph shall be in a form acceptable to the Trustee. Upon the death of the Settlor or of a Beneficiary prior to the indemnification or reimbursement of the Trustee as required under this Paragraph, the obligation of indemnification or reimbursement shall constitute a lien upon the property of the Settlor or Beneficiary and the Settlor's or Beneficiary's estate, as the case may be, and a legally enforceable debt of the Settlor or Beneficiary.

5.10.f. Exoneration Of Trustee For Acts Relating To Environmental Law

The Trustee shall not be liable to any Beneficiary or to any third party for any action or inaction relating to any environmental law or regulation, or for the payment of any environmental expenses; provided, however, that the Trustee shall be liable for any such action, inaction or payment which is a breach of trust or is committed negligently, in bad faith or with reckless or intentional disregard of the Trustee's fiduciary obligations hereunder.

5.10.g. Allocation Of Environmental Expenses And Receipts Between Income And Principal

The Trustee may allocate all environmental expenses paid and all reimbursements or other funds received relating to environmental expenses between income and

principal of the trust estate. In making such allocation, the Trustee shall consider the effect of such allocation upon income available for distribution, the value of trust principal, and the income tax treatment of such expenses and receipts. The Trustee may create a reserve for payment of anticipated environmental expenses.

5.11. Limitations On Trustee's Powers

The Trustee's powers are subject to the Trustee's duty to treat income and remaindermen beneficiaries equitably, and the grant of general powers above is limited as follows:

5.11.a. Neither the Trustee, the Settlor nor any Nonadverse Party to the Settlor shall have any power which enables the Settlor, his wife or any other person to purchase, exchange or otherwise deal with or dispose of the principal or income from any trust created hereunder for less than an adequate consideration in money or money's worth.

5.11.b. Neither the Trustee, the Settlor nor any Nonadverse Party to the Settlor shall have any power which enables the Settlor or his wife to borrow the principal or income of any trust created hereunder, directly or indirectly, without adequate interest or without adequate security.

5.11.c. No person acting in a non-fiduciary capacity, including the Settlor, shall have the power to either vote or direct the voting of any stock or other securities constituting any portion of the trust estate or to direct investments or veto proposed investments hereunder.

5.11.d. Income or principal of the trust estate shall not be used to discharge in whole or in part any person's legal obligation, from time to time existing, under the laws of the state of their domicile, to support and educate any beneficiary under this document. When determining the legal obligation of any person (including any Trustee or the Settlor) to support and educate any beneficiary under this document, the existence of any trust and funds available to the beneficiary under such trust shall not be taken into consideration.

5.12. Settlor's Power To Substitute Assets Of Equivalent Value

The Settlor shall have the power, exercisable in a non-fiduciary capacity, to reacquire any or all of the principal or income of any trust established hereunder by substituting other assets of equivalent value, until such time, as any, as the Settlor relinquishes the foregoing power in a writing delivered to the Trustee. This power shall be exercised by written notice to the Trustee, who shall promptly comply with the notice.

ARTICLE 6
DEFINITIONS

As used in this document, the terms set forth below shall have the following meanings:

6.1. Agent

An individual's "Agent" means (i) the individual's attorney-in-fact acting under a durable power of attorney, to the extent such durable power of attorney specifically authorizes the exercise of a particular power, or (ii) the individual's duly appointed conservator or guardian, to the extent such conservator or guardian gives notice to the Trustee and obtains approval for the exercise of such power from the Court which appointed the Agent as such conservator or guardian.

6.2. Appropriate Interest

"Appropriate interest" means interest payable at the statutory rate of interest set forth in California Probate Code §12001, beginning from the date specified in California Probate Code §12003 and continuing until the date of payment.

6.3. Beneficiary

"Beneficiary" means any person who may receive mandatory or discretionary distributions of income or principal hereunder.

6.4. Charity

"Charity" means an organization described in Code §§170(c), 2055(a) and 2522(a).

6.5. Child, Grandchild And Issue

"Child" includes (i) lawful blood descendants, (ii) persons legally adopted before attaining majority, whether born or adopted before or after the date of execution of this document, and (iii) illegitimate offspring provided that a parent-child relationship is determined to exist with the parent in question under the California Uniform Parentage Act in effect from time to time; provided, however, that if the parent in question is competent for more than one year (at any time) after an illegitimate offspring is born, such offspring shall be considered a child only if the parent has, for some period, had a normal parent-child relationship with such offspring. "Child" specifically excludes foster children and stepchildren. "Grandchild" refers to a child's child. "Issue" includes a person's lineal descendants, determined as provided in this Paragraph, of all generations.

6.6. Code

“Code” means the Internal Revenue Code of 1986.

6.7. Education

“Education” includes private elementary and secondary schooling, including instruction in music, art and other subjects conducted either before or after the regular school day, vocational training, college and postgraduate study, at an institution of the individual’s choice and payments for such education shall include tuition, books, supplies, tutors and reasonable travel and living expenses.

6.8. Exempt Trust

An “Exempt Trust” is a trust which has an Inclusion Ratio of zero for purposes of the generation-skipping transfer tax.

6.9. Income Beneficiary

“Income Beneficiary” means any person entitled, at the time such person’s status is to be determined, to mandatory or discretionary distributions of income hereunder.

6.10. Independent Trustee

“Independent Trustee” means a Trustee who is neither (i) a Beneficiary of any trust established under this document, (ii) a person who has transferred or joined in the transfer of property to such trust, nor (iii) a Related or Subordinate Party to any person described in clauses (i) or (ii) above. If a General Power of Appointment held by a Beneficiary of a trust may only be exercised with the consent of the Independent Trustee, the term “Independent Trustee” also means a person who does not have a substantial interest in the property subject to the power which is adverse to the exercise of the power in favor of the Beneficiary, his or her estate, his or her creditors or the creditors of his or her estate.

6.11. May

“May” is discretionary. Unless the discretion is made absolute, the Trustee must act reasonably and not in bad faith. If the discretion is made absolute, the Trustee must not act in bad faith.

6.12. Non-Exempt Trust

A “Non-Exempt Trust” is a trust which has an Inclusion Ratio of greater than zero for purposes of the generation-skipping transfer tax.

6.13. Pay To

“Pay to” includes applications of benefits for a Beneficiary and payments to a Beneficiary’s Agent. If the Trustee is directed to pay all of the net income of a trust to an Income Beneficiary, such payments or applications shall be in monthly or other convenient installments, but not less frequently than quarterly. If the Trustee is granted the discretion to distribute income and/or principal to a Beneficiary, the Trustee shall take into consideration (i) the income, estate, generation-skipping transfer, excise and other tax consequences to the trust and to the Beneficiary from making or not making the distribution and (ii) the Beneficiary’s other income and resources to the extent that they are reasonably available to be used by the Beneficiary for the purposes for which such discretionary distribution is authorized. If the Beneficiary is also a Beneficiary of one or more other trusts, whether administered under this document or otherwise, the Trustee shall consult with the trustee of said other trust or trusts in determining whether to distribute income and/or principal to such Beneficiary; in such consultation, the Trustee shall take into account the income, estate, generation-skipping transfer, excise and other tax consequences to such other trust and to the Beneficiary from making or not making the distribution from such other trust. The discretion to distribute income and/or principal for the support of a Beneficiary in accordance with his or her accustomed standard of living includes, but is not limited to, the right to distribute income and/or principal to assist the Beneficiary in purchasing, improving, repairing and remodeling a principal residence and/or vacation home or entering into, purchasing or engaging in a trade or business. The Trustee may budget the estimated annual income and expenses of any trust created herein in such manner as to equalize, as far as practicable, periodic income payments to beneficiaries of such trust where such equalization appears advisable.

6.14. Qualified Annuity Interest

A “Qualified Annuity Interest” shall have the meaning ascribed to it in Treasury Regulation §25.2702-3, as supplemented by any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued.

6.15. Right Of Representation

Distribution of property to or division of property among the issue of a person by “right of representation” means to divide the property into as many equal shares as there are living children of such person, if any, and deceased children of such person who leave issue then living. Each living child of such person shall be allocated one share, and the share of each deceased child who leaves issue then living shall be allocated in the same manner.

6.16. Shall

“Shall” is mandatory.

6.17. Tax Terminology

If used in this document, the following terms shall have the meanings set forth or determined in accordance with the Code: “Adjusted Gross Estate,” “Adjusted Taxable Gifts,” “Direct Skip,” “General Power of Appointment,” “Gross Estate,” “Inclusion Ratio,” “Income in Respect of a Decedent,” “Maximum Federal Estate Tax Rate,” “Nonadverse Party,” “Related or Subordinate Party,” “S Corporation,” “Taxable Estate” and “Tentative Tax.”

6.18. Value

“Value” means fair market value as defined in Treasury Regulation §20.2031-1(b).

ARTICLE 7

MISCELLANEOUS PROVISIONS

7.1. Captions

Article numbers, the division of this document into articles and the use of captions are for convenience only and are not to be considered in the construction and interpretation of this document.

7.2. Partial Invalidity

If any provision of this document is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

7.3. Rules Of Construction And Change Of Situs

The validity, construction and all rights under this document are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the Trustee’s administration of real property shall be governed by the laws of the situs of such real property, including such state’s conflict of law principles, and the interest of any Settlor in such real property shall continue to be real property and shall not be deemed to have been converted into personal property. This Paragraph shall apply regardless of any change of residence of any Trustee or any Beneficiary, or the appointment or substitution of a Trustee residing in another state. The Trustee may, with the consent of a majority in percentage interest of all Income Beneficiaries of any trust or their Agents, change the situs of such trust and elect to have such trust be governed by the laws of another state.

7.4. Interpretation

The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

7.5. Intentional Omission

The Settlor has intentionally omitted to provide in this document for any person or persons not mentioned herein who, if the Settlor had died intestate, would be entitled to share in his estate as an heir at law or otherwise.

Executed on September _____, 2009, at Manhattan Beach, California.

/s/ ROBERT Y. GREENBERG
ROBERT Y. GREENBERG, SETTLOR

/s/ GIL N. SCHWARTZBERG
GIL N. SCHWARTZBERG,
TRUSTEE

NOTARIAL ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On September 14, 2009, before me, Rebecca M. Hugh, Notary Public, *(here insert name and title of the officer)* personally appeared **ROBERT Y. GREENBERG**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Rebecca M. Hugh (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On September _____, 2009, before me, _____, Notary Public, *(here insert name and title of the officer)* personally appeared **GIL N. SCHWARTZBERG**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

**LIST OF ASSETS INITIALLY
FUNDING TRUST**

2.5 million Class B Shares of Skechers USA, Inc.

EXHIBIT A

THE ROBERT Y. GREENBERG 2009 ANNUITY TRUST

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THE M. SUSAN GREENBERG 2009 ANNUITY TRUST

**ARTICLE 1
INTRODUCTION**

1.1. Creation Of Trust

M. SUSAN GREENBERG, who is referred to herein as the “Settlor,” declares that she has transferred and delivered to **GIL N. SCHWARTZBERG**, who is referred to herein as the “Trustee,” in trust, the property described in Exhibit “A” hereto and such other property as may be subject to this document. As a matter of convenience, all property at any time subject to this document is collectively referred to as the “trust estate.” No consideration was or will be given by the Trustee to the Settlor for the transfer to the Trustee of any of the trust estate. The Trustee accepts such title to the trust estate as transferred to him without liability or responsibility for the conditions or validity of the title. The Trustee acknowledges that the trust estate has been or will be transferred to the Trustee, as a gift irrevocably in trust, solely for the uses and purposes provided in this document.

1.2. Name Of Document

This document shall be known as **THE M. SUSAN GREENBERG 2009 ANNUITY TRUST**. As a matter of convenience, a trust created hereunder is sometimes referred to in this document by reference to the tax election(s) made with respect to such trust and/or the name of its Income Beneficiaries.

1.3. Irrevocability Of Trust

Except as specifically provided to the contrary in this document, this document and the trusts established hereunder are irrevocable and may not be altered or amended.

1.4. Rules Of Construction

All provisions of this document shall be interpreted, applied and construed in accordance with the definitions set forth in Article 6.

**ARTICLE 2
DISTRIBUTION OF TRUST ESTATE**

2.1. Qualified Annuity Trust

It is the Settlor’s intention that this instrument create a Qualified Annuity Trust during the Fixed Term of the Settlor’s interest and that the Settlor’s interest in the trust constitute a “Qualified Annuity Interest” within the meaning of Section 25.2702-3 of the

Treasury Regulations. Therefore, all provisions of this instrument shall be interpreted and limited accordingly, and the Trustee shall not take any action nor have any power which would impair the ability of this trust so to qualify. Should any provision of this document be in conflict with the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued, dealing with Qualified Annuity Interests, such provisions shall be deemed to override and supersede the conflicting provisions herein. If the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued, require that a Qualified Annuity Trust contain provisions that are not expressly set forth herein, such provisions shall be incorporated herein by reference as if set forth in full as of the date of execution hereof. Unless prohibited by the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, the Trustee shall have the power, acting alone, to amend the provisions of this document in any manner required for the sole purpose of ensuring that the annuity trust established hereunder qualifies and continues to qualify as a Qualified Annuity Trust. The Trustee may exercise such power either by a duly acknowledged written instrument executed by the Trustee and delivered to all beneficiaries living at the date of such amendment, or by petitioning any court which may acquire jurisdiction over this document to have the provisions hereof reformed accordingly. The Trustee is further authorized to enter into any and all agreements with the Internal Revenue Service or any other governmental body or official or to execute, from time to time, any agreements, declarations of policy or disclaimers that may be required in order for this trust to qualify as a Qualified Annuity Trust.

2.2. Fixed Term Of The Settlor's Interest

The Fixed Term of the Settlor's interest means a period of two (2) years, commencing with the date of execution of this document.

2.3. Administration Until Expiration Of Fixed Term Or Settlor's Death

Until the expiration of the Fixed Term of the Settlor's interest, the trust estate shall be held, administered and distributed as provided in this Paragraph 2.3.

2.3.a. Annuity Amount

The annuity amount for the first annuity payment shall be an amount equal to 47.85834% of the value of the Initial Value, as defined in Paragraph 2.3.e., and the annuity amount for the second annuity payment shall be an amount equal to 57.43% of the Initial Value. Each of the two annuity payments is referred to herein as an "Annuity Amount."

2.3.b. Payments Of Annuity Amount From Trust Estate

The Trustee shall pay the Annuity Amount for each taxable year of this trust to **M. SUSAN GREENBERG'S SEPARATE PROPERTY TRUST under THE GREENBERG FAMILY TRUST** for the Settlor's benefit; provided, however, that the Settlor may at any time direct that the Annuity Amount be paid to the Settlor, her estate or another trust revocable by the Settlor. The recipient of the Annuity Amount is hereinafter referred to as the "Payee." Each Annuity Amount shall be paid in a single installment annually on the calendar month and day immediately preceding the calendar month and day on which this document is executed, first from the net income of the trust and, to the extent such income is insufficient, then from principal.

2.3.c. No Payment Of Annuity Amount By Note Or Debt Instrument

Each Annuity Amount may be paid in cash or in kind, but shall not be paid by means of a note, other debt instrument, option or other similar financial arrangement.

2.3.d. Late Payments

The right to receive payments pursuant to Paragraph 2.3.b. shall begin on the date of execution of this document. The Annuity Amount payable under Paragraph 2.3.b. for any taxable year may be paid after the close of the taxable year, provided the payment is made no later than the date by which the Trustee is required to file the federal income tax return of the trust for the taxable year (without regard to extensions).

2.3.e. Incorrect Valuation

For purposes of determining the Annuity Amounts, the "Initial Value" shall equal the value of the property transferred by the Settlor to the Trustee as finally determined for federal gift tax purposes. If the value of any property or interest is incorrectly determined, then within a reasonable period after such value is finally determined for federal gift tax purposes, the Trustee shall pay to (in the case of an undervaluation) the Payee or shall receive from (in the case of an overvaluation) the Payee, as the case may be, an amount equal to the difference between the Annuity Amounts properly payable and the Annuity Amounts actually paid to the Payee. Any such payment shall bear interest at such rate and in such manner as may be required by the Code, Treasury Regulations or any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, as now in effect or as subsequently issued from time to time.

2.3.f. Short Taxable Year

The Trustee shall prorate the Annuity Amount on a daily basis for a short first taxable year and for the short taxable year during which the payment of the Annuity

Amount terminates. In the case of a taxable year which is for a period of less than twelve (12) full months, other than the last taxable year of the trust, the Annuity Amount shall be the amount otherwise determined multiplied by a fraction, the numerator of which is the number of days in the taxable year of the trust, and the denominator of which is 365 (or 366 if a leap year). If the last taxable year of the trust is less than twelve (12) full months, the Annuity Amount shall be the amount otherwise determined multiplied by a fraction, the numerator of which is the number of days in the period beginning on the first day of such taxable year and ending on the day the trust terminates, and the denominator of which is 365 (or 366 if a leap year).

2.3.g. Additional Contributions Prohibited

No additional contributions may be made to this trust.

2.3.h. No Distributions Other Than Annuity Amount

During the Fixed Term of the Settlor's interest, no distribution may be made from this trust to or for the benefit of any person or entity, except for the payment of the Annuity Amounts to the Payee; provided, however, that this sentence shall not be construed as preventing the payment of expenses properly chargeable to this trust.

2.3.i. Term Of The Qualified Annuity Interest

The term of the Settlor's Qualified Annuity Interest shall terminate upon the expiration of the Fixed Term of the Settlor's interest.

2.3.j. No Commutation

The Qualified Annuity Interest shall not be subject to commutation.

2.4. Distribution Of Trust Estate Upon Expiration Of Fixed Term

Upon the expiration of the Fixed Term of the Settlor's interest, the remaining balance of the trust estate shall be divided into as many equal shares as are necessary to make the following distributions:

2.4.a. Gift To [*] Or Issue

If [*] ("[*]") or any of his issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such

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trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the "Descendant" for purposes of the relevant Paragraph.

2.4.b. Gift To [*] Or Issue

If [*] ("[*]") or any of his issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the "Descendant" for purposes of the relevant Paragraph.

2.4.c. Gift To [*] Or Issue

If [*] ("[*]") or any of his issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the "Descendant" for purposes of the relevant Paragraph.

2.4.d. Gift To [*] Or Issue

If [*] ("[*]") or any of his issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the "Descendant" for purposes of the relevant Paragraph.

2.4.e. Gift To [*] Or Issue

If [*] ("[*]") or any of her issue survive the expiration of the Fixed Term of the Settlor's interest, two (2) shares shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor's interest, such trust shall be administered for her benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor's interest, such trust shall be divided among her issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the "Descendant" for purposes of the relevant Paragraph.

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2.4.f. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, one (1) share shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.4.g. Gift To [*] Or Issue

If [*] (“[*]”) or any of his issue survive the expiration of the Fixed Term of the Settlor’s interest, one (1) share shall be held in trust for their benefit. If [*] survives the expiration of the Fixed Term of the Settlor’s interest, such trust shall be administered for his benefit as provided in Paragraph 2.5.a., and if [*] fails to survive the expiration of the Fixed Term of the Settlor’s interest, such trust shall be divided among his issue as provided in Paragraph 2.5.b.; in either situation, [*] shall be considered the “Descendant” for purposes of the relevant Paragraph.

2.5. Administration Of Trusts For Settlor’s Issue

The following provisions shall apply to the administration of the trusts established for the Settlor’s issue. The primary beneficiary of each such trust is referred to herein as the “Descendant.”

2.5.a. Administration Of Trusts For Living Descendant

(i) **Distributions Of Income And Principal.** Until the Descendant attains age twenty-five (25), the Trustee shall pay to the Descendant as much of the net income and principal of his or her trust as the Trustee considers appropriate for the Descendant’s health, education, maintenance support in his or her accustomed standard of living. Any income not so distributed shall become principal. From and after the Descendant’s attainment of age twenty-five (25), the Trustee shall pay to the Descendant the net income of his or her trust. If the Trustee considers this income to be insufficient, the Trustee shall also pay to the Descendant as much of the principal of his or her trust as the Trustee considers appropriate for the Descendant’s health, education, maintenance support in his or her accustomed standard of living. In addition, the Trustee shall pay to the Descendant as much principal of his or her trust as the Independent Trustee determines from time to time in the Independent Trustee’s sole discretion. The Independent Trustee shall not be subject to any obligation, liability or surcharge

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for making or not making distributions from the Descendant's trust unless such action was taken in bad faith.

(ii) **Descendant's Limited Lifetime Power Of Appointment.** The Descendant may, during his or her lifetime, appoint all or any portion of the principal and undistributed income of his or her trust, on any terms and conditions, either outright or in trust, in favor of any one or more of the Descendant's issue. Such power may not be exercised for the benefit of the Descendant, the Descendant's estate or the creditors of the Descendant or of the Descendant's estate. To the extent a Descendant's appointment affects future distributions, it may be revoked or amended by a subsequent appointment by the Descendant.

(iii) **Descendant's Limited Testamentary Power Of Appointment.** Upon the Descendant's death, the Descendant may appoint all or any portion of the principal and undistributed income of his or her trust, on any terms and conditions, either outright or in trust, in favor of any one or more persons other than the Descendant's estate or the creditors of the Descendant or of the Descendant's estate.

(iv) **Disposition Of Descendant's Trust Not Effectively Appointed By Descendant.** Upon the Descendant's death, any portion of the Descendant's trust not effectively appointed by the Descendant (the "Unappointed Property") shall be allocated to a trust for the benefit of the Descendant's issue, to be divided and administered as provided in Paragraph 2.5.b. If the Descendant is an issue of a child of the Settlor (with such child referred to herein as the Descendant's "Ancestor") and is not survived by issue, the Unappointed Property instead shall be distributed, by right of representation, to those issue of the Ancestor who are the then living issue of the Descendant's closest lineal ancestor who has issue of the Ancestor then living. Any part of the Unappointed Property which is distributable to an individual who is an issue of the Ancestor either (A) shall be added to the trust for the individual's benefit then being administered under this document, to be administered according to its terms; or (B) if no trust is then being administered under this document for the individual's benefit, shall be retained in a new trust for the individual's benefit, to be administered as provided in this Paragraph 2.5.a. (with the individual considered the "Descendant" for purposes of this Paragraph). If either (1) the Descendant is a child of the Settlor who dies without issue or (2) the Descendant is not a child of the Settlor but there are no then living issue of the Descendant's Ancestor, the Unappointed Property instead shall be distributed as provided in Paragraph 2.4. as if (a) the Descendant's death was the expiration of the Fixed Term of the Settlor's interest and (b) the Unappointed Property was the remaining balance of the trust estate.

2.5.b. Administration Of Trusts Allocated To Issue Of Deceased Descendant

Each trust allocated to a group composed of the living issue of a deceased Descendant shall be divided into equal parts. One equal part shall be allocated to each then living child of the deceased Descendant, and one equal part shall be allocated to each group composed of the then living issue of a deceased child of the deceased Descendant. Each part shall constitute a separate and independent trust, and Exempt Trusts shall remain separate from Non-Exempt Trusts. A trust for a living child of the deceased Descendant shall be administered for the child's benefit as provided in Paragraph 2.5.a. (with the child considered the "Descendant" for purposes of that Paragraph), and a trust for the then living issue of a deceased child of the deceased Descendant shall be further divided for the benefit of such issue as provided in this Paragraph 2.5.b. (with the deceased child considered the deceased "Descendant" for purposes of this Paragraph).

2.6. Distribution To Beneficiary Under Age Twenty-Five Or Lacking Legal Capacity

If any provision of this document would require the Trustee to distribute a trust (other than any Qualified Subchapter S Trust), or a portion thereof, to an individual who, at the time of such distribution, has not attained age twenty-five (25) or is lacking legal capacity, the Trustee may:

2.6.a. Distribute such property to the individual or to the individual's Agent, if any; or

2.6.b. If the individual has not attained age twenty-five (25), distribute such property to a custodian under the California Uniform Transfers to Minors Act until the age of twenty-five (25); or

2.6.c. Retain in further trust the property which would otherwise have been distributed to the individual and pay to him or her as much of the net income and principal thereof as the Trustee considers necessary for his or her health, education, maintenance and support in his or her accustomed standard of living. Upon the last to occur of (i) the individual attaining age twenty-five (25) or (ii) the individual regaining legal capacity, as the case may be, the Trustee shall distribute to him or her the principal and undistributed income then being administered for his or her benefit. If the individual dies before becoming entitled to receive distribution in full of his or her trust, then upon his or her death, he or she may appoint all or any portion of the principal and undistributed income of his or her trust on any terms and conditions, either outright or in trust, in favor of any one or more persons and entities, including his or her

estate. Any portion of such trust not effectively appointed by the individual shall be distributed to his or her estate.

2.7. Distributions From Multiple Trusts

2.7.a. Distributions From Separate Trusts

If the terms of any divided trust or the terms of any multiple trusts for the same Beneficiary, whether administered under this document or otherwise, authorize or require distribution to a Beneficiary of a pecuniary amount or payments for the same purpose, the aggregate amount paid from all such trusts for such purpose shall not exceed the maximum amount that could be paid to such Beneficiary from any one of such trusts. The Trustee may, in the Trustee's discretion, charge all of a payment to one trust to the exclusion of the others, or the Trustee may charge a portion of such payment to two or more trusts.

2.7.b. Consultation With Other Trustee

If any Beneficiary is also a Beneficiary of one or more other trusts, whether administered under this document or otherwise, the Trustee shall consult with the trustee of such other trust(s) in determining whether to make distributions from a trust hereunder to such Beneficiary; in such consultation, the Trustee shall take into account the income, estate, generation-skipping transfer, excise and other tax consequences from making or not making the distribution from a particular trust.

2.8. General Power Of Appointment

2.8.a. Additional Power Of Appointment

Subject to the provisions of Paragraph 2.8.d., if a generation-skipping transfer tax would be payable upon the death of a Beneficiary, other than the Settlor, with respect to any trust but for the provisions of this Paragraph 2.8., then upon the Beneficiary's death, in addition to any limited power of appointment the Beneficiary may have hereunder, he or she may appoint all or any portion of the part of such trust as is set forth below on any terms and conditions, either outright or in trust, in favor of any one or more of the Beneficiary's creditors:

(i) That part of such trust, up to the whole thereof, which as of the date of the Beneficiary's death has a value equal to the amount (under the rate schedule of Code §2001 then applicable) with respect to which the marginal Tentative Tax rate equals the Maximum Federal Estate Tax Rate, reduced (but not below zero) by the amount, if any, by which the sum of (A) such Beneficiary's Adjusted Taxable Gifts at the time of his or her death

and (B) the Beneficiary's Adjusted Gross Estate, calculated without consideration of the General Power of Appointment created under this Paragraph or of any other General Power of Appointment under a document that becomes irrevocable after the date of this document, exceeds (C) the deductions provided for in Code §2055 and Code §2056 allowed with respect to property included in such Adjusted Gross Estate. If there are two or more trusts under this document for the Beneficiary to which the General Power of Appointment created by this Paragraph applies, the Beneficiary may appoint a portion of each such trust. With respect to any such trust, such portion shall equal the value determined under this Paragraph multiplied by a fraction, the numerator of which is the value of such trust, and the denominator of which is the aggregate value of all such trusts.

(ii) The balance of any such trust, if including such balance in the Beneficiary's Taxable Estate would cause the estate tax payable at the Beneficiary's death to be less than the generation-skipping transfer tax payable at the Beneficiary's death if such balance were not so included.

2.8.b. Property Not Otherwise Appointed

Any portion of any trust not effectively appointed upon the Beneficiary's death under this Paragraph 2.8. shall be distributed pursuant to the terms of such trust without regard to this Paragraph 2.8.

2.8.c. Action To Reduce Generation-Skipping Transfer Tax

For purposes of implementing the provisions of this Paragraph 2.8., the Trustee may take whatever action is deemed necessary or appropriate to reduce the amount of generation-skipping transfer tax payable and to resolve ambiguities arising in situations not explicitly covered by this Paragraph 2.8. The Trustee shall not be subject to any obligation, liability or surcharge for acting or failing to act under this Paragraph 2.8., unless such action or failure to act was in bad faith.

2.8.d. Direct Skip If General Power Of Appointment Not Exercised

If the Beneficiary's failure to exercise the General Power of Appointment granted under this Paragraph 2.8. would result in a Direct Skip from the Beneficiary, then notwithstanding the foregoing provisions of this Paragraph 2.8., the Beneficiary shall have no General Power of Appointment hereunder.

2.9. Death Of All Beneficiaries

If all of the Settlor's issue die before complete distribution of the trust estate, that portion of the trust estate then remaining shall be distributed to the Settlor's heirs, whose

identities and shares shall be determined at the time of the event requiring distribution under this Paragraph 2.9. as though the Settlor's death and her husband's death occurred simultaneously immediately following such event, and according to the California laws of intestate succession then in force relating to separate property not acquired from a parent, grandparent or previously deceased spouse. However, if after six (6) months of reasonable search following the occurrence of such event, the Trustee is unable to identify and locate any such heirs of the Settlor, the property distributable to such heirs shall instead be distributed to one or more Charities selected by the Trustee.

2.10. Survivorship Provision

If any person named or described in this Article 2 fails to survive any event by thirty (30) days, such person shall be deemed to have predeceased that event, and any gifts to or for the benefit of such person occurring by reason of that event, unless otherwise specifically provided to the contrary, shall lapse and instead shall be distributed as part of the residue of the trust from which such gift is directed to be made.

2.11. Rule Against Perpetuities

Unless earlier terminated, each trust established hereunder or by the exercise of a power of appointment granted hereunder shall terminate as follows:

2.11.a. All trusts shall terminate twenty-one (21) years after the death of the last survivor of the issue of the Settlor's grandparents and the issue of the grandparents of **ROBERT Y. GREENBERG** who are living on the date of this document. Notwithstanding the foregoing, any trust established by the exercise of a lifetime General Power of Appointment shall terminate as provided in the instrument in which such power is exercised.

2.11.b. Upon such termination, each trust shall be distributed to the Income Beneficiaries thereof in proportion to their respective rights to receive income. In the case of a trust providing for discretionary income distributions, the trust estate shall be distributed by right of representation to the issue of the Settlor who are Income Beneficiaries or, if there are none, in equal shares to all Income Beneficiaries.

ARTICLE 3 PROVISIONS REGARDING TRUSTEES

3.1. Appointment Of Trustees

GIL N. SCHWARTZBERG shall serve as Trustee. If **GIL N. SCHWARTZBERG** ceases to serve and has not designated a successor as provided in

Paragraph 3.2., **REGINA BROWN** shall serve as Trustee. If **REGINA BROWN** fails to qualify or also ceases to serve and has not designated a successor as provided in Paragraph 3.2., **JACK SUZAR** shall serve as Trustee.

3.2. Designation Of Co-Trustees And Successor Trustees

3.2.a. At any time and from time to time, any individual serving as Trustee may designate one or more persons to serve as Co-Trustees with him or her or as successor Trustees after he or she ceases to serve as a Trustee. Additionally, a designation may (i) specify the compensation for so serving, (ii) be for a fixed or an unlimited duration, (iii) be subject to the designating Trustee's subsequent revocation or alteration, (iv) be for all or a portion of such Trustee's powers, and (v) otherwise set forth terms and conditions of such service as are not inconsistent with this document.

3.2.b. This power to designate Co-Trustee(s) and successor(s) may be exercised only by delivering to the designee(s) and to the then adult Income Beneficiaries of such trust a signed and acknowledged writing specifically referring to this Paragraph. Any designation of successors may be revoked or amended by a subsequent designation that complies with the foregoing formalities. As used in this Paragraph, the term "person" includes a corporate Trustee. If a conflict occurs between the terms of two or more designations, the terms of the most recent designation shall prevail.

3.3. Provisions Concerning Successor Trustees

No person shall be deemed to have qualified as a Co-Trustee or as a successor Trustee of any trust unless such person consents to serve in such capacity in a writing delivered to his, her or its predecessor or, if such predecessor is not then living and competent, with the then adult Income Beneficiaries of such trust. Such writing shall specifically acknowledge acceptance of any terms and conditions imposed on such person so serving, including but not limited to limitations on compensation, duration of service and exercisable powers. Such person may undertake a reasonable investigation into the assets and liabilities of such trust before consenting to serve. All reasonable expenses incurred by such person in determining whether or not to consent to serve shall be paid from such trust as an expense of administration.

3.4. Exculpatory Clause

3.4.a. No Trustee without actual notice of any death, birth or other event upon which the right to payments under this document depends shall be liable for any disbursements unless made in bad faith.

3.4.b. No Trustee or successor Trustee shall be liable or responsible for the acts, omissions or defaults of a Co-Trustee or predecessor Trustee, as the case may be, provided that he or she does not have actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults. Unless, within ninety (90) days of his, her or its appointment, a successor Trustee is requested in writing by a Beneficiary or a Beneficiary's Agent to investigate the actions of the predecessor Trustee, such successor Trustee shall not be required to make such investigation and may accept the accounting records of the predecessor Trustee without liability. If requested to investigate any action of the predecessor Trustee, all Trustee's fees, attorneys' fees, accounting fees and other fees and costs so incurred shall be paid by and charged against the trust estate, subject to any right of reimbursement or contribution from the predecessor Trustee.

3.4.c. No Trustee who has (i) designated Co-Trustees or successor Trustees, (ii) delegated powers during a delegation period, or (iii) employed professionals to assist with the administration of any trust established hereunder, shall be liable or responsible for the acts, omissions or defaults of such designees, delegates or professionals, nor shall the Trustee be obligated to supervise or monitor any of them (except on a semi-annual basis), unless either (A) the Trustee made such designation, delegation or employed such professional in bad faith, with gross negligence or with willful misconduct, or (B) the Trustee has actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults.

3.5. Voluntary Resignation

A Trustee may resign upon written notice to all other Trustees or, if there are none, to his, her or its successor or, if there is none, to all then Income Beneficiaries. However, such Trustee shall not be relieved of liability until his, her or its successor, if any, has qualified and such Trustee's accounting has been settled pursuant to Paragraph 5.7. or 5.8.

3.6. Incapacity Of Trustee

Any individual Trustee who is deemed incapacitated pursuant to Paragraph 3.6.a. shall temporarily or permanently, as the case may be, cease to serve as a Trustee of all trusts under this document as provided in Paragraph 3.6.b.

3.6.a. Determination Of Incapacity Or Capacity

For purposes of this document, an individual Trustee shall be deemed to be incapacitated (or to have recovered from a temporary incapacity) if either (i) the individual's regular attending physician (provided such physician is not related by blood or marriage to any Trustee or Beneficiary) examines such individual and certifies in writing that

such individual is or is not temporarily or permanently incapacitated (hereinafter referred to as a “determination”), (ii) both a board-certified psycho-neurologist and a board-certified psychiatrist, neither of whom is related by blood or marriage to any Trustee or Beneficiary, examine such individual and certify in writing that such individual is or is not temporarily or permanently incapacitated (also referred to as a “determination”) or (iii) the court having jurisdiction over any trust under this document of which such individual is serving as Trustee finds that such individual is or is not temporarily or permanently incapacitated (hereinafter referred to as a “finding”). As used herein, the term “incapacitated” means incapable of exercising powers as Trustee under the criteria set forth in California Probate Code §810 et. seq. If any Trustee (including a person who has been determined to be incapacitated) or Beneficiary disputes a determination, such Trustee or Beneficiary may petition the court for a finding under this Paragraph, and the court’s finding shall supersede the determination. The expenses of any examination or court proceeding under this Paragraph 3.6.a. shall be paid from all trusts under this document of which such individual is a Trustee in proportion to the relative book values of such trusts.

3.6.b. Effect Of Determination Or Finding Of Incapacity

(i) **Temporary Incapacity.** An individual Trustee shall temporarily cease to serve as Trustee of all trusts under this document upon a determination or finding of temporary incapacity. If the temporarily incapacitated Trustee is serving as a Co-Trustee, the other Trustee(s) shall make any and all decisions during the period of temporary incapacity as though they were the only Trustee(s), and no successor Trustee for such temporarily incapacitated Trustee shall serve in his or her place. If the temporarily incapacitated Trustee is serving as sole Trustee, the successor Trustee(s) named or designated herein shall serve in his or her place and shall make any and all decisions during the period of temporary incapacity as though they were the only Trustee(s).

(ii) **Resumption Of Trusteeship Upon Recovery From Temporary Incapacity.** Any Trustee deemed to be temporarily incapacitated shall resume serving as a Trustee upon a determination or finding of capacity made within ninety (90) days following the determination or finding of temporary incapacity. Unless an accounting is waived by a majority in percentage interest of all Income Beneficiaries of any trust, the successor Trustee serving in place of a temporarily incapacitated sole Trustee during the period of temporary incapacity shall not be relieved of liability with respect to such trust until such successor Trustee’s accounting has been settled pursuant to Paragraph 5.7. or 5.8.

(iii) **Permanent Incapacity.** An individual Trustee shall permanently cease to serve as Trustee of all trusts under this document upon the first to occur of (A) the expiration of ninety (90) days following a determination or finding of temporary incapacity, unless the individual Trustee has resumed serving as Trustee pursuant to subparagraph (ii) above, and (B) a determination or finding of permanent incapacity. For purposes of the preceding sentence, if, within ten (10) days following an individual Trustee's resumption of service as Trustee pursuant to subparagraph (ii) above, there is a subsequent determination or finding of his or her incapacity, the temporary period of capacity shall be disregarded and the ninety (90) day period shall commence from the initial determination or finding of incapacity. A Trustee who permanently ceases to serve as Trustee pursuant to this Paragraph shall not be relieved of liability as Trustee until his or her accounting has been settled pursuant to Paragraph 5.7. or 5.8.

3.6.c. Consent To Examination And Waiver Of Doctor-Patient Privilege

Each individual Trustee hereunder, by accepting his or her office, agrees (i) to cooperate in any examination reasonably necessary to carry out the provisions of this Paragraph 3.6., (ii) to waive the doctor-patient privilege in respect to the results of such examination to the extent required to implement this Paragraph 3.6. and otherwise to facilitate the administration of all trusts being administered hereunder, and (iii) that his or her obligation to comply with the provisions of this Paragraph 3.6. is specifically enforceable.

3.7. Delegation By Trustees Permitted

3.7.a. If Co-Trustees are serving hereunder, an individual Co-Trustee may from time to time delegate to the other Co-Trustees all or any of his or her powers as Trustee. Such delegation shall be in writing, shall be delivered to all other Co-Trustees, shall specify the power(s) delegated and may be revoked or modified by a comparable writing. A statement that the Trustee delegates all powers granted by this document shall be sufficient to delegate all such powers. Powers vested in an Independent Trustee may only be delegated to another Independent Trustee.

3.7.b. Any third party, including any bank, savings and loan, title insurer, stock or bond broker or transfer agent may rely upon any delegation under this Paragraph 3.7. and shall incur no liability for any action taken in reliance on such delegation in the absence of actual knowledge of its revocation or modification.

3.7.c. Any Co-Trustee who delegates all or any of his or her powers as Trustee shall not be liable or responsible for the acts, omissions or defaults of the other Co-Trustee(s) during the period of delegation provided that he or she does not have actual knowledge of facts which might reasonably be expected to put him or her on notice of such acts, omissions or defaults.

3.8. Conflicts Of Interest

No Trustee named or designated herein shall be disqualified by reason of owning an interest in real or personal property, or in a corporation or other business venture, or by reason of being an officer, director or employee of any corporation or other business venture, an interest in which is also a part of the trust estate.

3.9. Removal And Replacement Of Trustee

A majority in percentage interest of all Income Beneficiaries of any trust established hereunder may remove any Trustee thereof for reasonable cause. In such event, the next successor Trustee named in Paragraph 3.1. or designated as provided in Paragraph 3.2. shall serve in place of such removed Trustee. If no successor is so named or designated, a majority in percentage interest of all Income Beneficiaries of such trust may substitute a new Trustee in place of such removed Trustee. With respect to a replacement Trustee so substituted, the majority of Income Beneficiaries may specify (i) the compensation for so serving, (ii) the term or duration of service, (iii) the powers to be held by each replacement Trustee, and such majority may designate different persons to hold different powers; provided, however, that all of the removed Trustee's powers are vested in one or more of the replacement Trustees, and/or (iv) otherwise set forth terms and conditions of such service as are not inconsistent with this document. When the removed Trustee has received written notice of his, her or its removal and has been notified in writing by his, her or its successor of the latter's acceptance, the removed Trustee shall surrender to the appropriate replacement Trustee all books, records and assets in its possession comprising a portion of the trust estate or relating thereto. However, such removed Trustee shall not be relieved of liability until his, her or its replacement has qualified and such Trustee's accounting has been settled pursuant to Paragraph 5.7. or 5.8. As used in this Paragraph, the term "reasonable cause" includes, but is not limited to, (i) the legal incapacity of the Trustee; (ii) the willful or negligent mismanagement by the Trustee of trust assets; (iii) the abuse or abandonment of, or inattention to, the trust by the Trustee; (iv) a federal or state charge against the Trustee involving the commission of a felony or serious misdemeanor; (v) an act of stealing, dishonesty, fraud, embezzlement, moral turpitude or moral degeneration by the Trustee; (vi) the Trustee's use of narcotics or excessive amounts of alcohol; (vii) the Trustee's poor physical, mental or emotional health which causes the Trustee to be unable to devote sufficient

time to administer the trust; (viii) the Trustee's failure to comply with a written agreement regarding compensation or any other legally enforceable written agreement affecting the trust's operation; (ix) a demand for unreasonable compensation; (x) the failure of a corporate Trustee to appoint a senior officer with at least five (5) years of experience in administering trusts to handle the account; (xi) unreasonably high turnover of account officers assigned to the trust (unless requested by the Beneficiaries); (xii) unreasonably poor investment performance; (xiii) the removal of all current Income Beneficiaries from the State wherein the corporate Trustee is licensed to conduct business as a corporate Trustee; (xiv) the relocation of the Trustee away from the location where the trust operates so as to interfere with the administration of the trust; (xv) unreasonable lack of communication between the Trustee and the Beneficiaries; (xvi) unreasonably inaccurate or unclear transaction statements or statements of account; (xvii) unreasonable conflicts between the Trustee and the Beneficiaries caused by the Trustee; (xviii) merger, acquisition or a deteriorating financial condition of a corporate Trustee; or (xix) any other reason for which a court of competent jurisdiction would remove a Trustee. The power of removal and replacement may be exercised on a Beneficiary's behalf by his or her Agent. If an Independent Trustee is removed pursuant to this Paragraph, only another Independent Trustee may be appointed to fill the vacancy so arising.

3.10. Bond Waived

No bond shall be required of any Trustee named herein, or of any Trustee designated herein if such designation waives bond for such Trustee, whether serving alone or with Co-Trustees and whether named or designated to serve alone or with Co-Trustees. Additionally, no bond shall be required of a Trustee neither named nor designated herein, unless requested by a majority in percentage interest of all Income Beneficiaries of such trust or their Agents.

3.11. Compensation For Services

While any corporate trustee serves as Trustee, the Trustee shall receive compensation for its services in the amount and at the time specified in its Schedule of Fees and Charges established from time to time by it for the administration of trusts of a character similar to this trust and in effect when such compensation is payable. Any individual Trustee shall pay himself or herself reasonable compensation for services rendered to the trust estate as Trustee, even if receiving compensation as a partner, officer, director or employee of any partnership, corporation or business venture, an interest in which is included in the trust estate, and shall reimburse himself, herself or itself for any expenses of the trust estate that such Trustee has paid. Notwithstanding the foregoing, any person may waive the right to compensation for services to be rendered the trust estate. A waiver may be limited in duration or to specific services. The

Trustee is authorized to retain himself or herself or any firm with which he or she is associated to render legal or other professional services. Fees may be paid for such services without respect to such relationship and without respect to any agreement which the Trustee may have with his or her firm concerning the division of fees and commissions after complying with the requirements of California Probate Code §15687, if applicable.

3.12. Majority Control

Subject to the provisions of Paragraph 3.13., when more than two Trustees are serving, the determination of a majority of them with respect to any matter affecting any trust shall control. The dissenting Trustees shall not be liable to any person for any action taken or not taken pursuant to the decision of the majority.

3.13. Actions By Independent Trustee

3.13.a. If any of the following powers are granted the Trustee by this document, such powers shall be exercised only by an Independent Trustee:

(i) To make discretionary distributions of income or principal to or for the benefit of any Beneficiary for any purpose other than the health, education, maintenance or support of such Beneficiary in his or her accustomed standard of living;

(ii) If the Trustee is legally obligated to educate and support a Beneficiary, to make discretionary distributions of income or principal to or for the benefit of the Beneficiary for his or her health, education, maintenance or support that would discharge, in whole or in part, the Trustee's obligation to support and educate the Beneficiary;

(iii) Subject to the provisions of Paragraph 2.3., to postpone or accelerate distributions of principal to a Beneficiary;

(iv) To borrow, pledge, encumber, guarantee or lend to or for the benefit of a Beneficiary;

(v) To determine the terms of sale, including the purchase price and conditions and timing of payment, with respect to any purchase, exchange or sale of property from, with or to a Beneficiary or any trust (including a trust established hereunder) as to which one or more of the Trustees is also a trustee and a beneficiary;

(vi) To acquire insurance on the life of any person serving as Trustee, to exercise any option with respect to the acquisition of such insurance and to possess and exercise any and all incidents of ownership with respect to any such insurance; and

(vii) To exercise any other power exercisable by the Independent Trustee under the terms of this document.

3.13.b. No Trustee who is not an Independent Trustee (including any person serving as a Co-Trustee) may exercise or participate in the exercise of the foregoing powers vested in the Independent Trustee. If at any time no acting Trustee is an Independent Trustee, the first successor Trustee named or designated herein who would be an Independent Trustee shall serve as Independent Trustee for the sole purpose of exercising or not exercising the Independent Trustee's powers. If no successor Trustee named or designated herein would be an Independent Trustee, the then serving Trustee shall appoint an Independent Trustee for the sole purpose of exercising or not exercising such powers. Such appointment shall be made in the manner provided in Paragraph 3.2.b. The provisions of this Article 3 shall apply to any person or corporation serving as Independent Trustee solely for such purpose; provided, however, that no Independent Trustee may delegate the powers granted such Independent Trustee by this Paragraph 3.13. except to another Independent Trustee.

3.13.c. A person or corporation serving as Independent Trustee solely for the purpose of exercising one or more of the powers vested in the Independent Trustee shall have no responsibility for the administration and management of any other assets of the trust estate and shall receive reasonable compensation for his, her or its services.

ARTICLE 4 PAYMENT OF ESTATE AND GENERATION-SKIPPING TRANSFER TAXES

4.1. Payment Of Estate Taxes Attributable To Trust Assets

All estate, inheritance and similar death taxes (but not generation-skipping transfer taxes) attributable to the trust estate shall be paid by, charged to and recovered from the persons (including trusts) receiving taxable benefits under this document in accordance with the principles of California Probate Code §20110 and related sections, after giving effect to Code §2207A.

4.2. Payment Of Generation-Skipping Transfer Taxes

All generation-skipping transfer taxes attributable to a direct skip shall be paid by the Trustee out of and charged against the property constituting the transfer as provided in

Code §§2603(a)(3) and 2603(b). All generation-skipping transfer taxes attributable to a taxable distribution occurring with respect to any trust established hereunder shall be paid by the transferee thereof as provided in Code §§2603(a)(1) and 2603(b), and all generation-skipping transfer taxes attributable to a taxable termination occurring with respect to any trust established hereunder shall be paid by the Trustee and charged against the property constituting the transfer as provided in Code §§2603(a)(2) and 2603(b).

4.3. Reserves

The Trustee may establish such reserves and make such charges as the Trustee considers necessary for the payment of all taxes described in this Article 4.

ARTICLE 5 TRUST ADMINISTRATION

5.1. Powers Of Trustee

Subject to all of the limitations contained in Article 2 and elsewhere in this document, the Trustee is granted all powers necessary to carry out the terms of this document, including the following powers:

5.1.a. To Employ Professional And Other Assistance

To employ, reasonably compensate and grant discretionary authority to agents, managers, attorneys, accountants, brokers, investment counselors and others, even if they are associated with a Trustee. The Trustee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared by such persons as to matters which the Trustee reasonably believes to be within such person's professional or expert competence and shall not be liable for losses resulting therefrom.

5.1.b. To Pay Expenses

To pay all reasonable expenses and taxes incurred in the administration of all trusts established hereunder, including such insurance as the Trustee deems advisable to protect the trust estate from damage or loss and to protect the Trustee from liability.

5.1.c. To Receive And Retain Property

To receive and retain any property at any time subject to this document, regardless of whether receipt or retention thereof violates sound diversification principles, or such property is under productive.

5.1.d. To Hold Property

To hold property in the name of the Trustee (with or without revealing fiduciary capacity), or in the name of a nominee, or in bearer form.

5.1.e. To Operate A Business

To hold and operate a business or an interest in a business at the risk of the trust estate and not at the risk of the Trustee, and to incorporate or dissolve such business or to operate it as a partnership, limited or general, or in any other form. To exercise all voting and management rights attendant to owning an interest in such a business, including the right to vote securities, give proxies and pay assessments; to participate in voting trusts, pooling arrangements, foreclosures, reorganizations, consolidations, mergers and liquidations; to deposit securities with and transfer title to any protective or other committee; and to exercise or sell stock subscription or conversion rights.

5.1.f. To Manage And Control Property

To manage, control, lease for terms within or beyond the duration of a trust created hereunder, grant options with respect to, partition, divide, improve, insure and repair any kind of property, real or personal.

5.1.g. To Purchase And Sell

To purchase, exchange or sell for cash or upon terms at public or private sale any kind of property, real or personal, including trust funds administered by the Trustee, stocks, bonds, futures contracts and other securities, puts, calls, straddles and other options of every kind, general and limited partnership interests and interests in other business ventures, whether or not an interest in any such property is already included in the trust estate. Any such purchase, exchange or sale may be made with any person, including any Beneficiary, any Trustee, Special Trustee or other fiduciary under this document or any estate or trust, including an estate or trust having as a beneficiary or fiduciary any Beneficiary or fiduciary hereunder; provided, however, that any property sold to any such Beneficiary, fiduciary, estate or trust is sold for adequate consideration. The Trustee may maintain brokerage accounts, including margin and commodity accounts, and in connection therewith borrow, pledge securities, make short sales and sell on margin or otherwise. If any security is purchased for a premium or at a discount, such premium or discount shall be amortized in a reasonable manner. The Trustee's investment performance shall be evaluated in light of his, her or its overall investment performance and not in light of any isolated investment.

5.1.h. To Create Restrictions

To create restrictions, easements and servitudes; to litigate, arbitrate and compromise claims and actions; and to effect transactions among trusts established hereunder for fair market value, including sales, exchanges and loans.

5.1.i. To Borrow And Lend

To borrow and lend money and to encumber trust property by mortgage, deed of trust, pledge, or otherwise for the debts of the trust or the joint debts of the trust and any co-owner of the property in which the trust has an interest and in connection therewith to execute any mortgages, deeds of trust, pledges, guarantees or other loan or security documents reasonably attendant thereto. Any loan, guarantee, pledge or encumbrance may be for a period within or beyond the duration of the trust. The Trustee may lend money to, and/or encumber all or any of the assets thereof by mortgage, deed of trust, pledge, guarantee or otherwise to secure any indebtedness of any Beneficiary of said trust, irrespective of whether such mortgage, deed of trust, pledge, guarantee or otherwise is for the benefit of the trust or for the exclusive benefit of such Beneficiary.

5.1.j. To Conduct Banking

To deposit trust funds in accounts of any kind, with any bank, savings and loan association or similar institution, including a Trustee; to withdraw such funds; to designate in writing the persons, whether or not Trustees, who may conduct such activities; and such institutions may rely, without liability, on such designation.

5.1.k. To Combine And Divide Trusts

To combine two or more trusts having the same beneficiaries and Inclusion Ratios, provided they have substantially the same terms, as determined by the Trustee, into a single trust. The Trustee may also divide any trust established hereunder into two or more separate trusts of equal or unequal value but on the same terms and with the same beneficiaries for the purpose of creating an Exempt Trust and a Non-Exempt Trust or for any other purpose. Division of a trust shall be made according to the value of the assets of the trust at the time of the division. Whenever such division will result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest. If any provision of this document provides that property is to be added to a trust by reason of the partial or complete distribution or termination of another trust or otherwise, the Trustee may add property having an Inclusion Ratio of zero only to an Exempt Trust and the Trustee may add property having an Inclusion Ratio greater than zero only to a Non-Exempt Trust. If a trust with the appropriate Inclusion Ratio does not exist, the Trustee shall establish a new trust having the

same terms, conditions and beneficiaries as the trust to which such property would otherwise have been added so that such property may be added to the new trust without changing the Inclusion Ratio of such property.

5.1.l. To Distribute Assets

To allocate or distribute trust assets, in cash or in kind or partly in each, including undivided interests, pro rata or non-pro rata, and for this purpose to sell trust assets. In making such allocation or distribution, the Trustee is not required to consider the income tax bases of such assets or the potential income tax consequences to the distributees. Property distributed in kind shall be selected and valued as required by the Code, Treasury Regulations and Rulings. Unless otherwise required by the Code, Treasury Regulations and Rulings, the Trustee shall value property distributed in kind at its value on the date or dates of distribution. Whenever the distribution of property would result in the residual transfer of property after the satisfaction of a pecuniary payment, such pecuniary payment shall carry Appropriate Interest.

5.1.m. To Release Powers

To release or restrict, by means of a written document, any power granted the Trustee. Unless otherwise specified by the releasing Trustee, any power released or restricted shall continue to exist and shall pass to all Trustees and successor Trustees other than the releasing Trustee.

5.1.n. To Deal With Insurance

To acquire by purchase, bequest, gift or in any other manner one or more policies insuring the life, health, or income of any Beneficiary or any person in whom any Beneficiary has an insurable interest, and to retain each policy as a part of any trust established hereunder, the benefits thereunder to be payable to such trust; and to exercise all options, benefits, rights and privileges of an owner thereof, including the right to borrow against and to pledge such insurance, to surrender it for its cash value, to name and change beneficiaries, to select and change settlement options, and to receive any benefits thereunder, all for the exclusive benefit of such trust.

(i) The Trustee may but is not obligated to pay premiums for such life insurance or cause them to be paid by others and shall incur no liability if such premiums are not paid. If the Trustee has actual notice that any premium has not been paid when due or will not be paid when due, the Trustee may apply the cash value of such insurance to the purchase of paid-up insurance, borrow against such insurance for the payment of premiums, use

other assets of the trust to pay such premiums, surrender such insurance or take such other action as the Trustee deems reasonable and appropriate under the circumstances.

(ii) On receipt of proof of death of an insured, or on receipt of proof of the prior maturity of any policy, and on receiving possession of the policies, the Trustee shall use reasonable efforts to collect all sums payable on them, which sums on receipt shall be principal and any interest paid thereon by the insurer shall be income. The Trustee may maintain, defend, compromise, arbitrate or settle any suit or claim with respect to such insurance. However, the Trustee shall not be responsible for any acts or omissions of the insured in connection with any policy and shall not be required to prosecute any action to collect any insurance or to defend any action relating to any policy unless indemnified in a manner and amount satisfactory to the Trustee.

(iii) Insurers shall have no obligation to inquire into the terms of this document or see to the application of the proceeds of any policy, and may rely without liability on a receipt, release or other document executed by the Trustee.

(iv) If the trust estate includes insurance on the life of a Trustee, all other Trustees or, if there are none, the next successor Trustee shall exercise all incidents of ownership with respect to such insurance.

5.1.o. To Allocate Income And Principal

Except as otherwise provided herein, determination of what is principal and income shall be governed by the California Uniform Principal and Income Act from time to time existing. Any matter not provided for herein, or in the California Uniform Principal and Income Act, shall be determined by the Trustee. The Trustee shall not be required to establish any reserve for depreciation or to make any charge for depreciation against all or any portion of the income of the trust estate, including any income realized through use of any portion of the trust estate principal in the conduct of a business by the trust; but the Trustee may determine whether to establish such a reserve and, if so, to fund the same by appropriate charges against the income of the trust estate, such reserve and charges to be established on such assumptions and in such amounts as the Trustee may determine. In exercising the discretion conferred on the Trustee, the Trustee is required to consider that the Settlor's desire is to benefit primarily the Income Beneficiaries.

5.1.p. No Need To Make Adjustments

The Trustee shall not be required to make adjustments in the rights of any Beneficiaries, or among the principal and income accounts, to compensate for the

consequences of any tax decision or election that has had the effect, directly or indirectly, of preferring one Beneficiary or a group of Beneficiaries over others.

5.2. Income And Expenses

Income accrued on property distributed to a trust shall be treated as income. Income accrued at the termination of an interest in a trust shall retain its character as income and be administered as a part of the next succeeding interest. At the termination of an interest, the Trustee shall not apportion periodic payments of principal not then due but may prorate taxes and other expenses.

5.3. Accounting For Separate Trusts

If separate trusts are established hereunder, each trust shall constitute a separate and independent trust. The Trustee shall keep an account for each trust and may, but shall not be required to, segregate trust assets. Each trust established hereunder may be designated by the name of its Income Beneficiary and the date of its creation or by such other designation as Trustee deems appropriate.

5.4. Delay In Distribution

If any trust established hereunder is subject to the federal estate or generation-skipping transfer tax, the Trustee may delay distribution or division of such trust until after the alternate valuation date under Code §2032; provided, however, that all rights to income and principal established under other provisions of this document shall not be affected by such delay.

5.5. Spendthrift Restrictions

A Beneficiary or his or her Agent may disclaim or release his or her interest in principal or income, but no Beneficiary shall anticipate, assign, encumber, or subject to any creditor's claim or to legal process any interest in principal or income before its actual receipt by any Beneficiary, except that a Beneficiary may assign the right to receive payment of any sum otherwise distributable to him or her under this document to a trust which is, during the Beneficiary's lifetime, revocable by him or her. The beneficial and legal interests in this trust, its principal, and its income shall be free from interference or control of any Beneficiary's creditor and shall not be subject to claims of any such creditor or liable to attachment, execution, bankruptcy or other process of law.

5.6. No Attachment

If a creditor obtains a writ of attachment, garnishment or like process against a Beneficiary, then, until its release, the Trustee shall pay to such Beneficiary only such sums as

are necessary for his or her reasonable health, education and support according to his or her accustomed standard of living, and the remainder of his or her interest shall be accumulated.

5.7. Accounting

Except as provided in this Paragraph, California Probate Code §16064(a) shall apply, and the Trustee shall be under no obligation to render an annual accounting to the Beneficiaries of any trust established hereunder. Any Beneficiary of an irrevocable trust established hereunder may obtain information concerning, or compel an accounting for, that trust as provided by California Probate Code §16060 et seq. Any Trustee's account may, at the Trustee's option, either be settled pursuant to the foregoing provisions of the California Probate Code or by sending the account to all Beneficiaries of such trust, or their Agents, at their respective last known addresses by certified mail, return receipt requested. No guardian ad litem shall be required for any minor, unborn or unascertained Beneficiary. Unless written objections are received by the Trustee within one hundred and eighty (180) days of mailing such account, the account and all transactions set forth therein shall be deemed settled and approved.

5.8. Receipts Upon Distribution

As a condition precedent to the distribution of any part of the principal of a trust established hereunder to a Beneficiary entitled thereto, the Trustee may furnish such Beneficiary with an accounting of the acts and doings of the Trustee then acting hereunder or of any predecessor Trustee and may require such Beneficiary to deliver to the Trustee a receipt for the portion of the trust estate then paid to such Beneficiary together with a release and discharge of the Trustee from all liability for any act, investment, transaction or distribution of the Trustee shown on that accounting up to and including the date of such distribution. If any such Beneficiary, after being furnished with the foregoing accounting of the Trustee, refuses or neglects to furnish the Trustee with such receipt, release and discharge, then the Trustee, prior to making such distribution and at the expense of the appropriate trust(s), may submit its account or accounts to a Court of proper jurisdiction in order to obtain a decree absolving the Trustee from all further liability hereunder after the making of such distribution.

5.9. Provisions Relating To S Stock

5.9.a. If any irrevocable trust established hereunder, other than a charitable remainder trust under Code §664(d), holds stock in one or more S Corporations, the Settlor intends that such trust qualify as a Qualified Subchapter S Trust or as an Electing Small Business Trust under Code §1361. Notwithstanding any other provision of this document to the contrary, the Independent Trustee may, without application to any court, direct the reformation

of any such irrevocable trust so that it satisfies the requirements of a Qualified Subchapter S Trust or an Electing Small Business Trust.

5.9.b. If the irrevocable trust does not by its terms satisfy the requirements of a Qualified Subchapter S Trust but will be reformed to satisfy those requirements, then the Independent Trustee shall reform the trust subject to the following guidelines:

(i) If the irrevocable trust contains both S Corporation stock and other assets, the Trustee shall divide the irrevocable trust into two trusts, one such trust funded with the S Corporation stock and the other such trust funded with the other assets, as provided in Paragraph 5.1.k., and the reformation shall apply only to the resulting trust funded with the S Corporation stock. Each resulting trust shall constitute a separate and independent trust. The trust funded with the S Corporation stock shall be administered in accordance with subparagraph (iii) below, and the other trust shall be administered in accordance with its terms.

(ii) If the irrevocable trust has more than one Income Beneficiary, the Trustee shall divide the S Corporation stock into as many equal shares as there are Income Beneficiaries of the irrevocable trust. Each share shall constitute a separate and independent trust and shall be administered for one such Income Beneficiary in accordance with subparagraph (iii) below.

(iii) The irrevocable trust may be reformed to require that:

(A) All of the income of such irrevocable trust is distributed at least quarterly to one individual who is a citizen or resident of the United States. If the individual is a minor, distribution shall be made to the minor's natural guardian as custodian under the California Uniform Transfers to Minors Act.

(B) There is only one Income Beneficiary of such irrevocable trust.

(C) No distribution of principal of such irrevocable trust may be made to anyone other than such Income Beneficiary during such Income Beneficiary's lifetime.

(D) The Income Beneficiary's income interest ends on the earlier of the Income Beneficiary's death or the irrevocable trust's termination by its terms.

(E) If the irrevocable trust ends during the Income Beneficiary's lifetime, the Trustee shall distribute all of the irrevocable trust's assets to the Income Beneficiary, outright.

5.10. Environmental Hazards And Compliance With Environmental Laws

5.10.a. Authorization To Inspect Property Prior To Accepting Property Or Consenting To Serve As Trustee

(i) Prior to accepting assets as part of the trust estate and prior to consenting to serve as a Trustee or Co-Trustee of any trust established hereunder, any person named or designated herein to so serve may take the following actions at the expense of the trust estate:

(A) To enter and inspect any existing or proposed asset of such trust (or of any partnership or corporation in which the trust holds an interest) for the purpose of determining the existence, location, nature, and magnitude of any past or present release or threatened release of any hazardous substance; and

(B) To review records of the currently serving Trustee or of the Settlor (or of any partnership or corporation in which the trust or the Settlor holds an interest) for the purpose of determining compliance with any federal, state or local environmental laws or regulations, including those records relating to permits, licenses, notices, reporting requirements, and governmental monitoring of hazardous waste.

(ii) The right of the person named or designated to serve as Trustee to enter and inspect assets and records of a partnership or corporation under subparagraph (i) above shall be treated as equivalent to the right under state law of a partner or shareholder to inspect assets and records under similar circumstances.

(iii) Acts performed under this Paragraph 5.9.a. by a person named or designated as Trustee shall not constitute consent to serve as a Trustee or Co-Trustee.

(iv) If, upon any review of a trust's assets under this Paragraph 5.9.a., the person named or designated to serve as Trustee discovers that an asset of the trust is contaminated with hazardous waste or otherwise not in compliance with any environmental law or regulation, he, she or it may decline to so serve solely as to such asset while consenting to so serve as to all other assets of the trust. Similarly, any currently acting Trustee or Co-Trustee may refuse to accept the transfer of any asset proposed to be transferred to

the Trustee. If there is no person willing to serve as Trustee or Co-Trustee with respect to any asset in or proposed to be transferred to any trust, the court having jurisdiction over such trust shall appoint a receiver or special Trustee to hold and manage the rejected asset, pending its final disposition.

5.10.b. Termination, Bifurcation Or Modification Of Trust Due To Environmental Liability

(i) If any trust established hereunder holds one or more assets, either directly or through any corporation or partnership, the nature, condition, or operation of which is likely to give rise to liability under, or is an actual or threatened violation of any environmental law or regulation, the Trustee may take one or more of the following actions:

(A) Modify the trust provisions by granting the Trustee such additional powers as are required to protect the trust and its Beneficiaries from liability or damage relating to the actual or threatened violation of any such environmental law or regulation;

(B) Bifurcate the trust;

(C) Appoint a special Trustee to administer any such assets or business interests which fail to comply with or may give rise to liability under any environmental law and regulation; or

(D) Abandon such assets or business interests.

(ii) With court approval, the Trustee may terminate the trust or partially or totally distribute its assets to its Beneficiaries.

(iii) It is the Settlor's intent that the Trustee have the widest possible discretion in identifying and responding to administration problems associated with the potential environmental liability of any trust or the Trustee, in order to protect the interests of such trust, the Trustee and the Beneficiaries of the trust.

5.10.c. Trustee's Powers Relating To Environmental Laws

The Trustee may, on behalf of any trust established hereunder, take any action necessary or appropriate to prevent, abate, avoid or otherwise remedy any actual or threatened violation of any environmental law or regulation or any condition that may reasonably give rise to liability under any environmental law or regulation, including but not limited to

performing investigations and audits and taking action considered a “response” under 42 U.S.C. §9601(25), relating to any asset which is or has been held as part of such trust.

5.10.d. Indemnification Of Trustee For Environmental Expenses

(i) The Trustee shall be entitled to be indemnified and reimbursed from any trust for any liabilities, losses, damages, penalties, costs or expenses incurred arising out of or relating to the actual or threatened violation of any environmental laws or regulations (hereinafter “environmental expenses”). Environmental expenses shall include, but not be limited to:

(A) Costs of investigation, removal, remediation, response, or other cleanup costs of contamination by hazardous substances, as defined under any environmental law or regulation;

(B) Legal fees and costs arising from any judicial, investigative or administrative proceeding relating to any environmental law or regulation;

(C) Civil or criminal fees, fines or penalties levied with respect to the violation of any environmental law or regulation; and

(D) Fees and costs payable to environmental consultants, engineers, or other experts, including legal counsel, relating to the identification, avoidance or prevention of or in any other manner related to any environmental law or regulation.

(ii) This right to indemnification or reimbursement shall extend to environmental expenses relating to:

(A) Any real property or business enterprise which is or has at any time been owned or operated by the Trustee as part of any trust; and

(B) Any real property or business enterprise which is or has at any time been owned or operated by a corporation or partnership in which the Trustee holds or has held at any time an ownership or management interest as part of any trust.

(iii) The Trustee need not expend his, her or its own funds in payment of environmental expenses; instead, environmental expenses may be paid directly from trust assets. Any environmental expenses paid directly by the Trustee shall be reimbursed from

the trusts holding the assets giving rise to the environmental expenses. Pending reimbursement from such trusts, the Trustee shall have a primary lien against the assets of such trusts.

(iv) Notwithstanding anything in this Paragraph 5.10.d. to the contrary, this right of indemnification or reimbursement shall not apply to any environmental expenses resulting from the Trustee's negligence, intentional wrongdoing, bad faith or reckless disregard of fiduciary obligation.

5.10.e. Indemnification Of Trustee For Environmental Expenses In Excess Of Trust Value

If the assets of any trust are insufficient, or there is insufficient liquidity in any trust to satisfy the obligation of indemnification or reimbursement for environmental expenses provided in Paragraph 5.10.d., the Trustee shall notify the Settlor and the Beneficiaries thereof. If the assets giving rise to the environmental expenses were directly or indirectly transferred to the trust by the Settlor, then the Settlor shall within thirty (30) days thereafter indemnify or reimburse the Trustee for such environmental expenses. Each of the Beneficiaries of such trust shall within thirty (30) days thereafter indemnify or reimburse the Trustee for such environmental expenses to the extent not otherwise indemnified or reimbursed by the Settlor. Any indemnification under this Paragraph shall be in a form acceptable to the Trustee. Upon the death of the Settlor or of a Beneficiary prior to the indemnification or reimbursement of the Trustee as required under this Paragraph, the obligation of indemnification or reimbursement shall constitute a lien upon the property of the Settlor or Beneficiary and the Settlor's or Beneficiary's estate, as the case may be, and a legally enforceable debt of the Settlor or Beneficiary.

5.10.f. Exoneration Of Trustee For Acts Relating To Environmental Law

The Trustee shall not be liable to any Beneficiary or to any third party for any action or inaction relating to any environmental law or regulation, or for the payment of any environmental expenses; provided, however, that the Trustee shall be liable for any such action, inaction or payment which is a breach of trust or is committed negligently, in bad faith or with reckless or intentional disregard of the Trustee's fiduciary obligations hereunder.

5.10.g. Allocation Of Environmental Expenses And Receipts Between Income And Principal

The Trustee may allocate all environmental expenses paid and all reimbursements or other funds received relating to environmental expenses between income and

principal of the trust estate. In making such allocation, the Trustee shall consider the effect of such allocation upon income available for distribution, the value of trust principal, and the income tax treatment of such expenses and receipts. The Trustee may create a reserve for payment of anticipated environmental expenses.

5.11. Limitations On Trustee's Powers

The Trustee's powers are subject to the Trustee's duty to treat income and remaindermen beneficiaries equitably, and the grant of general powers above is limited as follows:

5.11.a. Neither the Trustee, the Settlor nor any Nonadverse Party to the Settlor shall have any power which enables the Settlor, her husband or any other person to purchase, exchange or otherwise deal with or dispose of the principal or income from any trust created hereunder for less than an adequate consideration in money or money's worth.

5.11.b. Neither the Trustee, the Settlor nor any Nonadverse Party to the Settlor shall have any power which enables the Settlor or her husband to borrow the principal or income of any trust created hereunder, directly or indirectly, without adequate interest or without adequate security.

5.11.c. No person acting in a non-fiduciary capacity, including the Settlor, shall have the power to either vote or direct the voting of any stock or other securities constituting any portion of the trust estate or to direct investments or veto proposed investments hereunder.

5.11.d. Income or principal of the trust estate shall not be used to discharge in whole or in part any person's legal obligation, from time to time existing, under the laws of the state of their domicile, to support and educate any beneficiary under this document. When determining the legal obligation of any person (including any Trustee or the Settlor) to support and educate any beneficiary under this document, the existence of any trust and funds available to the beneficiary under such trust shall not be taken into consideration.

5.12. Settlor's Power To Substitute Assets Of Equivalent Value

The Settlor shall have the power, exercisable in a non-fiduciary capacity, to reacquire any or all of the principal or income of any trust established hereunder by substituting other assets of equivalent value, until such time, as any, as the Settlor relinquishes the foregoing power in a writing delivered to the Trustee. This power shall be exercised by written notice to the Trustee, who shall promptly comply with the notice.

ARTICLE 6
DEFINITIONS

As used in this document, the terms set forth below shall have the following meanings:

6.1. Agent

An individual's "Agent" means (i) the individual's attorney-in-fact acting under a durable power of attorney, to the extent such durable power of attorney specifically authorizes the exercise of a particular power, or (ii) the individual's duly appointed conservator or guardian, to the extent such conservator or guardian gives notice to the Trustee and obtains approval for the exercise of such power from the Court which appointed the Agent as such conservator or guardian.

6.2. Appropriate Interest

"Appropriate interest" means interest payable at the statutory rate of interest set forth in California Probate Code §12001, beginning from the date specified in California Probate Code §12003 and continuing until the date of payment.

6.3. Beneficiary

"Beneficiary" means any person who may receive mandatory or discretionary distributions of income or principal hereunder.

6.4. Charity

"Charity" means an organization described in Code §§170(c), 2055(a) and 2522(a).

6.5. Child, Grandchild And Issue

"Child" includes (i) lawful blood descendants, (ii) persons legally adopted before attaining majority, whether born or adopted before or after the date of execution of this document, and (iii) illegitimate offspring provided that a parent-child relationship is determined to exist with the parent in question under the California Uniform Parentage Act in effect from time to time; provided, however, that if the parent in question is competent for more than one year (at any time) after an illegitimate offspring is born, such offspring shall be considered a child only if the parent has, for some period, had a normal parent-child relationship with such offspring. "Child" specifically excludes foster children and stepchildren. "Grandchild" refers to a child's child. "Issue" includes a person's lineal descendants, determined as provided in this Paragraph, of all generations.

6.6. Code

“Code” means the Internal Revenue Code of 1986.

6.7. Education

“Education” includes private elementary and secondary schooling, including instruction in music, art and other subjects conducted either before or after the regular school day, vocational training, college and postgraduate study, at an institution of the individual’s choice and payments for such education shall include tuition, books, supplies, tutors and reasonable travel and living expenses.

6.8. Exempt Trust

An “Exempt Trust” is a trust which has an Inclusion Ratio of zero for purposes of the generation-skipping transfer tax.

6.9. Income Beneficiary

“Income Beneficiary” means any person entitled, at the time such person’s status is to be determined, to mandatory or discretionary distributions of income hereunder.

6.10. Independent Trustee

“Independent Trustee” means a Trustee who is neither (i) a Beneficiary of any trust established under this document, (ii) a person who has transferred or joined in the transfer of property to such trust, nor (iii) a Related or Subordinate Party to any person described in clauses (i) or (ii) above. If a General Power of Appointment held by a Beneficiary of a trust may only be exercised with the consent of the Independent Trustee, the term “Independent Trustee” also means a person who does not have a substantial interest in the property subject to the power which is adverse to the exercise of the power in favor of the Beneficiary, his or her estate, his or her creditors or the creditors of his or her estate.

6.11. May

“May” is discretionary. Unless the discretion is made absolute, the Trustee must act reasonably and not in bad faith. If the discretion is made absolute, the Trustee must not act in bad faith.

6.12. Non-Exempt Trust

A “Non-Exempt Trust” is a trust which has an Inclusion Ratio of greater than zero for purposes of the generation-skipping transfer tax.

6.13. Pay To

“Pay to” includes applications of benefits for a Beneficiary and payments to a Beneficiary’s Agent. If the Trustee is directed to pay all of the net income of a trust to an Income Beneficiary, such payments or applications shall be in monthly or other convenient installments, but not less frequently than quarterly. If the Trustee is granted the discretion to distribute income and/or principal to a Beneficiary, the Trustee shall take into consideration (i) the income, estate, generation-skipping transfer, excise and other tax consequences to the trust and to the Beneficiary from making or not making the distribution and (ii) the Beneficiary’s other income and resources to the extent that they are reasonably available to be used by the Beneficiary for the purposes for which such discretionary distribution is authorized. If the Beneficiary is also a Beneficiary of one or more other trusts, whether administered under this document or otherwise, the Trustee shall consult with the trustee of said other trust or trusts in determining whether to distribute income and/or principal to such Beneficiary; in such consultation, the Trustee shall take into account the income, estate, generation-skipping transfer, excise and other tax consequences to such other trust and to the Beneficiary from making or not making the distribution from such other trust. The discretion to distribute income and/or principal for the support of a Beneficiary in accordance with his or her accustomed standard of living includes, but is not limited to, the right to distribute income and/or principal to assist the Beneficiary in purchasing, improving, repairing and remodeling a principal residence and/or vacation home or entering into, purchasing or engaging in a trade or business. The Trustee may budget the estimated annual income and expenses of any trust created herein in such manner as to equalize, as far as practicable, periodic income payments to beneficiaries of such trust where such equalization appears advisable.

6.14. Qualified Annuity Interest

A “Qualified Annuity Interest” shall have the meaning ascribed to it in Treasury Regulation §25.2702-3, as supplemented by any revenue rulings, revenue procedures, notices or other administrative pronouncements by the Internal Revenue Service, whether now in effect or subsequently issued.

6.15. Right Of Representation

Distribution of property to or division of property among the issue of a person by “right of representation” means to divide the property into as many equal shares as there are living children of such person, if any, and deceased children of such person who leave issue then living. Each living child of such person shall be allocated one share, and the share of each deceased child who leaves issue then living shall be allocated in the same manner.

6.16. Shall

“Shall” is mandatory.

6.17. Tax Terminology

If used in this document, the following terms shall have the meanings set forth or determined in accordance with the Code: “Adjusted Gross Estate,” “Adjusted Taxable Gifts,” “Direct Skip,” “General Power of Appointment,” “Gross Estate,” “Inclusion Ratio,” “Income in Respect of a Decedent,” “Maximum Federal Estate Tax Rate,” “Nonadverse Party,” “Related or Subordinate Party,” “S Corporation,” “Taxable Estate” and “Tentative Tax.”

6.18. Value

“Value” means fair market value as defined in Treasury Regulation §20.2031-1(b).

ARTICLE 7

MISCELLANEOUS PROVISIONS

7.1. Captions

Article numbers, the division of this document into articles and the use of captions are for convenience only and are not to be considered in the construction and interpretation of this document.

7.2. Partial Invalidity

If any provision of this document is unenforceable, the remaining provisions shall, nevertheless, be carried into effect.

7.3. Rules Of Construction And Change Of Situs

The validity, construction and all rights under this document are governed by the internal law (and not the law of conflicts) of the State of California; provided, however, that all matters pertaining to the Trustee’s administration of real property shall be governed by the laws of the situs of such real property, including such state’s conflict of law principles, and the interest of any Settlor in such real property shall continue to be real property and shall not be deemed to have been converted into personal property. This Paragraph shall apply regardless of any change of residence of any Trustee or any Beneficiary, or the appointment or substitution of a Trustee residing in another state. The Trustee may, with the consent of a majority in percentage interest of all Income Beneficiaries of any trust or their Agents, change the situs of such trust and elect to have such trust be governed by the laws of another state.

7.4. Interpretation

The masculine, feminine or neuter and the singular and plural shall include the others as appropriate. Unless otherwise specified to the contrary, reference to a particular section of any code, statute or regulation includes any successor thereto and amendment thereof.

7.5. Intentional Omission

The Settlor has intentionally omitted to provide in this document for any person or persons not mentioned herein who, if the Settlor had died intestate, would be entitled to share in her estate as an heir at law or otherwise.

Executed on September ____, 2009, at Manhattan Beach, California.

/s/ M. SUSAN GREENBERG

M. SUSAN GREENBERG, SETTLOR

/s/ GIL N. SCHWARTZBERG

GIL N. SCHWARTZBERG,
TRUSTEE

NOTARIAL ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On September 14, 2009, before me, Rebecca M. Hugh, Notary Public, *(here insert name and title of the officer)* personally appeared **M. SUSAN GREENBERG**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Rebecca M. Hugh (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On September __, 2009, before me, _____, Notary Public, *(here insert name and title of the officer)* personally appeared **GIL N. SCHWARTZBERG**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

**LIST OF ASSETS INITIALLY
FUNDING TRUST**

2.5 million Class B Shares of Skechers USA, Inc.

EXHIBIT A

THE M. SUSAN GREENBERG 2009 ANNUITY TRUST

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AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER

THIS AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER (this "Amendment"), dated as of March 4, 2010, is entered into by and among **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), and **WELLS FARGO CAPITAL FINANCE, LLC** (formerly known as Wells Fargo Foothill, LLC), a Delaware limited liability company, as a joint lead arranger and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent") in light of the following:

W I T N E S S E T H

WHEREAS, Parent, Borrowers, Lenders, Agent, **BANK OF AMERICA, N.A.**, as syndication agent, and **BANC OF AMERICA SECURITIES LLC**, as a joint lead arranger are parties to that certain Credit Agreement, dated as of June 30, 2009, as amended by that certain Amendment Number One to Credit Agreement and Waiver dated as of November 5, 2009 (as further amended, restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement");

WHEREAS, Parent is a party to that certain Lease Agreement, dated September 25, 2007 (as amended, the "Distribution Facility Lease"), with HF Logistics I, LLC, a Delaware limited liability company ("HF Logistics"), for the lease of a build-to-suit distribution center of approximately 1.8 million square feet at Rancho Belago Corporate Center in the City of Moreno Valley, California (the "Rancho Belago Distribution Facility");

WHEREAS, Borrowers have informed Agent that Parent has formed a new wholly-owned Domestic Subsidiary, Skechers R.B., LLC, a Delaware limited liability company ("Skechers RB"), in order to enter into a joint venture arrangement (the "JV Arrangement") with HF Logistics for the purpose of owning, developing and constructing the Rancho Belago Distribution Facility, and in furtherance of the foregoing, Skechers RB and HF Logistics have entered into that certain Limited Liability Company Agreement of HF Logistics-SKX, LLC, dated January 30, 2010 (the "JV LLC Agreement");

WHEREAS, pursuant to the JV LLC Agreement, Skechers RB and HF Logistics have formed HF Logistics-SKX, LLC, a Delaware limited liability company (the "JV Entity"), the Stock of which is held 50% by Skechers RB and 50% by HF Logistics, and the parties intend that Skechers RB make an initial capital contribution to the JV Entity of \$30,000,000 in cash and that HF Logistics convey, as its initial capital contribution, all of its interest in the property constituting the Rancho Belago Distribution Facility;

WHEREAS, the JV Entity is expected to enter into certain construction loans in the amount of approximately \$50,000,000, which together with the \$30,000,000 initial capital contribution provided by Skechers RB will fund the development and construction of the Rancho Belago Distribution Facility, and upon completion of construction, the JV Entity will refinance the construction loans under a permanent financing arrangement;

WHEREAS, in connection with the formation of Skechers RB and the JV Entity, and the execution and delivery of the JV LLC Agreement and certain related documents by Skechers RB, prior to

the date hereof, the Defaults and Events of Default listed on Exhibit A hereto may have occurred and may be continuing under the Credit Agreement (each a “Designated Event of Default” and collectively the “Designated Events of Default”);

WHEREAS, Borrowers have requested that Agent and Lenders (i) make certain amendments to the Credit Agreement to permit the JV Arrangement and (ii) waive the Designated Events of Default; and

WHEREAS, upon the terms and conditions set forth herein, Agent and the undersigned Lenders are willing to accommodate Borrowers’ requests.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, as amended hereby.

2. Amendments to Credit Agreement.

(a) Schedule 1.1 of the Credit Agreement is hereby amended and modified by amending and restating or adding (as applicable) the following definitions in the appropriate alphabetical order:

“Distribution Facility Lease” means that certain Lease Agreement, dated September 25, 2007, between Parent and HF Logistics, as amended by that certain Amendment to Lease Agreement, dated December 18, 2009, and as further amended from time to time to the extent permitted by Section 6.7(b)(ii) of the Agreement.

“HF Logistics” means HF Logistics I, LLC, a Delaware limited liability company.

“Permitted Skechers/HF JV Acquisition” means the Acquisition by Skechers RB of the Stock of the Skechers/HF JV Entity held by HF Logistics pursuant to either (x) the buy-sell provisions of Article 8 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date), or (y) the right of first offer set forth in Section 11.1.3 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date), in either such case, so long as:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition,

(b) Borrowers shall have Excess Availability in an amount equal to or greater than \$50,000,000 immediately after giving effect to the consummation of the proposed Acquisition, and

(c) Borrowers have provided Agent with written notice of the proposed Acquisition at least 10 Business Days prior to the exercise by Skechers RB of its option to purchase the Stock of the Skechers/HF JV Entity held by HF Logistics in accordance with the relevant provisions of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date), and not later than 10 Business Days prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement or other material documents relative to

the proposed Acquisition in substantially final form, which agreement and documents must be reasonably satisfactory to Agent.

“Second Amendment Date” means March 4, 2010.

“Skechers/HF JV Entity” means HF Logistics-SKX, LLC, a Delaware limited liability company.

“Skechers/HF JV Construction Loan” means the “Construction Loan” as such term is defined in the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date).

“Skechers/HF JV LLC Agreement” means that certain Limited Liability Company Agreement of HF Logistics-SKX, LLC, dated January 30, 2010, between Skechers RB and HF Logistics, as in effect on the Second Amendment Date and as amended in compliance with the terms of the Agreement.

“Skechers/HF JV Note” means that certain Unsecured Promissory Note, dated January 30, 2010, issued by the Skechers/HF JV Entity to the order of Skechers RB in the original principal amount of \$1,000,000, as amended from time to time to the extent permitted by Section 6.7(b)(ii) of the Agreement.

“Skechers/HF JV Permanent Loan” means the “Permanent Loan” as such term is defined in the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date).

“Skechers RB” means Skechers R.B., LLC, a Delaware limited liability company.

“Skechers RB Initial Capital Contribution” means the initial capital contribution in the Skechers/HF JV Entity made by Skechers RB in cash in the amount of \$30,000,000.

(b) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by inserting the parenthetical “(other than any Permitted Skechers/HF JV Acquisition)” after the term “Acquisition” in the introductory paragraph to the definition of “Permitted Acquisition”.

(c) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by (i) deleting the term “or” at the end of clause (s) of the definition of “Permitted Dispositions”, (ii) replacing the period at the end of clause (t) of such definition with a comma, and (iii) inserting the following immediately after clause (t) of such definition:

“(u) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the sale of all of the Stock of the Skechers/HF JV Entity held by Skechers RB to HF Logistics pursuant to the buy-sell provisions of Article 8 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date), or

“(v) the disposition of all of the Stock of the Skechers/HF JV Entity held by Skechers RB in connection with the dissolution and wind-up of the Skechers/HF JV Entity pursuant to Section 13.3 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date).”

(d) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by (i) deleting the term “and” at the end of clause (t) of the definition of “Permitted Indebtedness”, (ii) replacing the semi-colon at the end of clause (u) of such definition with a comma, and (iii) inserting the following immediately after clause (u) of such definition:

“(v) the guarantee by Parent pursuant to Section 4.1.1(a) of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date) of the obligation of Skechers RB to fund the Skechers RB Initial Capital Contribution, provided that (x) the amount payable under such guarantee shall not exceed \$30,000,000 in the aggregate, and (y) such guarantee shall be of no further force or effect upon the termination of the Skechers/HF JV LLC Agreement, and

“(w) Capitalized Lease Obligations owing to the lessor pursuant to the Distribution Facility Lease in an aggregate principal amount outstanding not in excess of \$160,000,000, less the aggregate amount of principal payments made in respect of such Indebtedness during the term of the Agreement;”

(e) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by (i) deleting the term “and” at the end of clause (l) of the definition of “Permitted Investments”, (ii) replacing the period at the end of clause (m) of such definition with a comma, and (iii) inserting the following immediately after clause (m) of such definition:

“(n) so long as the Skechers/HF JV LLC Agreement remains in effect, any Permitted Skechers/HF JV Acquisition, and

“(o) so long as the Skechers/HF JV LLC Agreement remains in effect, Investments by Skechers RB in the Skechers/HF JV Entity composed of (i) the Skechers RB Initial Capital Contribution, (ii) a loan by Skechers RB to the Skechers/HF JV Entity in the aggregate principal amount of \$1,000,000, as evidenced by the Skechers/HF JV Note, and (iii) so long as immediately before and after giving effect to such Investment, (x) no Event of Default has occurred and is continuing or would result therefrom and (y) Parent and its Subsidiaries have Excess Availability of not less than \$50,000,000, additional capital contributions or loans by Skechers RB to the Skechers/HF JV Entity in an aggregate amount not to exceed \$10,000,000 during the term of the Agreement.”

(f) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by adding the following sentence at the end of the definition of “Permitted Joint Ventures”:

“Notwithstanding anything to the contrary contained in the foregoing, the Skechers/HF JV Entity shall not constitute a Permitted Joint Venture for purposes of this definition.”

(g) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by (i) deleting the term “and” at the end of clause (w) of the definition of “Permitted Liens”, (ii) replacing the period at the end of clause (x) of such definition with a comma, and (iii) inserting the following immediately after clause (x) of such definition:

“(y) Liens in favor of HF Logistics on the Stock in the Skechers/HF JV Entity held by Skechers RB arising as a result of (i) the buy-sell provisions set forth in Article 8 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date), and (ii) the right of first offer set forth in Section 11.1.3 of the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date),

“(z) the interests of the lessor under the Distribution Facility Lease to the extent that such interests secure Indebtedness permitted under clause (w) of the definition of Permitted Indebtedness, and so long as (i) such Lien attaches only to the asset purchased or acquired and the proceeds thereof, and (ii) such Lien only secures the obligations of Parent in its capacity as tenant under the Distribution Facility Lease, and

“(aa) Liens on the Stock in the Skechers/HF JV Entity held by Skechers RB securing the Skechers/HF JV Construction Loan or the Skechers/HF JV Permanent Loan, in each such case, to the extent required by the applicable lenders thereunder.”

(h) Schedule 1.1 of the Credit Agreement is hereby further amended and modified by adding the following sentence at the end of the definition of “Subsidiary”:

“Notwithstanding anything to the contrary contained in the foregoing, neither the Skechers/HF JV Entity nor any of its Subsidiaries shall constitute Subsidiaries of Parent or any other Loan Party for purposes of the Agreement and the other Loan Documents; provided, however, for purposes of the calculation of EBITDA as of any date of determination, such calculation shall be made on a cost method assuming that all Investments made by Skechers RB in the Skechers/HF JV Entity had been made in a non-Affiliate; provided further, however, that Parent may elect to have all (but not less than all) of the Skechers/HF JV Entity and its wholly-owned Subsidiaries treated as Subsidiaries of Parent for all purposes of the Agreement and the other Loan Documents, so long as (A) Parent shall then own, directly or indirectly, 100% of the issued and outstanding Stock of the Skechers/HF JV Entity, (B) no Default or Event of Default shall have occurred and be continuing or would result therefrom, (C) Parent shall have given to Agent at least 30 days’ irrevocable prior written notice of such election, and (D) on or prior to the effective date of such election, Parent, the Skechers/HF JV Entity and the Subsidiaries of the Skechers/HF JV Entity shall be in compliance with the requirements of Section 5.11(a) of the Agreement.”

(i) Section 1.2 of the Credit Agreement is hereby amended and modified by adding the following sentence at the end of such Section:

“For the avoidance of doubt, notwithstanding any requirements to the contrary under GAAP, any reference to financial performance of Parent and its Subsidiaries being determined on a consolidated basis in this Agreement or the other Loan Documents shall be deemed not to include the financial performance of the Skechers/HF JV Entity and its Subsidiaries so long as such Persons are not considered Subsidiaries of Parent by operation of the final sentence of the definition of Subsidiary.”

(j) Section 5.11(a) of the Credit Agreement is hereby amended and modified by adding the following proviso at the end of clause (b) in the first sentence of such Section:

“, provided further that Skechers RB shall not be required to pledge any of its Stock in the Skechers/HF JV Entity during the period prior to the closing of the Skechers/HF JV Construction Loan, or during any period thereafter during which such Stock is required to be pledged as collateral for either the Skechers/HF JV Construction Loan or the Skechers/HF JV Permanent Loan, so long as within 10 days of (x) the closing of the Skechers/HF JV Construction Loan if the Stock of the Skechers/HF JV Entity held by Skechers RB is not required to be pledged as collateral for the Skechers/HF JV Construction Loan, or (y) the release of the Lien on such Stock securing the Skechers/HF JV Construction Loan if such Stock is not required to be pledged as collateral for the Skechers/HF JV Permanent Loan, or (z) the release of the Lien on such Stock securing the Skechers/HF JV Permanent Loan, Skechers RB shall provide to Agent a pledge

agreement and appropriate certificates and powers or financing statements, each reasonably satisfactory to Agent, hypothecating all of the direct or beneficial ownership interest in the Skechers/HF JV Entity held by it, provided further that if Skechers RB owns less than 100% of the Skechers/JV Entity, Skechers RB shall not be required to pledge any of its Stock in the Skechers/HF JV Entity pursuant to this Section 5.11(a) unless it has obtained the consent of HF Logistics pursuant to Section 11.1 of the Skechers/HF JV LLC Agreement, if necessary, which consent Skechers RB shall request upon the occurrence of any of conditions (x), (y) or (z) above.”

(k) Section 5.15 of the Credit Agreement is hereby amended and modified by inserting “(provided that a Collateral Access Agreement shall not be required for any new retail store location that is owned or operated by a Loan Party)” immediately prior to the period at the end of such Section.

(l) Section 6.12 of the Credit Agreement is hereby amended and modified by (i) deleting the term “and” at the end of clause (e) of such Section (ii) replacing the period at the end of clause (f) of such Section with “, and”, and (iii) inserting the following immediately after clause (f) of such Section:

“(g) (i) subject to clause (w) of the definition of Permitted Indebtedness, transactions contemplated by the Distribution Facility Lease, (ii) transactions contemplated by the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date and as amended in accordance with Section 6.7(b)(ii) of the Agreement), and (iii) transactions contemplated by the Skechers/HF JV Note.”

(m) Schedules 4.1(c), 4.6(a), 4.6(b), 4.6(c), 4.12, 4.17, 4.30(b) and 5.1 to the Credit Agreement are each hereby amended in their entirety and replaced with the corresponding Schedules attached hereto as Exhibit B.

3. Waiver of Designated Events of Default. Anything in the Credit Agreement to the contrary notwithstanding, and subject to the satisfaction or waiver of the conditions precedent set forth in Section 4 hereof, Agent and Lenders hereby (i) waive the Designated Events of Default; provided, however, nothing herein, nor any communications among Parent, any Borrower, any Guarantor, Agent, or any Lender, shall be deemed a waiver with respect to any Events of Default, other than the Designated Events of Default, or any future failure of Parent, any Borrower or any Guarantor to comply fully with any provision of the Credit Agreement or any provision of any other Loan Document, and in no event shall this waiver be deemed to be a waiver of enforcement of any of Agent’s or Lenders’ rights or remedies under the Credit Agreement and the other Loan Documents, at law (including under the Code), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.1 of the Credit Agreement, with respect to any other Defaults or Events of Default now existing or hereafter arising. Except as expressly provided herein, Agent and each Lender hereby reserves and preserves all of its rights and remedies against Parent, any Borrower and any Guarantor under the Credit Agreement and the other Loan Documents, at law (including under the Code), in equity, or otherwise including, without limitation, the right to declare all Obligations immediately due and payable pursuant to Section 9.1 of the Credit Agreement.

4. Conditions Precedent to Amendment. The satisfaction or waiver of each of the following shall constitute conditions precedent to the effectiveness of this Amendment:

(a) Agent shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) Agent shall have received the reaffirmation and consent of each Guarantor attached hereto as Exhibit C, duly executed and delivered by an authorized official of each Guarantor.

(c) Agent shall have received the following: (i) a joinder to the Guaranty and a supplement to the Security Agreement, together with appropriate financing statements, all in form and substance reasonably satisfactory to Agent and duly executed and delivered by Skechers RB, in satisfaction of the requirements set forth in Section 5.11(a) of the Credit Agreement; (ii) a certificate from the Secretary of Skechers RB (A) attesting to the resolutions of Skecher RB's board of directors authorizing its execution, delivery, and performance of the Loan Documents to which Skechers RB is a party, (B) authorizing specific officers of Skechers RG to execute the same, and (C) attesting to the incumbency and signatures of such specific officers of Skechers RB; and (iii) copies of Skechers RB's Governing Documents, as amended, modified, or supplemented to the Second Amendment Date, certified by the Secretary of Skechers RB, and a certificate of status with respect to Skechers RB, dated within 10 Business Days of the Second Amendment Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of Skechers RB, which certificate shall indicate that Skechers RB is in good standing in such jurisdiction.

(d) Agent shall have received copies of each of (i) the Skechers/HF JV LLC Agreement, (ii) that certain Amendment to Lease, dated December 18, 2009, between HF Logistics, as landlord, and Parent, as tenant, and (iii) any other documents executed in connection therewith, duly executed and delivered by each party thereto, as in effect on the Second Amendment Date, which documents shall be in full force and effect, together with a certificate of the Secretary of Parent certifying each such document as being a true, correct, and complete copy thereof.

(e) After giving effect to this Amendment, the representations and warranties herein and in the Credit Agreement and the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

(f) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against any Borrower, any Guarantor, Agent, or any Lender.

(g) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing or shall result from the consummation of the transactions contemplated herein.

5. Representations and Warranties. Each of Parent and each Borrower hereby represents and warrants to Agent and the Lenders as follows:

(a) It (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business in all material respects as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) The execution, delivery, and performance by it of this Amendment and the performance by it of each Loan Document to which it is or will be a party (i) have been duly authorized by all necessary action on the part of such Borrower or Parent, as the case may be and (ii) do not and will not (A) violate any material provision of federal, state or local law or regulation applicable to it or its Subsidiaries, the Governing Documents of it or its Subsidiaries, or any order, judgment or decree of any court or other Governmental Authority binding on it or its Subsidiaries, (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of it or its Subsidiaries, except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (C) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Borrower or any Guarantor, other than Permitted Liens, or (D) require any approval of any Borrower's or any Guarantor's interestholders or any approval or consent of any Person under any Material Contract of any Borrower or any Guarantor, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

(c) No registration with, consent, or approval of, or notice to, or other action by, any Governmental Authority, other than registrations, consents approvals, notices, or other actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date, is required in connection with the due execution, delivery and performance by it of this Amendment or any other Loan Document to which it is or will be a party.

(d) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Loan Party that is a party thereto, will be the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(e) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any Governmental Authority against any Borrower, any Guarantor, or any member of the Lender Group.

(f) No Default or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes a Default or an Event of Default.

(g) The representations and warranties set forth in this Amendment, the Credit Agreement, as amended by this Amendment and after giving effect hereto, and the other Loan Documents to which it is a party are true, correct, and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

(h) This Amendment has been entered into without force or duress, of the free will of each of Parent and each Borrower, and the decision of each of Parent and each Borrower to enter into this Amendment is a fully informed decision and such Person is aware of all legal and other ramifications of each decision.

(i) It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder and thereunder.

6. Release by Each Borrower and Each Guarantor.

(a) Effective on the date hereof, each Borrower and each Guarantor, for itself and on behalf of its successors and assigns, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges Agent and each Lender, each of their respective Affiliates, and each of their respective successors in title, past, present and future officers, directors, employees, limited partners, general partners, investors, attorneys, assigns, subsidiaries, shareholders, trustees, agents and other professionals and all other persons and entities to whom any member of the Lenders would be liable if such persons or entities were found to be liable to such Borrower or such Guarantor (each a "Releasee" and collectively, the "Releasees"), from any and all past, present and future claims (provided that, future claims are hereby waived, released, remised and forever discharged solely to the extent such future claims relate, directly or indirectly, to acts or omissions that occurred on or prior to the date of this Amendment), suits, liens, lawsuits, adverse consequences, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "Claim" and collectively, the "Claims"), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Borrower or such Guarantor ever had from the beginning of the world, now has, or might hereafter (provided, that, claims that might arise hereafter are hereby waived, released, remised and forever discharged solely to the extent such claims relate, directly or indirectly, to acts or omissions that occurred on or prior to the date of this Amendment) have against any such Releasee which relates, directly or indirectly, to any acts or omissions of any such Releasee that occurred on or prior to the date of this Amendment, which relate directly or indirectly, to the Credit Agreement, any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents. As to each and every Claim released hereunder, each Borrower and each Guarantor hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

As to each and every Claim released hereunder, each Borrower and each Guarantor also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Borrower and each Guarantor acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Borrower and each Guarantor understands, acknowledges and agrees that the release set forth above may be pleaded as a full and

complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(b) Each Borrower and each Guarantor, for itself and on behalf of its successors and assigns, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any claim released, remised and discharged by such Person pursuant to the above release. Each Borrower and each Guarantor further agrees that it shall not dispute the validity or enforceability of the Credit Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Agent's Lien on any item of Collateral under the Credit Agreement or the other Loan Documents. If each Borrower and each Guarantor or any of its respective successors, assigns, or officers, directors, employees, agents or attorneys, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by such Releasee as a result of such violation.

7. Choice of Law. THE VALIDITY OF THIS AMENDMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AMENDMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH PARTY HERETO WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AMENDMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

8. Amendments. This Amendment cannot be altered, amended, changed or modified in any respect or particular unless each such alteration, amendment, change or modification is made in accordance with the terms and provisions of Section 14.1 of the Credit Agreement.

9. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. Expenses. Each Borrower shall pay to the Agent and the Lenders all costs, all out-of-pocket expenses, and all fees and charges of every kind in connection with the preparation, negotiation, execution and delivery of this Amendment any documents and instruments relating thereto. In addition thereto, each Borrower agrees to reimburse Agent and the Lenders on demand for its costs arising out of this Amendment and all documents or instruments relating hereto (which costs may include the reasonable fees and expenses of any attorneys retained by Agent or any Lender).

11. Effect on Loan Documents.

(a) The Credit Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of Agent or any Lender under the Credit Agreement or any other Loan Document. The waivers, consents and modifications herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall not excuse any non-compliance with the Loan Documents (except as expressly stated herein), and shall not operate as a consent to any matter under the Loan Documents. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement and other Loan Documents shall remain unchanged and in full force and effect. The execution, delivery and performance of this Amendment shall not operate as a waiver (except as expressly stated herein) of or, except as expressly set forth herein, as an amendment of, any right, power or remedy of the Lenders in effect prior to the date hereof. The amendments and waivers set forth herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences other than those on which the same are based, and except as expressly set forth herein, shall neither excuse any future non-compliance with the Credit Agreement, nor operate as a waiver of any Default or Event of Default (other than the Designated Event of Default). To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control.

(b) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

(c) To the extent that any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

(d) This Amendment is a Loan Document.

(e) Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”.

12. Entire Agreement. This Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

14. Reaffirmation of Obligations. Each of Parent and each Borrower hereby reaffirms its obligations under each Loan Document to which it is a party. Each of Parent and each Borrower hereby further ratifies and reaffirms the validity and enforceability of all of the liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to Agent, on behalf and for the benefit of the Lender Group and Bank Product Providers, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged as security for such obligations, continues to be and remain Collateral for such obligations from and after the date hereof.

15. Ratification. Each of Parent and each Borrower hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement and the Loan Documents effective as of the date hereof and as amended hereby.

16. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[signature pages follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

SKECHERS U.S.A., INC.,
a Delaware corporation, as Parent and as a
Borrower

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

SKECHERS U.S.A., INC. II,
a Delaware corporation, as a Borrower

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Financial Officer

SKECHERS BY MAIL, INC.,
a Delaware corporation, as a Borrower

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Financial Officer

310 GLOBAL BRANDS, INC.,
a Delaware corporation, as a Borrower

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Executive Officer

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

**WELLS FARGO CAPITAL FINANCE,
LLC**, a Delaware limited liability company,
as Agent and as a Lender

By: /s/ Rina Shinoda

Name: Rina Shinoda

Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

BANK OF AMERICA, NA.,
as a Lender

By: /s/ Stephen King

Name: Stephen King

Title: SVP

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

PNC BANK, N.A.,
as a Lender

By: /s/ ROBIN L. ARRIOLA

Name: ROBIN L. ARRIOLA

Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

UNION BANK, N.A.,
as a Lender

By: /s/ PETER EHLINGER

Name: PETER EHLINGER

Title: VICE PRESIDENT

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

HSBC BUSINESS CREDIT (USA) INC.,
as a Lender

By: /s/ Kysha A. Pierre-Louis

Name: Kysha A. Pieree-Louis

Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

CIT BANK,
as a Lender

By: /s/ Benjamin Haslam
Name: Benjamin Haslam
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

CAPITAL ONE LEVERAGE FINANCE CORPORATION,
as a Lender

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Wayne G. Elliott

Name: Wayne Glen Elliott

Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NUMBER TWO TO CREDIT AGREEMENT AND WAIVER]

EXHIBIT A

Designated Events of Default

1. an Event of Default under Section 8.2(a) of the Credit Agreement which may have occurred as a result of Parent's failure to comply with the requirements of Section 5.11(a) of the Credit Agreement in connection with the formation of Skechers RB and the Skechers/HF JV Entity
 2. an Event of Default under Section 8.2(a) of the Credit Agreement which may have occurred as a result of Parent's failure to provide Agent with copies of new Material Contracts (including the Skechers/HF JV LLC Agreement), and amendments to existing Material Contracts (including the Amendment to Lease Agreement, dated December 18, 2009 (the "Distribution Facility Lease Amendment"), with respect to the Distribution Facility Lease), in connection with the formation of the Skechers/HF JV Entity and the transactions contemplated by the Skechers/HF LLC Agreement, at the time specified for delivery of such copies in Section 5.14 of the Credit Agreement
 3. an Event of Default under Section 8.2(a) of the Credit Agreement which may have occurred as a result of Parent's failure to comply with Section 6.1 and Section 6.2 of the Credit Agreement caused by the execution of Distribution Facility Lease Amendment and the resulting existence of Capitalized Lease Obligations under the Distribution Facility Lease, and Liens securing such Capitalized Lease Obligations, in excess of amounts permitted under the definitions of Permitted Indebtedness and Permitted Liens
 4. an Event of Default under Section 8.2(a) of the Credit Agreement which may have occurred as a result of Parent's failure to comply with Section 6.7(b) of the Credit Agreement in connection with the execution and delivery of certain Material Contracts, and the amendment of certain existing Material Contracts (including the Distribution Facility Lease Amendment), in connection with the formation of the Skechers/HF JV Entity
 5. an Event of Default under Section 8.2(a) of the Credit Agreement which may have occurred as a result of the making of Investments by Parent and Skechers RB in the Skechers/HF JV Entity which were not permitted by Section 6.11 of the Credit Agreement
 6. an Event of Default under Section 8.2(c) of the Credit Agreement which has occurred as a result of Borrower's failure to deliver Collateral Access Agreements with respect to new retail store locations opened between June 30, 2009 and the Second Amendment Date as required by Section 5.15 of the Credit Agreement
 7. an Event of Default under Section 8.2(d) of the Credit Agreement which may have occurred as a result of Parent's failure to comply with Section 5.9 of the Credit Agreement arising from the Parent's obligation under the Distribution Facility Lease to comply with the terms of a certain settlement agreement entered into by the lessor under the Distribution Facility Lease in settlement of certain pending litigation with the Sierra Club, entitled Sierra Club, a California not-for-profit corporation v. City of Moreno Valley, Riverside County, California Superior Court Case No. RIC519566 (the "Sierra Club Settlement Agreement"), in connection with Parent's lease and operation of the Rancho Belago Distribution Facility
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8. an Event of Default under Section 8.8 of the Credit Agreement which may have occurred as a result of the representations and warranties set forth in Sections 4.1(c), 4.5, 4.6, 4.12 and 4.17 being incorrect when made or deemed made as a result of (i) the formation of Skechers RB, the Skechers/HF JV Entity and Skechers Guangzhou Co. Ltd., a Chinese company, (ii) the execution and delivery of certain new Material Contracts and amendments to certain existing Material Contracts in connection with the formation of the Skechers/HF JV Entity and the execution and delivery of the Skechers/HF JV LLC Agreement and Parent's entering into of the transactions contemplated thereunder, (iii) the making of certain Investments by Parent in the Skechers/HF JV Entity prior to the Second Amendment Date, and (iv) the existence of Parent's obligations in respect of the Sierra Club Settlement Agreement
-

EXHIBIT B

Schedules

[See attached]

Schedule 5.1

Deliver to Agent, with sufficient copies for the Lenders, each of the financial statements, reports, or other items set forth below at the following times in form reasonably satisfactory to Agent:

as soon as available, but in any event within 30 days (or, in the case of any month that is also the end of a fiscal quarter, 45 days) after the end of each month during each of Parent's fiscal years,

(a) an unaudited consolidated and consolidating balance sheet, income statement, and statement of cash flow (which statements of cash flow are not required to be prepared in accordance with GAAP) covering Parent's, its Subsidiaries' and the Skechers/HF JV Entity's operations for such period and for the period commencing at the end of the immediately preceding fiscal year and ending with the end of such month, and a report comparing the figures in such financial statements with the figures in Parent's Projections for the corresponding periods and the figures for the corresponding periods of the immediately preceding fiscal year, and

(b) a Compliance Certificate.

as soon as available, but in any event within 90 days after the end of each of Parent's fiscal years,

(c) consolidated and consolidating financial statements of Parent, its Subsidiaries and the Skechers/HF JV Entity for each such fiscal year, audited by independent certified public accountants reasonably acceptable to Agent and certified, without any qualifications (including any (i) "going concern" or like qualification or exception, (ii) qualification or exception as to the scope of such audit, or (iii) qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7 of the Agreement), by such accountants to have been prepared in accordance with GAAP (such audited financial statements to include a balance sheet, income statement, and statement of cash flow and, if prepared, such accountants' letter to management), and

(d) a Compliance Certificate.

as soon as available, but in any event within 30 days prior to the start of each of Parent's fiscal years,

(e) copies of Parent's Projections, in form and substance (including as to scope and underlying assumptions) satisfactory to Agent, in its Permitted Discretion, for the forthcoming 3 years, year by year, and for the forthcoming fiscal year, month by month, certified by the chief financial officer of Parent as being such officer's good faith estimate of the financial performance of Parent, its Subsidiaries and the Skechers/HF JV Entity during the period covered thereby.

if and when filed or provided,

(f) Form 10-Q quarterly reports, Form 10-K annual reports, and Form 8-K current reports filed by Parent,

(g) any other filings made by Parent or any Borrower with the SEC, and

(h) any other information that is provided by Parent to its shareholders generally.

promptly, but in any event within 5 days after a Borrower has Knowledge of any event or condition that constitutes a Default or an Event of Default,

promptly after the commencement thereof, but in any event within 5 days after the service of process with respect thereto on Parent or any of its Subsidiaries,

promptly after receipt thereof by Parent or any of its Subsidiaries,

upon the request of Agent,

(i) notice of such event or condition and a statement of the curative action that the Borrowers propose to take with respect thereto.

(j) notice of all actions, suits, or proceedings brought by or against Parent or any of its Subsidiaries before any Governmental Authority which reasonably could be expected to result in a Material Adverse Change.

(k) copies of all material financial information received by Parent or any of its Subsidiaries in respect of the Skechers/HF JV Entity and copies of all information received by Parent or any of its Subsidiaries regarding any material deviations from the projected timing and budget for completion of the distribution facility contemplated under the Skechers/HF JV LLC Agreement (as in effect on the Second Amendment Date).

(l) any other information reasonably requested relating to the financial condition of Parent or its Subsidiaries.

EXHIBIT C

REAFFIRMATION AND CONSENT

All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in that certain Credit Agreement dated as of June 30, 2009, as amended by that certain Amendment Number One to Credit Agreement and Waiver dated as of November 5, 2009 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among **SKECHERS U.S.A., INC.**, a Delaware corporation ("Parent"), each of Parent's Subsidiaries identified on the signature pages thereof (such Subsidiaries, together with Parent and each other Subsidiary that becomes and party thereto after the date thereof in accordance with the terms thereof, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), the lenders identified on the signature pages hereof (such lenders, and the other lenders party to the below-defined Credit Agreement, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), **WELLS FARGO CAPITAL FINANCE, LLC** (formerly known as Wells Fargo Foothill, LLC), a Delaware limited liability company, as a joint lead arranger and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), **BANK OF AMERICA, N.A.** ("BOA"), as syndication agent, and **BANC OF AMERICA SECURITIES LLC** ("BOAS"), as a joint lead arranger, as amended by that certain Amendment Number Two to Credit Agreement and Waiver, dated as of March 4, 2010 (the "Amendment"), by and among the Borrowers, the Lenders signatory thereto, and Agent. The undersigned Guarantors each hereby (a) represents and warrants to Agent and the Lenders that the execution, delivery, and performance of this Reaffirmation and Consent (i) are within its powers, (ii) have been duly authorized by all necessary action, (iii) do not and will not violate of any material provisions of federal, state, or local law or regulation applicable to it or its Subsidiaries or of the terms of its Governing Documents, or any order, judgment, or decree of any court or other Governmental Authority binding on it or its Subsidiaries, (iv) do not and will not in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of such Guarantor except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a Material Adverse Change, (v) do not and will not result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of such Guarantor, other than Permitted Liens, and (vi) do not and will not require any approval of its interestholders or any approval or consent of any Person under any Material Contract of such Guarantor, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change; (b) consents to the amendment of the Credit Agreement as set forth in the Amendment and any waivers granted therein, including, without limitation, and agrees to the terms of the release granted in Section 6 thereof; (c) acknowledges and reaffirms its obligations owing to Agent and the Lenders under any Loan Document to which it is a party; (d) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect; and (e) ratifies and reaffirms the validity and enforceability of all of the liens and security interests heretofore granted, pursuant to and in connection with the Security Agreement or any other Loan Document to Agent, on behalf and for the benefit of the Lender Group and the Bank Product Providers, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all collateral heretofore pledged as security for such obligations, continues to be and remain Collateral for such obligations from and after the date hereof. Although each of the undersigned has been informed of the matters set forth herein and in the Amendment and has acknowledged and agreed to same, they each understand that neither any Agent nor any Lender has any obligations to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Delivery of an executed counterpart of this

Reaffirmation and Consent by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Reaffirmation and Consent. Any party delivering an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Reaffirmation and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Reaffirmation and Consent.

This Reaffirmation and Consent is a Loan Document.

THE VALIDITY OF THIS REAFFIRMATION AND CONSENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have each caused this Reaffirmation and Consent to be executed as of the date of the Amendment.

SKECHERS COLLECTION, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC,
Its sole member and manager

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

SKECHERS SPORT, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC,
Its sole member and manager

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

DUNCAN INVESTMENTS, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC,
Its sole member and manager

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

SEPULVEDA BLVD. PROPERTIES, LLC,
a California limited liability company

By: SKECHERS U.S.A., INC,
Its sole member and manager

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT]

SKX ILLINOIS LLC,
an Illinois limited liability company

By: SKECHERS U.S.A., INC,
Its sole member and manager

By: /s/ David Weinberg
Name: David Weinberg
Title: Chief Operating Officer

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT]

Schedule 4.30(b)

Locations of Inventory and Equipment

Domestic warehouse locations

The following warehouse locations are all leased by Skechers U.S.A., Inc. from third parties with the exception of 1670 Champagne Avenue, which is leased from Yale Investments, LLC.

1. 4100 East Mission Blvd., Ontario, CA 91761
2. 1670 Champagne Ave., Ontario, CA 91761
3. 1661 S. Vintage Ave., Ontario, CA 91761
4. 1777 S. Vintage Ave., Ontario, CA 91761
5. 2120 S. Archibald Ave., Ontario, CA 91761

Domestic retail store locations

See attached list of domestic stores, which includes five stores (nos. 291, 294, 295, 307 and 308) that are expected to open within the next month. All of the domestic retail store locations are leased by Skechers U.S.A., Inc.

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
1	C	2,200	Manhattan Beach	1121 Manhattan Ave	Manhattan Beach	CA	90268	310.318.3116	310.406.2946	6/1/95	2/15/15
2	WHS	10,140	Gardena	19000 S. Vermont Avenue	Gardena	CA	90248	310.327.4600	310.327.5274	9/1/95	8/31/10
4R	OTL	4,490	Camarillo Promenade	620 Ventura Blvd., #1311	Camarillo	CA	93010	805.388.1029	805.388.9603	4/23/09	1/31/20
6	C	1,531	Galleria at South Bay	1815 Hawthorne Blvd., #112	Redondo Beach	CA	90278	310.370.7769	310.370.0490	6/1/96	6/30/16
6	OTL	2,768	Ontario Mills Outlet Mall	1 Mills Circle, #202	Ontario	CA	91764	909.484.8733	909.484.8525	11/1/96	1/31/17
7	OTL	2,375	Gilroy Premium Outlets	8300 Arroyo Circle, #B050	Gilroy	CA	95020	408.847.6485	408.847.6885	3/28/97	3/31/17
9	C	3,422	Sunvalley Mall	129B Sunvalley Mall, #E206	Concord	CA	94520	925.691.5877	925.691.5878	7/1/97	1/31/11
10R	OTL	4,001	Arizona Mills	5000 Arizona Mills Circle, #250	Tempe	AZ	85282	480.755.7888	480.755.1261	6/28/07	4/30/17
11	OTL	2,300	Woodbury Common Premium Outlets	877 Grapevine Court	Central Valley	NY	10917	846.928.1459	845.928.1456	3/27/98	1/31/19
12	C	1,562	Garden State Plaza	1 Garden State Plaza, #1230	Paramus	NJ	07652	201.281.4128	201.291.4134	8/15/97	1/31/18
16R	OTL	6,000	Tanger Outlet. Riverhead II	Long Island Expressway, Exlt 73 Tanger Drive, Space #1209	Riverhead	NY	11901	631.369.5525	631.369.3906	8/7/03	1/31/13
18R	C	3,108	Beverly Center	8500 Beverly Blvd., #643	Los Angeles	CA	90048	310.552.5185	310.662.5037	4/30/03	1/31/13
19	OTL	3,197	Mllpitas Mills	498 Great Mall Drive	Mllpitas	CA	95035	408.719.8165	408.719.8255	4/1/98	4/30/15
21R	C	2,019	Irvine Spectrum	71 Fortune Drive, #852	Irvine	CA	92618	949.450.0994	949.450.0995	5/1/08	4/30/18
22	C	2,093	The Block at Orange	20 City Blvd. J3, Space #312	Orange	CA	92868	714.978.2951	714.939.6979	11/19/98	1/31/19
23	WHS	11,000	Tarzana	18143 Ventura Blvd.	Tarzana	CA	91356	818.345.1024	818.345.0662	5/1/98	1/31/13
25	OTL	3,000	Wrentham Village Premium Outlets	1 Premium Outlets Blvd., #165	Wrentham	MA	02093	508.384.8001	508.384.1418	5/22/98	5/31/15
26	WHS	5,600	Anahelm	1195 N. State College Blvd.	Anahelm	CA	92806	714.956.2477	714.956.2506	8/1/98	7/31/13

STORE NO.	STORE TYPE	SO.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
27	WHS	9,110	Van Nuys	6426 Van Nuys Blvd.	Van Nuys	CA	91401	818.989.2189	818.989.2171	6/1/98	6/25/13
28	OTL	1,898	Waikale Premium Outlets	94-792 Lumaina Street, Bldg. 2, #213	Waipahu	HI	96797	808.880.9711	808.680.9239	7/23/98	7/31/15
29R	C	1,972	Bridgewater Commons	400 Commons Way, #3476	Bridgewater	NJ	08807	908.685.5808	908.252.1779	11/21/08	9/30/18
30	OTL	3,166	Fashion Outlets	32100 Las Vegas Blvd., #432	Primm	NV	89019	702.874.1890	702.874.1895	7/15/98	1/31/19
31R	C	3,194	The Oaks	332W. Hillcrest Drive, #LOO5	Thousand Oaks	CA	91360	805.557.0166	805.557.0266	6/27/08	6/30/18
32	C	1,995	Bayside Marketplace	401 Biscayne Blvd., #2250	Miami	FL	33132	305.358.3583	305.358.8790	10/1/98	7/31/10
36	OTL	2,970	Dolphin Mall	11401 N.W. 12th Street, #121	Miami	FL	33172	305.591.2667	305.591.3017	3/3/01	2/28/19
38	C	1,982	Glendale Galleria	2234 Glendale Galleria	Glendale	CA	91210	818.543.0741	818.543.0744	9/1/98	1/31/11
40	WHS	7,100	San Diego	4475 Mission Blvd., Space #A	San Diego	CA	92109	858.581.6010	858.581.6222	12/1/98	1/31/12
41	OTL	4,073	Katy Mills	28500 Katy Freeway, #671	Katy	TX	77494	281.644.6500	281.644.6501	10/28/99	1/31/15
42	OTL	3,846	Concord Mills	8111 Concord Mills Blvd., #694	Concord	NC	28027	704.979.8333	704.979.8330	9/16/99	1/31/18
43	C	4,261	Universal City Walk	1000 Universal Center Dr., #V118	Universal City	CA	91608	818.762.9688	818.762.9317	3/25/00	3/16/15
44	WHS	10,317	Norwalk	11033 E. Rosecrans Blvd., Space #A	Norwalk	CA	90650	562.868.7747	582.868.6647	4/1/99	4/22/15
45	WHS	10,400	El Monte	12017 E. Garvey Avenue, Space #A	El Monte	CA	91733	626.454.3600	626.454.3657	10/1/99	1/31/16
46	OTL	2,912	Jersey Gardens Metro Mall	651 Kapkowskl Blvd., #2061	Elizabeth	NJ	07201	908.820.8825	908.820.8826	12/4/99	1/31/20
47	OTL	3,682	Opry Mills	428 Opry Mills Drive, #230	Nashville	TN	37214	615.614.6700	615.514.6701	5/14/00	1/31/11
48	C	4,724	New York	140 W. 34th Street	New York	NY	10001	646.473.0490	646.473.0491	6/4/00	6/30/17

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP.DATE
49	OTL	3,817	Orlando Premium Outlets	8200 Vineland Ave., #1229	Orlando	FL	32821	407.477.0029	407.477.0031	6/8/00	1/31/20
50	OTL	4,267	Arundel Mills	7000 Arundel Mills Circle	Hanover	MD	21076	443.755.8888	443.755.8885	11/17/00	1/31/11
51	OTL	9,000	Las Americas	4345 Camino de la Plaza, #330	San Diego	CA	92173	619.934.7340	619.934.7342	11/15/01	11/30/13
52	OTL	3,792	Franklin Mills	1701 Franklin Mills Circle, #202	Philadelphia	PA	19164	215.501.0710	215.501.0713	7/26/01	1/31/12
53	OTL	2,011	Desert Hills Premium Outlets	48400 Seminole Drive, #408	Cabazon	CA	92230	951.922.9301	951.922.0852	6/29/00	6/31/15
54	WHS	8,932	Westhelmer Square Center	6518 Westhelmer Road	Houston	TX	77057	713.977.1174	713.977.186	8/2/02	1/31/13
55	OTL	2,389	Folsom Premium Outlets	13000 Folsom Blvd., #1215	Folsom	CA	95630	916.608.2209	916.608.2216	8/17/00	7/31/10
56	WHS	9,596	Huntington Park	6202 Pacific Blvd.	Huntington Park	CA	90255	323.682.3293	323.682.0523	2/10/01	2/28/11
57	WHS	12,000	Halleah	3301 W. Okeechobee Road	Hialeah	FL	33012	305.817.1970	305.817.1969	11/19/00	1/31/11
58	WHS	7,200	San Francisco	2600 Mission Street	San Francisco	CA	94110	415.401.6211	415.401.6216	12/17/00	12/31/10
59	WHS	10,000	Houston	8460 Gulf Freeway	Houston	TX	77017	713.847.9327	713.847.9236	12/17/00	6/30/11
60	WHS	12,669	Leon Valley	5751 N.W. Loop 410	Leon	TX	78238	210.256.216	210.256.2161	2/8/01	3/31/15
61	WHS	10,400	The Edgewood Center	422 S. Azusa Avenue	Azusa	CA	91702	626.812.0693	626.815.2553	5/23/02	5/31/12
63	OTL	3,783	Grapevine Mills	3000 Grapevine Mills Parkway, Space #G	Grapevine	TX	76051	972.539.3117	972.539.8422	6/10/01	1/31/17
64	WHS	10,000	San Antonio	903 S.W. Military Drive	San Antonio	TX	78221	210.927.7664	210.927.7830	6/26/01	6/25/11
65	WHS	8,681	Long Beach	2550 Long Beach Blvd.	Long Beach	CA	90806	862.490.2504	562.490.2505	6/18/01	6/30/11
66	WHS	9,900	Waterford Lakes Town Center	517 N. Alafaya Trail	Orlando	FL	32828	407.207.1239	407.207.2136	3/22/01	3/31/11
67	OTL	3,389	Discover Mills	5900 Sugarloaf Parkway, #225	Lawrenceville	GA	30043	678.847.6155	678.847.5157	11/2/01	1/31/12

STORE NO.	STORE TYPE	SQ. FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
68	WHS	7,910	Snapper Creek	7174-7186 S.W.117thAve.	Miami	FL	33183	305.270.1792	305.270.8508	3/24/01	9/30/12
69	WHS	9,853	Miami Gateway	805,825 N.W.167thStreet	Miami	FL	33169	306.627.0635	306.627.0536	7/26/01	1/31/12
70	C	3,858	Woodfield Mall	G.308 Woodfield Shopping center	Schaumburg	IL	60173	847.413.0211	847.413.0211	11/1/01	1/31/11
71	C	3,200	The Shops at Willow Bend	6121 West Park Blvd.,#B116	Plano	TX	75093	469.366.0149	469.388.0181	8/3/01	1/31/11
72	C	3,416	London. SHECHERS USA, LTD	291A & 291C Oxford Street	London	England	W1C 2DT	44.207.4097.087	44.207.4099.341	3/1/01	10/3/11
73	C	3,467	Paris. SKECHERS USA FRANCE SAS	16.18 Rue Berger	Paris	France	75001	33.142.367.225	33.142.367.245	5/17/01	7/31/17
74	C	2,476	CentrO'Mall SKECHERS USA Deutschland GmgH	Neue Mitte, Space #B018	Oberhausen	Germany	46047	49.208.8106.155	49.208.8106.151	3/15/01	3/31/11
75	OTL	3,583	Colorado Mills	14500W.ColfaxAvenue,#259	Lakewood	CO	80401	720.497.0141	720.497.0143	11/14/02	1/31/13
77	C	3,750	Third Street Promenade	1343 3rd Street Promenade	Santa Monica	CA	90401	310.899.0151	310.899.9840	8/17/01	5/31/21
78	OTL	5,282	Belz Canovanaa	18400 State Rd. #3, Space #051	Canovanas	PR	00729	787.886.0505	787.886.0515	8/16/01	8/31/11
79	OTL	5,000	Las Vegas Outlet Center	7400 Las Vegas Blvd.,South, #241	LasVegas.	NV	89123	702.492.0592	702.492.0594	7/25/01	7/31/11
80	OTL	3,500	Tanger Outlet. San Marcos	4015 Interstate 35 South, #1070	San Marcos	TX	78666	612.363.4046	512.363.4012	7/14/01	7/31/11
81	C	1,800	Partridge Creek	17420 Hall Road, #142	Clinton Township	MI	48038	586.228.0804	586.228.0809	10/18/07	1/31/17
82	OTL	4,585	Tanger Outlet. Lancaster	201 Stanley K.Tanger Blvd.	Lancaster	PA	17602	717.393.2897	717.393.4791	11/21/01	11/30/11
83	WHS	9,666	Los Angeles	5191 Whittler Boulevard	Los Angeles	CA	90022	323.264.4700	323.264.4746	12/19/01	12/31/11
84	WHS	13,305	EI Cerrito	5805 Cutting Blvd.	EI cerrito	CA	94530	510.235.1123	510.235.1218	9/20/01	4/30/13
86	OTL	3,500	Tanger Outlet Center Kittery II	360 US Route 1, Unit101	Kittery	ME	03904	207.439.0566	207.439.3049	6/20/03	5/31/13
87	C	2,400	Twelve Oaks	27500 Novi Road, #126	Novi	MI	48377	248.380.7020	248.380.7224	9/28/07	1/31/17

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
88	OTL	6,000	Queens Place	88.01 Queens Blvd., #121	Queens Center	NY	11373	718.699.2773	718.699.0683	11/2/01	9/30/11
89	OTL	3,511	Sun Valley Factory Shoppes	7051 S. Desert Blvd., #A-145	Canutillo	TX	79835	915.877.2002	915.877.2086	10/10/07	10/31/12
90	C	2,995	The Plaza at the King of Prussia	160 North Gulph Road, #2057	King of Prussia	PA	19406	610.337.7366	610.337.7822	11/15/01	3/31/16
91	WHS	10,512	Fresno	86 E. Shaw Avenue	Fresno	CA	93710	559.221.0399	559.221.0699	5/3/02	5/31/12
92	C	3,707	Mall of America	214 North Garden	Bloomington	MN	55425	952.854.3000	952.854.8515	7/19/02	7/31/12
93	OTL	3,414	Carlsbad Premium Outlets	5610 Paseo Del Norte, #105	Carlsbad	CA	92008	760.918.0040	760.918.0057	5/16/02	5/31/12
94	OTL	3,500	Tanger Outlet Center Wisconsin Dells	210 Gasser Road, #1030	Baraboo	WI	53913	608.253.2024	608.253.2025	7/28/06	7/31/11
95	C	3,019	Florida Mall	8001 S. Orange Blossom Trail, #312	Orlando	FL	32809	407.851.0900	407.851.6773	8/22/02	1/31/13
96	OTL	4,527	Tanger Outlet, Myrtle Beach	10827 Kings Road, #895	N. Myrtle Beach	SC	29572	843.449.7473	843.449.6684	6/28/02	6/30/12
97	WHS	8,000	Washington Square	4801 W. North Ave.	Chicago	IL	60639	773.489.9901	773.489.9902	3/13/03	5/31/13
99	OTL	4,550	Steinway Street	31.01 Steinway Street	Astoria	NY	11103	718.204.0040	718.204.2583	4/11/02	1/31/12
100	C	6,372	Times Square, Reuters Building	3 Times Square	New York	NY	10036	212.869.9550	212.869.9548	1/11/03	8/31/12
102	WHS	8,000	El Paso	6100 Montana Avenue, Suite A	El Paso	TX	79925	915.774.0002	915.774.0026	3/6/03	4/30/13
103	C	2,781	Houston Galleria II	5085 Westheimer, #B3615	Houston	TX	77056	713.623.8660	713.623.0784	6/27/03	1/31/14
104	C	3,165	Tyson's Corner	1961 Chain Bridge Rd., Space #D12L	McLean	VA	22101	703.790.5520	703.790.5542	10/4/02	10/31/12
105	C	2,650	The Trafford Centre	153 Regent Crescent Unit 59	Manchester	England	M17 8AA	01.61.749.9742	01.61.749.9743	11/18/02	11/17/17
107	C	3,247	Ala Moana Shopping Center	1450 Ala Moana Blvd, #2033	Honolulu	HI	96814	808.941.0660	808.941.664	10/4/02	1/31/12
109	C	3,358	Toronto Eaton Centre	220 Yonge Street, Space A.043	Toronto	Canada	M5B 2H1	416.351.9449	416.351.9229	11/21/02	10/31/12

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111	OTL	3,001	Prime Outlets at Grove City	Grove City Factory Shops #1020 1911 Leesburg-Grove City Road	Grove City	PA	16127	724.748.3647	724.748.4674	11/14/02	11/30/12
112	C	2,846	Roosevelt Fields	630 Old Country Road, #1064	Garden City	NY	11530	516.873.7267	516.873.8028	1/13/03	1/31/13
113	WHS	7,200	McLendon Plaza	10255 N. Freeway #F	Houston	TX	77037	281.988.5796	281.999.0317	5/1/03	4/30/14
114	OTL	3,155	Las Vegas Premium Outlet	905 S. Grand Central Parkway, #1720	Las Vegas	NV	89106	702.383.4081	702.383.4063	8/1/03	7/31/13
115	C	3,600	Bull Ring	Unit SU722 Upper Mall East, The Bull Ring	Birmingham	England	B5 4BF	44.0121.643.5686		8/4/03	8/3/18
116	C	2,500	Town Center at Boca Raton	6000 Glades Rd. #1131	Boca Raton	FL	33431	561.368.1622	561.368.1760	2/13/03	2/28/13
117	OTL	3,200	Cheshire Oaks Outlet	Cheshire Oaks Outlet Village, Block A Unit 36 Kinsey Road, SOUTH WIRRAL Ellesmere Port	Merseyside	England	CH65 9JJ	44.0151.358.8105		7/17/03	5/21/13
119	WHS	11,250	Southgate Mall	4260 Florin Rd., Unit B103	Sacramento	CA	95823	916.424.8783	916.424.8744	6/20/03	4/30/13
120	WHS	10,251	Pavillions at San Mateo	4900 Cutler Ave. NE Space #E1	Albuquerque	NM	87110	505.884.1191	505.884.8077	5/29/03	5/31/13
121	OTL	3,894	Tanger Outlet Center Five Oaks	1645 Parkway, #1390	Sevierville	TN	37862	865.453.9911	865.453.9916	8/14/03	7/31/13
122	WHS	8,196	Pine Trail Square Mall	1951 A North Military Trail	West Palm Beach	FL	33409	581.881.6831	581.881.8841	8/7/03	8/31/13
123	OTL	3,200	Jackson Outlet Village	537 Monmouth Road, Suite 116A, Space 142	Jackson	NJ	08527	732.928.3636	732.928.6906	11/20/03	5/31/13
124	OTL	3,000	St. Augustine Outlet Center	2700 State Road 16, #813	St. Augustine	FL	32092	904.819.9376	904.819.9381	7/17/03	7/31/13
125	OTL	3,718	Carolina Premium Outlets	1025 Industrial Park Drive, #740	Smithfield	NC	27577	919.989.2133	919.989.3014	6/21/03	6/30/13
126	C	2,486	Fashion Show Las Vegas	3200 Las Vegas Boulevard, South, #1240	Las Vegas	NV	89109	702.696.9906	702.696.1247	11/15/03	1/31/14
127	C	3,276	Amsterdam	Kalverstraat 153.155	Holland	Netherlands	1012 XB	31 20 528 7272	31205285011	1/15/03	1/14/13
128	C	3,197	Skechers USA	C.C. Xanadu — Local 340 Autovia A5, KM 23,500 28939 Arroyomollnos	Madrid	Spain		34 91 647 9771	34 91 647 9776	2/1/03	5/15/13
129	WHS	8,624	Clearwater Mall	2663 Gulf To Bay Blvd., #910	Clearwater	FL	33759	727.791.4048	727.726.6092	10/30/03	10/31/13

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130	OTL	3,500	Tanger Outlet Center Charleston	4840 Tanger Outlet Blvd, #501	Charleston	SC	29418	843.554.8175	843.554.8177	8/4/06	8/31/11
132	WHS	5,512	Aurora City Place	130 S. Ablene St., SM.3	Aurora	CO	80012	303.334.5767	303.367.2552	7/24/03	7/31/13
133	C	2,553	The Corner Mail	417 Washington St.	Boston	MA	02108	617.423.0412	617.423.2575	9/26/03	7/31/13
134	WHS	6,150	Dale Mabry	3804 W.Linebaugh Ave., UPS SHIPMENTS: Use Zip Code 33624	Tampa	FL	33618-8702	813.265.9133	813.960.9385	11/3/03	10/31/13
135	OTL	3,065	Fashion Outlets of Niagara	1900 Millitary Road, #12	Niagara Falls	NY	14304	716.297.5484	716.297.4275	7/31/03	7/31/13
137	OTL	3,100	Vaughan Mills	1Bass Pro Mills Drive, #214 Ontario	Toronto	Canada	L4K5W4	905.760.0101	905.760.8077	6/1/05	5/31/15
138	C	4,005	Dusseldorf	Flingerstrabe 50	Dusseldorf	Germany	40213	49.211.1365686	49.211.1365687	9/9/03	5/31/13
139	OTL	3,380	Silver Sands Factory Stores	10676 Emerald Coast Parkway West, #139	Destin	FL	32550	850.650.0387	850.650.0951	7/2/03	7/31/13
140	WHS	8,891	North Creek Plaza	7901 San Dario Avenue, Unit A	Lardeo	TX	78045	956.796.1531	956.729.1862	3/1/07	2/29/12
141	OTL	3,399	Potomac Mills	2700 Potomac Mills Circle, #555	Prince William	VA	22192	703.490.5546	703.490.5760	5/28/04	1/31/15
142	OTL	3,748	Sawgrass Mills	12801 West Sunrise Blve., #539	Sunrise	FL	33323	954.838.9337	954-838.0162	7/23/04	1/31/15
143	OTL	3,159	St. Louis Mills	5555 St. Louis Mills Blvd., #532	Hazelwood	MO	63042	314.227.5868	314.227.5870	5/21/04	1/31/15
144	OTL	3,287	Jersey Shore Premium Outlets	1 Premium Outlets Bivd., #221	Tinton Falls	NJ	07753	732.695.1919	732.695.1994	11/13/08	1/31/14
145	OTL	3,214	Seattle Premium Outlets	10600 Qullceda Blvd., #715	Tulallp	WA	98271	360.716.3886	360.716.3888	5/5/05	5/31/15
146	OTL	3,500	Tanger Outlet Center Foley	2601 S Mckenzie St., #488	fotey	AL	36535	251-943-9101	251-943-9104	11/18/05	11/30/10
147	OTL	4,000	Rehoboth I Tanger Outlets	35000 Midway Outlet Drive, #204	Rehoboth Beach	DE	19971	302.644.6834	302.644.6836	7/1/05	6/30/16
148	OTL	4,000	Locust Grove Tanger Outlet Center	1000 Tanger Drive, #624	Locust Grove	GA	30248	770.288.2011	770.288.2016	8/19/05	8/31/15
149	OTL	3,380	Great Lakes Crossing	Store Address: 4000 Baidwin Road, Shipping Address: 4544 Baldwin Road	Aubum Hills	MI	48326	248.972.0807	248.972.0829	6/8/05	1/31/15

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150	OTL	2,498	North Georgia Premium Outlets	800 Highway 400 South, #1050	Dawsonville	GA	30534	706.216.1262	706.216.1362	7/15/05	7/31/10
151	OTL	3,168	Clinton Crossing Premium Outlets	20-A Killingworth Tumpke, #410	Clinton	CT	06413	860.664.3833	860.664.3848	8/4/05	7/31/15
152	C	3,045	Bellevue Square	575 Bellevue Square, #240	Bellevue	WA	98004	425.688.7601	426.688.7606	7/29/05	6/30/15
153	OTL	3,350	Tilton	120 Laconia Road, #306	Tilton	NH	03276	603.286.1247	603.286.9314	8/19/05	8/31/10
154	OTL	3,320	Round Rock Premium Outlets	4401 North IH-35, Suite #729	Round Rock	TX	78664	512.8690.3090	512.819.9080	8/3/06	8/31/10
155	C	2,700	Gaslamp	480 5th Avenue, #2-110 and 2-111	San Diego	CA	92101	619.238.0912	619.238.4749	6/29/06	8/31/16
156	C	1,995	Burbank Colleotlon	152 E. Paim Avenue, #214	Burbank	CA	91502	818.524.2108	818.524.2106	2/26/09	1/31/19
157	OTL	3,569	Branson Tanger Outlet Center	300 Tanger Boulevard, #501	Branson	MO	65616	417.339.1304	417,339.1308	8/31/05	8/31/15
158	C	2,012	The Pier at Ceasars	One Atlantic Ocean, #BW-236	Atlantic City	NJ	08401	609.345.7980	609.449.0369	10/19/06	12/31/16
159	C	2,370	Westfield Topanga Plaza	6600 Topanga Canyon Blvd., #43A	Canoga Park	CA	91303	818.887.1827	818.887.5740	3/1/07	6/30/17
160	C	2,360	Vegas Town Square	6605 South Las Vegas Blvd, #B-139	Las Vegas	NV	89119	702.361.8958	702.407.8463	11/14/07	11/30/17
161	C	2,456	North Park Center	2112 NorthPark Center	Dallas	TX	75225	214.360.9303	214.360..9609	4/7/06	4/30/16
162	OTL	4,250	Rio Grande Outlet Center	5001 East Expressway 83, Suite #712	Mercedes	TX	78570	959.595.2011	956.565.2034	11/2/06	11/30/11
163	OTL	3,600	Park City Factory Outlets Tanger	6699 North Landmark Dr.	Park City	UT	84098	436.655.3912	435.655.3917	1/20/06	1/31/11
164	OTL	3,075	Osage Beach Premium Outlets	4540 Highway 54 Space Q1	Osage Beach	MO	65065	573.348.1883	573.348.4425	5/19/06	5/31/11
165	c	2,531	Hollywood & Highland Center	6801 Hollywood Boulevard, #B3-326B	Hollywood	CA	90028	323.382.0108	323.382.0124	6/28/06	4/30/16
166	c	2,700	Summlt Sierra	13986 S Virginia St, #803	Reno	NV	89511	775.853.3330	775.853.3371	10/4/06	10/31/16

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167	C	1,803	Del Amo Fashion Center	3 Del Amo Fashion Center, #83	Torrance	CA	90503	310.793.2474	310.793.2484	9/14/06	1/31/17
168	C	2,466	Tempe Market Place	2000 E. Rio Salado Parkway, #1074	Tempe	AZ	85281	480.966.2663	480.966.2664	8/23/07	8/31/17
169	C	2,708	Queens Center Mall	90-15 Queens Blvd, #2008	Elmhurst	NY	11373	718.592.4073	718.592.2418	7/20/06	1/31/17
170	C	2,322	Woodbridge Center	2335 Woodbridge Center	Woodbridge	NJ	07095	732.726.0920	732.726.0938	8/30/06	1/31/17
171	C	2,465	West Edmonton Mall	8882-170 Street Unit R-113, Edmonton	Alberta	Canada	T5T 4M2	780.481.1277	780.481.8012	7/12/06	8/30/16
172	OTL	3,515	Atlantic City Outlets	121 N. Arkansas, #316	Atlantic City	NJ	08401	609.344.2850	609.344.2852	8/30/07	7/31/17
173	OTL	3,500	Prlme Orlando	4967 International Dr., Suite 3A-4.1	Orlando	FL	32819	407.370.2945	407.370.2947	8/11/07	8/31/17
174	C	2,500	Cherry Creek	3000 East First Ave., #134	Denver	CO	80206	303.333.1864	303.333.1871	9/28/06	1/31/16
175	C	2,247	International Plaza	2223 N. West Shore Blvd., #184	Tampa	FL	33607	813.871.5970	813.871.5973	10/05/06	1/31/16
176	C	2,483	Promenade Shops at Dos Lagos	2785 Cabot Drive, #7-145	Corona	CA	92883	951.277.0484	951.277.1255	1/18/07	1/31/17
177	C	2,687	Arrowhead Towne Center	7700 West Arrowhead Towne Center, #1061	Phoenix	AZ	85308	623.979.9040	623.979.9628	10/11/06	10/31/16
178	C	2,184	Tyrone Square	6901 22nd Avenue North, #492A	St. Petersburg	FL	33710	727.345.1061	727.346.3630	12/7/08	1/31/17
179	OTL	3,600	Albertville Premium Outlets	6415 Labeaux Ave NE Space B230	Albertville	MN	55301	763.488.1556	763.488.1557	9/21/06	9/30/11
180	C	2,359	Northshore Mall	210 Andover St. #E125	Peabody	MA	01960	978.531.7019	978.531.7046	4/24/08	1/31/19
181	C	1,735	Mall at Rockingham	99 Rockingham Park Blvd., #E-159	Salem	NH	03079	603.893.1697	603.893.2348	1/10/07	1/31/17
182	C	2,332	Mall of New Hampshire	1500 S. Willow Street, #S-165	Manchester	NH	03103	603.629.9647	603.629.9659	11/29/06	1/31/17
183	C	1,858	Solomon Pond	601 Donald Lynch Blvd., #S-132	Marlborough	MA	01752	508.481.8042	508.481.8627	1/17/07	1/31/17
184	C	2,009	Anahelm Gardenwalk	321 West Katella Ave., #143	Anahelm	CA	92808	714.533.9621	714.533.3779	5/29/08	5/31/18

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185	OTL	3,066	Hilton Head Factory Outlet Center	1414 Fording Island Road, #A130	Bluffton	SC	29910	843.837.2344	843.837.2347	3/15/07	3/31/12
186	OTL	3,500	Gonzales Outlet Center	2210 S. Tanger Blvd., #205	Gonzales	LA	70737	225.644.4555	225.644.3248	11/20/07	11/30/12
187	OTL	3,500	Tanger Outlet Center, Washington, PA	2200 Tanger Blvd., #701	Washington	PA	15301	724.228.8823	724.228.8825	8/29/08	8/31/13
188	WHS	7,087	Valley Plaza Shopping Center	1523 West Main Street, Suite A	El Centro	CA	92243	760.353.8873	760.353.5911	12/7/06	12/31/16
189	C	2,499	Freehold Raceway Mall	3710 Route 9, Space #G-220	Freehold	NJ	07728	732.625.1451	732.625.1458	2/21/07	12/31/16
190	OTL	3,000	Chicago Premium Outlets	1650 Premium Outlets Blvd., #207	Aurora	IL	60502	630.236.1118	630.236.1120	6/21/07	4/30/17
192	OTL	3,302	Prime Outlets at Pleasant Prairie	11211 120th Ave., #579	Pleasant Prairie	WI	53158	262.857.9250	262.857.9470	3/22/07	3/31/17
193	C	1,920	Barton Creek Square	2901 Capital of Texas Highway, #N01C	Austin	TX	78746	512.732.1882	512.732.1821	8/23/07	1/31/18
194	C	1,909	Pheasant Lane Mall	310 Daniel Webster Highway, #W267A	Nashua	NH	03060	603.891.1031	603.891.1045	4/5/07	1/31/18
195	C	2,412	Edison Mall	4125 Cleveland Ave., #1470B	Fort Myers	FL	33901	239.939.4911	239.939.2533	5/24/07	1/31/18
196	OTL	3,000	Leesburg Corner Premium Outlets	241 Fort Evans Road, NE, #1233	Leesburg	VA	20176	703.779.2650	703.779.8497	5/17/07	4/30/17
197	OTL	3,497	Philadelphia Premium Outlets	18 Lightcap Road, #1071	Pottstown	PA	19464	610.326.9733	610.326.9735	11/8/07	11/30/12
198	OTL	3,500	Tanger Outlet Center Barstow	2796 Tanger Way, #350	Barstow	CA	92311	760.253.3707	760.253.3708	12/13/07	12/31/12
199	C	1,992	Arden Fair	1689 Arden Way, #2042	Sacramento	CA	96815	916.925.0980	916.925.8122	5/24/07	5/31/17
200	C	2,658	Aventura Mall	19575 Biscayne Blvd., #1323	Aventura	FL	33180	305.682.9221	305.682.9224	6/28/07	3/31/17
201	C	2,414	Northgate Mall	401 NE Northgate Way, #533C	Seattle	WA	98125	206.362.2930	206.362.3865	10/30/07	1/31/18
202	C	2,000	The Shops at Mission Viejo	555 The Shops at Mission Viejo, #934B	Mission Viejo	CA	92691	949.365.1258	949.365.0734	8/15/07	1/31/18
203	C	2,132	Plaza Bonita	3030 Bonita Plaza Road, #2276	National City	CA	91950	619.267.8053	619.267.2384	7/1/08	1/31/19

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204	C	2,259	South Park Center	500 Southpark Center Drive, #HL68	Strongsville	OH	44136	440.238.6517	440.238.6533	5/24/07	1/31/18
206	C	1,986	Great Northern Mall	4954 Great Northern Mall Blvd., #802	North Olmstead	OH	44070	440.734.3465	440.734.3630	8/16/07	1/31/18
208	OTL	2,750	North Bend Factory Stores	461 South Fork Ave. #421A1	North Bend	WA	98045	425.888.8860	425.888.8863	5/24/07	5/31/17
209	OTL	2,426	Factory Store at Camarillo Outlet	740 E. Ventura Blvd, #512	Camarillo	CA	93010	806.389.7424	805.389.7430	6/21/07	6/30/17
210	C	2,527	Dadeland Mall	7535 Dadeland Mall, #3030	Miami	FL	33156	786.268.1088	786.268.1168	8/9/07	1/31/18
211	C	2,003	Clelo Vista Mall	8401 Gateway Blvd. West, #G04A	El Paso	TX	79925	915.781.7766	915.781.7765	5/8/08	1/31/19
212	WHS	8,998	Hillside Plaza	725 Broadway (Route 1 South)	Saugus	MA	01906	781.231.1000	781.231.1162	10/16/07	8/31/17
213	WHS	6,000	Pacific Town Center	850 w. Hammer Lane	Stockton	CA	95210	209.952.4519	209.952.5861	9/22/07	8/31/12
215	C	2,310	Annapolls Mall	2002 Annapolls Mall, #1225	Annapolls	MD	21401	410.573.9229	410.573.9433	11/1/07	1/31/18
216	C	2,707	Altamonte Mall	451 Altamonte Ave., #1341	Altamonte Springs	FL	32701	407.332.7362	407.332.7908	5/15/08	1/31/19
217	C	2,186	Riverchase Galleria	3000 Riverchase Galleria, #286	Hoover	AL	35244	205.560.0695	205.560.0697	10/21/07	1/31/18
218	C	2,164	North Point Mall	1000 North Point Circle, #2032	Alpharetta	GA	30022	770.667.2253	770.667.2071	11/15/07	1/31/18
219	C	2,381	Augusta Mall	3450 Wrightsboro Road, #2510	Augusta	GA	30909	706.736.1070	706.736.1072	10/19/07	1/31/18
220	C	2,080	Meadowood Mall	5000 Meadowood Mall Circle, #C104	Reno	NV	89502	775.828.9400	776.828.9403	3/13/08	1/31/18
221	C	1,997	Chandler Fashion Center	3111 W. Chandler Blvd. #2436	Chandler	AZ	85226	480.963.8600	480.963.8610	11/8/07	11/30/17
222	C	7,800	San Francisco	200 Powell Street	San Francisco	CA	94102	415.986.7044	415.986.7056	10/16/08	10/31/18
223	WHS	7,102	Baldrige Commons	350 N. Dysart Road, Suites 205, 207, 208, & 209	Goodyear	AZ	85338	623.932.2027	623.932.3770	4/17/08	1/31/13
224	OTL	3,196	Houston Premium Outlets	29300 Hempstead Road, #0861	Cypress	TX	77433	281.758.1830	281.758.1639	3/27/08	1/31/14

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225	C	2,569	Perimeter Mall	4400 Ashford-Dunwoody Rd., #1035	Atlanta	GA	30346	770.396.4221	770.398.4082	4/3/08	1/31/19
226	C	2,002	The Oaks Mall Florida	6215 Newberry Road, #H6	Gainesville	FL	32605	352.332.2473	352.332.2708	9/18/08	1/31/19
227	C	2,500	Pembroke Lakes Mall	11401 Pines Blvd., #426	Pembroke Pines	FL	33026	954.447.1449	954.447.1491	6/13/09	1/31/20
228	C	2,174	Coastlnad Center	1900 North Tamiami Trall, #H5	Naples	FL	34102	239.261.3449	239.262.2692	6/12/08	1/31/19
229	C	3,035	The Palmer House Hilton Retail Development	17 East Monroe St., #S-5 <u>SHIPPING ADDRESS:</u> 105 S. State St.	Chicago	IL	60603	312.346.2302	312.346.2387	5/1/08	6/30/23
230	C	2,623	Westfield Southcenter	816 Southcenter Mall, #1140	Tukwila	WA	98188	206.246.2459	206.246.0662	7/25/08	1/31/18
231	OTL	3,500	Prime Outlets Williamsburg	5555 Richmond Rd., #G140	Williamsburg	VA	23188	757.220.3813	757.220.4824	4/17/08	4/30/18
232	OTL	3,500	Prime Outlets Puerto Rico	1 Prime Outlets Blvd., #520	Barceloneta	PR	00617	787.970.0134	787.970.0136	11/14/08	11/30/18
233	OTL	3,542	Prime Outlets Hagerstown	495 Prime Outlets Blvd., #585	Hagerstown	MD	21740	240.420.0050	240.420.0052	3/13/09	3/31/19
235	OTL	3,195	Prime Outlets Birch Run	12240 South Beyer Rd., #V011	Birch Run	MI	48415	989.624.9336	989.624.9526	4/10/08	4/30/18
236	C	2,500	Westgate City Center	9404 W. Westgate Blvd., #C107	Glendale	AZ	85305	623.772.1717	623.772.1919	1/18/08	1/31/19
237	C	2,694	SanTan Village	2174 East Williams Field Road, #538	Gilbert	AZ	85296	480.857.2442	480.857.8227	3/27/08	3/31/18
238	C	2,660	Greenwood Park Mall	1251 U.S. Highway 31 N, #C08C	Greenwood	IN	46142	317.885.9470	317.885.9471	4/17/08	1/31/19
239	C	2,600	The Avenues	10300 Southside Blvd., #1090A	Jacksonville	FL	32256	904.363.2838	904.363.2928	5/22/08	1/31/19
240	OTL	2,227	Livingston Designer Outlet	Almondvale Avenue, Unit 119 West Lothian, EH54 6QX	Livingston	Scotland		441506465605 Sales floor	441506465604 office number	4/25/08	3/31/18
241	C	3028 Ground Floor 1728 Basement 1300	Union Square	15 Union Square West, Space C	New York	NY	10003	212.647.8891	212.647.8893	12/6/08	4/30/19
242	C	2,300	Westfield Galleria at Roseville	1151 Galleria Blvd., #2085	Roseville	CA	96678	916.782.1404	916.782.1462	7/11/09	1/31/20
243	OTL	3,000	Preferred Outlets at Tulare	1549 Retherford St., #C075	Tulare	CA	93274	559.684.7478	559.684.7495	11/6/09	1/31/11

STORE NO	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
244	OTL	3,401	Crossiron Mills	261055 Crossiron Blvd,#433 Rocky View	Alberta	canada	T4A0G3	403.275.8013	403.275.8037	8/19/09	8/31/19
247	OTL	3,040	The Legends at Sparks Marina	1350, Scheels Drive, #138	Sparks	NV	89434	775.358.4082	775.358.7528	6/18/09	1/31/20
248	OTL	3,361	Lighthouse Place Premium Outlets	601 Wabash St, #G030	Michigan City	IN	46360	219.878.0526	219.878.0527	8/28/08	1/31/20
249	OTL	4,000	The Crossing Factory Outlets	1000 Route 611, Space #D04	Tannersville	PA	18372	570.629.4210	670.629.5017	9/25/08	1/31/19
251	OTL	3,000	Tanger Factory Outlets at Commerce	800 Steven B Tanger Blvd,#1210	Commerce	GA	30529	706.336.8471	706.336.8483	4/24/09	4/30/14
252	OTL	3,727	Tanger Factory Outlets at Myrtle Beach Hwy 501	4633 Factory Stores Blvd,#170	Myrtle Beach	SC	29579	843.236.8085	843.236.6650	9/4/08	9/30/13
255	OTL	3,154	Prime Outlet Jeffersonville	8000 Factory Shops Blvd,#620	Jeffersonville	OH	43128	740.948.2048	740.948.2036	9/4/08	9/30/18
257	WHS	6,000	Nellis Plaza	305 N.Nellis Blvd,#105	LasVegas	NV	89110	702.437.7676	702.437.7141	11/28/08	1/31/14
258	C	2,312	Tucson Mall	4600 N.Oracla Road, #217	Tucson	AZ	85705	520.293.2355	520.293.2257	3/20/09	3/31/19
259	C	2,500	Lincoln Road	730 Linocoin Road	Miami	FL	33139	305.673.9601	305.674.8268	8/1/09	3/31/19
260	C	3,252	Natick Collection	1245 Worcester Street, #4066	Natick	MA	01760	508.661.0569	508.651.4174	11/26/08	10/31/18
261	C	2,227	Park Meadows	8406 Park Meadows Center Dr, #1170 (mall should be sent to #1081)	Lone Tree	CO	80124	720.873.2800	720.873.2819	11/13/08	11/30/18
262	OTL	3,678	Prime Outlet Gaffney	1 Factory Shops Blvd.,#440	Gaffney	SC	29341	864.487.9536	864.487.9537	3/13/09	3/31/19
263	OTL	3,780	The Shoppes at Prime Outlets International-Orlando.	5269 International Dr,#C	Orlando	FL	32819	407.351.2902	407.351.2964	2/13/09	2/28/14
264	OTL	3,000	Tanger Outlets Howell	1476 N.Burkhart Road, #H120	Howell	MI	48855	517.545.5715	517.546.5717	3/19/09	3/31/14
266	OTL	3,500	Edinburgh Premium Outlets	11741 North Executive Drive,#885	Edinburgh	IN	46124	812.526.6044	812.526.5147	3/27/09	1/31/20
268	OTL	3,848	Citadel Outlets	100 Citadel Drive, #426	Commerce	CA	90040	323.832.9884	323.832.9870	5/22/09	5/31/19
269	OTL	2,850	Vacaville Premium Outlets	321 Nut Tree Road, #131H	Vacaville	CA	95687	707.451.3768	707.451.3785	5/22/09	1/31/20

STORE NO.	STORE TYPE	SQ.FT.	LOCATION NAME	ADDRESS	CITY	STATE	ZIP	PHONE	FAX	OPEN DATE	EXP. DATE
270	OTL	2,073	Ashford Designer Outlet Centre	Kimberley Way, Space #93-94F, Ashford, Kent, TN24 OSD, UK	Ashford	England	TN24 OSD	0044 1233 664995	0044 1233 632278	3/13/09	1/18/19
272	C	2,382	Richmond Centre	6551 No. 3 Road, #1648A Richmond, B.C., Canada	Richmond	Canada	V6Y 2B6	604.278.2712	604.278.2749	8/15/09	7/31/19
274	OTL	3,265	Cincinnati Premium Outlets	619 Premium Outlet Drive	Monroe	OH	45050	513.539.9116	513.539.9126	8/6/09	1/31/20
275	C	1,608	Florida Center	Av. Vicuña Mackenna 6100 La Florida store 2041	Santiago	Chile		(56 2) 2831351		5/1/09	7/23/11
276	C	1,223	Alto Las Condes	Av. Kennedy 9001 Las Condes store 3145	Santiago	Chile		(56 2) 2131342		5/1/09	10/9/13
277	C	1,073	Portal Temuco	Av. Alemania 0671 Temuco store 2025	Temuco	Chile		(56 45) 451439		5/1/09	10/19/13
278	C	1,303	Mall Plaza Vespucio	Avenida Vicuña Mackenna Oriente No. 7110 La Florida store 279	Santiago	Chile		(56 2) 5863100		5/1/09	9/30/16
279	C	786	Plaza Antofagasta	Av. Balmaceda Interior (recinto portuario) local 241	Antofagasta	Chile		(56 55) 533234		5/1/09	8/31/14
280	C	1,303	Plaza Oeste Shopping Center	Av. Americo Vespucio 1501 Cerrillos local D-302/D-306/D-310	Santiago	Chile		(56 2) 5863805		5/1/09	12/1/10
281	C	1,162	Marina Arauco Mall	Av. Libertad 1348 Viña del Mar local 212	Viña del Mar	Chile		(56 32) 2692873		5/1/09	1/31/11
282	C	947	Parque Arauco Shopping Center	Av. Kennedy 5118 Las Condes local 180	Santiago	Chile		(56 2) 3422842		5/1/09	2/20/12
283	C	1,017	Mall Plaza Norte	Av. Americo Vespucio 1737 Huechuraba local 2098-2102-2106	Santiago	Chile		(56 2) 5860599		5/1/09	11/5/11
284	C	1,388	Mall Plaza del	Av. Jorge Alessandri 3177 No. 7110	Concepcion	Chile		(56-14) 2563787		5/1/09	10/20/16

			Trebol	Talcahuano local A- 126/128								
286	OTL	3,506	The Outlets at Zion	250 North Red Cliffs Drive, #25	St. George	UT	84790	435.673.2160	435.688.2084	7/24/09	7/10/10	
287	WHS	12,000	Rosedale Highway	6951 Rosedale Highway	Bakersfield	CA	93308	661.325.1683	661.325.0644	8/8/09	7/15/10	
288	C	3,469	Covent Garden	2/3 James St. Covent Garden	London	England	WC2 E8BH	44.207.836.9097	44.207.836.7827	12/18/09	9/24/19	
289	C	2,301	The Strand at Huntington Beach	180 Fifth St., #110	Huntington Beach	CA	92648	714.969.2101	714.969.2123	11/21/09	11/30/19	
291	OTL	2,200	Factory Vila do Conde	Avenida Fonte Cova, Space #125 4480-791 Modivas, Vila do Conde	Vila do Conde	Portugal		n/a		March 2010	n/a	
293	OTL	2,840	The Outlets at Hershey	116 Outlet Square	Hershey	PA	17033	713.633.8700	713.633.8702	2/18/10	2/28/15	
294	C	2,276	Easton Town Center	3992 Gramercy Street, #724	Columbus	OH	43219	614.470.6889	614.470.6895	March 2010	n/a	

<u>STORE NO.</u>	<u>STORE TYPE</u>	<u>SQ.FT.</u>	<u>LOCATION NAME</u>	<u>ADDRESS</u>	<u>CITY</u>	<u>STATE</u>	<u>ZIP</u>	<u>PHONE</u>	<u>FAX</u>	<u>OPEN DATE</u>	<u>EXP.DATE</u>
295	C	2,497	Westfield Vaiencia Town Center	24201 West Valercia Blvd., #1050	Vaiencia	CA	91335	661.284.6137	661.0284.7752	March 2010	n/a
296	WHS	9,600	Rosemead Place	3518 Rosemead Blvd.	Rosemead	CA	81770	626.572.9301	626.572.8507	11/27/09	5/15/10
297	WHS	5,520	College Town Plaza	4702 S. Maryland Parkway	Las Vegas	NV	89119	702.597.1159	702.597.1635	11/20/09	11/30/10
298	WHS	10,000	Center City,Paterson	301 Main Street, #124.#132	Paterson	NJ	07505	873.278.1021	973.278.1404	1/7/10	1/31/2011
305	WHS	8,900	Route 22	115 route 22 East	Springfield	NJ	07081	973.376.1791	973.376.1792	2/19/10	2/28/11
307	OTL	3,550	Johnson Creek Premium Outlets	575 W. Linmar Lane, #B-169	Johnson Creek	WI	53038	n/a	n/a	March 2010	n/a
308	OTL	4,033	Aurora Farms Premium Outlets	549 South Chillicothe Road, #260	Aurora	OH	44202	n/a	n/a	March 2010	n/a
520		40	Fashion Show Las Vegas cart	3200 Las Vegas Boulevard, South #5576	Las Vegas	NV	89109	702.785.0125	n/a	5/15/09	6/30/10

Schedule 4.1(c)

Capitalization of Parent's Subsidiaries

Name of Entity	Authorized Shares of Common Stock	Authorized Shares of Preferred Stock	Number of Outstanding Shares Owned by Parent	Percentage of Outstanding Shares Owned directly or indirectly by Parent
Skechers U.S.A., Inc. II	1,000	0	1,000	100%
Skechers By Mail, Inc.	10,000	0	100	100%
310 Global Brands, Inc.	100,000	0	9,500	100%
Skechers USA Canada, Inc.	Unlimited	0	100	100%
Skechers USA, Ltd.				100%(1)
Skechers USA Iberia, S.L.				100%(1)
Skechers USA Deutschland GmbH				100%(1)
Skechers USA France S.A.S.				100%(1)
Skechers EDC SPRL				100%(2)
Skechers USA Benelux B.V.				100%(2)
Skechers USA Italia S.r.l				100%(1)
Skechers S.a.r.l.				100%(2)
Skechers Holdings Jersey Limited				100%
Skechers International				100%(4)
Skechers International II				100%(5)
Skechers Do Brasil Calçados LTDA				100%(6)
Comercializadora Skechers Chile Limitada				100%(3)
Skechers Footwear (Dongguan) Co., Ltd.				100%(7)
Skechers Japan YK				100%(1)
Skechers USA Mauritius 10				100%(8)
Skechers USA Mauritius 90				100%(8)
Skechers China Business Trust				100%(9)
Skechers Holdings Mauritius				100%(10)
Skechers Trading (Shanghai) Co. Ltd.				50%(11)
Skechers China Limited	10,000	0	500(12)	50%
Skechers Hong Kong Limited	1,800,000	0	630,000(13)	35%
Skechers Southeast Asia Limited	10,000	0	500(12)	50%
Skechers Malaysia Sdn Bhd	500,000	0	250,000(14)	50%
Skechers Singapore Pte. Limited	200,000	0	100,000(14)	50%
Skechers (Thailand) Limited	58,824	0	29,999	51%
Skechers Collection, LLC				100%(15)

Name of Entity	Authorized Shares of Common Stock	Authorized Shares of Preferred Stock	Number of Outstanding Shares Owned by Parent	Percentage of Outstanding Shares Owned directly or indirectly by Parent
Skechers Sport, LLC				100%(15)
Duncan Investments, LLC				100%(15)
Yale Investments, LLC				100%(15)
Sepulveda Blvd. Properties, LLC				100%(15)
SKX Illinois, LLC				100%(15)
Skechers Guangzhou Co. Ltd.				50%(11)
Skechers R.B., LLC				100%

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- (1) 100% owned by Skechers S.a.r.l.
 - (2) 100% owned by Skechers International
 - (3) 99% owned by Skechers S.a.r.l. and 1% owned by Skechers International, with nominee agreement granting control of latter's interest to Skechers S.a.r.l.
 - (4) No shares issued. Percentage represents partnership interest, of which Parent owns 90% directly and 10% via Skechers U.S.A. Inc. II.
 - (5) No shares issued. Percentage represents partnership interest, of which Parent owns 8.6% directly and 91.4% via Skechers International.
 - (6) Skechers S.a.r.l. owns 99.99% of the shares and Skechers U.S.A., Inc. holds .01% of the shares
 - (7) 100% owned by Skechers Holdiings Mauritius, Ltd.
 - (8) 100% owned by Skechers Holdings Jersey Limited
 - (9) 90% owned by Skechers USA Mauritius 90, Ltd. and 10% owned by Skechers USA Mauritius 10, Ltd.
 - (10) 100% owned by Skechers China Business Trust
 - (11) 100% owned by Skechers China Limited
 - (12) Shares issued to Skechers S.a.r.l., which is a 50% owner
 - (13) Shares issued to Skechers China Limited, which is a 70% owner
 - (14) Shares issued to Skechers Southeast Asia Limited, which is a 100% owner
 - (15) No shares issued. Percentage represents membership interest in limited liability company.
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Schedule 4.6(a)
Jurisdiction of Organization

Name of Entity	Jurisdiction of Organization
SKECHERS U.S.A., INC.	Delaware
Skechers U.S.A., Inc. II	Delaware
SKECHERS BY MAIL, INC.	Delaware
310 Global Brands, Inc.	Delaware
Skechers USA Canada Inc.	Canada
Skechers USA Ltd.	England
Skechers USA Iberia, S.L.	Spain
Skechers USA Deutschland GmbH	Germany
Skechers USA France SAS	France
Skechers EDC SPRL	Belgium
Skechers USA Benelux B.V	Netherlands
Skechers USA Italia S.r.l	Italy
Skechers S.a.r.l.	Switzerland
Skechers Holdings Jersey Limited	Jersey
Skechers International	Jersey
Skechers International II	Jersey
Skechers Do Brasil Calcados LTDA	Brazil
Comercializadora Skechers Chile Limitada	Chile
Skechers Footwear (Dongguan) Co., Ltd.	China
Skechers Japan YK	Japan
Skechers USA Mauritius 10	Mauritius
Skechers USA Mauritius 90	Mauritius
Skechers China Business Trust	China
Skechers Holdings Mauritius	Mauritius
Skechers Trading (Shanghai) Co. Ltd.	China
Skechers China Limited	Hong Kong
Skechers Hong Kong Limited	Hong Kong
Skechers Southeast Asia Limited	Hong Kong
Skechers Malaysia Sdn. Bhd.	Malaysia
Skechers Singapore Pte. Limited	Singapore
Skechers (Thailand) Limited	Thailand
SKECHERS COLLECTION, LLC	California
SKECHERS SPORT, LLC	California
Duncan Investments, LLC	California
Yale Investments, LLC	Delaware
Sepulveda Blvd. Properties, LLC	California
SKX ILLINOIS, LLC	Illinois
Skechers Guangzhou Co. Ltd.	China
Skechers R.B., LLC	Delaware

Schedule 4.6(b)
Chief Executive Offices

<u>Name of Entity</u>	<u>Address</u>	<u>City, State, Zip Code, Country</u>
Skechers U.S.A., Inc.	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers U.S.A., Inc. II	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers By Mail, Inc.	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
310 Global Brands, Inc.	225 S. Sepulveda Blvd.	Manhattan Beach, CA 90266, USA
Skechers USA Canada Inc.	2425 Matheson Boulevard East # 120	Mississauga ON L4W 5K4, Canada
Skechers USA Ltd.	Katherine House Darkes Lane 9/11 Wyllyotts Place, Potters Bar C/ Serrano 40, 1 — izda, 1st Floor	Hertfordshire EN6 2JD, United Kingdom 28001 Madrid, Spain
Skechers USA Iberia, S.L.	Waldstrasse 74	63128 Dietzenbach, Germany
Skechers USA Deutschland GmbH	20 rue des Capucines	75002 Paris, France
Skechers USA France SAS	Parc Industriel Hauts-Sarts, zone 3	4041 Milmort, Belgium
Skechers EDC SPRL	Avenue du parc industriel 159 Cartographenweg 16	
Skechers USA Benelux B.V		5141 MT Waalwijk, Holland, The Netherlands
Skechers USA Italia S.r.l	Via Alberto Dominutti, 6	37135 Verona, Italy
Skechers S.a.r.l.	Rue de la Mercerie 12, 7th Floor	CH-1003 Lausanne, Switzerland
Skechers Holdings Jersey Limited	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers International	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers International II	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers Do Brasil Calcados LTDA	Rua Haddock Lobo, 1307, 17th Floor, Cj-171	Cerqueira Cesar, Sao Paulo, 01414-003, Brazil
Comercializadora Skechers Chile Limitada	Avenue Kennedy 5118	Tercer Piso, Vitacura, Santiago, Chile
Skechers Footwear (Dongguan) Co., Ltd.	Building S Development Zone of Chi-Ling Hou	Dongguan City, Guangdong Province, 523940, PRC
Skechers Japan YK	7-4 Nishi Shimbashi, 2-Chome, Minat	Tokyo, Japan
Skechers USA Mauritius 10	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers USA Mauritius 90	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers China Business Trust	Templar House, Don Road	St. Helier, Channel Islands JE1 2TR, Jersey
Skechers Holdings Mauritius	4th Floor, IBL House, Caudan	Port Louis, Mauritius
Skechers Trading (Shanghai) Co. Ltd.	Red House 3/F, No. 35 South Shanxi Road	Luwan District, Shanghai, China
Skechers China Limited	Red House 3/F, No. 35 South Shanxi Road	Luwan District, Shanghai, China
Skechers Hong Kong Limited	Block C, 10/F, Roxy Industrial Centre 58-66 Tai Lin Pai Road	Kwai Chung, Hong Kong
Skechers Southeast Asia Limited	Block C, 10/F, Roxy Industrial Centre 58-66 Tai Lin Pai Road	Kwai Chung, Hong Kong
Skechers Malaysia Sdn. Bhd.	Suite B-14-1 & @ Wisma Panta, Plaza Pantai, No. 5 Jalan 4/83A Off Jalan Pantai Bahru	59200 Kuala Lumpur, Malaysia
Skechers Singapore Pte. Limited	45 Ubi Road 1 #03-03/04, Summit Building	Singapore 408696
Skechers (Thailand) Limited	1 Silom Road, Level 8 Zuellig House	Bangkok 10500, Thailand
Skechers Collection, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers Sport, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Duncan Investments, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Yale Investments, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Sepulveda Blvd. Properties, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
SKX Illinois, LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA
Skechers Guangzhou Co. Ltd.	Red House 3/F, No. 35 South Shanxi Road	Luwan District, Shanghai, China
Skechers R.B., LLC	228 Manhattan Beach Blvd.	Manhattan Beach, CA 90266, USA

Schedule 4.6(c)
Tax & Organizational ID Numbers

<u>Name of Entity</u>	<u>Federal Tax ID Number</u>	<u>Organizational ID Number</u>
Skechers U.S.A., Inc.	95-4376145	2902395 (DL)
Skechers U.S.A., Inc. II	95-4747242	3056393 (DL)
Skechers By Mail, Inc.	95-4701399	2934535 (DL)
310 Global Brands, Inc.	43-2009441	3636174 (DL)
Skechers USA Canada Inc.	none	none
Skechers USA Ltd.	98-0347474	none
Skechers USA Iberia, S.L.	98-0372248	none
Skechers USA Deutschland GmbH	98-0346701	none
Skechers USA France SAS	98-0346857	none
Skechers EDC SPRL	98-0385255	none
Skechers USA Benelux B.V	98-0392991	none
Skechers USA Italia S.r.l	47-0914957	none
Skechers S.a.r.l.	98-0349046	none
Skechers Holdings Jersey Limited	none	none
Skechers International	98-0357124	none
Skechers International II	none	none
Skechers Do Brasil Calcados LTDA	98-0518943	none
Comercializadora Skechers Chile Limitada	98-0620147	none
Skechers Footwear (Dongguan) Co., Ltd.	98-0495337	none
Skechers Japan YK	98-0499824	none
Skechers USA Mauritius 10	none	none
Skechers USA Mauritius 90	98-0492180	none
Skechers China Business Trust	98-6058967	none
Skechers Holdings Mauritius	98-0492179	none
Skechers Trading (Shanghai) Co. Ltd.	98-0551967	none
Skechers China Limited	98-0620149	none
Skechers Hong Kong Limited	98-0620152	none
Skechers Southeast Asia Limited	98-0620150	none
Skechers Malaysia Sdn. Bhd.	98-0528395	none
Skechers Singapore Pte. Limited	98-0518944	none
Skechers (Thailand) Limited	98-0520045	none
Skechers Collection, LLC	none	200001310034 (CA)
Skechers Sport, LLC	none	200001310032 (CA)
Duncan Investments, LLC	95-4846458	200103210004 (CA)
Yale Investments, LLC	95-4833459	3312951 (DL)
Sepulveda Blvd. Properties, LLC	26-2370011	200809810243 (CA)
SKX Illinois, LLC	27-0375751	03130428 (IL)
Skechers Guangzhou Co. Ltd.	pending	none
Skechers R.B., LLC	none	4778094 (DL)

Credit Agreement
Schedule 4.12
Environmental Matters

In January 2009, Highland Fairview, I, Highland Fairview, II, Highland Fairview, III, Highland Fairview, IV and HF Logistics I, LLC (collectively, "Highland Fairview") and the City of Moreno Valley entered into a Settlement Agreement with the Sierra Club. Pursuant to the Settlement Agreement, Highland Fairview agreed that (i) the distribution facility in Rancho Belago, California would use certain low environmental impact procedures and equipment, including solar cells, solar water heaters and trucks of a particular classification, and certain equipment would be prohibited in the construction of the facility (ii) certain roads and highways adjacent to or near the facility would be designed in certain physical configurations with specified signage, (iii) the facility would be designed to obtain LEED certification and (iv) certain payments shall be made to the Sierra Club and its attorneys. The Company, as the operator of the distribution facility, will be responsible for implementing certain mandates of the Settlement Agreement. The Settlement Agreement is not expected to result in a Material Adverse Change.

Schedule 4.17
Material Contracts

1. Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 2. Amendment No. 1 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 3. Amendment No. 2 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 4. Amendment No. 3 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan of Skechers U.S.A., Inc.
 5. 2006 Annual Incentive Compensation Plan of Skechers U.S.A., Inc.
 6. 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 7. Form of Restricted Stock Agreement under 2007 Incentive Award Plan of Skechers U.S.A., Inc.
 8. 2008 Employee Stock Purchase Plan of Skechers U.S.A., Inc.
 9. Indemnification Agreement dated June 7, 1999 between Skechers U.S.A., Inc. and its directors and executive officers.
 10. Registration Rights Agreement dated June 9, 1999, between Skechers U.S.A., Inc., the Greenberg Family Trust and Michael Greenberg.
 11. Tax Indemnification Agreement dated June 8, 1999, between Skechers U.S.A., Inc. and certain shareholders.
 12. Promissory Note, dated December 27, 2000, between Skechers U.S.A., Inc. and Washington Mutual Bank, FA, for the purchase of property located at 225 South Sepulveda Boulevard, Manhattan Beach, California.
 13. Loan Agreement, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 South Champagne Avenue, Ontario, California.
 14. Promissory Note, dated December 21, 2000, between Yale Investments, LLC, and MONY Life Insurance Company, for the purchase of property located at 1670 Champagne Avenue, Ontario, California.
 15. Agreement dated August 25, 2005 between Duncan Investments, LLC, a wholly owned subsidiary of Skechers U.S.A., Inc., and Morley Construction Company regarding 330 South Sepulveda Boulevard, Manhattan Beach, California.
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16. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1661 South Vintage Avenue, Ontario, California.
 17. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 18. Second Amendment to Lease Agreement, dated December 10, 2007, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 19. Third Amendment to Lease Agreement, dated January 29, 2009, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 20. Fourth Amendment to Lease Agreement, dated September 23, 2009, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 1661 South Vintage Avenue, Ontario, California.
 21. Lease Agreement, dated November 21, 1997, between Skechers U.S.A., Inc. and The Prudential Insurance Company of America, regarding 1777 South Vintage Avenue, Ontario, California.
 22. First Amendment to Lease Agreement, dated April 26, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 23. Second Amendment to Lease Agreement, dated May 14, 2002, between Skechers U.S.A., Inc. and Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 24. Third Amendment to Lease Agreement, dated May 7, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, which is successor to Cabot Industrial Properties, L.P., regarding 1777 South Vintage Avenue, Ontario, California.
 25. Fourth Amendment to Lease Agreement, dated November 10, 2007, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 26. Fifth Amendment to Lease Agreement, dated January 29, 2009, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 27. Sixth Amendment to Lease Agreement, dated October 26, 2009, between Skechers U.S.A., Inc. and CLP Industrial Properties, LLC, regarding 1777 South Vintage Avenue, Ontario, California.
 28. Lease Agreement, dated April 10, 2001, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
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29. First Amendment to Lease Agreement, dated October 22, 2003, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 30. Second Amendment to Lease Agreement, dated April 21, 2006, between Skechers U.S.A., Inc. and ProLogis California I LLC, regarding 4100 East Mission Boulevard, Ontario, California.
 31. Lease Agreement, dated February 8, 2002, between Skechers International, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium II SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 32. Lease Agreement dated September 25, 2007 between Skechers U.S.A., Inc. and HF Logistics I, LLC, regarding distribution facility in Moreno Valley, California
 33. Amendment to Lease Agreement, dated December 18, 2009 by and between Skechers U.S.A., Inc. and HF Logistics I, LLC, regarding distribution facility in Moreno Valley, California.
 34. Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium.
 35. Addendum to Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of Skechers U.S.A., Inc., and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium.
 36. Lease Agreement dated May 9, 2007 between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 37. First Amendment to Lease Agreement, dated December 28, 2007, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 38. Second Amendment to Lease Agreement, dated August 4, 2008, between Skechers U.S.A., Inc. and ASB Blatteis Powell Street, LLC, regarding 200 Powell Street, San Francisco, California.
 39. Lease Agreement dated August 13, 2007 between Skechers U.S.A., Inc. and Thor Palmer House Retail LLC regarding 17 East Monroe Street, Chicago, Illinois.
 40. Lease Agreement dated June 20, 2008 between Skechers U.S.A., Inc. and KLCH Associates regarding 140 West 34th Street, New York, New York.
 41. Lease Agreement dated May 23, 2003 between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
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42. Amendment to Lease Agreement, dated January 14, 2009, between Skechers USA Limited, a wholly owned subsidiary of Skechers U.S.A., Inc., and The Trafford Centre Limited regarding 153 Regent Crescent, London, United Kingdom.
43. Purchase Order dated June 23, 2009 from Skechers U.S.A., Inc. to WEI West, Inc. for approximately \$80.7 million regarding material handling system and engineering services for new distribution center, of which approximately \$45.3 million in payables remains outstanding.
44. License Agreement dated April 7, 2003 between Ecko.Complex, LLC dba Ecko Unltd., Skechers U.S.A., Inc. II and Skechers International II
45. License Agreement dated December 5, 2005 between Zoo York, LLC, Skechers U.S.A., Inc. II and Skechers S.a.r.l.
46. License Agreement dated August 2007 between bebe stores, inc., Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II.
47. Buying Agency Agreement dated June 1, 2006 between Skechers U.S.A., Inc. II and Skechers Holdings Jersey Limited.
48. Cost Sharing Agreement dated July 1, 2001 between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers International II.
49. First Amendment to Cost Sharing Agreement, dated January 1, 2005, between Skechers U.S.A., Inc., Skechers U.S.A., Inc. II, Skechers International II and Skechers USA Canada, Inc.
50. Skechers International II Partnership Agreement dated June 29, 2001 by Skechers U.S.A., Inc.
51. Limited Liability Company Agreement of HF Logistics-SKX, LLC, dated January 30, 2010, between Skechers RB, LLC and HF Logistics I, LLC.

**Agreement for the availability of space for the storage of goods and offices
for the management of this**

The undersigned:

ProLogis Belgium III sprl, with offices in Park Hill, Building A, 3^d Floor, Jan Emiel Mommaertslaan 18, B-1831 Diegem, registered with the RPR under number 0472.435.629, hereby represented by Mr. Gerrit Jan Meerkerk,

hereinafter referred to as '**ProLogis**',

and

Skechers EDC sprl, with its registered office in 4041 Milmort, 159 Parc Industriel Hauts-Sarts, Zone 3, avenue du Parc Industriel, registered with the RPR under number 0478.543.758, hereby represented by David Weinberg,

hereinafter referred to as '**Skechers**',

HAVE AGREED THE FOLLOWING:

1 Subject of the Agreement

ProLogis shall make space available ("*terbeschikkingstelling/mise à disposition*") to Skechers, which accepts, for the storage of goods and offices for the management thereof, the following real estate: ProLogis Park Liège Distribution Center II, as referred to in Article 2 as the Premises, which will be erected on the parcel of industrial land located in the Industrial Park Hauts-Sarts, Zone 3, Milmort, Liège, Avenue du Parc Industriel, recorded in the land register according to title as 6th division, section A, part of numbers 621b, 620 and 617, 7th division, section A, part of numbers 450t and 450y (the "Site").

ProLogis will erect a building on the Site with a total surface area of 22,945 m² (hereinafter the 'Premises'), subdivided as follows:

- 21,275 m² warehouse space (hereinafter the 'Warehouse');
- 1,320 m² mezzanine space (hereinafter the 'Mezzanine');
- 350 m² office space (hereinafter the 'Office Space') on mezzanine.

In addition, ProLogis will develop approximately 118 car parking places on the Premises. Upon consultation with ProLogis, Skechers can change or expand the parking places, subject to not jeopardising the traffic flow on the Site. In case of multi-tenancy on the Site, a division by ratio of the parking places will take place.

The Situation plan for the Premises has been appended to this Agreement as Appendix 1 and may be modified subject to the mutual written consent by the parties and as far as possible within the obtained building permit. ProLogis has prepared on a building permit application for the Premises. The permit application has been appended to this Agreement as Appendix 2. The CUSTOMER has reviewed the permit application and declares that it is entirely satisfactory. The obligation of ProLogis to make space available is subject to the delivery of a final building permit for the Premises based upon the building permit application attached as Appendix 2.

Parties waive all their rights in case of difference between the actual total measure(s) of the made available space and the above mentioned measure(s).

2 The Intended Use of the Premises

The Premises will be erected by ProLogis with a view to the industrial purposes of Skechers, i.e. a distribution and added value logistics center and any supporting or related activities. The Warehouse may be used solely and exclusively as a space for the storage, transshipment, repair, transportation, handling and distribution of goods. If an operating or environmental permit or notification is required for the activities of Skechers, Skechers shall be responsible, at its sole risk and expense, for the request and obtainment thereof, as well as for any renewal or extension during the term of this Agreement. Skechers shall bear all costs relating thereto and shall strictly adhere to all conditions imposed by such permit or notification.

In the conduct of its activities, Skechers shall at all times comply with all applicable legislation and regulations. Skechers shall fully indemnify and hold harmless ProLogis for any losses and damages suffered by ProLogis as a result of a breach by Skechers of any law, regulation or permit condition.

The Office Space may be used solely and exclusively for administrative and/or showroom activities, with the exception of any activity as a result of which the Agreement would fall within the scope of the Law of April 30, 1951. The car parking spaces may be used solely and exclusively for the parking of the cars of Skechers and its contacts.

All other activities and/or adjustments in the Premises may only take place subject to prior written permission by ProLogis, which will not withhold its permission without any justified reasons.

ProLogis undertakes to furnish the Premises in such a manner and Skechers undertakes to use the Premises in such a manner that each payment under the current Agreement will at any time be subject to VAT (Belgian VAT) within the meaning of Article 44, §3 2° (a), second point, of the VAT Code.

In the event that, due to a use of the Premises during the term of this Agreement which is not in conformity with the terms of this Agreement, the payments under the current Agreement are no longer subject to VAT, either in part or in their entirety, Skechers will compensate ProLogis for any loss suffered by the latter as a result, including the loss which ProLogis may suffer by being unable to recoup the VAT already paid by it.

Skechers is not authorized to alter this use without prior written permission by ProLogis, which will not withhold its permission without any justified reasons.

It is explicitly agreed that any use of the Premises or the Site for any work or activity covered by the legislation regarding commercial leases (The Law dated April 30, 1951 as amended) is strictly prohibited.

Skechers may not use the Premises as residential accommodation nor may it keep any living animals there.

Skechers may not carry out any activities in the Premises, nor install any objects or equipment which would subject the floor to excessive loads or exert an extreme pressure on the structure of the Premises.

Within this context, it must be stated that the maximum floor load permitted in the Warehouse is 5,000 kg per m² of the floor area, on the Mezzanine floor in the Warehouse 400 kg per m² of the floor area and in the Office Space 400 kg per m² of the floor area.

Skechers is not entitled, for whatever reason, to conduct public sales in the Premises.

Skechers is obliged to obtain all required permits from the competent authorities at its own cost and risk enabling a proper operation in the Premises.

3 Price and Deposit

The Agreement for the availability of the Premises is entered into on the basis of an annual price (price level July 1, 2007) of nine hundred ninety-one thousand nine hundred and seventy-one Euro and fifty-five Eurocent, i.e. €991,971.55, (+VAT : two hundred and eight thousand three hundred and fourteen Euro and three Eurocent i.e. € 208,314,03, hereinafter referred to as the 'Price', payable per quarter and in advance in four (4) equal parts of two hundred and forty-seven thousand nine hundred and ninety-two Euro eighty-nine Eurocent, i.e. € 247,992.89, (+VAT : fifty-two thousand and seventy-eight Euro fifty-one Eurocent i.e. € 52,078.51), to be made by direct bank transfer to the bank account of ProLogis.

As stipulated in Article 5, this Agreement is to take effect on April 1, 2009. The first period over which payment is due will therefore be the period from April 1, 2009 up to and including June 30, 2009, which is due as from April 1, 2009.

In the event that the Premises are completed after April 1, 2009 the provisions relating to the payment of the Price as stipulated in the preceding paragraph shall be suspended until the effective date of completion.

The Price must be paid in Euro and is payable to ProLogis Belgium IIsprl, account number: 720540646989 (ABN Amro Bank in Brussels).

If Skechers, either in part or in its entirety, is in default with the payment of the above-mentioned quarterly payments of the Price on the aforementioned dates when the payments are due, Skechers must pay ProLogis, by operation of law ("*ipso iure*") and without notice of default, the interest due over that sum amounting to twelve percent (12%) per annum, whereby any month that has commenced must be regarded as completed.

When the Price in accordance with Article 4 is modified, the amount of the bank guarantee, as referred to in Article 25, will have to be adjusted in line with the annual adjustment of the Price payments every year. This bank guarantee may only be released six (6) months after the termination of the Agreement, provided that Skechers have been released properly of the obligations resulting from this Agreement. Under no circumstance, shall the bank guarantee be used by Skechers to pay the Price. However, in the event of breach of Agreement on the part of Skechers, ProLogis may use the aforementioned deposit to compensate for Skechers' overdue payments and any other omissions in the performance of its obligations by Skechers.

4 Price Modifications

Unless otherwise provided by law, it is determined that the Price, as stipulated in Article 3, will be linked to the consumer price index ("health index") as published each month in the Belgian State Gazette.

The basic index is that of the month prior to the signature of this Agreement, *i.e.* the month March 2008.

The Price will be reviewed annually on the date of the entry into force of this Agreement, automatically and by operation of law, in accordance with the increase of the aforementioned index according to the formula as defined below, whereby the month used for the new index will be the month prior to the relevant anniversary of the date of the entry into force:

$$\text{new Price} = \frac{\text{Price x new index}}{\text{basic index}}$$

However, the new Price will at no time be lower than the Price as stipulated above.

Skechers will implement the modifications to the Price subject to a one-month notification to that effect by ProLogis.

In the event that the publication of the 'consumer price index' (health index) should be discontinued, the parties will agree to replace this by the new index published by the Belgian government.

In the event that no new official index is published, the parties, if they fail to come to an agreement, will submit the problem to a tribunal of three arbitrators. Each party will appoint its own arbitrator within one month of being requested to do so by the other party and the two arbitrators will jointly appoint a third arbitrator.

If one of the parties fails to duly appoint its arbitrator or if the two arbitrators fail to appoint a third arbitrator, the missing arbitrator will be appointed, at the request of either party, by the Justice of the Peace in whose jurisdiction the Premises are located.

It is explicitly agreed that ProLogis shall only waive the right to increase the Price arising from this article by a written confirmation, signed by ProLogis.

5 Commencement and Duration of the Agreement

Subject to the timely delivery of the building permit for the Premises and the provisions below and all obligations resulting therefrom, the availability of the Premises commences in principle on 1 April 2009, to which is referred to as the 'Commencement Date', unless parties confirm otherwise in writing, for a duration of twenty (20) consecutive years and ends by operation of law on March 31, 2029 or twenty (20) consecutive years after the Commencement Date (if the availability of the Premises starts later than 1 April 2009 and insofar as mutually agreed upon in writing by the Parties).

Skechers is only entitled to terminate the Agreement after five (5), ten (10) and fifteen (15) years after the Commencement Date, being April 1, 2009 or the date as agreed upon between parties in writing as set forth in the preceding paragraph, subject to a notice period of twelve (12) months. without any compensation to ProLogis nor VAT adjustment to be paid, except as set forth in article 2 of this Agreement.

Notice needs to be given twelve (12) months prior to the fifth, tenth and fifteenth anniversary of this Agreement by bailliff's writ or by registered letter. Notices hereunder shall be deemed given and effective (i) if delivered by a bailiff, upon delivery, or (ii) if sent by certified or registered mail, within five (5) days of deposit in the post office.

This Agreement will however in any case end by operation of law on the later of the following dates : March 31, 2029 or the twentieth anniversary of the Commencement Date as agreed upon in writing by the Parties as set forth in this Article . After the latter of these dates , this Agreement can not be tacitly renewed.

6 Building Schedule and Specifications

ProLogis undertakes to complete Warehouse DC II and belonging Customer Fit Out as at April 1, 2009, in accordance with the plans and specifications attached in Appendix 3, insofar the building permit for the Premises is granted ultimately on August 1, 2008.

ProLogis may, in consultation with Skechers carry out variations or substitute alternative materials of a similar colour and to no less a quality or performance criteria within the relevant Belgian Standards (i) so long as it does not materially alter the design, layout and nature of the Warehouse DC II, or (ii) if the changes are to comply with planning or statutory requirements. Skechers will be permitted, after written approval of ProLogis to make minor variations to the specifications or the fitting out works attached in Appendix 3. ProLogis will provide an estimated cost for the amendments and once agreed, ProLogis will instruct the contractor to proceed with those amendments.

ProLogis and Skechers agree that the minutes of the construction meetings will be given only for the convenience of attendees present and/or absent. No rights, obligations, amendments or decisions are to be concluded from these notes.

ProLogis also undertakes as far as possible to integrate Customer Fit Out (i.e. racking, cabling, telephone and other systems or equipment) in the construction schedule. The installation of the Customer Fit Out will be for the account and risk of Skechers. The Warehouse shall be available one month before Commencement Date for Customer Fit Out. Best effort will be made by ProLogis to make it available two months before Commencement Date.

The Customer Fit Out should never cause any delay or hindrance of the building activities of ProLogis. During the construction works best efforts will be used to minimise hindrance to the activity in and the use of DC I by Skechers, it being understood that Skechers will not be entitled to claim damages for any remaining hindrance during the works.

With due observance of the aforementioned conditions, the date of completion of the Warehouse, including Customer Fit Out, is expected to be April 1, 2009.

The date of completion will be postponed in case (i) the Agreement is not signed ultimately May 20, 2008, (ii) the building permit application attached in Appendix 2 can not be filed on April 16, 2008, or (iii) the building permit has not been delivered as at August 1, 2008 or is being successfully suspended and/or challenged afterwards.

7 Transfer of the Availability Agreement and leasing

Skechers may lease the Premises (wholly or partially) and/or transfer its rights (wholly or partially) subject to prior written permission by ProLogis. Such a permission shall not unreasonably be withheld by ProLogis to Skechers' request for permission to sublease all or part of the Premises insofar the articles of this Agreement are complied with.

It shall be reasonable for ProLogis to withhold its consent for a transfer in any of the following instances:

- (i) the identity or business reputation of the candidate will, in the good faith judgment of ProLogis, tend to damage the goodwill or reputation of the Premises;
- (ii) the creditworthiness of the candidate is unsatisfactory to the fair judgment of ProLogis;
- (iii) the transfer to another customer of ProLogis on the Site is at a rate, which is below the rate charged by ProLogis for comparable space on the Site.
- (iv) the terms and conditions of the transfer agreement are not the same as the terms and conditions of this Agreement.
- (v) the term of the transfer agreement will exceed the remaining term of this Agreement. The transfer is not subjected to VAT during its' entire course.

Even if transfer is permitted through the above or by way of consent of ProLogis, Skechers is not allowed to market the Premises for a price lower than the Price under this agreement.

Any approved transfer shall be expressly subject to the terms and conditions of this Agreement.

Skechers shall provide to ProLogis all information concerning the candidate as ProLogis may request.

In the event of (sub-)lease, Skechers will at any rate continue to be jointly and severally responsible and liable toward ProLogis, together with the lessee, for all obligations resulting from this Agreement, and in particular for any additional costs which would result from such letting.

In the event that Skechers transfers its rights as referred to in this Agreement and before the bank guarantee provided by Skechers may be released, the assignee must, in turn, provide ProLogis with a bank guarantee equivalent to a rent period of six (6) months based on the Price (including VAT), applicable at that time, increased, in applicable, with an advance of the service charges of six months, (including VAT).

If ProLogis is of the opinion that the assignee or lessee provides insufficient financial guarantees, ProLogis may make its consent to the transfer of the rights or to the letting by Skechers dependent on the integral maintenance of the bank guarantee provided or to be provided by Skechers together with the bank guarantee of the assignee or lessee equal to six months' Price at that time (including VAT, increased with an advance of the Service Charges of six months (including VAT).

8 Charges, Taxes and Compensation

All relevant charges or taxes relating to the Premises, including the advance levy in respect of real estate tax, VAT, the occupation or the activity carried out by Skechers in them, whether they are imposed by the State, the Province, the Municipality, the Federation of Municipalities, the Urban Area or any other authority will solely and exclusively be for the account of Skechers.

Skechers will compensate ProLogis for any loss which ProLogis may suffer as a result of any overdue payments of the aforementioned taxes and compensation, provided, in case ProLogis receives the payment request from the relevant authority, it informs Skechers as soon as reasonably possible of any such tax or levy being due.

Skechers will bear all costs relating to the use of water, gas, electricity, telephone, telex, etc. or relating to any other services and utilities of the Premises.

It will also pay any charges by the utility companies for measurement appliances, systems, wiring, pipes, mains, etc.

Skechers may not claim any compensation from ProLogis in case of a discontinuance or interruption, irrespective of the duration of such a discontinuance or interruption of the water supply, gas and electricity, telephone, telex, etc., or of any other services and provisions such as heating, airing, etc. related to the Premises, whatever the reason, unless such a discontinuance or interruption may be ascribed to failure on the part of ProLogis to take all reasonable measures to ensure the continuation of such provisions and services.

9 Services

Skechers will take care of all the services, supplies and site maintenance of the Premises according the specifications provided by ProLogis at Skechers' own costs, attached to this Agreement as [Appendix 4](#).

Skechers undertakes for the full term of this Agreement, as a bonus pater familias and in accordance with the requirements of good management, to conclude all agreements which, in Skechers' opinion are required, for the services. Skechers shall inform ProLogis of the conclusion of these agreements. Skechers shall, with the exclusion of ProLogis, be responsible for the due execution of such agreements. Skechers shall fully indemnify and hold harmless ProLogis for all damages or claims which could result from agreements for services concluded by Skechers.

ProLogis has the right to inspect and review the Premises. If Skechers does not perform the services properly, ProLogis will notify Skechers in writing to comply within thirty (30) calendar days. If Skechers fails to comply therewith, ProLogis is entitled to take over all supply, services and maintenance of the Premises. Skechers will be invoiced accordingly.

10 Insurance

ProLogis undertakes to take out an insurance for the Premises (covering fire and water damage, civil liability as well as all windows in the premises); as of the notification by Skechers to ProLogis that Skechers has made the required agreements for the services pursuant to Article 9, this insurance shall be taken out by ProLogis but the insurance premiums in relation thereto shall be charged to Skechers.

Skechers undertakes to insure its personal assets and company equipment which are in the Premises against fire hazards and related risks, loss due to electrical faults, storm damage, water damage and Civil Liability, and to take out any other insurance required on account of the Skechers activities.

At the first request of ProLogis, Skechers will allow inspection of the policies.

The insurance taken by Skechers shall include a clause in which the insurers undertake to notify ProLogis at least fifteen (15) days beforehand by registered mail of any cancellation or termination of the insurance policy.

ProLogis and Skechers, as well as their insurers, mutually waive any right of recourse they might have on the basis of the respective policies taken out toward one another, toward any sublessees and toward any person admitted to the Premises.

Skechers also waives any recourse which it might be entitled to exercise pursuant to Articles 1721 and 1386 of the Belgian Civil Code. Skechers undertakes to impose these obligations to any lessees and/or occupants.

If Skechers increases the risk in such a way that this will lead to an increase of the insurance premium, it alone shall pay the increased premium arising from it in relation to the insurance of the Premises.

11 Advertising Signs

If Skechers wishes to fix any advertising signs, it shall only do so at the places assigned for that purpose by ProLogis on and around the Premises and it must submit a design of this to ProLogis and have its written permission (which shall not be unreasonably withheld), whereby the permission by ProLogis does not affect the obligation on the part of CUSTOMER to acquire the necessary permissions and permits for the proposed advertising signs from the competent authorities.

Drilling in face brick and blue limestone is strictly prohibited.

12 The State of the Premises at the Commencement of the Agreement

Before Skechers commences its occupation of the Premises, a "State-of-Delivery" report will be agreed upon by the parties describing the current status of the Premises as well as the way the Premises should be delivered at the end of the Agreement period or any other agreed termination date of the Agreement, including a list of improvements that do and do not need to be reinstated by Skechers, subject to the provisions in Article 14. Any improvements by Skechers are to be maintained by Skechers and are not an integral part of the Premises. This "State-of-Delivery" report will be signed by Skechers and ProLogis on the official delivery date of the Premises, tentatively scheduled on April 1, 2009, and will be attached to this Agreement as Appendix 5.

13 Maintenance of the Premises

A. During the entire duration of the Agreement, Skechers will have to maintain the Premises well and it will carry out any necessary repairs and work for its own account as well as to ensure compliance with any new legislation or regulation.

It will use and maintain the Premises with due care.

It will, *inter alia*, take care of all the maintenance work and repairs mentioned in articles 1754 a.f. of the Belgian Civil Code, with the exception of the work referred to in Article 14.

Apart from the obligations on the part of Skechers arising from the general regulations of the Belgian Civil Code, Skechers will, *inter alia*, be responsible for the following (without prejudice to the non-restrictive nature of this enumeration):

- to maintain, repair and renew the interior paintwork and the interior decoration of the Premises.
 - to maintain, repair and, if necessary, to replace the sanitary fittings, the water faucets and any equivalent appliances and fittings.
 - to properly maintain the water pipes, the water outlets and sewer pipes, emptying grease traps and protect them against frost and, if necessary, to unblock them.
 - to repair any damage which is not directly the result of age or a defective condition and, if necessary, to replace them.
 - to repair and, if necessary, to replace the wall panelling, floors, all locks and electrical equipment.
- to replace any broken windows, whatever the reason thereof (the costs hereof shall, however, be covered by the insurance referred to in the first paragraph of Article 10).
- to maintain the heating and ventilation system and to repair any damage which is not directly the result of age or a defective condition.
- to clean the ventilation ducts and to have the chimneys swept.
- to be responsible for maintaining the paving of the grounds forming part of the Premises and keeping it at its original level.
- To insure and properly maintain the roof of the Premises.

Skechers undertakes to submit to ProLogis the annual statement regarding the maintenance of the heating and the ESFR Sprinkler system, as well as the annual statement of the sweeping of the chimneys by an approved chimney sweeper.

To keep the certificate of the sprinkler system valid, Skechers shall at least every two weeks start up the engine of the sprinkler pumps. The results of this test must be added to the logbook belonging to the sprinkler system.

If Skechers fails to comply with the obligations which it must fulfill pursuant to the Civil Code in general or pursuant to this article in particular and if it does not remedy this failure within two (2) weeks of the written notice of default by ProLogis, ProLogis, provided it has sent a letter to Skechers containing a plan of the works ("bestek") will be entitled to have the necessary works carried out for the account of Skechers and to claim the repayment of all costs incurred as a result of this. This does not affect any other right and recourse of ProLogis toward Skechers under this Agreement or by law.

B. During the entire duration of the Agreement, Skechers will have to comply with any statutory, administrative or any other applicable regulations. Skechers will be responsible for any consequences arising from failure to comply with these regulations.

C. Skechers will be liable for any loss due to an act or omission of Skechers or due to any act or omission of any its representatives, employees and any persons in general for which Skechers is liable by law.

D. On the date of commencement of this Agreement, the level of the land of the Premises, including the front area pertaining to the Premises is at the original level.

The maintenance of the aforementioned lands, the replacement of any damaged parts of these lands and the maintenance of these lands at the original level will be carried out for the account of Skechers.

14 Furnishing and Alteration Work

Skechers is entitled to fix partitions and lighting systems in the Premises and to carry out small works and improvements necessary for or useful to its activities.

Upon the termination of this Agreement, ProLogis may, at its own choice, keep the partitions, lighting system, small works and improvements itself without any compensation or payment to Skechers, or obligate Skechers to remove the partitions, lighting system, small works and improvements and to return the Premises to their original state, at the costs of Skechers.

If applicable Skechers shall provide ProLogis as soon as possible with a copy of the post intervention files related to such works.

Significant alterations or work, in particular where they affect the structure of the Premises, are not permitted, unless prior written permission has been given by ProLogis. ProLogis will have to give the reasons for withholding its permission. If ProLogis gives such permission, it will also immediately inform Skechers, whether or not, upon termination of the Agreement, it will keep the significant alterations or work subject to the permission. In the absence of such decision by ProLogis, the significant alterations or work need to be removed.

15 Defects and Repairs

ProLogis is, for its own account, only responsible for the repair of any structural defects of the Premises as meant in article 606 of the Civil code.

However, if it appears that any such defects are the result of a failure by Skechers to perform its maintenance obligation or of any injudicious or inadmissible use by Skechers or of any other reason which may be ascribed to Skechers, Skechers will be responsible for the repairs.

If Skechers identifies a defect or any damage for which ProLogis is normally responsible, even if it is caused by a third party, it must notify ProLogis in writing of this situation promptly and not later than ten (10) days following the discovery of the defect and/or damage.

If Skechers fails to notify ProLogis, it will be personally responsible for any damage or loss resulting from this failure of notification.

Skechers will have to allow the performance of any maintenance and repair work, considered necessary by ProLogis. It will not be entitled to any compensation, such as a reduction of the Price or any other type of compensation, relating to or resulting from such work, irrespective of the duration, even where it would exceed 40 days.

All the costs arising from the alterations or adjustments of the Premises ordered by a competent authority on account of a fact, an act or omission on the part of Skechers will be borne solely and exclusively by Skechers.

16 The State of the Premises upon Termination of the Agreement

ProLogis and Skechers agree that, if and for whatever reason, this Agreement terminates or ends, the "State of Delivery" report, as referred to in Article 12, shall be leading and shall be the basis for a new inspection report of the Premises. ProLogis will in the presence of Skechers draw up a new inspection report of the Premises upon the release of them by Skechers, in order to determine whether Skechers is responsible for any damages.

ProLogis will have this inspection report drawn up promptly after the termination of the current Agreement. Such report shall indicate the damages in the Premises for which Skechers is responsible and liable, as well as the duration on non-availability of the Premises due to the required repair works.

In the event of disagreement on the contents of such inspection report, this matter shall be submitted as soon as possible to an independent expert specialized in real estate. This expert shall be appointed by the parties or, failing agreement, at the request of either party by the President of the Chamber of Commerce and Industries of Liège. The decision of the expert shall be binding for both parties. The costs of the expert shall be equally borne by both parties.

The transfer of the keys, in whatever form, upon or after the departure by Skechers shall not at any time release or discharge Skechers of its obligations, either in part or in their entirety in relation with the obligations of the Skechers under this Agreement, and in particular with respect to possible repair works or the non-availability of the Premises.

Upon its departure, Skechers shall pay any outstanding service charges.

Skechers shall have to leave the Premises well-maintained and clean at the end or termination of this Agreement.

Skechers shall be liable for any damages to the Premises, due to an act or omission on its part or due to any act or omission on the part of its representatives, employees and of any persons in general for which Skechers is liable by law or in accordance with this Agreement.

Next to the repair costs, Skechers will have to pay ProLogis any compensation resulting from the unavailability of the Premises due to an act or omission for which Skechers is liable pursuant to the preceding paragraph or because Skechers has not vacated the Premises in due time. This compensation will be the equivalent of the then valid Price due by Skechers for the period of unavailability of the Premises, as determined between parties or by the expert.

17 Expropriation

In the event that the Premises, either in part or in their entirety, are expropriated, Skechers will have no right of recourse against ProLogis. The rights which Skechers asserts against the expropriating authority shall at no time affect the rights which ProLogis shall have against the expropriating authority.

18 Visits to the Premises/ For Rent or For Sale

ProLogis and its agent and representatives are authorized to visit the Premises with a person appointed by Skechers, whenever necessary, subject to prior notification (at least eight working days) to Skechers.

During the six (6) months before the termination of the Agreement or in the event of any sale of the Premises, ProLogis is entitled to fix the necessary advertising signs and announcements without excessively hindering the activities of Skechers.

19 Terms of the Deed of Sale

Skechers explicitly states to be informed and that it is aware of and complies with the terms of the Deed of sale dated June 6, 2001 between ProLogis and Services Promotion Initiatives en Province de Liège (SPI+) scrl, and Skechers undertakes, for itself, any of its entitled parties and any of its successors and assigns, to comply conscientiously with the provisions of this Deed of sale, if applicable, articles two (2), three (3), four (4), five (5), six (6), seven (7) and eight (8) of this Deed of sale, in so far as these are or can be applicable to Skechers, and to ensure that these stipulations are also complied with conscientiously by any third parties which may acquire a right of lease, use or any other right to the Premises or the site.

Skechers shall indemnify and hold fully harmless ProLogis for any damage and/or costs which may arise from a failure to

comply with the aforementioned terms of the Deed of sale. ProLogis declares that the Agreement is in compliance with articles 2 up to 8 of the Deed of Sale, insofar as applicable.

The articles 2 up to 8 of the above Deed of Sale set forth the following :

L'affectation économique grevant le bien vendu

Article deux- Le bien faisant l'objet de la présente vente est grevé d'une affectation économique, celle-ci devant être considérée comme une condition essentielle de la cession consentie par la société « Services Promotion Initiatives en Province de Liège ».

La notion d'affectation économique a été précisée dans le préambule.

L'interdiction de donner partiellement ou en totalité au bien, une autre affectation, est absolue sauf ce qui est précisé ci-après.

L'obligation de construire sur le bien des bâtiments dans un délai déterminé.

Article trois- L'acquéreur s'engage à édifier sur le bien faisant l'objet de la présente convention dans un délai de deux ans un ensemble de bâtiments conformes au plan d'implantation du dix-huit janvier deux mille un et approuvé par la S.P.I. Cet engagement constitue une condition essentielle du présent acte de vente. Sans préjudice au droit pour la S.P.I. d'exercer la faculté de rachat visée à l'article 6, la S.P.I. pourra, en cas d'inexécution de cette obligation, considérer la vente comme résolue de plein droit, et sans mise en demeure préalable. En cas de résolution de la vente, la S.P.I. n'est tenue qu'au remboursement du prix tel que stipulé à l'article 1, sans aucune majoration, indemnité quelconque ni intérêt. L'acquéreur sera tenu de remettre le bien dans l'état où il l'a reçu. La S.P.I. ne devra aucune indemnité pour des améliorations ou plus-values apportées au bien par l'acquéreur et sera libre de conserver le cas échéant, ces améliorations.

L'obligation d'exercer une activité économique déterminée

Article quatre- L'acquéreur s'engage à exploiter dans l'immeuble à ériger sur le terrain vendu, l'activité définie par les parties, de la manière suivante : construction de halls, pour mise à disposition, par location ou vente, à des entreprises.

Elle devra être conforme à la description plus détaillée qui en a été donnée par l'acquéreur dans sa lettre du dix-huit février deux mille dans la mesure où les termes de cette lettre ont été expressément acceptés par le Bureau Exécutif de la S.P.I. en sa séance du dix mars deux mille.

Cette activité devra être pleinement exercée dans le même délai de deux ans stipulé à l'article 3. L'acquéreur ou tout autre utilisateur du bien lui succédant est tenu de demander l'autorisation préalable à la S.P.I. pour tout changement significatif de l'activité exercée sur le bien vendu ou en cas de cessation totale ou partielle de cette activité. Cet engagement constitue une obligation essentielle du contrat.

La S.P.I. peut, le cas échéant, autoriser l'exercice d'une activité nouvelle et/ou renoncer à la sanction prévue par le contrat. Cette autorisation exceptionnelle et cette renonciation ne se présument pas et doivent faire l'objet d'une décision expresse de la S.P.I.

Cession de la propriété ou de la jouissance du bien à un tiers

Article cinq- L'acquéreur pourra céder tout ou partie de bien vendu, en faire apport, le donner en location ou en transférer de toute autre manière la propriété, l'usage ou la jouissance, avec l'accord préalable et écrit de la société « Services Promotion Initiatives en Province de Liège » et sous la condition d'imposer au nouvel utilisateur du bien, le respect intégral de la présente convention. Cet accord devra être donné dans un délai de 15 jours ouvrables à dater de la demande faite par l'acquéreur. A défaut, la S.P.I.+ sera sensée avoir donné son accord sur la demande. La S.P.I. refusera ou acceptera la cession de la propriété ou de la jouissance en fonction des objectifs définis au préambule de la présente convention et des objectifs généraux poursuivis par elle. La S.P.I. se réserve notamment le droit de contrôler si l'activité prévue par le cessionnaire ou le locataire ou tout autre utilisateur nouveau, ne risque pas de porter atteinte à la salubrité du parc industriel au sein duquel est intégré le bien vendu et si cette activité s'intègre le cas échéant, dans le programme d'implantation poursuivi sur ce site. Le contrat passé entre l'acquéreur et le nouvel utilisateur du bien doit obligatoirement stipuler l'engagement du nouvel utilisateur au bénéfice de la S.P.I. de respecter toutes les clauses de la présente convention, relatives à l'affectation économique grevant le bien vendu (article 2), à l'obligation de construire les bâtiments dans un délai déterminé (article 3), à l'obligation d'exercer l'activité économique déterminée par la convention (article 4), à la cession de la propriété et de la jouissance (article 5) et à la faculté de rachat (article 6). Ces clauses devront être intégralement reproduites dans la convention. Une copie de celle-ci doit être soumise à la S.P.I. sans délai, dès le jour de la signature. En cas de violation du présent article, l'acquéreur initial reste solidairement tenu de toutes les obligations du contrat en cas de manquement par le cessionnaire à ces obligations.

Faculté de rachat

Article six- La société « Services Promotion Initiatives en Province de Liège » ou la Région pourra, sur le pied de l'article 32 paragraphe 1 de la loi du 30 décembre 1970 sur l'expansion économique, modifié en ce qui concerne la Région Wallonne par le décret du 15 mars 1990 publié au Moniteur Belge du 7 juin 1990, racheter le terrain et/ou le bâtiment au cas où il ne respecte pas les autres conditions d'utilisation. Le rachat s'opérera au prix du marché de l'immobilier. En aucun cas, ce prix ne peut dépasser celui qui est fixé par les Comités d'Acquisition d'Immeubles. Toutefois, moyennant l'accord de la S.P.I., l'acquéreur pourra revendre le bien, et dans ce cas, l'acte de revente devra reproduire les clauses visées aux articles 2, 3, 4, 5 et 6.

La venderesse considérera comme exécutée l'activité économique telle que précisée à l'article 4 des présente, par la mise en œuvre de tous les moyens normaux et nécessaires ainsi que les efforts de promotion auxquels s'engage de bonne foi l'acquéreur pour que la vente ou la location, le leasing et la mise à disposition de l'immeuble décrit à l'article 3 intervienne dans les meilleurs délais.

CONDITIONS Particulières

Articles sept.- Tout travail de nature à modifier le niveau du terrain faisant l'objet de la présente vente ne pourra être effectué par l'acquéreur sans l'autorisation préalable de la venderesse.

Article huit.- L'acquéreur s'engage à n'installer ou à ne laisser installer sur le bien vendu que des enseignes ou panneaux publicitaires destinés à renseigner sa raison sociale, son nom ou les produits fabriqués ou vendus par lui. L'installation de cette publicité sera soumise à l'accord préalable de la venderesse. L'acquéreur s'engage à maintenir en état de parfaite propreté les parties non bâties de la parcelle.

20 Environment and health

Skechers shall at all times use its best efforts to minimize the impact of its activities on the environment and human health.

Skechers shall, both during the Agreement and afterwards, fully indemnify ProLogis and hold ProLogis harmless for all damages and costs resulting from the release by Skechers of harmful substances into the air, the water, the soil and the groundwater, or from any activity which is harmful for the environment or human health, including but not limited to (i) the fees and expenses for surveys or other studies, preventive or remedying measures and for monitoring programs, (ii) the decrease of the value of the Site, (iii) the loss of benefit of the exploitation of the Site, (iv) liabilities towards third parties and/or public authorities, (v) all penalties, interests, proceedings and fees of technical, legal and financial experts.

Prior to the commencement of this Agreement, ProLogis has conducted a Phase I Environmental Site Assessment, Industrial Park Hauts-Sarts-Milmort, ProLogis Belgium II Sprl ProLogis Belgium III, V, VI Sprl, Avenue du Parc Industriel, 4041 Herstal-Milmort (Liège), Belgium (GEDAS, January 18, 2001, project number: 11/15/1844) and the Geotechnical Site Investigation (GEDAS, March 7, 2001, project number : 11/15/1844 — revision B) on the Site, for its own account. The Assessment and the Geotechnical site Investigation (together 'the GEDAS report') have been appended to this Agreement as [Appendix 6](#). ProLogis shall have established an update of the GEDAS report (of both the Assessment and the Geotechnical site investigation) by GEDAS which will be communicated to Skechers prior to the official delivery date of the Premises, as referred to in Article 5, which will include drills on the Site and an examination of samples of the soil and ground water of the Site evaluated on the basis of the Walloon standards for the parameters for which such standards currently exist and on the basis of the Flemish standards for the other parameters (the "Update report"). This Update report will be attached to this Agreement as [Appendix 7](#). The GEDAS report and the Update report represent a legally appropriate survey and is regarded a sufficient basis to describe the status of the soil and ground water of the Site, agreed by ProLogis and Skechers.

Prior to the termination of the Agreement, Skechers will, at its sole expense, order an accredited expert to carry out an exploratory soil survey on the Site.

If the results of this exploratory soil survey indicate that there are concentrations of substances in the soil and/or the groundwater of the Site exceeding the standards which apply on such date and/or which give cause to further survey measures and/or soil decontamination, Skechers will have these further surveys and soil decontamination carried out, for its own account.

Skechers will also compensate ProLogis for any damage which the latter may suffer as a result of any soil and/or groundwater contamination exceeding the contamination ascertained in 'the GEDAS report' and the Update report or as a result of the survey and remediation measures carried out by Skechers for such contamination

Skechers will make a reasonable effort to ensure that the survey and remediation measures are carried out prior to the termination of the Agreement and interfere as little as possible with the use of the Site.

21 Various clauses

21.1 This Agreement contains the entire agreement of the parties hereto with regard to the object to which it refers and contains everything the parties have negotiated and agreed upon within the framework of this Agreement.

No amendment or modification of this Agreement shall take effect unless it is in writing and is executed by duly authorized representatives of the parties.

The Appendices to this Agreement form an integral part thereof and any reference to this Agreement shall include a reference to the Appendices and vice versa.

It replaces and annuls any agreement, communication, offer, proposal, or correspondence, oral or written, previously exchanged or concluded between the parties and referring to the same object.

21.2 Notwithstanding any provision contrary to the present Agreement, neither party shall be liable for a delay or failure to fulfill its obligations under this Agreement arising from any cause beyond its reasonable control or arising from strikes, lockouts, work stoppages or other collective labor disputes, insofar that the party invoking the force majeure informs the other party as soon as reasonable possible of the occurrence and the estimated duration and the termination thereof, as well as an accurate description of the causes thereof. In case the situation of force majeure has a duration of more than two (2) months, the other party is entitled to terminate this Agreement in accordance with the terms of this Agreement.

21.3 The parties acknowledge that they have required all notices and legal proceedings provided for under the present Agreement, or related hereto, to be drawn up in the English language, to the extent permitted by rules of public policy relating directly or indirectly to these proceedings.

21.4 If one or more of the provisions of this Agreement is declared to be invalid, illegal or unenforceable in any respect under the applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected. In the case whereby such invalid, illegal or unenforceable clause affects the entire nature of this Agreement, each of the parties shall use its best efforts to immediately and in good faith negotiate a legally valid replacement provision.

21.5 No failure or delay of a party to exercise any right or remedy under this Agreement shall be considered a final waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

21.6 If this Agreement is to be registered, Skechers shall do so as soon as reasonably possible. A proof of registration is to be submitted to ProLogis. The costs and possible penalties resulting thereof are to be borne solely by Skechers.

21.7 The parties acknowledge that they have required the present Agreement to be drawn up in the French and the English language,

both with equal value. The French version will be used for registration purposes. The English version will be attached to the French version as Appendix 8.

22 Choice of Domicile

Any notifications and correspondence which must be addressed to the other party, may be served in a legally valid manner at the following addresses :

for ProLogis : ProLogis Belgium Illsprl, Park Hill, Building A, 3rd Floor, Jan Emiel Mommaertslaan 18 B-1831 Diegem;

for Skechers : Skechers EDC, 159 Parc Industriel Hauts-Sarts, Zone 3, Avenue du Parc Industriel, 4041 Herstal.

Except if agreed otherwise, any change of address can only take place within Belgium. Any change of address must be notified by registered letter to the other party, the new address being considered the official address for purposes of this Agreement from the first business day following the sending of such notice letter.

Notwithstanding the preceding, all notifications between Skechers and ProLogis directly related to the Agreement shall be in the form of registered letters.

23 Competent Courts

In the event of any dispute relating to the conclusion, validity, the implementation or the interpretation of this Agreement, the courts of Liège will have sole and exclusive jurisdiction.

24 Applicable law

This Agreement shall be governed by and construed in accordance with Belgian law.

25 Bank Guarantee

By way of security for the due performance by Skechers of its obligations under the Availability Agreement, Skechers hereby gives to ProLogis a bank guarantee at first demand issued by a first class European bank having an office in Belgium and doing business in Belgium for an amount equal to the Price as defined in the Availability Agreement for a period of three (3) months plus service charges and plus VAT as determined and adjusted in accordance with the terms and conditions of this Agreement.

When the Price in accordance with Article 4 is modified, the amount of the bank guarantee will have to be adjusted in line with the annual adjustment of the Price payments every year. It will have to apply to the entire duration of the Agreement plus six months.

This bank guarantee shall only be released six (6) months after the expiry or termination of the Availability Agreement, including its extensions.

The bank guarantee shall be part of this Agreement and shall be attached to it as Appendix 9.

In the absence of the bank guarantee as at Commencement Date at the latest, this Agreement will be null and void ipso iure without any further notice being required or any legal proceedings to be started. If ProLogis should decide to refer to the lack of the bank guarantee and thereby invokes the nullity of the Agreement, all Price payments, charges and any other payments due to ProLogis under this Agreement will nevertheless remain in force as a compensation due to the unavailability of the Premises, without prejudice to any other compensation ProLogis may claim.

Next to the bank guarantee, ProLogis obtained from Skechers USA Inc., a company under the laws of the State of Delaware having its principal place of business at 228 Manhattan Beach Blvd, Manhattan Beach, CA 90266, USA, a letter, attached hereto as Appendix 10, pursuant to which the latter declares in favor of ProLogis, including the successors in title of ProLogis, the financial soundness and the complete observance by Skechers of its obligations under this Agreement. This letter is essential for ProLogis for entering into this Agreement.

In the absence of the letter at signing date, this letter will be provided within two weeks after signing this Agreement.

*

**

This Agreement was made out in quadruplicate in Milmort
Each party acknowledges to have received its original copy.
May 20th 2008

/s/ Gerrit Jan Meerkerk
For ProLogis Belgium III Sprl,
Gerrit Jan Meerkerk

/s/ David Weinberg
For Skechers,
David Weinberg

The following Appendices are part of this Agreement:

- Appendices:**
1. Situation Plan (02/06 6102 07-04-2008);
 2. Building permit Application (E16256);
 3. Plans and Specifications DC II / Outline specifications (May 2008);
 4. List of services, supplies and site maintenance (09-Oct.-2007);
 5. n/a
 6. Gedas report;
 7. n/a
 8. n/a
 9. n/a
 10. n/a
-

Appendix 1
Situation Plan

Appendix 2
Building Permit Application

Walloon Region

Liège — 7 July 2008

Liège Directorate 1
Town Planning Division
Rue Montagne Sainte-Walburge, 2
4000 LIÈGE
Belgium

Tel. +32 (0)4/224.54.11.
Fax +32 (0)4/224.54.66.

REGISTERED LETTER
S.P.R.L. PROLOGIS Belgium III
J.E. Mommaerstlaan, 18
1831 DIEGEM

Your Ref.: /
Our Ref.: E16256/BM/MRM
Encl.: 1 set of plans + notification

APPENDIX 12 — FORM G

PUBLIC INSTITUTIONS OR
STATE APPROVED ACTION AND WORKS
DECISION TO GRANT PLANNING PERMISSION

The Delegated Officer,

Considering the Walloon Code of Law for Town and Country Planning, and Heritage;

Considering the decree dated 11 March 1999 relating to environmental permission;

Considering Volume 1 of the Code of Environmental Law relating to the assessment of the impact of projects upon the environment;

Whereas the private limited liability partnership S.P.R.L. PROLOGIS Belgium III has submitted an application for planning permission relating to a property located in HERSTAL (Liers), Avenue du Parc Industriel, recorded in the land registry under no. 450 e2, g2, and the purpose of which is the construction of an industrial hall

Whereas the full planning permission application was filed with the Delegated Officer of the **Directorate of LIÈGE 1** of the General Directorate for Town and Country Planning, Housing and Heritage. The application was filed by post and received on 15.05.2008;

Direction générale de l'Aménagement du territoire, du Logement et du Patrimoine
General Directorate for Town and Country Planning, Housing and Heritage
Main address: Rue des Brigades d'Irlande 1, B-5100 Namur • Tel.: 081 33 21 11 • Fax: 081 33 21 10
www.wallonie.be • Freephone no. 0800 11 901 (general information)

Whereas the property in question is recorded in the LIÈGE area plan approved by the Walloon Region Executive Decree (A.E.R.W.) dated 26.11.1987 for trade & industry activity and which has continued to apply to the aforementioned property;

Whereas the project falls within the scope stipulated in Article 1, item 5 of the decree dated 11 March 2004 relating to infrastructure accommodating business activities;

Whereas municipal building regulations approved by the Executive Decree dated 05.09.1980 are in force throughout the municipal territory where the property is located;

Whereas the planning permission application comprises an environmental impact assessment notice;

Whereas the services stipulated below have been consulted on the following grounds:

- the Promotion Initiatives Service SPI+, whose opinion requested on 21.05.2008 and issued on 28.05.2008 is favourable;
 - Whereas the project is located within an area of the SPI+;
- the I.I.L.E., whose opinion requested on 21.05.2008 and issued on 16.06.2008 is favourable subject to conditions;
 - on public safety grounds;

Whereas the opinion of the **Municipal Council** was requested on 23.05.2008 and issued on 10.06.2008; and that its opinion is favourable subject to conditions;

Taking into consideration the plans registered by my department on 28.03.2008;

Taking into consideration the project consists of:

- the construction of an industrial (storage) hall of 21,275 m² as an extension to an existing hall;

Whereas the planning permission application does not relate to any project featuring on the list decreed by the Government and which, given its nature, its dimensions or its location, is subject to an environmental impact study, taking into account the selection criteria stipulated in Article D.66 of the Code of Environmental Law;

Whereas the planning permission application is accompanied of an environmental impact assessment notice, and that this notice is complete and appropriately identifies, describes and assesses the direct and indirect impact, and this in the short, medium and long term, of the project layout and implementation upon humans, the fauna and flora; the soil, the water, the air, the climate and the landscape; real estate and cultural heritage; the interaction between the factors stipulated above;

Whereas the planning permission application is not accompanied of an impact study, that the authority is of the opinion that in view of the aforementioned notice and of the plans, that taking into account the relevant selection criteria stipulated in Article D.66, section 2, the project is not likely to have any significant impact upon the environment;

Whereas judging from the plans and the photographic report included in the case file, the impact of the project upon the landscape is insignificant;

Whereas the planned installation does not compromise the general intended use of the area, nor of its architectural nature;

And consequently,

DECIDES

Article 1: The planning permission applied for by the private limited liability partnership S.P.R.L. PROLOGIS Belgium III is granted subject to the following conditions:

- To comply with the decision of the I.I.L.E. enclosed in the appendix;
- To request an inventory of the pavement, the alignment and the level as well as information on the layout of the structures at least 60 days before the estimated date of the start of the works, using the enclosed form. The applicant should take note of the municipal rules and regulations concerning the information on the layout of the structures in accordance with Article 137 of the C.W.A.T.U.P. and the regulations concerning municipal fees for the information on the layout of the structures;
- To provide ventilation for social premises in accordance with the standards in force;
- To install an inspection chamber or an inspection hole at each junction and change of direction in the drainage pipework;
- The access routes to the site must to be installed using a hydrocarbon road covering that makes it possible to differentiate between the public area and the private area;
- The pavement and the gutter system must not under any circumstances be removed or modified;
- The soil originating from the terracing must be disposed of at an inert waste sorting centre. It must not under any circumstances be used to backfill the land;

Article 2. — This decision is issued to the applicant and to the Municipal Council of HERSTAL;

Article 3. — The holder of the planning permission must notify the Municipal Council and the Delegated Officer, and this by registered letter, of the start of the works and of the permitted processes, at least eight days before starting these works or processes.

Article 4. — This planning permission does not dispense the holder from applying for the compulsory authorisations or permits imposed by other legislation or regulations.

Delegated Officer
André DELECOUR
Director

Your contact: Bernadette MOTTET — Architect

EXTRACTS FROM THE WALLOON CODE OF LAW FOR TOWN AND COUNTRY PLANNING, AND HERITAGE1) MEANS OF APPEAL

Art. 127. Section 6. The applicant and the municipal council can lodge an appeal to the Walloon Government within thirty days from receipt of the decision from the delegated officer or from expiry of the deadline stipulated in Article 127, section 4, paragraph 2.

2) DISPLAY OF THE PLANNING PERMISSION

Art. 134. A notice stating that the planning permission has been issued must be displayed on the land facing the highway and legible from the latter, and if this relates to works, prior to the start of the site and throughout the entire period of the works, or in other cases, starting from the preparatory work, before the process or processes have been executed and throughout the entire period of their execution. Throughout this period, the planning permission and the attached case file or a certified true copy of these documents issued by the municipality or the delegated officer must at all times be available to the bodies referred to in Article 156 at the location where the works are executed and the processes are performed.

3) EXPIRY OF THE PLANNING PERMISSION

Art. 87. Section 1. The planning permission expires if, within two years from the date of issue of the planning permission, the beneficiary has not started the works in any significant way. Section 2. The planning permission expires for the remaining section of the works, if the latter have not been completed within five years from the date of its issue, except if the works are authorised to be executed in phases. In this case, the planning permission determines the start of the deadline of expiry for each phase other than the first. The planning permission expires ipso jure.

4) EXTENSION OF THE PERMISSION

Art. 87. Section 3. Upon application by the beneficiary of the planning permission, the latter is extended for a period of one year. This application must be lodged thirty days prior to the expiry deadline stipulated in Article 87, Section 1. The extension is granted by the Government or the delegated officer.

5) CERTIFICATION OF CONFORMITY OF THE WORKS

*Art. 139. Section 1. The beneficiary of the planning permission must have the condition of the property inspected for compliance with the planning permission, and this at the latest within six months from expiry of the deadline stipulated in Article 87, Section 2, or prior to any assignment. **In the case of assignment more than three years following an inspection, the assignor must ensure that the property concerned is inspected for compliance with the planning permission prior to the deed of assignment. However, an inspection is compulsory prior to any assignment following a provisional inspection.***

Section 2. The inspection must be performed by an authorised certification body, selected by the beneficiary of the planning permission or the assignor. If the municipality has not received the town planning certificate of conformity or the document containing the refusal of a town planning certificate of conformity at the end of the six months following expiry of the deadline stipulated in Article 87, Section 2, the Municipal Council or the body appointed by the Municipal Council will automatically commission an authorised certification body to proceed with the inspection.

In any case, the cost of the inspection will be borne by the beneficiary of the planning permission or by the assignor.

6) SPECIAL PROVISIONS APPLICABLE TO GROUP STRUCTURES

Art. 126. When planning permission authorises several structures and if these structures imply the creation of infrastructure and of communal equipment, including water treatment equipment, the planning permission can make these transformations subject to, and this free of charge or against payment, to division, the creation of a long lease or rights to surface area, or a lease of more than nine years, applicable to all or part of these properties:

1. A certificate issued in accordance with the terms and conditions stipulated in Article 95, paragraph 1;

2. A deed of division drawn up by the notary stipulating the town planning guidelines for all of the structures and the management methods of the communal areas.

The planning permission must mention any possible phases of execution of the structures and state the start of every phase.

N.B. LAYOUT

Please note Article 137 of the said Code of Law and therefore the necessity to make contact with the municipality concerned.

Article 137. The planning permission can determine the order in which the works have to be executed and the deadline within which the terms and conditions of the planning permission have to be met. ***The start of the works relating to the new structures, and this including the extended floor occupation of existing structures, will be subject to an on-site statement of the layout performed by the Municipal Council.***

This statement will be recorded in an official report.

Appendix 3

**Plans and Specifications DC II/
Outline Specifications**



**Outline Specification
SKECHERS DC 2 Milmort**

Distribution Center/Warehouse:

- Minimum clear height of 10.8 m
 - Steel building frame or concrete building frame with wooden laminated beams design reference-period 50 years.
 - General column bay spacing 22m x 12 m
 - 2 Overhead doors, 4x 4,5 meter
 - Certified ESFR K14 roof-net sprinkler system in warehouse
 - Loading docks 28 nos. electrically operated doors and levelers (6t dynamic load, 10t static load), equipped with weather shelters and buffers, doors with vision panel.
 - Loading pit (concrete) in front
 - 3 no level access doors per fire compartment
 - Minimum floor loading capacity of 5,000 kg/m², and a rack leg load of 6000 kg.
 - Average floor flatness of Zeile 4 (DIN 18202) — 5 mm under 2m screed
 - Heating central gas heating to 18°C with outside temperature -10°C
 - Abrasion resistance top floor according class MS 25, Dutch code NEN 2743.
 - Minimum lighting level 150 Lux; average lighting level 200 Lux, measured on 1 meter above floor before the installation of racks.
 - Fire alarm and evacuation alarm, fire hoses, emergency lighting as per regulations.
 - Insulation value of 2.5 for the roof and façade (Rc = 2.5 m²K/W)
 - Roof rainwater discharge through a pluvia system
 - Insulated concrete panel plinth (height 2,25m) at loading docks (front façade) and at side and back facades (height 3,75m)
 - Maximum air leakage of the warehouse shell: 3 m³/h/m²
 - Concrete wheel guides to protect loading docks
 - Crash protection poles for all dock doors, level access doors and sliding fire doors. Crash protection for all vertical pipes and stairs in the warehouse.
 - Per unit battery charge points with battery charge electrical connection point:
 - 5 outlets 3*400V/32A (excluding equipment)
 - 5 outlets 240V/16A (excluding equipment)
 - Windows in front on mezzanine level, see drawing architect.
 - 3 fire rf 1/2 hr, doors 3.8 x 4.85 m in fire wall, according to local regulation.
 - Mezzanine floor above loading docks, depth 9.45 meter deep and a floor load capacity of 400 kg/m².
 - Transformer and switch room by DC1 existing building.
 - Water supply sprinkler by existing installation.
 - Sprinkler pump and room according to regulations
 - Restroom/ canteen on mezzanine.
 - A grey water system to be installed for re-use of rain water for flushing toilets and irrigation
 - Employee entrance in side wall under mezzanine
 - Guard house between truck entrance and truck exit including new entrance trucks see drawing architect.
 - Fire alarm and evacuation alarm, fire hoses, emergency lighting as per regulations.
-



Site/Exterior

- 2 m high security fencing and manually operating sliding gates.
- Loading pit is suitable for incoming and outgoing standard European trucks according to EVO advice
- Landscaping as required
- Concrete brickwork paving with heavy-duty 100 mm in truck zone, 80 mm in passenger vehicle areas.
- Ample car parking and truck on site (in front of building, see drawing architect)
- The front of the façade of the truck court has an average lighting to 10 Lux
- Outside lighting: Roads and parking 20 Lux
Loading area and entrance 75 Lux

@ProLogis, May 2008

Appendix 4

**List of Services, Supplies and
Site Maintenance**

List of Supplies and Services for the rented property

Component	Frequency
Doors	
* Inspection and maintenance of dock equipment (overhead doors, levellers, shelters)	1x p.a.
* Maintenance of exterior door and window furniture	
Grounds	
* Maintenance of paved areas	1x p.a.
* Clean channels, pump sumps, Inspection chambers and outlets, flush through foul water sewer and clean settlement tank including: removal of waste in an environmentally sound manner	1x p.a. 2x p.a.
* Preventative maintenance of electric sliding gates and turnstiles on site	1x p.a.
* Maintenance of green areas	N/A
* Sweep whole site	N/A
* Barriers/outdoor lighting	N/A
External walls	
* Clean external walls and claddings of warehouse, offices + guardhouse	1x/3. years
* Clean external walls and claddings of offices 1x p.a. after first cleaning	1x p.a.
* Clean glazing	N/A
Paintwork	
* Touch up interior paintwork	1x p.a.
Roof surfaces	
* Check roof safeties	N/A
* Clean roof surfaces	2x p.a.
* inspect roof (payable by owner)	N/A
General structural	
* Minor structural maintenance, split between several visits per year (max. 3)	1x p.a.
* Preventative maintenance of fire shutters	1x p.a.
* Preventative maintenance of (interior) sun shading	1x p.a.
Lift systems	
* Regular maintenance of lift systems in accordance with regulations	N/A
* Testing of lift systems in accordance With regulations	N/A
Building maintenance systems	
* Regular maintenance of building maintenance systems in accordance with regulations	N/A
* Testing of building maintenance systems in accordance with regulations	N/A
Plumbing and HVAC systems	
* Preventative maintenance of plumbing and HVAC systems	N/A
System components:	
* Boiler systems	
* Switching cabinets and control equipment	
* Air conditioning systems	
* Gas-fired air heaters	
* Cooling systems (split systems and/or refrigeration equipment)	
* Tempering valves, motorised valves, valves, filling and drain cocks	
* Circulating pumps, pressure expansion tanks, non-return valves, safety devices	
* Air humidifiers	
* Jobs to be performed:	
* Inspection and maintenance of equipment installed	1x p.a.
* Check filters (clean, replace)	1x p.a.
* STEK / F gases decree inspections of refrigeration equipment and airco	2x p.a.
* Periodic inspection of heating equipment under Environmental Management Act	1x/2 years

- * including consumables such as air filters (1x p.a.), drive belts, lubricants, cleaning agents, paint, Indicator lamps, screw fuses up to 25A, ionisation / ignition pins N/A
 - * Fix faults
 - * Use lifting platform N/A
-

List of Supplies and Services for the rented property

Components	Frequency
Sanitary installations	
* Preventative maintenance of sanitary installations, installation components:	1x p.a.
* Toilet, basin, shower, utility sink and urinal combinations	
* Fire hose reels	
* Electric water heaters, gas water heater	
* Wash troughs	
* Fire hydrant systems	
* Eye showers	
* Pantries	
* Rainwater outlet and emergency, overflow, outlets	
* Duborain systems	
* Fire hydrants including flow meters	
Electrical systems	
* Preventative maintenance of electrical systems with a hour response time	1x p.a.
System components:	
* Electrical system	
* Emergency lighting system	
* Lightning protection	
* Barrier system	
* Intercom system	
* Evacuation alarm system	
* Surcharge for reducing response time to 4 hours	All year round
* Thermographic Inspection of electrical system	1x/3 years
* Replace fluorescent tubes in racking warehouse	1x/8 years
* Replace fluorescent tubes in other warehouse locations	1x/5 years
	N/A
* Systems/equipment installed by tenant, e.g. security systems, access control systems, Internal turnstiles, battery chargers, wrapping machines, additional compressors, equipment in ESD room, etc.	N/A
	N/A
Sprinkler system	
* Preventative maintenance of sprinkler system	1x p.a.
* Test sprinkler system on fortnightly basis as per regulations	26x p.a.
* Replace gaskets in alarm valves	1x/3 years
* Preventative maintenance of sprinkler control panel	1xp.a.
* Replace batteries in sprinkler control panel	1x/3 years
* Preventative maintenance of sprinkler pump set	1x p.a.
* Replace oil and filters on sprinkler pump set	1x p.a.
* Replace gaskets, thermostat etc.	1x/2 years
* Replace hoses and V belts	1x/6 years
* Major overhaul of pump set	1x/12 years
* Check condition of clean water tank	1x/15 years
* Inspection of sprinkler system by inspection bureau	2x p.a.
* Preventative maintenance of fire doors	1x p.a.
* Preventative maintenance of smoke vents	1x p.a.
Legionella	
* Produce legionella control plan	N/A
* Perform checks detailed in legionella control plan	N/A
Environment	
* Take air and/or contact samples for checking indoor environment	excluded
General	
* Gas	
* Water	
* Electricity	
* Waste removal	
* Pest control	

* Telephone

* Component if applicable; specific in-house components may be added.

* Final frequency to be set in line with use and business process.

* Service level may be extended by mutual agreement (based on Article 16 of the General Terms and Conditions)

Date: 9 October 2007

Lease Prologis DC II

Appendix 6:

Gedas Report

ProLogis BV
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1119 NP Schipol-Rijk

The Netherlands

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Deume,
23th September 2002

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Project:
Phase I Environmental Site Assessment
ProLogis Belgium II Sprl
Avenue du parc industriel
Industrial Park Hauts-Sarts-Milmort

Final Report:
Update
Phase I Environmental Site Assessment

Client:
ProLogis BV

Our Ref.:
11/15/002415

Direct line:
0032/3/3608395

Direct fax:
0032/3/3608394

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ISO 9001 gecertificeerd voor:
Adviesverlening, studie en ontwerp van gebouwen, infrastructuur, milieu en ruimtelijke ordening

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1 Introduction

1.1 Background — Purpose of the Report

GEDAS, member of the ARCADIS-group, was commissioned by ProLogis on behalf of Prologis Belgium II S.p.r.l. (“ProLogis”) on August 15, 2002 to perform **an update** of a Phase I Environmental Site Assessment (Phase I ESA) of a Site in Liège, located near the Avenue du Parc Industriel, 4041 Herstal-Milmort (Liège), Belgium (“the Site”).

The contract is based on the ARCADIS proposal 2002.M5662 from August 14, 2002.

Representative photographs of the site / site inspection findings are attached in appendix 1; an overview map is shown in appendix 2.1.

Although no soil investigation is included in a Phase I Site Assessment, based on the ASTM practice, an investigation has been conducted in August 2002 and is added in appendix 3 (3.2.).

1.2 Scope of Work/Methodology

ARCADIS GEDAS already performed a Phase I Environmental Site Assessment of the site located near the Avenue du Parc Industriel, 4041 Herstal-Milmort in October-November 2000. This assessment did not identify any non-compliances with the environmental legislation. No further investigation was required by the environmental authorities.

This above described assessment was updated. The update was carried out to define the present environmental condition of the site and to identify potential sources of environmental liabilities.

The main objectives for this update are to acquire an understanding of any changes in the current situation compared with 2000 and liabilities with regard to:

- actual and previous use/site history;
- soil and groundwater;

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- general environmental setting;
- surrounding land use and potential impacts on the site;
- legal requirements, permits;

The Phase I ESA is based upon the following activities:

- Record review: review of available information related to the former and present uses of the location and adjacent properties.
- Site reconnaissance: a visit to the property to investigate the Site and surrounding properties.
- Interviews with current owners and with the government
- Preparation of a written Phase I Environmental Site Assessment report, with a summary of GEDAS's conclusions and recommendations.

1.3 Planned Land Use of the Site

In 2000 the investigated site (app. 15.5 ha) was free of any construction and was used as arable ground (mainly for cereals).

In 2001 the land was divided in 2 pieces (Lot I and Lot II) with each a surface of app. 8 ha. On one of these parcels (Lot I) a building (Lot I, Phase I) has been constructed. ProLogis plans to rent out this new constructed building. Therefore the investigation (Phase I ESA and limited soil investigation), only considers this part of the parcel with the building on.

Extensions to the buildings are foreseen in the near future. A second part of this building will be constructed in the future years (Lot I, Phase II) (*cf.* appendix 2).

The existing buildings and planned buildings are shown in appendix 2.3. The logistics hall and the office were at the time of site inspection not put into use(22/08/2002).

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1.4 Limitations of Investigation/Disclaimer

The Phase I Environmental Site Assessment (ESA) was performed by GEDAS in conformance with the scope and limitations of the American Society of Testing Materials (ASTM) standard practice for Phase I Environmental Site Assessments (E 1527-00) and the Master Services Agreement for consulting with ProLogis European properties Fund, ProLogis Trust, ProLogis B.V. or any of its European affiliates and subsidiaries, agreed and accepted on 4 November 1999.

The Phase I ESA comprised a site visit on August 22, 2002. The site inspection was conducted by Mr. Herwig Teughels and Mr. Kristof Peperstraete. The desk study was performed by Ms. Marleen Clerinx. The desk study comprised a limited review of existing documentation as well as confirmation of regulatory compliance from provided/presented permits or revision protocols and the interpretation of information on the environmental setting of the area in which the site is located.

The results, findings, conclusions, and recommendations provided in this Phase I Environmental Site Assessment report are based on the conditions that were observed during the Site inspection, the review of past occupancy history of the location and information asked for by several authorities provided.

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2 Property Description and Environmental Setting

2.1 The Property

2.1.1 Property Description and Location

The Site is located in an industrial zone (*cf.* appendix 3, 3.4.) in Herstal-Milmort (“Parc d’activités économiques de Hauts-Sarts”), app. 6 km northeast of the city centre of Liège, along the E313 highway Liège-Hasselt (Exit 34) and the A601 (see Site Map, appendix 2).

The nearest houses are situated at a distance of approximately 0,5 km at the northeastern site of the Site. Public transport facilities are present.

The surrounding streets are well maintained and new streets are under construction in other parts of the industrial zone.

The railway station of Herstal is situated at 1,5 km from the Site. At 11,5 km from the site, the airport of Liège is located (in Voroux-Goreux) and the airport of Maastricht is located at app. 46 km.

The investigated part of the site comprises an areal extent of app. 4 ha, of which the logistic hall covers ca. 22.450 m². The future attached building (Lot I, Phase II) covers also 22.450 m² according to the reviewed plans.

A transformer building (approx. 6 m²) is located on the northwestern side of the site. A gas main station is located near the main entrance of the site.

Approx. 20.000 m² are sealed traffic- and parking areas.

A detailed topographical site survey was carried out in 2001. No final detailed topographical survey (levels) was received. The actual buildings show no deviation to the planned building location and size according to the received information from ProLogis.

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The buildings were constructed in the year 2001-2002. No business operations were started. The first tenants will enter the building 15th September 2002. The site layout maps are attached in appendix 2.

Land Register Identification:	Avenue du Parc Industriel 4041 Herstal-Milmort (Liège)
Owner of the properties:	ProLogis Belgium II Sprl
Address:	Capronilaan, 25-27
Town/city:	Schiphol-Rijk
Country:	The Netherlands
Postal code:	1119 NP
Managing Director	Ko Nuiten
Contact person:	Zuzanna Eskinasi
Telephone:	+31/206.556.639
Fax:	+31/206.556.600
Officially responsible persons	
For environment:	none required
for (waste-)water:	none required
for waste:	none required
for hazardous transports:	none required
for health and safety:	none required
for fire protection:	none required
Certification:	Not applicable
At actual location since:	Not applicable — still a vacant building
Significant changes:	agricultural use until approx. 2001 2001 till 2002 construction of building (Lot I, Phase I)
Business activities:	Not applicable — Untill now no activities have been executed on the investigated site
Number of employees:	Not applicable
Administration:	Not applicable
Storage / production:	Not applicable

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Working hours: Not applicable

Buildings rented out
to external companies: none

Rented buildings: none

2.1.2 Current Property Use / Site Operations

The Site is classified as an industrial area allowing non-polluting industrial activities. Zone 3 of the industrial parc in which the Site is located, allows only transportation and transport-related activities since this zone is specified as “parc industriel pour les logistics”. The entire surface of this Industrial Zone 3 is app. 121 ha.

The land studied in 2000 covered approximately 15,5 ha. The whole Site was at the time (2000) owned by S.P.I. (Services Promotion Initiatives en Prov. de Liège, Rue Lonhienne, 14 in 4000 Liège).

This site was in 2001 divided in 2 parts (Lot I and Lot II) of each app. 8 ha. ProLogis bought one of both sites in June 2001 (Lot I). The other part is still property of S.P.I.

Lot I was divided in two pieces : Lot I, Phase I and Lot I, Phase II. Each Phase covers approximately 4 ha. **Only Phase I is included in this investigation.**

The Site of interest (Lot I, Phase I) covers approximately 4 ha. A building of app. 22.450 m³ had been constructed. No electrical towers and overhead power lines are located on the site. Along the southern property border three electrical towers are present.

The cadastral data from Lot I are known as :

- community of Herstal, Division 6, Section A, cadastral parcel 620 a (27.529 m²)
- community of Herstal, Division 7, Section A cadastral parcel 450 b2 (40.548 m²)
- community of Herstal, Division 7, Section A cadastral parcel 450 c2 (9.576 m²)

(cf. appendix 3.1.).

One big distribution facility/warehouse with an office department is located on Site.

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The current site operation (empty building) is not qualified as of any environmental concern according to the results of the site visit, data review and according to verbal statements of the authorities. Specific operation permits beyond the general construction are not required at this time.

2.1.2.1 Electricity, Transformers

The plant's electric system is connected to the public supply net (Idea, in the past Electrabel). No PCB containing transformers or capacitors are in use on site as far as noticed during the site visit. This was confirmed by ProLogis.

The site operates 1 transformer in the transformer-station located near the sprinkler installation (see map in appendix 2.2); the power output is 630 kVA.

2.1.2.2 Water Management

Water Supply

The potable water supply of the Site is partly provided by the S.W.D.E. (Société Wallone des eaux) and the C.I.L.E. (Compagnie Intercommunale Liégeois des eaux). This water concerns sanitary and drinking water. A sprinkler basin (capacity 550 m³) is present on the site (southwestern area of the location).

Sewer System / Waste Water

The site's sanitary waste water and storm water is collected separately in the site's sewer system and conveyed to the new public sewage system. The internal sewer consists of PVC-pipes.

The site does not operate a water / oil separator (not required); production waste water generating processes are not carried out at this time. Sanitary water is headed via a degreaser towards the sewer system.

2.1.2.3 Heating Units

The site operates a natural gas fueled heating system consisting of:

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- a heating circuit with a boiler unit (Ø 160) in the administration building (Firm Elco Klöcler) Two heating rooms are present. The equipment in the offices consist of Radson radiators.
- 16 modern heating radiators type Reznor in the logistic halls.

The radiators in the logistic halls should periodically be supervised by a certified chimney sweep company.

The location of the boiler unit in the administration building is shown in Appendix 2.6.

2.1.2.4 Heating Oil

The site does not operate a heating oil fueled system.

2.1.2.5 Natural Gas

There is a natural gas pipeline (Association Liégois de gaz (A.L.G.) and Distrigas) and a sewage draining system. Electrical power is provided by A.L.E. (Association Liégois d'électricité).

2.1.2.6 Underground Storage Tanks (USTs)

At the site, no underground storage tanks are noticed. No visit was executed inside the building, only the exterior part.

2.1.2.7 Aboveground Storage Tanks (ASTs)

At the site, besides the water tank (550 m³), no aboveground storage tanks are noticed. No visit was executed inside the building, only the exterior part

2.1.2.8 Fuel Station

No fuel station or battery loading stations are noticed on site.

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2.1.2.9 Storage of Chemicals

Nowadays the activities of the site do not (yet) comprise the use, storage and/or handling of hazardous materials and materials of environmental concern.

According to the owner of the site, no spills or accidents occurred till date during the building of the hall.

2.1.2.10 Emissions to the Atmosphere

In the future due to the gas heating / boiler exhausts, emissions will be generated on the site. At this time no air emissions are present on site.

2.1.2.11 Noise, Vibration and Odor Nuisance

Up till now the site does not operate heavy noise generating machinery leading to external noise emissions above the permitted emission values for industrial areas nor generating relevant vibrations.

No complaints occurred during the building of the warehouse.

The truck traffic to and from the ProLogis- site will not pass designated residential areas. Since the site entrance as well as the loading / unloading areas and internal traffic zones are not neighbored by housing areas, truck traffic generated noise emissions are unlikely to be a nuisance in the future.

Odor emitting processes do not occur at the site.

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2.1.2.12 Waste Materials

The site (empty building) produces no hazardous commercial waste (packaging material, cardboard, plastic foil etc.) or normal office waste.

2.1.2.13 Potentially Contaminated Building Materials

Asbestos Containing Materials (ACM)

ACM has not been identified during the inspection of the recently constructed building and is not present according to the owner and the reviewed construction documents (i.e. installation of ACM in new buildings is forbidden according to the applicable Belgian legislation).

PCB

The site does not operate PCB-containing transformers according to the owner; PCB-containing earth cables have not been installed.

2.1.2.14 Radioactive Materials

Prologis has not been using or storing radioactive materials. Ionization-smoke-detectors containing radioactive substances are not used on the site.

2.1.2.15 Other Contaminated Building Material

During the site visit, no contamination of building materials has been observed (new building).

2.1.2.16 Health & Safety

Dangers to the public could not be detected at this time. The site is not in possession of an emergency plan at this time. No plan is required at this time.

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2.1.2.17 Fire Protection

The municipal fire prevention revised the application for the building permit (prior to the start of the construction of the building) and imposed some rules concerning fire protection.

According to the reviewed permit the following rules should be followed :

- Implantation : A connecting road should be present for the intervention vehicles (fire department, ambulance ,...) This road should be 4 m long and should be located at a distance of 2 m from the building. This has been fulfilled.
- Structure : Rf-value (fire resistance) $1/2$ h, electricity should be controlled by a recognized expert, the safety exits should be clearly marked, pictograms must be applied, an alarm should be installed
- Fire protection : The site must be equipped with sufficient hose reels. The whole building must be reached with one jet of water. A proposal with the implantation of the fire extinguishers for the whole building complex must be transferred. Two Fire extinguishers based on water must be installed on each officelevel. Four CO₂ fire extinguishers must be installed on specific sites on the location. The installation of automatic fire / smoke detectors and a sprinkler system is required. An aboveground hydrant should exist (possible to supply 60 m³/hour, during 2 hours).

Should future storage and handling of large volumes of combustible/flammable materials or an expansion of the halls result in an increase of fire risk, than an upgrading of the present fire prevention / fire fighting installations would be required.

2.1.3 Previous Property Use

The site was used for agricultural purposes until 2000-2001. Mainly cereals and maize were grown on the land. An aerial photograph ordered by the firm Eursosense showed that in 1985 no activity was present on the site.

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2.1.4 Summary of Property History

Besides the above mentioned previous use, the site development till date comprises the construction of the present logistic hall and related administration- / service building in 2001-2002. On the 15th of September, new tenants will enter this buildings.

2.2 Environmental Setting

2.2.1 Geology

The geology of the location can be schematised in the following way:

The site of investigation is situated in the wide valley of the Meuse. Immediately below surface, Quaternary river deposits occur. These can consist of gravel (Pleistocene Meuse terraces) and a mixture of sand, silt and clay (Holocene Meuse deposits).

Below these recent layers, the Paleozoic basis occurs. At the location the top is formed by deposits of Westphalian and Namurian (late Carboniferous) age. These consist of sandstone and schist, alternated with coal beds. Underneath, the Viséan and Tournesian limestones occur. The underlying Devonian beds consist of alternating thick limestone and sandstone layers. The basis of the Paleozoic layers is formed by metamorphous schist and kwartsite of Silurian and Cambrian age.

Potential aquifers in the region are formed by the Meuse gravel deposits, and the Paleozoic limestones in which secondary porosity was created by karstic phenomena.

2.2.2 Hydrogeology

According to Mr. Lalleman d'Herstal (2000) it is not possible to abstract groundwater at this location. This is due to the presence of sandstone, schists, limestone and coal beds in the subsoil. The groundwater level of the first aquifer should only be situated at 118 m-gl in the Houiller. However in this formation some sandstone layers can be present with a thickness of 20-30 m. It is impossible to abstract water from the sandstone layers.

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We asked once more for the groundwater abstraction within a radius of 2 and 5 km. Four active abstractions (undrinkable) are present within a distance of 2 km. Two non-active groundwater abstraction wells are present within a distance of 2 km. One potentially polluting activity is present within a distance of 2 km : Axima S.A.. The data are presented in appendix 3 (3.3.).

2.2.3 Hydrology

Rainwater is collected on the site and conveyed into the public sewage system (separation rainwater — discharged waste water). The only surface water bodies of importance for the Site are the river called the “Meuse (de Maas)” and the Albert canal, both located approximately 6 km to the east of the Site. The direction of the groundwaterflow can not be determined based on present data.

The Site is located in an area with problems with respect to rainwater. The soil in this area is very impermeable, which makes it very hard for rainwater to infiltrate in the soil. This was obvious during the site visit as the soil was very swampy after a downpour. A big pond was visible on the southeastern site.

2.2.4 Topography

The topography of the Site slopes from the southeast to the northwest. On the site of Weerts a pile of soil was visible. No information concerning the origin of the ground was given. Probably the soil is originating from Weerts.

2.2.5 Previous Investigations

In the past GEDAS carried out an environmental and geotechnical investigation in the current investigation area and on the neighbouring site.

According to the reviewed files provided for the Phase I Environmental Site Assessment, GEDAS produced the following reports for the site and the neighbouring site:

- Measurement plan dated 6th November 2000, 03/3043 (neighbouring site)
- Measurement plan dated 6th of January 2001, 11/11/1844

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- Phase I Environmental Site Assessment; dated 5th October 2001, 03/3043 (neighbouring site)
- Phase I Environmental Site Assessment; report 11/15/1844 dated 18th January 2001, 11/11/1844
- Geotechnical site investigation dated 29th November 2000, 03/3043 (neighbouring site)
- Geotechnical site investigation dated 23th January 2001, 11/11/1844
- Soil investigation dated 9th October 2000, 03/3043 (neighbouring site)
- Topographical survey dated December 21st 2000, 11/11/1844

Together with the geotechnical study on the neighbouring parcels, 8 soil samples were taken and were analysed to determine the soil quality. No concentrations exceeded the Walloon Background Values or the Flemish Vlarebo Intervention Values.

A new soil investigation was executed on the current site.

2.2.6 Environmental Sensitivity

No wooded areas were observed on or around the property by GEDAS at the time of the Site inspection. The Site was formerly covered with cereals. No stressed vegetation was noticed. The site is not located in a biological valuable area. This was once more asked to the institution of nature conservation.

Regarding the presence of archeologic relicts, an inquirement was made once more with the authorities.

According to the S.P.I. no relicts were ever found on surrounding properties.

The “Service des fouilles de la région Wallonne” has mentioned in 2000 the possible presence of a Roman track from Tongeren to Herstal (Chaussée Brunehaut on the map). This implies that every demand for a building permit should be advised by the “Service de Archéologie, Direction de Liège”. They should attend every meeting concerning the preparation of the works and the start up of the activities. If something important is found they can stop the works.

There were contacts with this authorities during the construction works. A copy of this correspondence is represented in Appendix 3.7.

To the west behind the E313 the municipality of Liers is situated. To the east at 1,5 km the municipality of Milmort is located.

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2.2.7 Planning Applications

The district plan defines the site and its surrounding as an industrial area. A copy of this Plan is attached in appendix 3.4. Additional legal obligations were asked for by the competent authorities.

Building permission for the constructed building :

The building permission was granted on March 5th, 2001. The building permission for the Phase I distribution center is attached in Appendix 3.5.

2.2.8 Current Surrounding Uses

The Site is bordered to the west by the "Avenue du parc industriel" and the E313 Highway and to the other sides by small to medium sized enterprises.

The closest neighbours are Weerts (to the south) and Techspace Aero (to the east). These companies are medium-sized enterprises. Weerts is specialised in transport of biscuits. Techspace Aero produces aircraft engines. On the other sides the site is bordered by agricultural land, property of I.S.P.C. and Air Liquide.

According to the authorities no specific environmental problems were noticed except for some complaints concerning noise in the past. These were complaints from the local inhabitants concerning traffic. These complaints were not addressed to the activities of ProLogis.

The surrounding companies are :

- Techspace aero S.A., Route de Liers, 121, 4041 Milmort, T : 04/278.81.11, F : 04/278.52.07

Activity: Production of aircraft engines and treatment of waste products related with the production process. The activities are present since 30 to 40 years. No particular problems were ever noticed.

- Weerts: Avenue du parc industriel,. This is a rather new site, still under construction.:

Activity: Transport of chocolates

- L'air liquide Belge S.A., Avenue du parc industriel, 2, 4041 Milmort, T : 04/287.78.78, F : 04/278.67.47

Activity: Filling up canisters with industrial gases : The activities are present since 6 à 7 years. No problems were ever reported.

- Gar. Collette Sprl (Mitsubishi), Route de Liers, 122, 4041 Milmort, T : 04/278.58.16 , F : 04/278.71.14

Activity: garage

- Galliker Transport & Logistics, Avenue du parc Industriel, 4041 Milmort, T : 04/287.01.01, F : 04/278.03.03

Activity: The company is active in the transport sector. Activities are present since 1985-1990.

- ISPC, Route de Liers, 125, 4041 Milmort, T : 04/278.92.92

Activity: A wholesale business (+ transport) in horeca requirements (food, cooking utensils, etc.). The company is located on the site since 2 years.

- Van Dijk S.A., Route de Liers, 4-6, 4041 Milmort, T : 04/278.73.25, F : 04/278.06.37

Activity: Production of clinkers

Based on the review available documentation and the site visit, the current use of the surrounding properties does not seem to represent any risk for potential contamination of the Site.

All companies in the surrounding area are in possession of required operational permits and no issues of non-compliance have been reported. No changes with regard to the situation in 2001 was reported. Only Weerts started in 2001 with the storage of foods in refrigerators (*cf.* appendix 3.6.).

2.2.9 Previous Surrounding Uses

The area was previously used for agricultural purposes.

2.2.10 Statement of Property Sensitivity

An official central register regarding the sensitivity of a property does not exist in Belgium. The information regarding potential sensitivity issues such as environmental relevance, landfill

registration, contaminated land registry, mining issues etc. have to be obtained from several authorities.

The mentioned sensitivity aspects are described in the previous chapters.

2.2.11 Site Access and Traffic

The location is served by the E40 and the E313. Public transport facilities are present. The surrounding streets are well-maintained.

2.2.12 Utilities

Water

The potable water supply of the Site is partly provided by the S.W.D.E. (Société Wallone des eaux) and the C.I.L.E. (Compagnie Intercommunale Liégeois des eaux). This water concerns sanitary and drinking water.

Gas

Natural gas is supplied by Distrigas and A.L.G. (Association Liégeois de Gaz) (cf. Paragraph 3).

Electricity

Electricity is provided by Idea (in the past by Electrabel).

Sewer

The sewer service is provided by the local authority.

New information was asked for from the N.A.T.O., Belgacom, S.W.D.E., A.L.E., forces armées, A.L.G. Only the information from Belgacom reached us at the date of the report. Other information will be sent later.

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3 Regulatory / governmental agency inquiries

This section discusses the Walloon legislation regarding environmental practices.

The present legislation in Walloon relating to environmental protection is not well developed. Only in specific domains exists a legislation (f.e. waste).

The authorities are aware of the current situation and have worked out a new legislation. The new decree should replace the old legislation. However one is still waiting for new implementing regulations. Until then the old regulations stay into use.

According to the local authorities it will probably take another two years before this new legislation will be officially enforced.

3.1 Environmental law

A big part of the environmental law of the Walloon district is still sectorial legislation (surface water, noise, etc.). However since ten years some overall environmental aspects are implemented in the Walloon legislation.

From this point of view two decrees merit particular attention.

3.1.1 Environmental impact assessment

In view of the European directive 85/337/EEG concerning environmental impact assessment of some public and private projects, the Walloon authorities have decided on the decree of September 11, 1985. The decree was implemented in 1991 and has found wide application.

The decree makes some government decisions (f.e. granting of exploitation permits, building permits) subject to a preceding environmental impact assessment f.e.:

Whenever a request for an exploitation permit or some building permit is submitted, it has to be joined by a preceding environmental impact assessment („*Notice d'évaluation préalable des incidences*“).

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The competent authorities evaluate the repercussions of the project on the environment. If the authorities consider the repercussions to be negligible, no further investigation / measures should be taken.

If the authorities consider the environmental repercussions of the project to be important, an extensive environmental impact assessment („*étude d'incidences*“) should be conducted.

This elaborate assessment („*étude d'incidences*“) contains at least:

- A description of the project, the location, planning and dimensions
- The necessary information to identify and to value the effects of the project on the environment
- A description of the necessary measures necessary to avoid negative aspects
- A non-technical description of the data mentioned above

The elaborate environmental impact assessment should be conducted by a recognised expert. After the study has been finished, the developer submits five copies of the demand to the competent authorities. These authorities forward the demand to the local authorities with a view to a public investigation.

3.1.2 Admission to environmental information

With a decree of June 13, 1991 (concernant la liberté d'accès des citoyens à l'information relative à l'environnement) the free entrance to environmental information has been converted into law.

3.2 Environmental law concerning specific environmental sectors

Up till now no complete integrated system for environmental permits is implemented. Only in a few domains the legislation is well developed.

The most important legislations at this moment are :

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3.2.1 Exploitation of dangerous or unhealthy activities

In the Walloon provinces the legislation for exploitation of unhealthy goods is still the R.G.P.T. (Réglement Générale pour la Protection du Travail) — legislation (former federal legislation). The permits are given for a maximal duration of 30 years.

Activities listed in Chapter II of title I of the R.G.P.T. should get an exploitation permit. The establishments are grouped in two classes, depending on their size and impact on the environment.

If the activities are defined as second class, the involved municipality (in case Herstal) will judge the demand. If the activities are classified as class one, the involved province (in case Liège) will grant the environmental permit. If necessary an appeal should be lodged with the Walloon minister.

3.2.2 Protection of the surface water

The protection of the surface water is organized in the decree of 7 October 1985¹. A permit is necessary to discharge water (industrial waste water and domestic wastewater).

3.2.3 Protection and exploitation of groundwater and drinking water

With the decree of 30 April 1990² the protection of the groundwater and the surface water is regulated. For example for the abstraction of groundwater a permit is necessary.

3.2.4 Protection of air

No separate legislation exists concerning air pollution. The permit for the exploitation of the activities holds standards for the air emissions. Awaiting a new Walloon legislation, the authorities often use the German TA-Luft standards.

¹ Décret sur la protection et l'exploitation des eaux souterraines et des eaux potables

² sur la protection et l'exploitation des eaux souterraines et des eaux potables

3.2.5 Noise abatement

No separate legislation exists concerning noise abatement. A federal law of 1973 still forms the legal framework. As for the air-emissions, the permit for the exploitation of the activities holds standards for noise.

3.2.6 Soil protection

A soil investigation has been conducted at this site (*cf.* appendix 3.2.).

In Walloon there is only specific regulation concerning soil, soil protection or soil remediation for service stations. Frequently references are made to the Walloon Waste legislation.

The Walloon authorities have however realized that there is a need for such a legislation and are working on a legislation concerning this soil protection.

3.3 Environmental management system

In order to manage environmental issues properly in all departments of the company, it is essential that everyone bears clear-cut responsibilities for the environment. In the event of accidents that affect the environment, the responsible authority has to be informed.

In Belgium, there are no legal requirements for the implementation of an environmental management system, neither in Flanders nor in the Walloon provinces.

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3.4 Sitescope Report

In Belgium, a property data file comparable to a sitescope report and sitefile directory (see next chapter) is not provided. The land registry comprises the areal extent of a property, the covered land parcels / identification, ownership, registered easements.

A copy of the actual land registry dated September, 2002 is attached as appendix 3.1.

According to the land registry, the ProLogis site comprises the following parcels defined in land registry: Municipality of Herstal, Division, Section A, part of parcel 450 y.

3.5 Sitefile Directory

Not applicable in Belgium

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4 Results of Walk-Over Inspection

During the walk-over inspection, no issues representing a relevant matter of environmental concern or indicating the need for major rehabilitation- or corrective measures have been identified. No visit inside the buildings was conducted. No activities were present on site according to ProLogis and as far as seen.

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5 Environmental Risk Assessment

GEDAS, a member of the ARCADIS group, has performed an update of a Phase I Environmental Site Assessment of a Site at the Avenue du Parc industriel at Milmort (Herstal), Belgium in conformance with the scope and limitations of the ASTM standard practice for Phase I Environmental Site Assessments.

Observations made during the Site reconnaissance did not identify any non-compliance with the environmental legislation.

A review of historical activities on Site and the current use of the Site do not reveal any environmental conditions and no further investigation is recommended.

Our Phase I ESA did not reveal any recognised environmental conditions and no indications of possible land contamination were reported nor noted and no further investigation is recommended or required.

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6 Conclusions and Recommendations

Summary of Issues

1. Environmental Risk Assessment	Finding / Conclusion: Based on the findings of the site inspection and data review / desk study, the actual and planned future site utilization and the identified subsurface situation <u>do not inhere</u> any relevant environmental risks	
	Recommendation:	No Action required
2. Results of Walk-Over Inspection	Finding / Conclusion: During the walk-over inspection, no issues representing a relevant matter of environmental concern or indicating the need for major rehabilitation- or corrective measures have been identified	
	Recommendation:	No Action required
3. Planned Building Expansion	Finding / Conclusion: On Lot I, Phase I a new storage building had been constructed. On this parcel no building expansion is provided.	
	Recommendation:	No Action required
4. Site-/Building Survey Report	Finding / Conclusion: Existing documents state that the actual buildings show no deviation of the planned building and the constructed building with regard to location and size.	
	Recommendation:	No Action required

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5. Chemicals

Finding / Conclusion:

Site activities at this time do not comprise use/handling of hazardous materials and materials of environmental concern requiring official permission and regulatory surveillance.

Recommendation:

No Action required

6. Traffic Study

Finding / Conclusion:

Truck traffic is not present at this time. In the future traffic will not pass through designated areas. Since the site entrance as well as the loading / unloading areas and internal traffic zones are not neighbored by housing areas, truck traffic generated noise emissions are unlikely to be a nuisance in the future.

Recommendation:

No Action presently

7. Future Fire-Prevention Measures

Finding / Conclusion:

Should future storage / handling of larger volumes of combustible / flammable materials or an expansion of the halls result in an increase of the fire risk, an upgrading of the present fire prevention / fire fighting installations would be required

Recommendation:

Internal assessment of future fire load situation depending on planned storage activities, informal discussion with authorities regarding potential permission requirements.

No Action presently

8. Soil investigation

Finding / Conclusion:

Based on the soil analysis no further soil and groundwater investigation or remedial actions are required by the authorities.

Recommendation:

No Action required

9. Easements

Finding / Conclusion:

The following easement exist for the ProLogis-site :

- A connecting road should be present for the intervention vehicles (4m long at a distance of 2 m from the building)

Recommendation:

No Action required

Antwerpen, 24th September 2002

Marleen Clerinx

Herwig Teughels

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APPENDICES

- 1. Photographs
- 1.1. Site Photographs
- 1.2. Aerial Photograph

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- 2. Plans and Charts
- 2.1. Location site
- 2.2. Location borings
- 2.3. Location current and future buildings
- 2.4. Measurement plan
- 2.5. Location photographs
- 2.6. Location heating equipment

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- 3. Documents
- 3.1. Cadastral map
- 3.2. Soil investigation (not added, in possession of ProLogis)
- 3.3. Data concerning groundwater abstraction
- 3.4. Industrial zoning
- 3.5. Building permit
- 3.6. Reaction municipality of Herstal
- 3.7. Correspondence authorities concerning archaeological relicts
- 3.8. Information concerning utilities

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4. Environmental Report Tick List

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The report must include The Environmental Report Tick List below (which is necessary to demonstrate to ourselves and our insurers that which our consultants have seen and not seen.)

The Purpose of this report is to identify environmental issues effecting the proposed purchase and development of the proposed site. The list below will enable Prologis to assess the items which the consultant has considered and tabulates specific works but must not be taken as complete or limit the comments made by the consultant which may effect the purpose of the investigation

This Form Must be completed by the consultant and included in the Environmental Phase 1 Report

Development Name
 Site Address
 Consultant Practice
 Name of Consultant (individual)
 Date of Visit

GEDAS N.V.
 Clara Snellingsstraat, 27
 2100 Dourne
 Herwig Teughels, Kristof Peperstraeete
 22/08/2002

Review of existing documents available

- a. Environmental
 - Phase 1 Environmental Site Assessment; dated 5th October 2001, 03/3043 (neighbouring site)
 - Phase 1 Environmental Site Assessment; report 11/15/1844 dated 18th January 2001, 11/11/1844
- b. Asbestos
 - -
- c. Geotechnical
 - Geotechnical site investigation dated 29th November 2000, 03/3043 (neighbouring site)
 - Geotechnical site investigation dated 23th January 2001, 11/11/1844
 - Soil investigation dated 9th October 2000, 03/3043 (neighbouring site)
 - Soil investigation dated 4th September 2002, 11/15/002415 (current site)
- d. Soil investigation
 - Topographical survey dated December 21st 2000, 11/11/1844
- e. Topographical survey
 - Measurement plan dated 6th November 2000, 03/3043 (neighbouring site)
 - Measurement plan dated 6th of January 2001, 11/11/1844
 - Building permit 23/2001 dated March 5th, 2001

<p>h Cadastral plan i Zoning plan</p>	<ul style="list-style-type: none"> • d.d. August 28th, 2002 • d.d.26/11/1987, Plan de secteur Nr. 15 (Liège), carte 42/2 • Permis d'Air Liquide d.d.05/04/2000 • Permis d'Air Liquide d.d. 22/04/1994 • Permis de S.A. Techspace Aero d.d.02/10/1995 • Permis de S.A. ISPC d.d.30/04/1998 • Permis de Charlier Transport d.d.17/08/1990 <p>An update of these permits was requested for</p>	<p>j exploitation permits surrounding firms</p>
<p>This Section to be filled in by the Consultant</p>		
<p>Location of Site</p>	<p>Map Reference Near Airport/ Rail /Major Road Power Station Etc Rough estimate of the shape of the site Brief description of topography Site surroundings (specify radius of 1km of the site)</p>	<p>Site description</p>
<p>Please tick the Box if seen or carried out</p>	<p>[Redacted]</p>	<p>Comments ca. 4 ha No ponds, trees, water courses visible</p>

Records Review

A desk top study using historical maps and other sources, local libraries and local knowledge
The use of any local data bases that may be held by the local building inspector, planning office,
etc.

Any historical data that can be gained from adjoining land or properties
In discussion with any regulatory authorities, any licences, consents or other data effecting the
site
Mining or other intrusive operations, reference to aquifers
Site geology
Site hydrogeology

Information has been reclaimed
Not applicable
An aerial photograph reclaimed from Eurosense
Reclaimed

Site Reconnaissance
Identification of items which may effect the
environmental issues on the site i.e.:

No visit inside the new building has been executed. The surroundings were checked.
Any underground or above ground tanks
Storage facilities for materials
Waste disposal arrangements
Evidence of spillages

Information reclaimed from the construction company

Details of existing drainage services

Details of services –		
gas		Information reclaimed from A.L.G.
water		Information reclaimed from the S.D.W.E.
electricity		Information reclaimed from the A.L.E.
sewers (septic tanks)		Information gathered from the received plan
Indications of previous use i.e.: manufacturing processes, demolition evidence, use of pesticides		
Evidence of flooding or knowledge of water table (probable depth, direction of flow)		
Surface water hydrology		
Wetlands		
Local wildlife/ecology		
Electro magnetic fields		
Details of superficial deposits		Three electrical towers One pile of soil visible on the side of Weerts

[Redacted]

Footpaths and rights of way
Local population, including traffic impact assessment
Vibration

[Redacted]

Any evidence of endangered species
SSI's (Special Scientific Interest) sites or ecological resources, (e.g.: newts, stream diversions, landscaping, designation as a site of special scientific interest or an area of outstanding natural beauty, wetlands etc.)
The site or surroundings that may affect air quality
Sound restrictions (potential impact of noise during construction and final development stage)
Light pollution (any future development shading existing buildings or vice versa)
Landscaping
Registered and potential landfill sites
Surface water drainage and hydrology and evidence of flooding, including the identification of the water table
To check for signs of Japanese Knotweed, Himalayan Balsam, Giant Hogweed and other non-native, invasive and destructive vegetation.

No

[Redacted]

Interview or telephone conversation with existing owners, agents or occupiers
Interview with possible occupants

Confidential information

Environmental Matters

Interviews

Existing Structures In addition to the above, if buildings are on the site, then each building is to be reviewed and the following ascertained:

Interview or telephone conversation with existing owner or agent

The current use and previous use of the buildings

- The current or previous use of adjoining properties
- Possible industrial processes
- Possible landfill areas
- Evidence of industrial dumping
- Evidence of any chemical storage on site i.e.: drums
- Evidence of any ponds or lagoons used within the waste treatment process
- Evidence of vent pipes
- Points of discharge from any of the drainage on site
- Evidence of existing sub stations, gas meter houses or pumping stations
- Name, address and contact number for each of the owners of the properties

Internal observations of existing buildings i.e.: machinery, processes, tanks, asbestos

Do the regulatory authorities know the current company?

Evidence of termite infestation

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	No activities occurred on site
--	--------------------------------

	ref. Paragraph 2.2.8.
	Only the outside of the building was checked
	Yes, building permit
	No

Confirmation from the Structural Engineer appointed for the project to comment upon the Environmental Phase I report (if appointed)

Any archaeological requirements which may impact upon the site development

Presence of minerals/geotechnical faults/any other problem disclosed by the Desktop Study

--

The assessment of data in summary form following the factual reporting on the above. To include comments on the possible impact on construction.

Further Items For Consideration

Evaluation Of Data

Note that the purpose of a Phase II is to answer a specific question and should be specific with regards to methodology and scope.

**ADDENDUM 2 TO AGREEMENT FOR THE AVAILABILITY OF SPACE FOR THE STORAGE OF GOODS
AND OFFICES FOR THE MANAGEMENT OF THIS DATED AUGUST 12, 2002**

The undersigned:

ProLogis Belgium II BVBA, registered with the RPR under number 0472.435.431, with its offices in Park Hill, Building A, 8th Floor, Jan Emiel Mommaertslaan 18, B-1831 Diegem and hereby represented by Gerrit Jan Meerkerk, hereinafter referred to as '**ProLogis II**',

and

Skechers EDC sprl, with its registered office in 4041 Milmort, Parc Industriel Hauts-Sarts, Zone 3, avenue du Parc Industriel, registered with the RPR 0478.543.758, hereby represented by David Weinberg, hereafter referred to as '**Skechers EDC**' or as '**CUSTOMER**',

AFTER HAVING CONSIDERED THE FOLLOWING:

1. On August 12, 2002 ProLogis and Skechers International have signed an "Agreement for the availability of space for the storage of goods and offices for the management of this" concerning the following real estate: ProLogis Park Liège Distribution Center I with a total surface area of approximately 22,458 m² and approximately 100 car parking spaces located in the Industrial Park Hauts-Sarts, Milmort, Liège, Avenue du Parc Industriel (hereafter referred to as 'the Availability Agreement');
 2. On August 27, 2003 Skechers International transferred all its rights and obligations under the Availability Agreement to Skechers EDC in full accordance with the terms and conditions thereof.
 3. ProLogis and the CUSTOMER have now agreed to align the duration of the Availability Agreement with the commencement and duration of the Agreement for the availability of space for the storage of goods and offices for the management of this" concerning the following real estate: ProLogis Park Liège Distribution Center II between Skechers EDC and ProLogis Belgium III sprl (with its registered office in Regus Pegasus Park, Pegasuslaan 5, B-1831 Diegem), of the same date as this Addendum (the "Availability Agreement DC II").
 4. The terms with a capital will have the same meaning as set forth in the Availability Agreement, unless expressly set forth otherwise herein.
-

HAVE AGREED THE FOLLOWING:

1 Duration of the Availability Agreement

Article 5 of the Availability Agreement is replaced as follows :

The availability of the Premises is rendered for a duration of five (5) years as of the Commencement Date provided for in the Availability Agreement DC II, i.e. in principle on 1 April 2009, to which is referred to as the '**Commencement Date**', unless parties confirm otherwise in writing (if the availability of the Premises starts later than 1 April 2009 and insofar as mutually agreed upon in writing by the Parties).

If either party does not terminate the Agreement by registered mail not later than twelve (12) months prior to the end of the duration set forth in the first paragraph of this Article, i.e. in principle March 31, 2014 or the date as agreed upon between parties in writing as set forth in the preceding paragraph, this Agreement shall be tacitly renewed under the same terms as stipulated in this Agreement for subsequent periods of five (5) years in the absence of the required termination notification by either party, without prejudice to Article 20 and without any compensation to ProLogis nor VAT adjustment to be paid, except as set forth in article 2 of this Agreement. This Agreement will however in any case end by operation of law on the latter of the following dates : March 31, 2029 or the twentieth anniversary of the Commencement Date as agreed upon in writing by the Parties as set forth in this Article. After the latter of these dates, this Agreement can not be renewed in accordance with this paragraph.

Notice needs to be given by bailliff's writ or by registered letter. Notices hereunder shall be deemed given and effective (i) if delivered by a bailiff, upon delivery, or (ii) if sent by certified or registered mail, within five (5) days of deposit in the post office.

2 Various clauses

2.1 The other terms and conditions of the Availability Agreement remain fully applicable between parties with respect to the Premises, except for Articles 20 and 22 of the Availability Agreement which are no longer applicable due to the decision of the CUSTOMER not to commit to use DC III and DC IV.

No amendment or modification of this Addendum shall take effect unless it is in writing and is executed by duly authorized representatives of the parties.

2.2 If one or more of the provisions of this Addendum is declared to be invalid, illegal or unenforceable in any respect under the applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected. In the case whereby such invalid, illegal or unenforceable clause affects the entire nature of this Addendum, each of the parties shall use its best efforts to immediately and in good faith negotiate a legally valid replacement provision.

3 Applicable law and competent courts

This Addendum shall be governed by and construed in accordance with Belgian law. In the event of any dispute relating to the conclusion, validity, the implementation or the interpretation of this Addendum, the courts of Liège will have sole and exclusive jurisdiction.

This Agreement was made out in four (4) copies in Milmort, May 20, 2008. Each party acknowledges to have received its original copy.

/s/ Gerrit Jan Meerkerk

Gerrit Jan Meerkerk,
ProLogis Belgium II Sprl

/s/ David Weinberg

David Weinberg,
Skechers EDC

Appendix 1
List of Additional Items

Skechers DC#2 Millmort, ADDITIONAL WORKS TI

		Cost Skechers direct	Cost Prologis	INVESTMENT OWNED BY		RESPONSIBLE MAINTENANCE *		RESPONSIBLE RENEWAL **	
				SKECHERS	PROLOGIS	SKECHERS	PROLOGIS	SKECHERS	PROLOGIS
Items additional to the Contract Specification									
5.2	Changing 2 fire doors Rf 1h, 4x6 m		€ 22,050.00			addendum 1	X		addendum 1
5.3	Two extra escape doors		€ 7,350.00			addendum 1	X		addendum 1
5.4	Barrier next to the parking road		€ 18,201.92			addendum 1	X		addendum 1
5.5	Adaptions lighting capacity (200 Lux between racks)		€ 179,295.84			addendum 1	X		addendum 1
5.7	Motion detection in racking lanes		€ 24,363.09			addendum 1	X		addendum 1
5.8a	Water supplies		€ 2,076.90			addendum 1	X		addendum 1
5.8b	Slophoppers		€ 7,703.69			addendum 1	X		addendum 1
5.9	Adaptions acces control Intercom		€ 5,826.12			addendum 1	X		addendum 1
5.10	High voltage		€ 124,676.12			addendum 1	X		addendum 1
5.11	Electrical extra existing DC new DC ask by Skechers		€ 105,515.56			addendum 1	X		addendum 1
5.12a	IT room on mezzanine	€ 23,665.15			X		X		X
5.12b	IT room on mezzanine floor cabling	€ 108,888.71			X		X		X
5.13	Offer for radio-system	€ 12,086.54			X		X		X
5.15	Extra porte Hall 1 (electrical)	€ 8,821.84			X		X		X
5.16	24 extra connection Telefoon atenne computer system	€ 1,653.60			X		X		X
5.17	more high of IT-room	€ 8,880.62			X		X		X
5.19	addaption of hight double doors	€ 475.00			X		X		X
5.20	reeling removebal	€ 5,889.00			X		X		X
5.21	addapion of the service road by sprinkler tank	€ 5,530.00			X		X		X
5.22	barrier between parking and entrance road	€ 5,135.00	€ 5,135.00			X	X		X
5.23	extra water and sewage in IT Room	€ 1,577.49			X		X		X
5.24	bicyclesheet	€ 4,240.36			X		X		X
5.26	painting	€ 675.44			X		X		X
5.27	woks high tension	€ 1,775.00	€ 1,775.00			X	X		X
5.28	work on music installation	€ 2,234.60			X		X		X
5.29	greenery	€ 3,940.00	€ 3,940.00			X	X		X
6.1	Exit doors safety as 103 en 106		€ 11,413.71			X	X		X
6.4	Offices fire detectors		€ 49,524.93			X	X		X
6.5	Heating in offices		€ 43,190.95			X	X		X
6.6	Thermostate protection		€ 1,537.60			X	X		X
6.7	Modification sanitary area's		€ 9,392.17			X	X		X
6.8	Electrical "loze" pipe		€ 5,789.41			X	X		X
6.11	IT locaal (outside walls)		€ 25,889.94			X	X		X
6.13	Sewer pit (sterfput)		€ 987.48			X	X		X
6.14	Change connections fire brigade		€ 11,439.46			X	X		X
6.15	extra lighting		€ 6,779.59			X	X		X
6.16	adaptions control room demanded by fire department		€ 4,901.00				X	X	X
6.17	parking buffers 50% sketcher. 50% Prologis	€ 2,100.00	€ 2,100.00			X	X		X
6.19	tiles in sanitary floor on the mezzanine		€ 3,153.13			X	X		X

* Maintenance as indicated in the lease agreement and the general terms and conditions.

** Renewal as indicated in the lease agreement and the general terms and conditions.

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT TO LEASE AGREEMENT ("**Amendment**") is made and entered into this 18th day of December, 2009 by and between **HF LOGISTICS I, LLC, a Delaware limited liability company** ("**Landlord**") and **SKECHERS USA, INC., a Delaware corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant entered into a Lease Agreement dated September 25, 2007 (the "**Lease**") pursuant to which Landlord leased to Tenant certain premises as more fully described therein (the "**Premises**").

B. The parties desire to amend the Lease.

NOW, THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Lease Term (as described on Page 3) shall begin on the Commencement Date and shall end on the last day of the two hundred fortieth (240th) full calendar month thereafter (the "**Termination Date**"). There will be no renewal options, and accordingly Addendum 3 to the Lease is hereby deleted in its entirety.

2. This Amendment is intended to enable the Landlord to procure at least Fifty Million Dollars (\$50,000,000) in third-party construction financing for the Premises. In the event that construction financing is not procured in time for construction to begin by June 1, 2010, this Amendment shall be null and void and of no further effect and the parties shall revert back to the original Lease in its entirety.

3. The Base Rent (as described on Page 3) shall be Nine Hundred Thirty-Three Thousand Eight Hundred Ninety-Four and 44/100 Dollars (\$933,894.44) per month during the entire Lease Term, and Addendum 1 is hereby amended accordingly. The Base Rent is computed as \$.513 per square foot based on 1,820,457 net rentable square feet of space in the Building (and the definition of "Building" (as described on Page 1) is hereby amended accordingly), but is subject to adjustment as set forth in Addendum 4, Paragraph 1 if the actual number of net rentable square feet in the Building is higher or lower than that amount.

4. The Premises shall consist of the Building, together with the parking areas, landscaped areas and other areas consisting of approximately 110 acres of land situated at the NWC of Theodore Avenue and Eucalyptus Avenue in Moreno Valley (Rancho Belago), California, as shown on the revised Site Plan attached to this Amendment as "**Exhibit "A" (Revised)**".

5. Tenant shall have a period (the "**Fixturization Period**") of four and one-half (4½) months after the date of Substantial Completion to install its tenant improvements, fixtures and personal property. All terms and conditions of this Lease shall be in full force

and effect during the Fixturization Period (including, but not limited to, the obligation to pay Base Rent and Operating Expenses). Provided, however, that all Base Rent paid by Tenant during the Fixturization Period shall be credited against Base Rent due for the last four and one-half (4½) months of the first year of the Term. The Fixturization Period is in addition to any additional time afforded to Tenant for fixturization which may arise prior to the date of Substantial Completion.

6. The following provisions of the Lease are hereby deleted:

(a) Delay in Possession (Pages 1-3), except those provisions which relate to the Pre-Ordered Equipment, which shall remain in full force and effect.

(b) Tenant Improvements (Addendum 2, Paragraph 6).

(c) Indemnification Regarding Prior Lease (Addendum 4, Paragraph 7).

7. The first sentence in Addendum 2, Paragraph 5(a) (Determination of Substantial Completion) is hereby amended to delete the following: "provided that such commencement of construction shall not be more than 120 days following receipt of all entitlements, approvals and all required building permits from the applicable governmental authorities". The second sentence of Addendum 2, Paragraph 5(b) is hereby deleted.

8. The Final Plans shall provide that solar panels will be installed (not later than eighteen (18) months after the date of Substantial Completion) as required for the office space within the Building (approximately 52,000 square feet).

9. Addendum 4, Paragraph 3 (Expansion Site) is hereby deleted in its entirety and replaced with the following:

"Expansion Rights. Tenant may elect to expand into another building (the **Expansion Building**") of approximately 500,000 net rentable square feet to be constructed on the approximately 24.2 acres of land which is situated to the west of where the Building is to be constructed, as depicted on **Exhibit "A" (Revised)** (the "**Expansion Area**"), provided the following conditions are satisfied:

(a) Tenant shall give Landlord notice of its intention to expand (the **Expansion Notice**") not later than a date which is five (5) years after the date of Substantial Completion, time being of essence.

(b) The Expansion Building must contain approximately 500,000 square feet of net rentable space, and the style of the Expansion Building and quality of the construction of the Expansion Building shall be consistent with the style of the Building and the quality of the construction of the Building.

(c) Construction of the Expansion Building shall commence as soon as possible after Tenant gives the Expansion Notice, subject to reasonable time periods to develop plans, specifications and construction drawings (which shall be subject to mutual approval of Landlord and Tenant), to obtain any necessary entitlements (including building permits), to obtain consents of governmental authorities and third parties, and to procure construction financing reasonably acceptable to Landlord. The expansion of the Building will be subject to Landlord and Tenant jointly procuring construction financing which requires that Landlord provide no more than thirty percent (30%) of the hard costs of construction as equity.

(d) If the expansion right is exercised by Tenant and the Expansion Building is constructed, for all purposes under this Lease the term "Building" shall thereafter be deemed to include the Expansion Building.

(e) Tenant shall take occupancy of the Expansion Building no later than ten (10) business days after the date of Substantial Completion. Upon Tenant's occupancy of the Expansion Building, Base Rent under the Lease shall be increased to account for the net rentable area within the Expansion Building, and shall be computed as the Base Rent for the original Building (on a per square foot basis), increased for (i) increases in construction and ownership costs, including increases in costs of financing, and (ii) increases due to general increases in the market rental in the geographic area in which the Premises are situated (it being understood that any such increases are independent of the increases in clause (i) above).

(f) If Tenant fails to timely exercise its right to expand, or if Tenant exercises its right to expand but any of the foregoing conditions are not satisfied (either at the time that Tenant gives the Expansion Notice, or at any time thereafter until construction of the Expansion Building commences) then Tenant shall have no right to expand, the expansion right shall terminate, and the portion of the Premises upon which the Expansion Building was to be constructed shall be deemed removed from the description of the "Premises". Tenant acknowledges that Landlord shall thereafter be free to use or develop such land in any way that it deems proper, and Tenant shall have no rights whatsoever with respect thereto, or to object to any such use or development, all of which rights are expressly waived by Tenant.

(g) The parties will execute any further amendment to the Lease or other documentation reasonably required as a result of the exercise (or non-exercise) of Tenant's expansion rights and/or the construction of the Expansion Building."

10. Notwithstanding anything to the contrary in the Lease, Operating Expenses shall not include any property management fee payable to Landlord, or any affiliate of Landlord, or any third party, and Tenant shall have no obligation to pay any property management fee.

11. If Tenant (or its affiliate) becomes a member of Landlord, then any default by Tenant (or such affiliate) under the Landlord's Operating Agreement (beyond any applicable notice and/or cure period set forth therein) shall be an immediate Event of Default under the Lease.

12. The Final Plans (as defined in Addendum 2, Paragraph 1 of the Lease) as approved by the Landlord and Tenant, are attached hereto as **Exhibit "B"**.

13. Capitalized terms used in this Amendment shall have the same meanings as set forth in the Lease, unless a different definition is set forth herein.

14. Except as amended herein, all terms and conditions of the Lease shall remain in full force and effect, as originally written.

15. This Amendment shall not be effective unless and until the parties, or their affiliates, have entered into a "joint venture agreement" as described in that certain term sheet dated December 18, 2009 and initialed by the parties.

(signature page follows)

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

“LANDLORD”

“TENANT”

**HF LOGISTICS I, LLC, a Delaware
limited liability company**

SKECHERS USA, INC., a Delaware corporation

By /s/ Iddo Benzeevi
Iddo Benzeevi, President and
Chief Executive Officer

By /s/ David Weinberg
Its COO

EXHIBIT "B"
SPECIFICATIONS

**LIMITED LIABILITY COMPANY AGREEMENT
OF
HF LOGISTICS-SKX, LLC**

THE LIMITED LIABILITY COMPANY INTERESTS IN HF LOGISTICS-SKX, LLC (THE “**INTERESTS**”) ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER TERMS AND CONDITIONS SET FORTH IN Article 11 AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS THEREOF. THEREFORE, PURCHASERS OF THE INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENTS FOR AN INDEFINITE PERIOD OF TIME. THE INTERESTS HAVE NOT BEEN REGISTERED (i) UNDER ANY SECURITIES LAWS OF THE SEVERAL STATES (THE “**STATE ACTS**”), OR (ii) UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**FEDERAL ACT**”), IN RELIANCE UPON EXEMPTIONS PROVIDED THEREIN, AND NEITHER THE INTERESTS NOR ANY PART THEREOF MAY BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF Article 11 AND (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER ANY APPLICABLE STATE ACTS OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER SUCH STATE ACTS OR WHICH IS OTHERWISE IN COMPLIANCE WITH SUCH STATE ACTS, AND (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE FEDERAL ACT OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE FEDERAL ACT OR WHICH IS OTHERWISE IN COMPLIANCE WITH THE FEDERAL ACT. IN ADDITION, ANY INTERESTS ACQUIRED BY NON-U.S. PERSONS MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF A U.S. PERSON EXCEPT IN COMPLIANCE WITH THIS AGREEMENT AND THE FEDERAL ACT AND ALL APPLICABLE STATE ACTS. AS USED HEREIN, “**UNITED STATES**” MEANS THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS, AND ALL AREAS SUBJECT TO ITS JURISDICTION, AND A “**U.S. PERSON**” MEANS A CITIZEN OR RESIDENT OF THE UNITED STATES (INCLUDING THE ESTATE OF ANY SUCH PERSON), A CORPORATION, COMPANY, OR OTHER PERSON CREATED OR ORGANIZED UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF OR THEREIN, AND AN ESTATE OR TRUST THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
HF LOGISTICS -SKX, LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT OF **HF LOGISTICS-SKX, LLC** (the “**Company**”), is entered into and effective as of the 30th day of January, 2010 (the “**Effective Date**”) by and between **HF LOGISTICS I, LLC, a Delaware limited liability company (“HF”)**, and **SKECHERS RB, LLC, a Delaware limited liability company (“Skechers”)**, and together with HF, the “**Members**”).

RECITALS

WHEREAS, the Members, being all of the Members of the Company, desire to form the Company as a limited liability company under the Act for the purposes set forth herein.

NOW, THEREFORE, in consideration of the premises, the mutual promises and agreements herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members, intending to be legally bound, have agreed and do hereby agree as follows:

**ARTICLE 1
DEFINED TERMS**

Section 1.1 Certain Defined Terms. Unless otherwise clearly indicated to the contrary, the following terms shall have the following meanings:

1.1.1 “Act” means Sections 18-101 *et seq.* of the Delaware Corporation Laws Ann., commonly known as the Delaware Limited Liability Company Act, as it may be amended from time to time, and any successor to such statute.

1.1.2 “Additional Capital Contributions” means the total of all Capital Contributions made to the Company by the Members in accordance with Section 4.1.2.

1.1.3 “Additional Funding Obligation” has the meaning set forth in Section 6.9(a).

1.1.4 “Additional Member” means a Person (other than HF or Skechers) admitted to the Company as a Member in accordance with the express terms of this Agreement.

1.1.5 “Affiliate” means with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person, or (b) any Person owning or controlling fifty-one percent (51%) or more of the outstanding voting interests of such Person, or (c) any Person of which such Person owns or controls fifty-one percent (51%) or more of the voting interests.

1.1.6 “Agreement” means this Limited Liability Company Agreement of HF Logistics-SKX, LLC, as it may be amended, supplemented or restated from time to time.

1.1.7 “Assignee” means a Person to whom any Company Interest has been transferred in a manner permitted under this Agreement, but who has not been admitted to the Company as a Member.

1.1.8 “Available Cash” means, with respect to any period for which such calculation is being made:

(a) all cash revenues and funds received by the Company from whatever source, including Capital Transaction Proceeds (except with respect to Liquidating Transactions), plus the amount of any reduction in existing Reserves of the Company;

(b) less the sum of the following:

(i) all required interest or principal payments, escrow account payments and any other payments made during such period by the Company on account of the Debt of the Company, if any;

(ii) all cash expenditures (including capital expenditures) made by the Company during such period; and

(iii) all payments made by the Company during such period to any Reserve account (including the amount of any increase in any existing Reserves of the Company).

1.1.9 “Bankruptcy Action” means (a) the filing of any voluntary or involuntary bankruptcy (and in the case of an involuntary bankruptcy, such proceeding shall not have been dismissed within ninety (90) days), insolvency or reorganization case or proceeding, instituting any proceeding under any applicable insolvency law or otherwise seeking any relief under any laws relating to the relief from debts or the protection of debtors generally by or against any Person, (b) the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for any Person or a substantial portion of its properties, (c) making any assignment for the benefit of creditors by any Person, (d) any Person being adjudged a bankrupt or insolvent, or having entered against it an order of relief in any bankruptcy or insolvency proceeding, (e) any Person filing a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (f) any Person filing an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of the foregoing nature, (g) the filing of any proceeding with respect to any Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, which has not been dismissed within one hundred twenty (120) days after the commencement thereof, or (h) the appointment of a trustee, receiver, assignee, sequestrator, custodian or liquidator with respect to any Person which has not been vacated or stayed within ninety (90) days after the appointment or such appointment is not vacated within ninety (90) days after the expiration of any such stay.

1.1.10 “Breaching Member” shall mean any Member who has committed an Event of Default.

1.1.11 “Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in Riverside, California, are authorized or required by law to close.

1.1.12 “Buy-Sell Deposit” has the meaning set forth in Section 8.6.

1.1.13 “Buy-Sell Notice” has the meaning set forth in Section 8.1.

1.1.14 “Capital Account” means the Capital Account maintained for a Member pursuant to Exhibit “A” attached hereto.

1.1.15 “Capital Contribution” means, with respect to any Member, any cash, cash equivalents or the Agreed Value (as defined in Exhibit “A”) of property which such Member contributes or is deemed to contribute to the Company pursuant to Article 4. Such amounts shall be treated as contributions to the Company pursuant to Section 721(a) of the Code.

1.1.16 “Capital Transaction” means a voluntary or involuntary sale, exchange or other disposition (other than a Liquidating Transaction) or a financing or refinancing by the Company of the Project or any portion thereof.

1.1.17 “Capital Transaction Proceeds” means the net cash proceeds of a Capital Transaction, after deducting all expenses incurred in connection therewith and after application of any proceeds toward the payment of any Debt of the Company secured by, or otherwise reasonably allocable to, the Project.

1.1.18 “Certificate” means the Certificate of Formation of the Company filed in the office of the Secretary of State of the State of Delaware, as amended from time to time.

1.1.19 “Closing Date” means the date that HF and the Construction Lender execute the commitment which is attached hereto as Exhibit “F” (the “Commitment”), and the Construction Lender gives notice to HF that it has procured a participant for the Construction Loan, as described in the commitment (which participant may be HF or an Affiliate of HF). HF shall execute and deliver such commitment to the Construction Lender on the first (1st) Business Day after the Effective Date and shall use diligent efforts to obtain the execution of the commitment by the Construction Lender as soon thereafter as possible.

1.1.20 “Code” means the Internal Revenue Code of 1986, as amended. Any reference herein to a specific Section or Sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

1.1.21 “Company” has the meaning set forth in the preamble.

1.1.22 “Company Assets” means (a) the Project, and (b) all other assets of the Company.

1.1.23 “Company Interest” means the ownership interest in the Company held by a Member, which includes any and all benefits to which the holder of such a Company Interest may be entitled as provided in this Agreement (including any voting rights and rights to receive distributions of Available Cash), together with all obligations of such Member to comply with the terms and provisions of this Agreement.

1.1.24 “Company Record Date” means the record dates established by the Managing Members for the distribution of Available Cash, or if they fail to agree as to any record date, such term means the last day of the current month.

1.1.25 “Company Year” means the fiscal year of the Company.

1.1.26 “Completion of the Project” has the meaning set forth in the Development Management Agreement.

1.1.27 “Construction Lender” means the lender under the Construction Loan, or until the Construction Loan documents are executed, the proposed lender under the Commitment.

1.1.28 “Construction Loan” means a construction loan or loans to be taken out by the Company in the amount of at least Fifty Million Dollars (\$50,000,000) to finance the construction of the Project.

1.1.29 “Contribution Percentages” means the ratio at which the Members are required to make certain Additional Capital Contributions, which is fifty percent (50%) for HF and fifty percent (50%) for Skechers.

1.1.30 “Debt” means, as to any Person as of any date of determination, (a) all indebtedness of such Person for money borrowed or for the deferred purchase price of property or services; (b) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (c) all indebtedness for money borrowed or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person’s interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (d) lease obligations of such Person which, in accordance with generally accepted accounting principles, should be capitalized.

1.1.31 “Default” has the meaning set forth in Section 4.1.5(c). For clarification, the use of the word “default” (uncapitalized) in this Agreement shall mean any default other than a Default which is defined in Section 4.1.5(c).

1.1.32 “Default Amount” has the meaning set forth in Section 4.1.5(c).

1.1.33 “Default Date” has the meaning set forth in Section 4.1.5(c).

1.1.34 “Default Member” has the meaning set forth in Section 4.1.5(c).

1.1.35 “Default Notice” has the meaning set forth in Section 4.1.5(b).

1.1.36 “Deposit Date” has the meaning set forth in Section 8.6.

1.1.37 “Determination” has the meaning set forth in Section 15.2.

1.1.38 “Development Budget” has the meaning set forth in the Development Management Agreement.

1.1.39 “Development Management Agreement” means that certain Development Management Agreement dated of even date herewith between the Company and an Affiliate of HF, a copy of which is attached hereto as **Exhibit “B”**.

1.1.40 “Development Manager” has the meaning set forth in the Development Management Agreement.

1.1.41 “Distribution Percentages” means the ratio at which the Members are entitled to receive distributions of Available Cash, which is fifty percent (50%) for HF and fifty percent (50%) for Skechers, subject to adjustment as set forth in Section 4.1.5.

1.1.42 “Effective Date” has the meaning set forth in the preamble.

1.1.43 “Embargoed Person” has the meaning set forth in Section 2.5.10.

1.1.44 “Event of Default” shall mean a default by a Member (which includes a default by a Member in its capacity as Managing Member) in the performance of its obligations under this Agreement which is not cured within any applicable cure period set forth herein, but excluding a default under Article 4 or Article 6 with respect to required Additional Capital Contributions or required loans.

1.1.45 “Event of Dissolution” has the meaning set forth in Section 13.1.

1.1.46 “HF” has the meaning set forth in the preamble.

1.1.47 “HF Loan” has the meaning set forth in Section 6.4.

1.1.48 “HF Managing Member” means HF acting in its capacity as a Managing Member of the Company.

1.1.49 “Incapacity” or “Incapacitated” means (a) as to any individual Member, death, total physical disability or entry by a court of competent jurisdiction adjudicating him incompetent to manage his Person or his estate; (b) as to any corporation which is a Member, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (c) as to any partnership or limited liability company (or partnership) which is a Member, the dissolution and commencement of winding up of the partnership or the limited liability company (or partnership); (d) as to any estate which is a Member, the distribution by the fiduciary of the estate’s entire interest in the Company; or (e) as to any trustee of a trust which is a Member, the termination of the trust (but not the substitution of a new trustee).

1.1.50 “Indemnitee” means (a) any Person made a party to a proceeding brought by an unaffiliated third party by reason of such Person’s status as (i) a Member, or (ii) a director, officer, member, manager, partner, trustee, or shareholder of the Company, or a Member or an Affiliate of a Member, or (b) such other Persons acting in good faith on behalf of the Company as determined by the Managing Members in their reasonable judgment.

1.1.51 “Initial Capital Contributions” means the total of all Capital Contributions made to the Company by the Members in accordance with Section 4.1.1.

1.1.52 “Invoking Member” has the meaning set forth in Section 8.1.

1.1.53 “IRS” means the United States Internal Revenue Service.

1.1.54 “Lease” means that certain lease dated September 25, 2007 between HF, as landlord, and Skechers Parent, as tenant, as amended by the Lease Amendment and any subsequent amendments.

1.1.55 “Lease Amendment” means that certain Amendment to Lease dated December 18, 2009, between HF, as landlord, and Skechers Parent, as tenant.

1.1.56 “Lender” means the Construction Lender or the Permanent Lender, as the case may be, or their respective successors-in-interest.

1.1.57 “Liquidating Transaction” means any transaction or series of related transactions which results in the sale or other disposition of all or substantially all of the Company Assets.

1.1.58 “Liquidator” has the meaning set forth in Section 13.2.1.

- 1.1.59 “Loan” means either the Construction Loan or the Permanent Loan, as the case may be.
- 1.1.60 “Loss Item” has the meaning set forth in Section 7.6.1.
- 1.1.61 “Managing Member” means either HF or Skechers, as the case may be, acting in the capacity as a Managing Member of the Company.
- 1.1.62 “Managing Members” means both HF and Skechers, each acting in the capacity as a Managing Member of the Company.
- 1.1.63 “Master Lease” That certain Master Lease Agreement between HF, as tenant, and Westcoast Properties Partners, Sinclair Property Partners, HF Educational Partners and Sand Properties Partners (collectively, “Master Landlord”) as landlord, as amended and restated.
- 1.1.64 “Members” has the meaning set forth in the preamble.
- 1.1.65 “Offeree Member” has the meaning set forth in Section 8.1.
- 1.1.66 “Operating Budget” means a reasonably detailed budget of the estimated revenues and expenditures (including capital expenditures) of the Company, and a reasonably detailed business plan, which shall be prepared by the Skechers Managing Member and approved by the HF Managing Member in accordance with Section 7.9, as amended from time to time (with the approval of both Managing Members). The initial Operating Budget, which has been approved by the Managing Members, is attached as Exhibit “D”.
- 1.1.67 “Permanent Lender” means the lender under the Permanent Loan.
- 1.1.68 “Permanent Loan” means a loan or loans taken out by the Company to pay off the Construction Loan, or any replacements or refinancings thereof.
- 1.1.69 “Person” means an individual, corporation, partnership, limited liability company (or partnership), trust, unincorporated organization, association or other entity.
- 1.1.70 “Plans and Specifications” means the Approved Plans (as defined in the Development Management Agreement), which have been transmitted by HF to Skechers (by “You Send It”) on January 29, 2010.
- 1.1.71 “Prescribed Laws” has the meaning set forth in Section 2.5.10.
- 1.1.72 “Prime Rate” means the highest prime rate reported in the Money Rates column or section of The Wall Street Journal from time to time, as having been the rate in effect for corporate loans at large United States of America money center commercial banks (whether or not such rate has actually been charged by any such bank). If The Wall Street Journal ceases publication of the Prime Rate, the “Prime Rate” shall mean the prime rate (or base rate) announced by Wells Fargo Bank, National Association, from its Los Angeles, California office (whether or not such rate has actually been charged by such bank). If such bank discontinues the practice of announcing the Prime Rate, the “Prime Rate” shall mean the highest rate charged by such bank on short-term, unsecured loans to its most creditworthy large corporate borrowers.

1.1.73 “Project” means the real property consisting of approximately 110 acres situated in Moreno Valley, (Rancho Belago) California which is described more fully in the Lease (the “Property”), upon which will be constructed approximately 1,820,000 square feet of buildings and other improvements (with a possible expansion by another approximately 500,000 square feet) pursuant to the Lease.

1.1.74 “Project Schedule” has the meaning set forth in the Development Management Agreement.

1.1.75 “Purchasing Member” has the meaning set forth in Section 8.6.

1.1.76 “Regulations” has the meaning set forth in Exhibit “A”.

1.1.77 “Reserves” means cash set aside into a segregated account (or maintained in a non-segregated Company account but specifically “earmarked” as a reserve) as reserves for the Company’s operations or obligations under the Lease (such as, but not limited to, roof replacement and repair and replacement of structural aspects of the building under the Lease, but excluding amounts anticipated to be required as capital for the potential expansion of the Project, as described in the Lease), as reasonably determined by the Managing Members, or as set forth in an Operating Budget. Reserves shall include any amounts required to be set aside as reserves under the Loans or under any other agreements executed by the Company which call for reserves of this nature.

1.1.78 “Securities Act” means the Securities Act of 1933, as amended.

1.1.79 “Selling Member” has the meaning set forth in Section 8.6.

1.1.80 “Skechers” has the meaning set forth in the preamble.

1.1.81 “Skechers Loan” has the meaning set forth in Section 6.5.

1.1.82 “Skechers Parent” means Skechers USA, Inc., a Delaware corporation.

1.1.83 “Skechers Managing Member” means Skechers, acting in its capacity as a Managing Member of the Company.

1.1.84 “Stated Amount” has the meaning set forth in Section 8.2.

1.1.85 “Tax Matters Partner” has the meaning set forth in Section 10.2.1.

1.1.86 “Tenant” means the Skechers Parent, or its permitted assignee as the tenant under the Lease.

1.1.87 “Unrecovered Contribution” with respect to each Member means the aggregate Capital Contributions made by such Member to the Company, reduced by all amounts of cash distributed to such Member pursuant to Section 5.2(a) (or made under Section 5.2(a) pursuant to Section 13.2.1(c)).

Section 1.2 Other Terms. All capitalized terms used in this Agreement which are not defined in this Article 1 shall have the meanings set forth elsewhere in this Agreement.

ARTICLE 2
ORGANIZATIONAL MATTERS

Section 2.1 Formation; Application of Act.

2.1.1 Formation of Company. The Company has been or will be formed by the filing of the Certificate with the Delaware Secretary of State. The Members hereby agree to become Members and to operate the Company as a limited liability company under and pursuant to the provisions of the Act, and in accordance with the provisions of this Agreement.

2.1.2 Application of Act. The Company is a limited liability company pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Members and the administration and operation of the Company shall be governed by the Act.

Section 2.2 Name. The name of the Company is HF Logistics-SKX, LLC. The Company's business may be conducted under the foregoing name, or under any other name or names deemed advisable by the Managing Members. The words "Limited Liability Company," "L.L.C.," "LLC" or similar words or letters shall be included in the Company's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires.

Section 2.3 Registered Office and Agent: Principal Office. The address of the registered office of the Company in the State of Delaware shall be established by the Managing Members. The registered agent for service of process on the Company in the State of Delaware at such registered office is Corporation Service Company. The principal office of the Company is c/o Highland Fairview Properties, 14225 Corporate Way, Moreno Valley, California 92553, or such other place as the Managing Members may from time to time determine.

Section 2.4 Term. The term of the Company commenced on the date that the Certificate was filed with the Delaware Secretary of State, and shall continue for a period of fifty (50) years thereafter, unless it is dissolved sooner pursuant to the provisions of Article 13, or as otherwise provided under the Act.

Section 2.5 Representations of Members. Each Member represents as follows:

2.5.1 Such Member will acquire its Company Interest for its own account and not with a view to or for sale in connection with any public distribution thereof within the meaning of the Securities Act.

2.5.2 Such Member has sufficient knowledge and experience in financial and business matters to enable it to evaluate the merits and risks of investment in its Company Interest. Such Member has the ability to bear the economic risk of acquiring its Company Interest.

2.5.3 Such Member has been supplied with, or had access to, information to which a reasonable investor would attach significance in making investment decisions, including, without limitation, any Company information with respect to the Company's financial condition, business and prospects, and any other information such Member has requested, to answer all of its inquiries about the Company, and to enable it to make its decision to acquire its Company Interest.

2.5.4 Such Member is aware that the Company Interests are not registered under the Securities Act or any state securities laws and cannot be resold or transferred without registration thereunder or exemption therefrom.

2.5.5 Such Member is an “accredited investor” as such term is defined in Regulation D promulgated under the Securities Act.

2.5.6 There are no consents or approvals of governmental authorities or other Persons that are required for the execution and delivery of this Agreement by such Member; the execution of this Agreement by such Member shall not constitute a default under any material contract or agreement to which such Member is bound; and no agreement or obligation exists that affects such Member that has the effect of restricting the ability of such Member to perform its obligations under this Agreement.

2.5.7 Except for the Sierra Club Litigation (as defined in Section 17.19) there is no litigation, action or proceeding pending or, to the best knowledge of such Member threatened, to which such Member is party that, if adversely determined, could have a material adverse effect on, or enjoin, restrict or otherwise prevent, the consummation of any of the transactions contemplated by this Agreement or the ability of such Member to perform its obligations under this Agreement.

2.5.8 This Agreement has been duly authorized by all requisite action (corporate, partnership, limited liability company, or otherwise), and has been duly executed and delivered by such Member.

2.5.9 Such Member has the power and authority to enter into this Agreement and consummate the transactions herein provided.

2.5.10 None of the funds or other assets of such Member shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under the Prescribed Laws (each such Person, an “**Embargoed Person**”) with the result that the transactions contemplated by the terms of this Agreement would be in violation of the Prescribed Laws. For purposes of this Section 2.5.10 and Section 2.5.11 and Section 2.5.12, the term “**Prescribed Laws**” shall mean, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107 56) (The USA PATRIOT Act), (b) Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, (c) the International Emergency Economic Power Act, 50 U.S.C. § 1701 *et. seq.* and (d) all other legal requirements relating to money laundering or terrorism.

2.5.11 No Embargoed Person shall have any interest of any nature whatsoever in such Member, with the result that the transactions contemplated by the terms of this Agreement is or would be in violation of the Prescribed Laws.

2.5.12 None of the funds of such Member shall be derived from any unlawful activity with the result that the transactions contemplated by the terms of this Agreement is or would be in violation of the Prescribed Laws.

2.5.13 As long as Skechers Parent is a publicly traded company, the restrictions in Sections 2.5.10 and 2.5.11 shall not apply to any Persons who are shareholders of Skechers Parent who purchase such shares in the public marketplace or from other shareholders.

**ARTICLE 3
PURPOSE**

Section 3.1 Purpose. The purpose and nature of the business to be conducted by the Company is (a) to acquire the Property and to develop the Project thereon, and to own, operate manage, lease, mortgage, encumber, develop, construct improvements upon, sell and otherwise deal with the Project and other Company Assets for the production of income and profit, and (b) to conduct any activities that may be lawfully conducted by a limited liability company organized pursuant to the Act in furtherance of the foregoing. The purpose of the Company shall not be changed unless both Members consent (any dispute in this regard shall not be subject to the expedited arbitration provisions in Article 15).

Section 3.2 Powers. The Company is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes described herein and for the protection and benefit of the Company.

**ARTICLE 4
CAPITAL CONTRIBUTIONS; MEMBER LOANS; CAPITAL ACCOUNTS**

Section 4.1 Capital Contributions of the Members.

4.1.1 Initial Capital Contributions. The Members shall make Initial Capital Contributions to the Company as follows:

(a) Skechers shall make an Initial Capital Contribution to the Company in the amount of Thirty Million Dollars (\$30,000,000), which shall be contributed in cash. The obligation to fund such Initial Capital Contribution shall be guaranteed by Skechers Parent. Such Initial Capital Contribution shall be made to an escrow account established by and under the control of the Construction Lender as follows: The funds will be held by the Construction Lender in an interest bearing account (provided that the Construction Lender agrees to pay interest thereon) and will not be disbursed until the first to occur of (i) the execution of the Construction Loan Documents, whereupon Thirty Million Dollars (\$30,000,000) from such account shall continue to be held for disbursement by Construction Lender to the Company in the usual and customary course of distributions under the Construction Loan and subject to the same conditions, safeguards and procedures that are established by the Construction Lender with respect to Construction Loan draws (although it is understood that such funds will be disbursed by the Construction Lender before the Construction Lender disburses any of its own funds under the Construction Loan), and the accrued interest thereon will be promptly returned to Skechers, or (ii) June 1, 2010, whereupon unless Skechers gives notice to the Construction Lender to the contrary, the entire amount in the escrow account (including accrued interest) will be promptly returned to Skechers. Time is of the essence with respect to the foregoing. HF shall cause the Construction Loan Documents to so provide. Skechers may, if it so desires, but at its own expense, engage an independent compliance auditor to monitor the distribution of funds from such account, and HF shall provide information to Skechers' compliance auditor (prior to any disbursement from such account in form and content reasonably requested by such compliance auditor) which reflects the amount of any draws to be made from such account, the purposes of such draws and shall provide copies of any draw requests and backup documentation provided by all contractors who are being paid from such draw. If HF fails to provide such information to Skechers' compliance auditor within a reasonable time after demand is made, then Skechers may request such information directly from the Construction Lender (and Skechers may deliver a copy of this provision to the Construction Lender to evidence its right to obtain such information). HF shall not improperly authorize any draws from the account which holds such funds. If Skechers' compliance auditor establishes that HF improperly authorized any draws from the account which holds

such funds, then the reasonable expense of the compliance auditor shall be reimbursed by HF to Skechers. If there is a dispute regarding draws from such account, the matter shall be submitted to expedited arbitration in accordance with Article 15.

(b) On the Closing Date, the HF shall convey, as its Initial Capital Contribution, all of HF's interest in the Property (being its interest as tenant under the Master Lease) to the Company, free and clear of all monetary liens and encumbrances (other than a lien of current property taxes and current POA assessments, if any), but subject to all other matters then of record, including CC&Rs and to that end will execute an assignment of its interest under the Master Lease to the Company. At or prior to the date of funding the Construction Loan, HF will cause the Master Landlord to execute a grant deed which transfers title to the Property to the Company free and clear of all monetary liens and encumbrances (other than a lien of current property taxes and current POA assessments, if any), but subject to all other matters then of record, including CC&Rs. HF will receive a Capital Account credit in the amount of Thirty Million Dollars (\$30,000,000). HF shall, concurrently with the conveyance of its interest in the Property to the Company be deemed to have made representations to the Company and Skechers as set forth on attached as **Exhibit "G"** attached hereto. Any documentary transfer tax payable with respect to such conveyance of HF's interest in the Property to the Company (or any subsequent conveyance of fee simple title to the Company) shall be paid by HF (but the amount thereof, up to Thirty-Three Thousand Dollars (\$33,000), shall become part of the HF Loan) and when the Construction Loan closes, HF will obtain an owner's title insurance policy (ALTA 2006 form with customary endorsements) insuring the Company's interest in the Property with policy limits of at least Thirty Million Dollars (\$30,000,000). After Completion of the Project, the Managing Members may elect to increase the amount of such insurance up to the then insurable fair market value of the Property and all improvements thereon. HF will cause the Master Landlord to convey fee title to the Property to the Company at the time specified above.

(c) Skechers and HF shall each fund fifty percent (50%) of any commitment fees or expenses required to be funded upon execution of the Commitment. Any repayment or reimbursement of such fees or expenses shall be refunded fifty percent (50%) to Skechers and fifty percent (50%) to HF. Such payments shall be considered Capital Contributions of such Members, but not applicable towards the Initial Capital Contributions.

4.1.2 Additional Capital Contributions. If either Managing Member determines in the exercise of its reasonable business judgment that Additional Capital Contributions are necessary for the operation of the business of the Company, or to enable the Company to perform its obligations under the Lease (other than the Company's obligations under the Lease to pay or reimburse Skechers for the costs of storage of Skechers' property), which cannot be funded from Available Cash or obtained through financing (or which are impractical to be obtained through financing), such Managing Member may (but shall not be required to) give notice to the other Managing Member, including the amount required and the purposes therefor. Such Additional Capital Contributions shall be contributed by the Members according to their respective Contribution Percentages within ten (10) days after receipt of such notice calling for such Additional Capital Contributions. Failure by a Member to make its required Additional Capital Contribution shall give the other Member the rights and remedies specified in Section 4.1.5. If a Member who receives a call for an Additional Capital Contribution disputes the reasonableness of such Additional Capital Contribution, it shall give notice to the Member who made such call within such ten (10) day period, and if the Members cannot resolve the dispute within ten (10) Business Days thereafter, the dispute shall be submitted to expedited arbitration as set forth in Article 15. During the pendency of such arbitration, even though the Member who failed to make the Additional Capital Contribution shall not be deemed to be a Default Member under Section 4.1.5(c), the other Member may elect to loan to the Company the amount which the other Member failed to contribute in accordance with the provisions of Section 4.1.5(d)(i). Provided, however, that if it is determined through arbitration that such Additional

Capital Contribution (or part thereof) was not reasonable, then the loan (to the extent of any amount which was not determined to be reasonable) shall not bear interest.

4.1.3 Return of Capital Contributions. Except as otherwise expressly provided herein, the Capital Contributions of the Members will be returned to the Members only in the manner and to the extent provided in Article 5 and Article 13, and neither Member may withdraw from the Company or otherwise have any right to demand or receive the return of its Capital Contributions to the Company. Under circumstances requiring a return of any Capital Contributions, neither Member shall have the right to receive property other than cash, unless expressly otherwise provided in this Agreement. Except as otherwise provided in this Agreement, no Member shall be entitled to interest on any Capital Contribution or Capital Account notwithstanding any disproportion therein as between the Members. Neither the Members nor the Company shall be personally liable for the return of any portion of the Capital Contributions of the Members, and the return of such Capital Contributions shall be made solely from the Company Assets to the extent, and in the priority, set forth in this Agreement.

4.1.4 Liability of Members. Except for the obligation to make Capital Contributions (including the Initial Capital Contributions under Section 4.1.1 and any required any Additional Capital Contributions under Section 4.1.2), the obligation of the Members to make certain loans under Section 6.8, and any amounts which a Member may be obligated to repay to the Company under applicable law, no Member shall be required to make any Capital Contributions to the Company or to make any loans to the Company. Except for the foregoing, no Member shall have any personal liability to contribute money to, or in respect of, the liabilities or the obligations of the Company to third parties, nor shall any Member be personally liable for any obligations of the Company to third parties (unless otherwise provided in any Loan documents or other documents executed by the Members, such as personal guarantees).

4.1.5 Default in Making Required Additional Capital Contributions.

(a) If either Member fails to make its Initial Capital Contributions to the Company, in addition to all other rights and remedies of the other Member, the other Member who made its Initial Capital Contribution may by notice to the Member who fails to make its Initial Capital Contribution elect to declare this Agreement null and void, and in such event any Initial Capital Contributions or other transfers or assignments of property made to the Company by the Member who sent such notice shall be immediately returned, and the Company shall be wound up and dissolved.

(b) If either Member fails to make a required Additional Capital Contribution, the other Member may send a notice (the "**Default Notice**") to such Member who failed to make the required Additional Capital Contribution, notifying such Member of its failure to make such Additional Capital Contribution, the amount of such Additional Capital Contribution, and demanding that such Additional Capital Contribution be made immediately.

(c) If a Member who receives a Default Notice fails to make a required Additional Capital Contribution within five (5) Business Days after receiving the Default Notice (the failure to make such Additional Capital Contribution is referred to as a "**Default**" and the date that is five (5) Business Days after the receipt of the Default Notice is referred to as the "**Default Date**"), then such Member shall be in default (a "**Default Member**") and the amount that the Default Member has failed to contribute is referred to as the "**Default Amount**"). The Member other than the Default Member is referred to herein as the "**Non-Defaulting Member**." Neither Member shall be deemed to be a Default Member during the pendency of any expedited arbitration under Article 15 to determine whether a request for an Additional Capital Contribution is reasonable under Section 4.1.2. If as a result of such arbitration, it is determined that the request for an Additional Capital Contribution was reasonable, then the Member who failed to make such Additional Capital Contribution shall, within five (5) Business Days thereafter,

make any such Additional Capital Contribution which was not made (and which was determined to be reasonable), and failing to do so, such Member shall be a Default Member.

(d) If a Default Member fails to make such Additional Capital Contribution on or before the Default Date, the Non-Defaulting Member may, in its sole and absolute discretion, as its sole remedy, take either of the following courses of action:

(i) The Non-Defaulting Member can withdraw any Additional Capital Contribution made by it in connection with the capital call which resulted in the Default; in such event, the Non-Defaulting Member shall have the right to make a loan to the Company in the amount of the Additional Capital Contribution required of such Non-Defaulting Member and the Default Member under Section 4.1.2, which loan shall bear interest (except as provided in Section 4.1.2) at the lesser of the Prime Rate plus ten percent (10%) per annum, or the maximum amount allowable by law, which loan shall be repayable upon demand. Such loan will have priority over any distributions to be made to the Members pursuant to Section 5.2 or Section 13.2 and over the repayment of any loan payable to the Default Member (or its Affiliate); or

(ii) The Non-Defaulting Member may make an Additional Capital Contribution to the Company in the amount of the Default Amount, and then, effective as of the date on which Non-Defaulting Member makes such Additional Capital Contribution to the Company, and the Distribution Percentages of the Members shall automatically be adjusted to reflect the new ratio of the Capital Contributions of the respective Members to the total of all Capital Contributions of both Members.

4.1.6 EACH MEMBER ACKNOWLEDGES AND AGREES THAT IT FULLY UNDERSTANDS THAT ITS INTEREST IN DISTRIBUTIONS AND CAPITAL MAY BE SUBSTANTIALLY DILUTED FOR FAILING TO MAKE REQUIRED ADDITIONAL CAPITAL CONTRIBUTIONS UNDER THIS Article 4. EACH MEMBER FURTHER ACKNOWLEDGES AND AGREES THAT EXCEPT AS SET FORTH IN SECTION 4.1.5(a) THIS SECTION 4.1.6, AND IN Section 5.2(c), THE REMEDIES ABOVE ARE THE SOLE AND EXCLUSIVE REMEDIES AVAILABLE TO THE NON-DEFAULTING MEMBER AS A RESULT OF SUCH DEFAULT. NOTWITHSTANDING THE FOREGOING, IF A DEFAULT BY SKECHERS UNDER Article 4 RESULTS IN THE INABILITY OF THE COMPANY TO PERFORM ITS OBLIGATIONS UNDER THE LEASE THEN THE TENANT UNDER THE LEASE SHALL NOT BE ENTITLED TO DECLARE THE COMPANY TO BE IN DEFAULT UNDER THE LEASE AS A RESULT THEREOF. ADDITIONALLY, IF A DEFAULT BY EITHER MEMBER UNDER Article 4 RESULTS IN THE INABILITY OF THE COMPANY TO PERFORM ITS OBLIGATIONS UNDER THE LEASE THEN, IN ADDITION TO ANY RIGHTS AND REMEDIES THAT THE NON-DEFAULTING MEMBER MAY HAVE AGAINST THE DEFAULT MEMBER HEREUNDER, THE DEFAULT MEMBER SHALL BE SOLELY RESPONSIBLE FOR ALL CLAIMS OF TENANT UNDER THE LEASE AS A RESULT THEREOF.

ARTICLE 5 DISTRIBUTIONS AND ALLOCATIONS

Section 5.1 Distributions: General Principles. Except as provided in Section 13.2, Available Cash shall be distributed to the Members monthly in accordance with the provisions of Section 5.2.

Section 5.2 Distributions. Except as provided in Section 5.2(c) below, distributions of Available Cash shall be made to the Members in the following order of priority:

- (a) First, to the Members pari passu in proportion to their respective Unrecovered Contributions, and
- (b) Thereafter, to the Members pari passu in proportion to their respective Distribution Percentages.
- (c) Notwithstanding the foregoing priorities, the following special distribution rules shall apply:

(i) If a Member fails to make an Additional Capital Contribution under Section 4.1.2, and the Non-Defaulting Member elects to make an Additional Capital Contribution under Section 4.1.5(d)(i), then the amount of such Additional Capital Contribution shall accrue a preferred return at the rate of the interest rate then being paid on the HF Loan and the Skechers Loan plus five percent (5%) per annum, and the total amount of such Additional Capital Contribution plus such preferred return shall become a priority distribution to be made before any other distributions to the Members under Section 5.2(a) or (b) or pursuant to Section 13.2.1(c), and before any repayment of any loan payable to the Defaulting Member under Article 6.

Section 5.3 Allocations. Profits and losses of the Company (and all related items of income, gain, loss, deduction and credit) shall be allocated between the Members in the manner provided in Exhibit "A".

ARTICLE 6 LOANS

Section 6.1 Construction Loan. The Company shall take out a Construction Loan or Construction Loans to finance the development of the Project. The Construction Loan will not close unless and until fee title to the Property has been conveyed by the Master Landlord to the Company in accordance with Section 4.1.1(b). The Lender of the Construction Loan(s) shall be selected by the HF Managing Member. Any guarantees (completion, payment or otherwise) required by the Lender of the Construction Loan(s) shall be provided by HF (or an Affiliate of HF). HF shall cause an HF Affiliate acceptable to the Construction Lender to provide such guarantees. If HF is unable to obtain a Construction Loan (or Construction Loans) sufficient to fund the entire cost of the Project (considering the Initial Capital Contribution to be made by Skechers), it may, at its option, loan its own funds (or funds of its Affiliates) to the Company, and in the latter case such loan will be part of the HF Loan (in such event, if there is no Construction Loan, the interest rate on the HF Loan shall be the rate which is then being charged by institutional construction lenders in the marketplace for construction loans of this amount and nature). HF shall take the lead in procuring the Construction Loan, and Skechers shall cooperate with HF in connection therewith. Skechers shall have the right to review and comment on the terms and conditions of the Construction Loan(s), and the Construction Loan documentation, but the decisions of HF in this regard shall control and will be final and conclusive (provided that HF shall act in good faith and consistent with its fiduciary duties hereunder). Notwithstanding the foregoing, Skechers Parent shall not be required to materially amend or modify the Lease in connection with obtaining the Construction Loan (except for any reasonable and customary modifications which may be required under a subordination, non-disturbance and attornment agreement). Skechers shall be a required signatory on the Construction Loan Documents (in its capacity as a Managing Member only and not in any manner which will create any personal liability on Skechers). Skechers shall be given reasonable advance notice of any regularly scheduled meetings with the prospective Construction Lender at which material issues regarding the Construction Loan are expected to be discussed and shall have the right to attend all such meetings (whether conducted in person or by telephone or electronic meeting). Skechers shall also have the right to communicate directly with the Construction Lender to discuss the status of the Construction

Loan, but will not negotiate any of its terms or conditions without the express prior approval of the HF Managing Member.

Section 6.2 Permanent Loan. The Company shall take out a Permanent Loan as soon as practical after the Completion of the Project, although nothing herein shall prohibit HF from seeking such Permanent Loan at an earlier time. HF (or its Affiliate) will be required to execute any “bad boy” nonrecourse carve-out guarantees reasonably required by the Lender of the Permanent Loan, but shall not otherwise be required to guarantee the Permanent Loan. HF shall cause an HF Affiliate acceptable to the Permanent Lender to provide such guarantees. HF shall take the lead in procuring the Permanent Loan, and Skechers shall cooperate with HF in connection therewith (including using commercially reasonable efforts, at Company expense, to obtain a credit rating from a recognized credit rating agency as may be required by the Permanent Lender. Skechers shall have the right to review and comment on the terms and conditions of the Permanent Loan (including a possible participating equity interest in the Company afforded to the Permanent Lender), and the Permanent Loan documentation, but the decisions of HF in this regard shall control and will be final and conclusive (provided that HF shall act in good faith and consistent with its fiduciary duties hereunder). Notwithstanding the foregoing, Skechers Parent shall not be required to materially amend or modify the Lease in connection with obtaining the Permanent Loan (except for any reasonable and customary modifications which may be required under a subordination, non-disturbance and attornment agreement) or otherwise. Skechers shall be given reasonable advance notice of any regularly scheduled meetings with the prospective Permanent Lender at which material issues regarding the Permanent Loan are expected to be discussed and shall have the right to attend all such meetings (whether conducted in person or by telephone or electronic meeting). Skechers shall also have the right to communicate directly with the Permanent Lender to discuss the status of the Permanent Loan, but will not negotiate any of its terms or conditions without the express prior approval of the HF Managing Member. If HF gives notice to Skechers that it has identified a proposed Permanent Lender who has agreed to make a Permanent Loan which HF desires to accept (which notice shall set forth the basic terms and conditions thereof), Skechers shall have the right to become the Permanent Lender on the same terms and conditions. Skechers must give notice of its intention to become the Permanent Lender within five (5) Business Days after receipt of such notice from HF. If any non-refundable deposit (for costs or otherwise) was made to a potential Permanent Lender by the Company, if Skechers elects to become the Permanent Lender, its fees shall be reduced by the amount of such deposit which is not refunded. If Skechers elects to become the Permanent Lender and for any reason breaches its commitment to fund such Permanent Loan, it shall be responsible for all resulting damages to the Company and to any HF Affiliate which guaranteed the Construction Loan.

Section 6.3 Indemnification. The Company shall indemnify HF (or its Affiliates) from any liability which may be incurred in connection with its guarantee of the Construction Loan or in connection with a “bad boy” nonrecourse carve-out guarantee of the Permanent Loan, but excluding liability resulting from a default by the Development Manager under the Development Management Agreement, the occurrence of an Event of Default by HF under this Agreement, or the gross negligence or willful misconduct HF or its Affiliates. However, to the extent that liability under the “bad boy” nonrecourse carve-out guarantee results from the acts or omissions of Skechers or the occurrence of an Event of Default by Skechers under this Agreement, or a default by Skechers Parent under the Lease, then such indemnification shall be afforded primarily by Skechers and only secondarily by the Company.

Section 6.4 HF Loan. Concurrently with the contribution of the Initial Capital Contributions as described above, HF will transfer and assign to the Company all of its right, title and interest in all personal property and all plans, specifications, architectural drawings and renderings, surveys and other collateral material relating to the ownership and development of the Property. In consideration of such transfer and assignment, HF will be deemed to have extended a loan to the Company in the amount of Fourteen Million Dollars (\$14,000,000) (the “**HF Loan**”). The HF Loan will bear interest at the rate of

six percent (6%) per annum, with interest and principal payable monthly from the first Available Cash (prior to any distributions of Available Cash to the Members), with any unpaid balance of interest and principle payable upon the earlier to occur of the refinancing or sale of the Project, or the liquidation of the Company (again, before any distributions of Available Cash to the Members except as provided in Section 5.2(c)). The HF Loan is to be treated as a partial sale of the Property as provided in Section 3.3(c) of Exhibit "A".

Section 6.5 Skechers Loan. Concurrently with the contribution of the Initial Capital Contributions as described above, Skechers will be deemed to have made a loan to the Company in the amount of One Million Dollars (\$1,000,000) (the "Skechers Loan") in consideration of Skechers funding certain costs and expenses of alternate site rental pending completion of the Project which the landlord under the Lease had previously agreed to fund. The Skechers Loan shall be payable at the same times and manner, and shall bear the same rate of interest as the HF Loan.

Section 6.6 Pro Rata. As long as there are amounts outstanding under both the HF Loan and the Skechers Loan, payments on such loans will be made on a pro rata basis (according to the total unpaid principal balances of each of such loans, except as provided in Section 5.2(c)).

Section 6.7 Loan Documentation. To evidence the HF Loan and the Skechers Loan, the Company shall execute unsecured promissory notes ("Notes") in the forms attached as Exhibits "C-1" and "C-2", respectively. The Notes will be amended if the HF Loan or the Skechers Loan is increased as provided herein.

Section 6.8 Additional Loans.

(a) If the HF Managing Member determines in the exercise of its reasonable business judgment that additional capital is needed as a result of construction cost overruns relative to the initial construction of the Project (which specifically excludes increased construction costs due to change orders requested by Skechers and approved by the landlord under the Lease, or resulting from the acts or omissions of Skechers under the Lease), which cannot be funded from Available Cash or obtained through financing (or which are impractical to be obtained through financing), such capital shall be loaned to the Company by HF (or its Affiliate), and such amounts shall be considered an increase in the HF Loan. Provided, however, that cost overruns resulting from an Event of Default by HF under this Agreement or a default by the Development Manager under the Development Management Agreement, or which involves the gross negligence, fraud or willful misconduct of HF (or its Affiliate) shall not be considered an increase in the HF Loan. If additional capital is needed to perform the Company's obligation under the Lease to pay or reimburse Skechers for the costs of storage of Skechers' property, such capital shall be funded by HF (or its Affiliate), at its own expense, and such amount shall not be considered income of the Company, or a loan or a Capital Contribution to the Company, or an increase in the HF Loan or an increase in HF's Capital Account.

(b) If the HF Managing Member determines in the exercise of its reasonable business judgment that additional capital is needed as a result of increased construction costs due to change orders requested by Skechers and approved by the landlord under the Lease, or resulting from the acts or omissions of Skechers under the Lease, then such capital shall be loaned to the Company by Skechers (or its Affiliate) and shall be considered an increase in the Skechers Loan, but such increase shall not exceed One Million Dollars (\$1,000,000), and any excess shall be paid by Skechers as its own expense, and such amount shall not be considered income of the Company, or a loan or a Capital Contribution to the Company, or part of the Skechers Loan, or an Additional Capital Contribution by Skechers. Provided, however, that any increased construction costs resulting from acts or omissions of Skechers (or its Affiliate) which constitute an Event of Default by Skechers under this Agreement or a

default by Skechers Parent under the Lease, or which involves gross negligence, fraud or willful misconduct of Skechers or Skechers Parent (or their Affiliates) shall not be considered an increase in the Skechers Loan. Provided, further that to the extent that the Skechers Loan is increased as a result of the foregoing, the Base Rent under the Lease shall be increased proportionately by the ratio that the increase in the Skechers Loan bears to the total Project Costs (as such term is defined in the Development Management Agreement). The HF Managing Member shall not unreasonably withhold its consent to any change order requested by Skechers Parent if Skechers funds the entire cost of such change order (including any resulting increases in the Project Costs. If there is a dispute as to whether the refusal of the HF Managing Member to give its consent to any change order proposed by Skechers is reasonable, the matter shall be submitted to expedited arbitration in accordance with Article 15.

(c) If there is any dispute regarding the reasonableness of the determination by the HF Managing Member that additional capital is required under Section 6.8(a) or (b), such dispute shall be submitted to expedited arbitration as set forth in Article 15. During the pendency of such arbitration, even though the Member who has failed to make any additional loan to the Company shall not be deemed to be in default under this Agreement, the other Member may elect to loan to the Company the amount which the other Member failed to loan, and if it is determined through arbitration that the required additional loan was not reasonable, then the amount loaned by the other Member (to the extent of any amount which was not determined to be reasonable) shall not bear interest.

Section 6.9 Default in Making Required Loans.

(a) If either Member fails to make any required loan pursuant to Section 6.8 (an “**Additional Funding Obligation**”), the other Member may send a notice to such Member who failed to make the required Additional Funding Obligation, notifying such Member of its failure to make such Additional Funding Obligation, the amount to be funded and demanding that such Additional Funding Obligation be made immediately.

(b) If the Member who receives such notice fails to make the required Additional Funding Obligation within five (5) Business Days after the receipt of such notice, then the other Member shall have the following rights:

(i) Such Member may loan the required funds to the Company, which amount so loaned shall bear interest and be payable in the same manner as the loan described in Section 4.1.5(d)(i); or

Such Member may make an Additional Capital Contribution to the Company in the amount of the required Additional Funding Obligation, in which event the Distribution Percentages shall be adjusted in the manner set forth in Section 4.1.5(d)(ii).

Section 6.10 EACH MEMBER ACKNOWLEDGES AND AGREES THAT IT FULLY UNDERSTANDS THAT ITS INTEREST IN DISTRIBUTIONS AND CAPITAL MAY BE SUBSTANTIALLY DILUTED FOR FAILING TO MAKE A REQUIRED ADDITIONAL FUNDING OBLIGATION UNDER THIS Article 6. EACH MEMBER FURTHER ACKNOWLEDGES AND AGREES THAT EXCEPT AS SET FORTH IN THIS Section 6.10 AND IN Section 5.2(c), THE REMEDIES ABOVE ARE THE SOLE AND EXCLUSIVE REMEDIES AVAILABLE TO THE NON-DEFAULTING MEMBER AS A RESULT OF SUCH DEFAULT. NOTWITHSTANDING THE FOREGOING, IF A DEFAULT BY SKECHERS UNDER Article 6 RESULTS IN THE INABILITY OF THE COMPANY TO PERFORM ITS OBLIGATIONS UNDER THE LEASE THEN THE TENANT UNDER THE LEASE SHALL NOT BE ENTITLED TO DECLARE THE COMPANY TO BE IN DEFAULT UNDER THE LEASE AS A RESULT THEREOF. ADDITIONALLY, IF A DEFAULT BY

EITHER MEMBER UNDER Article 6 RESULTS IN THE INABILITY OF THE COMPANY TO PERFORM ITS OBLIGATIONS UNDER THE LEASE THEN, IN ADDITION TO ANY RIGHTS AND REMEDIES THAT THE NON-DEFAULTING MEMBER MAY HAVE AGAINST THE DEFAULTING MEMBER HEREUNDER, THE DEFAULTING MEMBER SHALL BE SOLELY RESPONSIBLE FOR ALL CLAIMS OF TENANT UNDER THE LEASE AS A RESULT THEREOF.

**ARTICLE 7
MANAGEMENT AND OPERATION OF BUSINESS**

Section 7.1 Management.

7.1.1 Powers of the Managing Members.

(a) Subject to the limitations set forth herein, all management powers over the business and affairs of the Company are exclusively vested in the Managing Members, and no Member other than the Managing Members shall have any right to participate in or exercise control or management power over the business and affairs of the Company.

(b) Unless and until it is removed as a Managing Member pursuant to Section 7.1.4, the Skechers Managing Member shall have exclusive management, responsibility and control over the operations of the Building after completion of construction and Skechers taking possession of the premises described in the Lease (subject to the obligations of the tenant under the Lease). In addition to the foregoing, the Skechers Managing Member shall have exclusive management responsibility and control over the Company's rights to pursue remedies for any default by the Development Manager under the Development Management Agreement, for any default by any HF Affiliate under any agreement between the Company and such HF Affiliate, any default by HF under this Agreement, and any negotiations with the POA which involve any wrongdoing or alleged wrongdoing by HF or any HF Affiliate.

(c) Unless and until it is removed as Managing Member pursuant to Section 7.1.4 the HF Managing Member shall have the exclusive management, responsibility and control over, (i) any consents, approvals or decisions to be made by the landlord under the Lease, including decisions regarding the development of the Expansion Area (as defined in the Lease) if the Tenant fails to exercise its option to expand under the Lease (provided that Skechers shall be afforded the first option to participate with HF in any other development of the Expansion Area, on terms prepared by the HF Managing Member), (ii) financing of the Project, including procuring and negotiating the Loans and determining the terms and conditions thereof (to the extent not inconsistent with the other provisions of this Agreement), (iii) pledges or encumbrances of Company Assets, (iv) all matters pertaining to the entitlements affecting the Property (including, but not limited to, zoning issues, CFD formation, mapping and subdivision), including interactions and negotiations with governmental entities, (v) except as set forth in Section 7.1.1(b), all matters pertaining to the Property Owners Association ("POA") for the Corporate Park in which the Project is located (provided, however, HF Managing Member may not take any action in connection with the POA without Skechers Managing Member's approval that will materially reduce or eliminate any of Skechers Parent's rights as tenant under the Lease, or that will materially increase Tenant's costs and expenses thereunder, other than the obligation to pay reasonable POA assessments), and (vi) subject to Section 7.1.1(e) below, all matters relating to the development (but not the sale) of the Project and the development of the Expansion Area if Skechers Parent exercises its expansion rights under the Lease, including, but not limited to, engagement of attorneys, architects, engineers, contractors, a development manager (which shall be an Affiliate of HF and which shall enter into a development management agreement with respect to the Expansion Area on substantially the same terms and conditions as are set forth in the Development Management Agreement) and other

professionals, preparation of construction drawings, and all aspects of construction (subject to the rights of Skechers Parent as tenant under the Lease and the provisions of the Development Management Agreement). Notwithstanding the exclusive rights granted to HF Managing Member hereunder, the Skechers Managing Member shall have the right to approve any insurance company recovery, award or settlement, any condemnation award and any settlement of any lawsuit or threatened lawsuit with respect to the Property or the Project, which consent will not be unreasonably withheld. Further, subject to any provisions in the Lease, the Construction Loan documents and the Permanent Loan Documents, any insurance proceeds received by the Company as a result of damage or destruction to any improvements within the Project shall be used to reconstruct such improvements, to the extent legally permissible, and provided that the Lease continues in force and effect. HF Managing Member shall keep Skechers reasonably informed about negotiations involving the construction contract (including the selection of the general contractor) and shall promptly upon request provide Skechers with copies of drafts of the proposed construction contract during the course of its negotiation. HF Managing Member will consider any comments offered by Skechers with respect to the foregoing, but ultimately the decisions of HF Managing Member regarding the selection of the general contractor and the terms and conditions of the construction contract shall control, subject to any express provisions in this Agreement or the Development Management Agreement. Notwithstanding item (i) of this [Section 7.1.1\(c\)](#), nothing herein shall be interpreted as a waiver of, or prohibition on, the right of Skechers Parent, as tenant under the Lease, to contest the withholding of any requested landlord consent or approval under the Lease.

(d) To the extent that the management and control of the Company is within the scope of the exclusive authority of either the HF Managing Member or the Skechers Managing Member, such Managing Member may act on behalf of the Company (and may bind the Company) alone and without the consent, approval, ratification or signature of the other Managing Member.

(e) Any issues relating to the management and control of the Company which are not within the scope of the exclusive authority of either the HF Managing Member or the Skechers Managing Member shall be matters which require the joint consent, approval or ratification (and joint signature, as applicable) of both Managing Members, which consent shall not be withheld unreasonably or delayed; provided, however, that the Members acknowledge that the Skechers Managing Member may cause the Company to adopt such internal controls as are reasonably necessary, upon advice of Skechers Parent's counsel, to comply with the Skechers Parent's obligations under SEC Rule 404. The Members acknowledge, without limitation, that (i) a sale of the Project, (ii) an amendment of the Development Management Agreement, and (iii) modifications of either the Development Budget or the Project Schedule requiring Company's consent under the Development Management Agreement shall require the mutual consent of the Managing Members. Additionally, the engagement of attorneys and accountants by the Company, other than with respect to the development of the Project, shall be mutually agreed to by the Managing Members. In connection with the foregoing, HF Managing Member acknowledges that Skechers Parent is a publicly traded company and Skechers may need to require that particular accountants be used by the Company. As such, HF Managing Member agrees to use KPMG or such other accountants as Skechers Parent may use as the Company's accountants in accordance with [Article 9](#). If there is a dispute regarding the reasonableness of the withholding of consent, approval or ratification of any matter which requires the joint consent, approval or ratification of both Managing Members, unless otherwise provided herein, the matter shall be submitted to expedited arbitration in accordance with [Article 15](#). Except as set forth in [Section 15.3](#), the Determination of the arbitrator shall be limited to whether or not the Managing Member acted reasonably, and the other Managing Member shall not be entitled to seek or obtain any monetary damages as a result of the unreasonable withholding of consent, approval or ratification.

(f) In addition to the powers now or hereafter granted to a manager of a limited liability company under the Act or under any other provision of this Agreement, the Managing

Members, to the extent of either their exclusive scope of authority or joint authority as the case may be, shall have full power and authority to do all things deemed necessary or desirable by them to conduct the business of the Company, to exercise all powers set forth in Section 3.2 and to effect the purposes set forth in Section 3.1, including, without limitation:

- (i) the making of any expenditures, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Company Assets) and the incurring of any obligations of the Company;
- (ii) the making of regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business of the Company and/or the Company Assets;
- (iii) the acquisition, disposition and leasing of the Project and other Company Assets;
- (iv) the negotiation, execution, performance and administration of (including the exercise of any rights or remedies under) any contracts (including contracts with Affiliates of the Members);
- (v) the opening and closing of Company bank accounts (which bank accounts shall be in the name of the Company but on which representatives of both Managing Members shall be signatories, subject to the limitations set forth in the Development Management Agreement with respect to bank accounts into which Construction Loan draws will be funded prior to Completion of the Project), the investment of Company funds in securities, certificates of deposit and other instruments, and the distribution of Available Cash;
- (vi) the engagement and dismissal of agents, outside attorneys, accountants, engineers, appraisers, consultants, contractors and other professionals for the Company and the determination of their compensation and other terms of any such engagement or dismissal;
- (vii) the control of any matters affecting the legal rights and obligations of the Company, including the conduct of litigation and the incurring of legal expenses and the settlement of claims and litigation;
- (viii) obtaining and maintaining casualty, liability and other insurance on the Company Assets, including the Project and the Members; and (ix) the execution, acknowledgment and delivery of any and all documents and instruments to effect any or all of the foregoing.

7.1.2 No Approval Required for Above Powers. The applicable Managing Member (or the Managing Members, jointly, as the case may be) is authorized to execute, deliver and perform the above-mentioned documents and transactions on behalf of the Company without any further act, approval or vote of the Members. Notwithstanding the foregoing, if a Managing Member is authorized to act alone to the extent practical, it shall give at least five (5) Business Days prior notice (which shall be reduced to two (2) Business Days prior notice until Completion of the Project) to the other Managing Member of any actions it intends to take on behalf of the Company which might have a material impact on the business, Company Assets or obligations of the Company. In any event, the Members will cooperate in all

reasonable respects with the Managing Members to facilitate the exercise of the powers of management and control by the Managing Members.

7.1.3 No Obligation to Consider Tax Consequences to the Members. In exercising authority under this Agreement, the Managing Members may, but shall be under no obligation to, take into account the tax consequences to the Members of any action taken by the Managing Members, and neither the Company nor any Managing Member acting in good faith shall have any liability to either Member under any circumstances as a result of an income tax liability incurred by such Member as a result of an action (or inaction) by the Managing Members pursuant to their authority under this Agreement.

7.1.4 Removal of Managing Members. A Managing Member may be removed by the other Managing Member (or by the other Member, if there is only one Managing Member), as follows:

(a) If such Managing Member materially defaults under this Agreement (except for a default under Article 4 or Article 6, which are governed by provisions in those Articles), subject to notice from the other Managing Member and ten (10) Business Days to cure such default; provided, however, that in the case of any default which can be cured but not within such ten (10) Business Day period, such Managing Member fails to begin reasonable steps to cure such breach within such ten (10) Business Day Period, or does not thereafter diligently prosecute such cure to completion or in any event if such default is not cured within sixty (60) days following the date of notice thereof from the other Managing Member; or

(b) If such Managing Member (or any of its controlling Persons) is convicted of any criminal act involving the Company Assets or business of the Company, or is found by a court of competent jurisdiction to have breached its fiduciary duty under this Agreement, or to have committed fraud involving the Company Assets or business of the Company, or to have been grossly negligent in performing its duties under this Agreement; or

(c) If such Managing Member becomes Incapacitated or commits or suffers a Bankruptcy Action; or

(d) In the case of the Skechers Managing Member, if the Skechers Parent commits a material default under the Lease and such default is not cured within any applicable time period set forth therein; or

(e) In the case of the HF Managing Member, if the Development Manager commits a material default under the Development Management Agreement and such default is not cured within any applicable time period set forth therein; or

(f) In the case of the either Managing Member, if the Company defaults under the Lease by reason of any act or omission of such Managing Member and such default is not cured within any applicable time period set forth therein.

If a Managing Member is so removed, the other Managing Member shall serve as the sole Managing Member (and shall thereafter have the management authority and attendant management obligations of replaced Managing Member in addition to the management authority and attendant management obligations which it previously had). For clarification, if the HF Managing Member is removed, the Skechers Managing Member shall have the right to enforce the Company's rights under the Development Management Agreement, and if the Development Management Agreement is terminated, the Skechers Managing Member may enter into a new development management agreement on behalf of the Company

and may engage a new Development Manager, subject to the provisions of Section 7.5. The removed Managing Member shall retain all of the rights and obligations hereunder as a Member, other than those which pertain to its management authority as a Managing Member, but such Managing Member shall remain liable to the Company and the other Member for any damages resulting from the acts (or omissions) which resulted in its removal.

Notwithstanding the foregoing, if the Managing Member whose removal is being sought gives notice of its objection to such removal within five (5) Business Days after receiving notice of any attempted removal, then the matter shall be submitted to expedited arbitration in accordance with Article 15. If a Determination is made in the arbitration proceeding that the grounds for removal have been satisfied, then prior to the actual removal of such Managing Member, such Managing Member shall have an additional ten (10) Business Days to effectuate a cure of the default (if the default is of a nature that it can be cured).

Section 7.2 Certificate of Formation. The Managing Members shall file any required amendments to and restatements of the Certificate, and shall do all the things to maintain the Company as a limited liability company under the laws of the State of Delaware, the State of California and each other jurisdiction in which the Company may elect to do business or own property. The Managing Members shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited liability company in the State of Delaware, the State of California, and any other jurisdiction in which the Company may elect to do business or own property.

Section 7.3 Compensation of Managing Members.

7.3.1 No Compensation. The Managing Members shall not be compensated for rendering services as Managing Members of the Company. The foregoing is not intended to prohibit the payment to the Members, or their Affiliates, of fees under any agreement entered into by the Company and any such Member or its Affiliate pursuant to this Agreement (including the Development Management Agreement).

7.3.2 Reimbursement for Expenses. The Company shall be responsible for and shall pay all expenses relating to the Company's ownership of the Company Assets, and the operation of, or for the benefit of, the Company, and the Managing Members shall be reimbursed on a monthly basis, for all reasonable and customary out-of-pocket expenses actually incurred by the Managing Members on behalf of the Company directly relating to the ownership of the Company Assets and the operation of, or for the benefit of, the Company; provided, however, that the Company shall not reimburse the legal fees and costs of a Member in any arbitration or court proceeding that is solely between the Company, on one hand, and either Member or its Affiliates, on the other hand, or between Members and their Affiliates, until the conclusion of such arbitration or court proceeding (at which time, legal fees and costs shall be awarded to the prevailing party). Further, it is understood that neither Member or its Affiliates shall be entitled to any property management fees for management of the Project (but the foregoing does not prohibit the payment of a fee to the Development Manager under the Development Management Agreement).

Section 7.4 Devotion of Time and Outside Activities of the Members.

(a) Nothing herein contained shall prevent or prohibit the Members or any Affiliates of the Members from entering into, engaging in or conducting any other activity or performing for a fee any service, including engaging in any business dealing with real property of any type or location; owning, managing, leasing or disposing of any real property of any type or location; acting as a

director, officer or employee of any corporation, as a trustee of any trust, as a general partner of any partnership, or as an administrative official of any other business entity; or receiving compensation for services to, or participating in profits derived from, the investments of any such business, property, corporation, trust, partnership or other entity, regardless of whether such activities are competitive with the Company (collectively, the “**Outside Activities**”), and nothing herein shall require any Member or any Affiliates thereof to offer any interest in such Outside Activities to the Company or to any other Member.

Section 7.5 Contracts with Affiliates. Neither Managing Member nor any of its Affiliates shall (a) sell, transfer or convey any property to, or purchase any property from, the Company, directly or indirectly, or (b) enter into any agreement (or amendment thereto) for the provision of services to the Company, or pursuant to other transactions or agreements unless the terms thereof are fair and reasonable, such terms and are no less favorable to the Company than those that would be obtained from an unaffiliated third party, and such Managing Member provides the other Member with at least ten (10) Business Days prior written notice of its intent to enter into such arrangement, together with the material terms thereof, and such Managing Member does not receive a written notice of objection from the other Member regarding the reasonableness of such arrangement. Notwithstanding the foregoing, the Company shall enter into the Development Management Agreement with an Affiliate of HF to perform development management services described therein, for the compensation provided therein and if the Expansion Area is developed for the tenant under the Lease then the Company shall enter into the other development management agreement described in Section 7.1.1(c). Further, except as set forth in Section 6.1, no Affiliate of a Member may become either the Construction Lender or the Permanent Lender unless both Managing Members agree (and if there is a dispute in this regard, the matter shall not be subject to the expedited arbitration provisions in Article 15).

Section 7.6 Indemnification.

7.6.1 General. The Company shall indemnify, to the full extent allowed by the Act, each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts (collectively, “**Loss Items**”) arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative brought by an unaffiliated third party, that relate to the operations of the Company as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise (but excluding indemnification for any Loan guarantees, which are separately addressed in Section 6.3), except to the extent it is established in a final court proceeding that the Loss Item is proximately caused by: (a) the act or omission of such Indemnitee that was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty, fraud, willful misconduct or gross negligence or such Indemnitee’s uncured breach of this Agreement, the Development Management Agreement, or the Lease; (b) such Indemnitee actually receiving an improper personal benefit in money, property or services; or (c) in the case of any criminal proceeding, such Indemnitee having reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that such Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.6.1. The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.6.1. Any indemnification pursuant to this Section 7.6 shall be made only out of the Company Assets. Notwithstanding anything in this Agreement to the contrary, no Indemnitee who is an individual shall be denied indemnification or shall have any personal liability to the Company or its Members with respect to any Loss Item, except to the extent such Loss Item is proximately caused by such Indemnitee’s actual active and deliberate dishonesty, or fraud.

7.6.2 In Advance of Final Disposition. Except as provided in Section 7.3.2, reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Company in advance of the final disposition of the proceeding upon receipt by the Company of (a) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized in this Section 7.6 has been met and (b) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

7.6.3 Other Than by This Section. The indemnification provided by this Section 7.6 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement with the Company, or under any other provision of this Agreement.

7.6.4 Liability of the Managing Members. Notwithstanding anything to the contrary set forth in this Agreement, the Managing Members shall not be liable to the Company or any Members for losses sustained or liabilities incurred as a result of errors in judgment, or as a result of any act or omission by such Managing Member, except for losses sustained or liabilities incurred in whole or in part by such Managing Member's bad faith, fraud, willful misconduct, gross negligence, acting beyond the scope of such Managing Members' authority or commission of any Event of Default under this Agreement (subject to limitations on remedies set forth elsewhere in this Agreement). Neither Managing Member shall be liable to the Company or to any Member for any losses sustained or liabilities incurred as a result of the acts or omissions of the other Managing Member.

Section 7.7 Other Matters Concerning the Managing Members.

7.7.1 Reliance on Documents. The Managing Members may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document reasonably believed by them to be genuine and to have been signed or presented by the proper party or parties.

7.7.2 Reliance on Consultants and Advisers. The Managing Members may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by them, and any act taken or omitted to be taken in reliance upon and in accordance with the opinion of such Persons as to matters which the Managing Members reasonably believe to be within such Person's professional or expert competence shall be *prima facie* evidence that such act was done or omitted in good faith.

7.7.3 Action Through Officers and Attorneys In Fact. The Managing Members shall have the right, in respect of any of their powers or obligations hereunder, to act through any of their duly authorized officers (or partners or managers, as applicable) and their duly appointed attorneys-in-fact. Each such Person, to the extent provided by the Managing Members in the power of attorney or other authorizing instrument, shall have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the Managing Members hereunder.

Section 7.8 Reliance by Third Parties. Any Person dealing with the Company shall be entitled to assume that the Managing Members have full power and authority to encumber, sell or otherwise use in any manner any and all Company Assets and to enter into any contracts on behalf of the Company, and such Person shall be entitled to deal with the Managing Members, or either of them, as if they were the Company's sole party in interest, both legally and beneficially. In no event shall any Person dealing with the Managing Members or their representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the Managing Members or their representatives. Each and every certificate, document or

other instrument executed on behalf of the Company by the Managing Members or their representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Company and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Company. Nothing herein is intended to afford either Managing Member greater power or authority than is otherwise granted under this Agreement, or to exculpate either Managing Member from any liability for acting beyond the scope of such Managing Member's authority as set forth herein.

Section 7.9 Operating Budgets. The initial Operating Budget for 2010 is attached as **Exhibit "D"** which has been approved by both Managing Members. No later than the first (1st) day of the last quarter of each Company Year, the Skechers Managing Member shall submit a proposed Operating Budget (which shall include capital expenditures which are the landlord's obligation under the Lease, and a business plan) for the next ensuing Company Year for approval by the HF Managing Member. Proposed amendments to any Approved Operating Budget may be submitted by the Skechers Managing Member to the HF Managing Member at any time. Such proposed Operating Budget (or any proposed amendment thereto) shall not be deemed to be effective until such time as it has been approved by the HF Managing Member. The HF Managing Member shall respond in writing to each such proposed Operating Budget (or any proposed amendment thereto) within thirty (30) days after receipt thereof. In such response, the HF Managing Member shall specify in detail its disapproval of any item or items therein or its disapproval of the whole, and any proposed modifications requested by the HF Managing Member or recommended changes therein. Within fifteen (15) days after receipt by the Skechers Member of the HF Managing Member's disapproval of any proposed Operating Budget (or any proposed amendment thereto), the Skechers Managing Member may re-submit to the HF Managing Member a revised Operating Budget (or amendment) for its approval. The HF Managing Member shall not unreasonably withhold or delay approval of any Operating Budget or amendment (with the issue of reasonableness being determined by expedited arbitration under Article 15). In the event that any Company Year shall commence without an Operating Budget approved by both the Skechers Managing Member and the HF Managing Member pursuant to the terms of this Section, the Managing Members shall be entitled to make expenditures for items specified in the Operating Budget for the most recent Company Year which has been approved by both Managing Members, and for the actual amount of the utility cost, property taxes, insurance premiums or special assessments incurred by the Company in the current Company Year and any other non-discretionary items (including Debt service and stated increases in Company obligations under contracts for the year), and for any expenditures on the Project which, in the Managing Members' reasonable good faith judgment, is necessary to prevent imminent damage to the Project and/or injury to Persons. The Operating Budget shall not include the budget for development of the Project (although the Members acknowledge that a development budget has been approved and a copy is attached as an exhibit to the Development Management Agreement).

ARTICLE 8 BUY-SELL PROVISIONS

Section 8.1 At any time commencing on a date which is one (1) year after the "Substantial Completion" of the Project (as defined in the Lease), or the date that a Notice of Completion is recorded, whichever occurs earlier, either Member (such Member hereinafter referred to as "**Invoking Member**") may deliver to the other Member (such other Member hereinafter referred to as the "**Offeree Member**"), written notice that the Invoking Member is invoking the provisions of this Section 8.1 (the "**Buy-Sell Notice**").

Section 8.2 The Buy-Sell Notice shall set forth the gross price (the “**Stated Amount**”) at which the Invoking Member would be willing to purchase all of the Company Assets from the Company.

Section 8.3 The Buy-Sell Notice shall constitute an offer by the Invoking Member to purchase the entire Company Interest of the Offeree Member for a price equal to the amount of cash which would be distributable to such Offeree Member pursuant to Section 13.2.1 if the Project and all other Company Assets were sold to a third party pursuant to a bona-fide, arm’s length transaction at the Stated Amount and had the Company then (a) paid in full all of its Debt, including the repayment of the Loans and any loans payable to the Members (and made all apportionments customarily made in the closing of real estate transactions in the jurisdictions in which the Project is located, and all other customary closing costs, including, but not limited to title insurance premiums, survey costs, a reasonable and customary real estate commission and transfer taxes normally payable by a seller of real estate), (b) not established any Reserves and (c) distributed the net proceeds of the sale, and all other cash of the Company to the Members in accordance with the provisions of Section 13.2.1. Such calculations shall be made as of the date of closing set forth in Section 8.8. Provided, however, that the Stated Amount may not be less than an amount which would result in the distribution to the Selling Member of at least the Selling Member’s Unrecovered Contribution and the repayment of any loans owed by the Company to the Selling Member as of the date of closing. The Buy-Sell Notice shall also constitute an offer by the Invoking Member to sell its entire Company Interest to the Offeree Member for a price equal to the amount of cash which would be distributable to the Invoking Member in the manner described above if it were the Selling Member.

Section 8.4 Upon receipt of the Buy-Sell Notice, the Offeree Member may, at its option, either elect to purchase the entire Company Interest of the Invoking Member at the price described above, or to sell its entire Company Interest to the Invoking Member at the price described above.

Section 8.5 The Offeree Member shall give notice of its election under Section 8.4 to the Invoking Member within sixty (60) days after such Offeree Member’s receipt of the Buy-Sell Notice; provided, however, that in the event the Offeree Member shall fail to give the Invoking Member notice of its election within such sixty (60) day period, such Offeree Member shall be conclusively deemed to have elected to sell its entire Company Interest to the Invoking Member.

Section 8.6 The Member, which under this Article 8 is to purchase the Company Interest of the other Member (the “**Purchasing Member**”) shall, within ten (10) days after the determination is made as to who the Purchasing Member will be (the “**Deposit Date**”), deliver to an escrow holder which is a national title insurance company selected by the Purchasing Member cash in the amount of five percent (5%) of the purchase price (the “**Buy-Sell Deposit**”) which Buy-Sell Deposit will be applied against the purchase price for the Company Interest of the Selling Member whose Company Interest is being purchased (the “**Selling Member**”).

Section 8.7 Notwithstanding anything to the contrary contained in this Agreement, in no event may a Default Member, or a Member that is Incapacitated, or a Member that is subject to a Bankruptcy Event, or a Member that is a Breaching Member, be an Invoking Member under or otherwise initiate the procedures of this Article 8, and if a Member suffers any of the foregoing after it has initiated the procedures under this Article 8 as the Invoking Member, then at the option of the Offeree Member, the buy-sell process may be immediately terminated (provided that the closing of the purchase and sale of the Company Interest has not consummated).

Section 8.8 The closing of a sale and purchase pursuant to this Article 8 shall be consummated through escrow on a date which is six (6) months after the Deposit Date (or sooner at the election of the Purchasing Member), or such other date and manner as the Members shall agree upon. At

such closing, the Purchasing Member shall pay the entire purchase price for the Company Interest of the Selling Member, in cash in immediately available funds, and the Selling Member shall execute all documents that may be necessary or desirable, in the reasonable opinion of counsel for the Purchasing Member (including customary representations and warranties regarding the Company Interest of the Selling Member, but not regarding the Project, the other Company Assets or the Company), to effect the sale of the Company Interest of the Selling Member to the Purchasing Member free and clear of all liens and encumbrances. In the event the Selling Member or the Purchasing Member shall fail or refuse to execute any instruments required to consummate the closing, the other Member is hereby granted an irrevocable power of attorney, which shall be binding on the Member refusing to execute such documents as to all third Persons, to execute and deliver on behalf of the Member refusing to execute such documents all such required documents. The aforesaid power, being coupled with an interest, is irrevocable by death, dissolution or otherwise.

Section 8.9 In the event the Selling Member then has any outstanding Debt to the Company, all proceeds of the purchase price due the Selling Member shall be paid to the Company until all such Debt shall have been paid and discharged in full. In the event that such proceeds are not sufficient to discharge such Debt, the Selling Member shall repay all such unpaid Debt at the closing. In the event that any loans are then outstanding from the Company to the Selling Member, then all of such loans shall concurrently be repaid by the Company at the closing. In the event the Selling Member or any Affiliate of the Selling Member shall have guaranteed any Loan, then either (a) the Loan which is the subject of such guaranty shall be paid in full by the Company at the time of closing or (b) the Selling Member and any such Affiliate of the Selling Member shall be unconditionally released by the obligee for any liability on account thereof. If the Selling Member is a Breaching Member, the Company shall reserve any rights to pursue the Selling Member for damages after the closing, to the extent otherwise allowable under this Agreement.

Section 8.10 The Selling Member and the Purchasing Member shall each pay their own expenses in connection with such purchase and sale of a Company Interest.

Section 8.11 From and after the giving of a Buy-Sell Notice, and until either the consummation of the sale of the Company Interest in accordance with this [Article 8](#), or termination of the buy-sell process as provided herein, neither Member shall exercise any transfer rights under [Article 11](#).

Section 8.12 In the event the Purchasing Member defaults in its obligation to purchase the Company Interest of the Selling Member, then Selling Member as its sole and exclusive remedy shall be entitled to retain the Buy-Sell Deposit as full liquidated damages for such default of the Purchasing Member, in which event the buy-sell transaction shall be terminated and the Purchasing Member shall have no further rights to initiate the buy-sell provisions (as an Invoking Member) under this [Article 8](#). The Selling Member, at its election and in lieu of the remedy set forth above, may elect within sixty (60) days of such default to dissolve and liquidate the Company. The Members hereby acknowledge and agree that it is impossible to more precisely estimate the damages to be suffered by the Selling Member upon the Purchasing Member's default, and the Members expressly acknowledge and agree that the Buy-Sell Deposit which may be retained by the Selling Member is a reasonable and fair estimate of such damages and is intended not as a penalty, but as full liquidated damages for such default of the Purchasing Member.

Section 8.13 In the event that the Selling Member defaults in its obligation to sell its Company Interest to the Purchasing Member, the Purchasing Member shall be entitled to pursue any and all remedies available at law or in equity, including specific performance.

ARTICLE 9
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting. The HF Managing Member shall keep appropriate books and records with respect to the Company's business, all of which shall be and remain the property of the Company. Any records maintained by or on behalf of the Company in the regular course of its business may be kept on, or be in the form of, magnetic tape, photographs, micrographics or any other information storage device; provided, that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Company shall be maintained for financial purposes on an accrual basis in accordance with generally accepted accounting principles (except that Capital Accounts shall be maintained in accordance with **Exhibit "A"**) and for tax reporting purposes on the accrual basis. The Members may, upon reasonable notice to the HF Managing Member and during normal business hours and at its own expense, examine the books and records of the Company, which will be maintained at the principal office of the HF Managing Member.

Section 9.2 Fiscal Year. The fiscal year of the Company shall be the calendar year, unless the Managing Members decide otherwise.

Section 9.3 Reports.

9.3.1 Annual Reports. Within ten (10) days after the end of each Company Year, the HF Managing Member shall prepare or cause to be prepared and delivered to the Members an annual report, as of the close of the Company Year, containing financial statements of the Company for such Company Year, presented in accordance with generally accepted accounting principles.

9.3.2 Quarterly Reports. As soon as practicable, but not later than ten (10) days after the end of each calendar quarter, the HF Managing Member shall prepare or cause to be prepared and delivered to the Members a report as of the last day of the calendar quarter (except the last calendar quarter of each year), containing unaudited financial statements of the Company, and such other information as may be required by applicable law or regulation, or as the HF Managing Member reasonably determines to be appropriate.

9.3.3 Other Reports. Each Managing Member shall promptly give notice to the other Managing Member of the occurrence of any of the following: receipt by such Managing Member of actual knowledge of any material (that is, seeking damages in excess of \$250,000 or seeking injunctive relief of any nature) threatened or pending litigation against the Company or the Project; the occurrence of any felony indictment or conviction of any Person in senior management at such Managing Member; receipt by such Managing Member of any offer to purchase all or any part of the Property; and receipt of written notice from any governmental authority which alleges any material adverse claim against the Company or the Project.

Section 9.4 Special Provisions Re Books and Records, Accounting and Reports. Notwithstanding the provisions of this Article 9, for so long as Skechers Parent is a publicly traded company and the operations of the Company are required to be consolidated with the operations of Skechers parent for reporting purposes, the following provisions shall apply:

(a) The Company will use KMPG (or another certified public accounting company designated by Skechers) as its auditor and preparer of its tax returns, as long as its fees for such work are competitive in the marketplace (if they exceed competitive fees, any excess shall be paid by Skechers);

(b) KMPG will undertake annual audits of the Company, at Company expense;

(c) All of the quarterly and annual reports and all Company tax returns must be in forms reasonably acceptable to the Skechers Managing Member as a result of consultation with KPMG and its legal counsel (it is expected that both GAAP and cash basis records will be required for the determination of distributions to Members), with appropriate and reasonable certifications by the HF Managing Member;

(d) Reasonable internal controls may be required to satisfy the obligations of Skechers Parent under the Federal Act and specifically SEC Rule 404; provided that if the cost of implementing such internal controls is more than nominal, it shall be borne by Skechers;

(e) The Skechers Managing Member shall have unrestricted right to speak with (and to give directions, to the extent that it is the sole Managing Member or otherwise in connection with any matter where Skechers Managing Member has the authority to take such action or without the consent of the HF Managing Member) to the Company's accountants, attorneys and other professional advisors, and shall have the right to receive copies of documents in their possession which relate to the Company or its operations (and HF shall not be entitled to invoke attorney-client privilege as a basis to deny Skechers Managing Member access to any such Persons or documents); and

(f) Skechers Managing Member shall upon the advice of its legal counsel, have the right to disclose in Skechers Parent's public reports and to Skechers Parent board of directors any information regarding the Company, the Property, the Project, the Lease, the Development Management Agreement, the Development Manager or the HF Managing Member notwithstanding the confidentiality provisions of this Agreement.

ARTICLE 10 TAX MATTERS

Section 10.1 Preparation of Tax Returns. The Tax Matters Partner shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items required of the Company for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days after the close of each taxable year, the tax information reasonably required by the Members for federal and state income tax reporting purposes. If the Tax Matters Partner fails to file the Company's tax returns on or before any applicable deadlines (including extensions), the other Managing Member may prepare and file the Company's tax returns as it determines.

Section 10.2 Tax Matters Partner.

10.2.1 General. The HF Managing Member shall be the "Tax Matters Partner" of the Company for federal income tax purposes, and shall be referred to herein as the "Tax Matters Partner," but such designation shall not be construed or used as evidence to support any claim that the Company is a partnership, rather than a limited liability company. Upon the HF Managing Member becoming a Breaching Member or becoming Incapacitated or suffering a Bankruptcy Action, the Skechers Managing Member shall automatically become the Tax Matters Partner. Pursuant to Section 6223(c) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Company, the Tax Matters Partner shall furnish the IRS with the name, address and capital and profits interest of each of the Members. The Tax Matters Partner shall keep the Members reasonably informed of any action that it takes in such capacity which has a material impact on the other Members or the Company.

10.2.2 Powers. The Tax Matters Partner is authorized, but not required:

(a) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Company items required to be taken into account by a Member for income tax purposes (such administrative proceedings being referred to as a “tax audit” and such judicial proceedings being referred to as “judicial review”), and in the settlement agreement the Tax Matters Partner may expressly state that such agreement shall bind all Members, except that such settlement agreement shall not bind any Member (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the Tax Matters Partner shall not have the authority to enter into a settlement agreement on behalf of such Member or (ii) who is a “notice partner” (as defined in Section 6231 of the Code) or a member of a “notice partner” (as defined in Section 6231 of the Code), and, to the extent provided by law, the Tax Matters Partner shall cause any Member to be designated a notice partner;

(b) in the event that a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes (a “final adjustment”) is mailed or otherwise given to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Company’s principal place of business is located or the United States Court of Federal Claims;

(c) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(d) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition, complaint or other document) for judicial review with respect to such request;

(e) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item;

(f) to take any other action on behalf of the Members or the Company in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations; and

(g) Subject to any restrictions contained elsewhere in this Agreement, to engage attorneys, accountants and other professionals to advise it and to file any required income tax returns and other documents associated with its rights and authority as the Tax Matters Partner.

(h) Notwithstanding the foregoing, the Tax Matters Partner shall not take any action under Section 10.2.2(b), (d), (e) or (f) unless it has given the other Member at least ten (10) Business Days prior notice of its intent to take such action and the other Member has not given notice of its objection within five (5) Business Days after receipt of such notice. If notice of objection is timely given and the parties cannot otherwise resolve the dispute, either Member may submit the matter to expedited arbitration under Article 15.

The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, except to the extent required by law, is a matter in the reasonable discretion of the Tax Matters Partner, and the provisions relating to indemnification of the HF Managing Member set forth

in Section 7.6 of this Agreement shall be fully applicable to the Tax Matters Partner in its capacity as such.

10.2.3 Reimbursement. The Tax Matters Partner shall receive no compensation for its services. All reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing its duties as such (including reasonable legal and accounting fees) shall be borne by the Company. The costs of any professionals engaged by the Tax Matters Partner pursuant to Section 10.2.2(g) shall be paid or reimbursed by the Company.

Section 10.3 Organizational Expenses. The Company shall elect to deduct expenses, if any, incurred by it in organizing the Company either immediately or ratably over a one hundred eighty (180) month period as permitted by and provided for in Section 709 of the Code.

Section 10.4 Withholding. The Members hereby authorize the Company to withhold from or pay on behalf of or with respect to the Members any amount of federal, state, local, or foreign taxes that the Tax Matters Partner reasonably determines that the Company is required to withhold or pay with respect to any amount distributable or allocable to the Members pursuant to this Agreement, including any taxes required to be withheld or paid by the Company pursuant to Section 1441, 1442, 1445, or 1446 of the Code. The Tax Matters Partner shall give prompt notice to the Members with respect to which withholding is effected in accordance with this Section 10.4 and shall provide each such Member with a written explanation of the basis for their determination so to withhold or pay. Any amount paid on behalf of or with respect to a Member shall constitute a loan by the Company to such Member which loan shall be repaid by such Member within fifteen (15) days after notice from the Tax Matters Partner that such payment must be made unless (a) the Company withholds such payment from a distribution which would otherwise be made to such Member in accordance with Section 5.2 or Section 13.2 or (b) the Tax Matters Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the Available Cash of the Company which would, but for such payment, be distributed to such Member. Any amounts withheld pursuant to the foregoing clauses (a) or (b) shall be treated as having been distributed to such Member and shall be promptly paid, solely out of funds of the Company, by the Tax Matters Partner to the appropriate taxing authority. Each Member hereby unconditionally and irrevocably grants to the Company a security interest in such Member's Company Interest to secure the Member's obligation to pay to the Company any amounts required to be paid pursuant to this Section 10.4. In the event that a Member fails to pay any amounts owed to the Company pursuant to this Section 10.4 when due, the Tax Matters Partner may, in its sole and absolute discretion, elect to make the payment to the Company on behalf of such defaulting Member, and in such event shall be deemed to have loaned such amount to such defaulting Member and shall succeed to all rights and remedies of the Company as against such defaulting Member (including, without limitation, the right to receive distributions which would otherwise be made to the Member until such loan, with interest, has been paid in full). Any amounts payable by a Member hereunder shall bear interest at a per annum rate of interest equal to the Prime Rate, plus five percent (5%) (but not higher than the maximum lawful rate) from the date such amount is due (*i.e.*, fifteen (15) days after demand) until such amount is paid in full. The Members shall take such actions as the Company or the Tax Matters Partner shall request in order to perfect or enforce the security interest created hereunder.

Section 10.5 Tax Elections. Except as otherwise provided herein, the Tax Matters Partner shall, in its reasonable discretion, determine whether to make any available election pursuant to the Code; provided, however, that the Tax Matters Partner shall make the election under Section 754 of the Code in accordance with applicable Regulations thereunder and shall do so at the request of either Member who transfers its Company Interest. The Tax Matters Partner shall have the right, after the first taxable Company Year, to seek to revoke any election (other than the election under Section 754 of the Code, which revocation requires the consent of both Members) upon the HF Tax Matters Partner's determination in its reasonable discretion that such revocation is in the best interests of the Company.

ARTICLE 11
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer.

11.1.1 Definition. The term “transfer” (including the term “transferred”), when used in this Article 11 with respect to a Company Interest, shall be deemed to refer to a transaction by which a Member transfers its Company Interest, or any part thereof, to another Person and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise of the Company Interest, any part thereof.

11.1.2 Requirements. No Company Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Company Interest not made in accordance with this Article 11 shall be null and void.

11.1.3 Transfer of Member’s Company Interest. The HF Managing Member may not transfer any portion of its Company Interest without Skechers’ consent until the Completion of the Project pursuant to the Plans and Specifications. Neither Member may transfer its Company Interest (other than any transfer to an Affiliate, which shall require the consent of the other Member, which consent may not be unreasonably withheld or delayed), in whole or in part, to any Person, without first offering such Company Interest (or part thereof) to the other Member on the same terms and conditions. If a Member desires to transfer its Company Interest, or any part thereof (whether or not it has received an offer to purchase same), it shall send notice to the other Member stating the extent of the Company Interest which it intends to transfer, the terms and conditions of the proposed transfer, including the purchase price therefor, and the identity of the proposed transferee. Upon request of the receiving Member, additional information regarding the proposed transfer and financial and other information concerning the transferee will be promptly provided. Within twenty (20) days after receipt of the notice of intended transfer, the receiving Member may, by notice to the Member proposing to transfer, elect to purchase the entire Company Interest proposed to be transferred at the same purchase price and on the same terms and conditions as set forth in the notice, but the closing shall not occur sooner than six (6) months after the date of such notice to the Member proposing to transfer. If the Member receiving the notice of proposed transfer fails to elect to purchase the Company Interest as set forth above within such twenty (20) day time period, the Member proposing the transfer may proceed to transfer the Company Interest, but only on the terms and conditions and to the proposed transferee set forth in the notice, and provided that such proposed transfer is consummated within sixty (60) days thereafter (if there is any change in the foregoing or the transfer is not consummated within such sixty (60) day period, then a new notice of intent to transfer is required). If the transfer is consummated, the transferring Member shall promptly give notice to the other Member. The transferee shall be an Assignee and shall not become a Member of the Company until the provisions of Article 12 have been complied with. Any transfer or purported transfer of a Member’s Company Interest not made in accordance with this Article 11 shall be null and void.

Section 11.2 Prohibited Transfers. Notwithstanding anything herein to the contrary, a Member may deny any proposed transfer of the other Member’s Company Interest to any Person which is owned and controlled directly or indirectly, by any Person described below (and the Member who denies such transfer need not elect to purchase the Company Interest of such other Member pursuant to Section 11.1.3 to prevent such transfer):

- (a) A business competitor of the non-transferring Member or any Affiliate thereof; or

(b) A Person which does not have the financial strength to fulfill its obligations under this Agreement; or

(c) A Person who is an Embargoed Person or who has been convicted of a felony or any violations of State Acts, the Federal Act, or any other securities laws;

(d) A Person who has been engaged in any pending or previous litigation or arbitration in opposition to the non-transferring Member or any Affiliate thereof; or

(e) A Person who has a reputation in the real estate community as being “litigious” as a result of the filing of multiple “strike suits”. The Member seeking to prohibit a transfer on the grounds set forth in this clause (e) shall have the burden of proof, and if there is a dispute regarding this matter, it shall be submitted to expedited arbitration under Article 15.

11.2.1 Timing of Transfers. Transfers pursuant to this Article 11 may only be made on the first day of a calendar month, unless the Managing Members otherwise agree.

11.2.2 Allocations and Distributions When Transfer Occurs. If any Company Interest is transferred during any quarterly segment of the Company’s fiscal year, income and loss of the Company and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Member and the transferee Member by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Member as of midnight on the last day of said month. All distributions of Available Cash with respect to which the Company Record Date is before the date of such transfer or redemption shall be made to the transferor Member, and all distributions of Available Cash thereafter shall be made to the transferee Member.

11.2.3 Certain Prohibited Transfers. Notwithstanding anything herein to the contrary, no transfer by a Member of its Company Interest may be made to any Person if legal counsel for the Company or the other Member renders written advice to the effect that it believes that there is a significant risk that (a), such transfer would be effected or would be deemed to be effected through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code and the Regulations thereunder, or (b) such transfer would violate any Securities Laws.

11.2.4 Default. Notwithstanding anything herein to the contrary, no transfer of any Company Interest shall be permitted if such transfer would create a default under any Loan, or any material agreement to which the Company is a party.

11.2.5 Withdrawal. Except in connection with a permitted Transfer, no Member may withdraw from the Company without the consent of both Managing Members (and any dispute in this regard shall not be subject to the expedited arbitration provisions in Article 15).

11.2.6 Management. If a Member transfers its Company Interest, the transferee will (upon admission to the Company as a Member) be entitled to appoint a Managing Member to the same extent as the transferring Member.

**ARTICLE 12
ADMISSION OF
MEMBERS**

Section 12.1 Admission of Successor Members. A successor to a Member's Company Interest that is transferred pursuant to Section 11.1.3 shall be entitled to admission to the Company as a Member on the terms and conditions set forth herein. The business of the Company shall be carried on after such transfer without dissolution. In each case, the admission to the Company is conditioned upon the successor Member executing and delivering to the Company an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required by the remaining Managing Member(s) to effect the admission. Upon admission of the successor Member to the entire Company Interest of the transferring Member, the transferring Member shall be released from all further liability under this Agreement.

Section 12.2 Amendment of Agreement and Certificate. Upon the admission to the Company of any successor Member, the Managing Members shall take all steps necessary and appropriate under the Act to amend the records of the Company and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate.

**ARTICLE 13
DISSOLUTION AND LIQUIDATION**

Section 13.1 Dissolution. The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each an "**Event of Dissolution**"):

13.1.1 Expiration of Term. The expiration of its term as provided in Section 2.4;

13.1.2 Judicial Dissolution Decree. Entry of a decree of judicial dissolution of the Company pursuant to the provisions of Section 18-802 of the Act;

13.1.3 Sale of Company's Assets. The sale, exchange or other disposition of all or substantially all of the Company Assets, unless such sale or other disposition involves the deferred payment of the consideration for such sale or disposition, in which latter event the Company shall dissolve on the last day of the calendar month during which the balance of such deferred payment is received by the Company;

13.1.4 Mutual Agreement. The agreement of both Managing Members (and any dispute in this regard shall not be subject to the expedited arbitration provisions in Article 15); or

13.1.5 Other Event. Any other event permitting the dissolution or liquidation of the Company under this Agreement.

Section 13.2 Winding Up.

13.2.1 General. Upon the occurrence of an Event of Dissolution, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and the Members. No Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. A Person appointed by the Managing Members (excluding any Managing Member which is a Breaching Member) which may be one (1) or both Managing Members who is not a Breaching Member (the "**Liquidator**"), shall be responsible for overseeing the winding up and dissolution of the Company and shall take full account of the Company's liabilities and property and the Company Assets shall be

liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(a) First, to the payment and discharge of all of the Company's Debt to creditors other than the Members;

(b) Second, to the payment and discharge of all of the Company's Debt to the Members, first with respect to any such Debt which has priority under any other provision of this Agreement, and thereafter pro rata in accordance with amounts owed to each such Member; and

(c) Finally the balance, if any, shall be distributed to the Members in the order and priority set forth in Section 5.2.

No Member shall receive any additional compensation for any services performed as Liquidator pursuant to this Article 13, but any Liquidator which is not otherwise a Member or an Affiliate of a Member shall be entitled to receive reasonable compensation for rendering such services.

13.2.2 When Immediate Sale of Company Assets Impractical. Notwithstanding the provisions of Section 13.2.1 which require liquidation of the Company Assets, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Company the Liquidator determines that an immediate sale of part or all of the Company Assets would be impractical or would cause undue loss to the Members, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time (consistent with the provisions of Section 13.2.3 below) the liquidation of any Company Assets except those necessary to satisfy current liabilities of the Company (including to those Members who are also creditors) or, with the consent of both Members, distribute to the Members, in lieu of cash, as tenants in common, either directly or in trust, and in accordance with the provisions of Section 13.2.1, undivided interests in the Company Assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Members, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. Any property distributed in kind shall be valued at fair market value by the Liquidator using such reasonable method of valuation as it may adopt (for purposes of adjusting Capital Accounts) and treated as though the property were sold for such value and the cash proceeds were distributed.

13.2.3 Compliance With Timing Requirements of the Regulations; Allowance for Contingent or Unforeseen Liabilities or Obligations. Notwithstanding anything to the contrary in this Agreement, in the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) and with respect to such liquidation there is an Event of Dissolution, distributions under Section 13.2.1(c) to the Members who have positive Capital Account balances shall be made in compliance with the requirements in Regulations Section 1.704-1(b)(2)(ii)(b)(2) but all distributions shall still be made in the order of priority set forth in Section 5.2. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to this Article 13 may be: (a) distributed to a liquidating trust established for the benefit of the Members for the purposes of liquidating the Company Assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Liquidator arising out of or in connection with the Company (the assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement); or (b) withheld to provide a reasonable Reserve for Company liabilities (contingent or otherwise) and to

reflect the unrealized portion of any installment obligations owed to the Company; provided, that such withheld amounts shall be distributed to the Members as soon as practicable.

13.2.4 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article 13, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Event of Dissolution has occurred, the Company's property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have transferred all of the Company Assets and liabilities to a successor entity (having the same federal income tax characteristics as the Company) in exchange for an interest in the successor entity and, immediately thereafter, the Company will be treated as distributing its interest in the successor entity to the Members in liquidation of the Company.

13.2.5 Rights of Members. Except as specifically provided in this Agreement, each Member shall look solely to the Company Assets for the return of its Capital Contribution and repayment of any loans owned to it by the Company to the extent provided in this Agreement and shall have no right or power to demand or receive property other than cash from the Company to the extent provided in this Agreement. Except as specifically provided in this Agreement, no Member shall have priority over any other Member as to the return of its Capital Contributions, distributions or allocations. No Member has any ownership interest in any Company Assets and the Company Interest of the Members shall be personal property for all purposes.

13.2.6 Notice of Dissolution. In the event an Event of Dissolution occurs, the Liquidator shall, within ten (10) days thereafter, provide written notice thereof to each of the Members and to all other Persons with whom the Company regularly conducts business and shall publish notice thereof in a newspaper of general circulation in each place in which the Company regularly conducts business.

13.2.7 Cancellation of Certificate of Formation. When all liabilities and obligations of the Company have been paid or discharged, or adequate provision has been made therefor, and all of the remaining Company Assets have been distributed to the Members according to their respective rights and interests as provided in Section 13.2.1, the Company shall be terminated and a Certificate of Cancellation shall be executed on behalf of the Company by the Members (or such other Person or Persons as the Act may require or permit) and shall be filed with the Office of the Secretary of State of the States of Delaware and California, and the Liquidator or such other Person or Persons shall take such other actions, and shall execute, acknowledge and file any and all other instruments, as may be necessary or appropriate to reflect the dissolution and termination of the Company.

13.2.8 Reasonable Time for Winding-Up. Subject to Section 13.2.3, a reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Company and the liquidation of its assets pursuant to this Section 13.2, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Members during the period of liquidation.

Section 13.3 Termination If Lease Amendment Terminates. If the Lease Amendment terminates as a result of the provision therein, then this Agreement shall be deemed automatically terminated, and any Capital Contributions shall be promptly returned to the Members who made same, the HF Note and the Skechers Note shall be distributed to HF and Skechers, respectively, and neither Member shall have any further rights or obligations hereunder, provided, however, that in such event nothing shall prevent any party to the Lease from bringing legal action on account of any breach of the Lease.

ARTICLE 14
AMENDMENT OF AGREEMENT

Section 14.1 Amendments.

14.1.1 General. Amendments to this Agreement may be proposed by either Member. Except as provided in Section 14.1.2 or Section 14.1.3, a proposed amendment shall be adopted and be effective as an amendment hereto only if it is approved by both Members. Any dispute between the Members regarding any proposed amendment shall not be subject to the expedited arbitration provisions in Article 15.

14.1.2 Managing Member's Power to Amend. Notwithstanding Section 14.1.1, either Managing Member shall have the power to amend this Agreement as may be required to facilitate or implement any of the following purposes:

- (a) to reflect the admission, substitution, termination, or withdrawal of Members in accordance with this Agreement; or
- (b) to satisfy any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law applicable to Company and required to be complied with; or
- (c) to conform to any "single-purpose entity" requirements of a Lender; or
- (d) to correct any non-substantive, typographical errors in this Agreement.

The Member proposing the amendment will provide at least ten (10) days' prior written notice to the other Member when any action under this Section 14.1.2 is taken.

14.1.3 Consent of Adversely Affected Member Required. Notwithstanding Section 14.1.2 hereof, this Agreement shall not be amended without the consent of any Member adversely affected if such amendment would (a) modify the limited liability of such Member, (b) alter rights of such Member to receive distributions pursuant to Article 5 or Article 13, the allocations specified in Exhibit "A", or the Capital Contribution obligations set forth in Article 4, (c) cause the termination of the Company prior to the time set forth in Section 2.4 or Section 13.1, or (d) amend this Section 14.1.3. Further, no amendment may alter the restrictions on the Managing Members' authority set forth herein without the consent of both Members.

ARTICLE 15
DISPUTE RESOLUTION

Section 15.1 Mediation. In the event of any dispute between the Members under this Agreement, prior to (and as a condition which must be satisfied before) either Member institutes litigation (but not arbitration), the Members agree to submit the dispute to nonbinding mediation with JAMS or another mutually acceptable mediator. Such Mediation shall be completed no later than ninety (90) days after it is requested by either Member by notice to the other. Notwithstanding the foregoing, if appropriate, either Member may seek a provisional remedy (such as, but not limited to, injunctive relief) prior to commencing or completing such mediation.

Section 15.2 Arbitration. Should a dispute arise between the Members for which "expedited arbitration" is expressly called for under this Agreement, the parties shall submit such dispute to final and

binding arbitration to be administered in accordance with the Streamlined Arbitration Rules and Procedures of JAMS (Judicial Arbitration and Mediation Service). No other dispute shall be submitted to arbitration unless the Members mutually agree otherwise. Unless the parties mutually agree otherwise, the arbitration shall take place at a JAMS Resolution Center in Los Angeles County, California, the arbitration shall be conducted by one arbitrator (who must be disinterested and independent of the Members), and the arbitrator shall award attorneys' fees and the costs of arbitration (JAMS fees and the fees of the arbitrator) to the prevailing party. The decision of the arbitrator (the "**Determination**") shall be binding and conclusive on the parties, except to the extent that appeals are permitted under California Code of Civil Procedure §1286.2. After the Determination, subject to any cure rights set forth in this Agreement, the prevailing party under the Determination may enforce its rights under this Agreement notwithstanding the filing or pendency of any appeal, but such party shall be responsible for any damages caused as a result of the taking of such action if the Determination is eventually set aside on appeal and either the court renders a decision on the merits in favor of the appealing party, or the appealing party is eventually the prevailing party in any subsequent arbitration proceeding. The arbitration award may be enforced in accordance with California Code of Civil Procedure §1285, et seq. or the Federal Arbitration Act (9 U.S.C. §1, et seq.). To the extent that matters of law are to be considered by the arbitrator, Delaware law shall apply (but the procedural aspects of the arbitration, as described above, shall be in accordance with California law). The parties need not submit any matter for which expedited arbitration is called for to Mediation under Section 15.1. Nothing herein shall prohibit a party from seeking a provisional remedy from a court of competent jurisdiction (e.g., a temporary restraining order or preliminary injunctive relief) pending the results of any mediation or arbitration.

Section 15.3 Increased Costs. If, as a result of the institution of any arbitration between the Members, there is any increase in the cost to complete the construction of the Project, then any such increased cost shall be funded by the Member who is not the prevailing party in such arbitration (with no increase in such Member's Capital Account, Capital Contributions, or in either the HF Loan or the Skechers Loan, as the case may be). The amount of any such increase in cost shall be determined by the arbitrator, and either Member may raise such issue in the arbitration regardless of who initiated the arbitration or the nature of the dispute which caused the arbitration.

ARTICLE 16 DEFAULTS /REMEDIES

Section 16.1 Defaults. Except as otherwise expressly provided in this Agreement, if either Member defaults in the performance of its obligations under this Agreement, the other Member shall provide notice of such default and the allegedly defaulting Member shall have a period of fifteen (15) days to cure the default (but if the nature of the default is such that it cannot reasonably be cured within such fifteen (15) day period, then the allegedly defaulting Member shall have an additional reasonable amount of time, not to exceed another sixty (60) days, to cure the default if it commences the cure within the fifteen (15) day period and diligently pursues same to completion. Provided, however, that if the default cannot be cured, then no cure period shall be required. Provided, further, that this provision shall not apply to a default in making required Capital Contributions or loans under Article 4 or Article 6, as the provisions of Article 4 or Article 6 control under those circumstances. Any material breach by a Member of any of its material representations or warranties under this Agreement shall be a default (but subject to notice and cure as provided herein, to the extent applicable). With respect to any representation, warranty or covenant of HF or any HF Affiliate to convey HF's interest in the Property (as tenant under the Master Lease) to the Company free and clear of monetary liens and encumbrances, if such representation, warranty or covenant is untrue on the Effective Date, HF shall nevertheless have the right to cure such default up until the date that HF is obligated to convey fee title to the Property to the Company.

Section 16.2 Remedies. Except as provided in this Agreement to the contrary, upon a default by any Member which is not cured as provided herein (or which cannot be cured) the non-defaulting Member shall have all rights and remedies at law and equity, as well as all rights and remedies afforded under this Agreement. If there is a dispute regarding whether or not a Member is in default, the matter shall be submitted to expedited arbitration in accordance with Article 15.

Section 16.3 Offset Rights. If any final judgment of a court of competent jurisdiction (or arbitration award, if arbitration is called for under this Agreement) is rendered against a Member, the other Member shall have the right to offset the amount thereof against any amounts thereafter due to be distributed to or otherwise payable to such Member, including distributions of Available Cash, the Member loans described in Article 4 or Article 6, or any proceeds due to such Member under the Buy-Sell provisions in Article 8.

ARTICLE 17 GENERAL PROVISIONS

Section 17.1 Addresses and Notice. All notices to be given under this Agreement shall be in writing, and may be either delivered personally, by certified mail return receipt requested, or by a nationally recognized overnight courier providing proof of delivery (*e.g.*, United Parcel Service or Federal Express) directed to the parties at their respective addresses set forth below. Notices to the Company shall be delivered at its principal place of business.

HF:

HF Logistics I, LLC
c/o Highland Fairview Properties
14225 Corporate Way
Moreno Valley, California 92553
Attention: Iddo Benzeevi

With Copy To:

Baker & Hostetler LLP
12100 Wilshire Boulevard, 15th Floor
Los Angeles, California 90025-7120
Attention: Bruce R. Greene, Esq.

With Additional Copy To:

Danette Fenstermacher
3070 Bristol Street, Ste 320
Costa Mesa, California 92626

- and -

James Lieb, Esq.
Executive Vice President
TG Services, Inc.
4 Stage Coach Run
East Brunswick, New Jersey 08816

SKECHERS:

Skechers USA, Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266
Attention: David Weinberg, COO

With Copy To:

Greenberg Traurig, LLP
2450 Colorado Avenue
Suite 400 East
Santa Monica, California 90404
Attention: Eric Rowen, Esq. and Sanford Present, Esq.

With Additional Copy to:

Philip Paccione, Esq.
Skechers USA, Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266

Notices given personally shall be deemed received upon delivery. Notices sent by overnight courier shall be deemed given upon delivery to the courier service. Mailed notices shall be deemed given on the date of mailing by certified mail. The time to respond to any notice shall begin to run on the date of delivery at the proper address (or refusal of delivery during normal business hours). Any Member hereto may designate a different address to which notices shall thereafter be directed by notice to the other Member given in the manner hereinabove set forth.

Section 17.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only and shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Section" are to Articles and Sections of this Agreement. All schedules and exhibits annexed or attached hereto are expressly incorporated into and made a part of this Agreement.

Section 17.3 Interpretation. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The terms "include" and "including" shall be construed as if followed by the phrase "without limitation".

Section 17.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 17.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and assigns, subject to the restrictions on transfer set forth herein. No Member may assign its rights under this Agreement or delegate its obligations under this Agreement, except as expressly permitted hereunder.

Section 17.6 Waiver of Partition. The Members hereby agree that the Company property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights (if any) that it may have to maintain any action for partition of any of the Company Assets or to maintain an action to compel a judicial dissolution except to compel a liquidation or dissolution of the Company as expressly provided in this Agreement.

Section 17.7 Entire Agreement. This Agreement, the Lease and the Development Management Agreement constitute the entire agreement among the parties with respect to the matters contained herein; they supersede any prior letters of intent, agreements or understandings among them with respect to the matters contained herein and the Agreement may not be modified or amended in any manner other than pursuant to Article 14.

Section 17.8 Securities Law Provisions. The Company Interests have not been registered under the federal or state securities laws of any state and, therefore, may not be resold unless appropriate federal and state securities laws, as well as the provisions of Article 11, have been complied with.

Section 17.9 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any third party creditor of the Company, or any Person who is not a Member.

Section 17.10 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 17.11 Execution Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

Section 17.12 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. The parties both agree to submit to the jurisdiction of any state or federal court in the State of California, and further agree that venue in any legal action shall be in the County of Los Angeles.

Section 17.13 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 17.14 Limitation of Member Liability. Any obligation or liability whatsoever of the Members which may arise at any time under this Agreement shall be satisfied, if at all, out of the Members' assets only, except as expressly provided in this Agreement. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the property of any of the Members' shareholders, partners, members, trustees, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise, except as expressly provided in this Agreement. NEITHER THE COMPANY NOR ANY MEMBER SHALL BE RESPONSIBLE OR LIABLE TO ANY MEMBER, OR ANY OF THEIR RESPECTIVE AFFILIATES, FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THE BREACH OF THIS AGREEMENT.

Section 17.15 WAIVER OF JURY TRIAL. BECAUSE DISPUTES IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE MEMBERS WISH

APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE MEMBERS DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS; THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION (WITHOUT SUBMITTING TO ARBITRATION), TO THE FULLEST EXTENT ALLOWABLE BY LAW, THE MEMBERS WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS AGREEMENT.

Section 17.16 Construction. This Agreement shall be deemed to have been drafted jointly by both Members and the provisions of this Agreement shall not be construed against either Member as a result of any claim that such Member (or its legal counsel) drafted same.

Section 17.17 Attorneys' Fees. Should any Member be required to bring legal action or arbitration to enforce its rights under this Agreement, the prevailing party in such legal action or arbitration shall be entitled to recover from the losing party its reasonable attorneys' fees and costs in addition to any other relief to which it is entitled. Such recovery of attorneys' fees shall include any attorneys' fees incurred in connection with any bankruptcy or reorganization proceeding (including stay litigation) and any attorneys' fees incurred on appeal. The parties further agree that any attorneys' fees incurred in enforcing any judgment are recoverable as a separate item, and that this provision is intended to be severable from the other provisions of this Agreement, shall survive the judgment, and is not to be deemed merged into the judgment.

Section 17.18 Confidentiality. Subject to the provisions in Section 9.1, the terms and conditions of this Agreement, including its existence, shall be confidential information and shall not be disclosed by either Member to any Person without the prior consent of the other Member, except that a Member may disclose the terms and conditions of this Agreement to such party's Affiliates, attorneys and other advisers, and any Lender, provided that such Persons are advised of the confidentiality restrictions contained herein, and except that any other disclosure may be made if required by law (including any required SEC filings or disclosures). If either Member determines that it is required by law to disclose information regarding this Agreement, such Member shall, within a reasonable time before making any such disclosure, consult with the other Member regarding such disclosure and seek confidential treatment for such portions of the disclosure as may be reasonably requested by the other Member.

Section 17.19 Sierra Club Litigation. HF Managing Member has negotiated a settlement of certain pending litigation with the Sierra Club entitled Sierra Club, a California not-for-profit corporation v. City of Moreno Valley, Riverside County, California Superior Court Case No. RIC519566 (the "Sierra Club Litigation"). A copy of the settlement agreement is attached hereto as Exhibit "H". Skechers agrees that it will cause Skechers Parent, as the tenant under the Lease, to abide by the terms and conditions of such settlement agreement.

Section 17.20 Adjacent Development. HF represents to Skechers that HF or its Affiliates own certain property which is situated adjacent to and in the proximity of the Project, which is under development or which will be developed during the term of this Agreement and the Lease. Skechers acknowledges that it has no interest in any such property or the developments thereon, and that there will be a certain amount of noise, construction dust and debris and inconvenience associated with such development.

Section 17.21 Expansion Area. If the tenant under the Lease does not exercise its expansion rights and does not participate in the development of the Expansion Area with HF, then HF shall have the right to either purchase the Expansion Area from the Company (if the Expansion Area has not been

previously subdivided, all costs required to subdivide the Expansion Space to satisfy the California Subdivision Map Act or any other conveyance requirements shall be the sole cost of HF, and Skechers shall have the right to approve all such subdivision documents, such approval not to be unreasonably withheld or delayed) at its then fair market value, or to enter into a ground lease of the Expansion area at its then fair market rent (which ground lease shall be for a term of not less than twenty (20) years and upon commercially reasonable market terms and conditions). If the parties cannot agree on fair market value or fair market rent, as the case may be, then such amounts will be determined by an appraisal process as follows: Within fifteen (15) days after one party notifies the other that there is no mutual agreement with respect to the determination of fair market value or fair market rent, as the case may be, each party shall appoint an independent appraiser which has at least ten (10) years experience in appraisals of industrial real estate in the Riverside County, California area and who is a member of the Master Appraisers Institute. Each such appraiser shall submit his or her opinion as to the fair market value or fair market rent, as the case may be, within thirty (30) days after appointment. If only one party appoints an appraiser, then his or her opinion as to fair market value or fair market rent, as the case may be, shall be conclusive and binding on both parties. If the opinions of the two appraisers are within ten percent (10%) of each other, then the average of the two appraisals will be conclusive and binding on the parties as to fair market value and fair market rent, as the case may be. If the opinions differ by more than ten percent (10%), then the two appraisers shall appoint a third, independent appraiser (with the same qualifications as above) who shall submit his or her opinion as to the fair market value or fair market rent, as the case may be, within thirty (30) days thereafter, and such opinion shall be conclusive and binding on the parties. If the two (2) appraisers cannot mutually agree upon a third appraiser, then the third appraiser will be selected by an arbitrator (from a list of three proposed appraisers to be submitted by each of the two appraisers) under the expedited arbitration provisions of Article 15. Each party shall pay for the appraiser appointed by such party, and if a third appraiser is appointed, the cost shall be borne equally by the parties.

Section 17.22 Condition to Effectiveness of Agreement. The effectiveness of this Agreement is conditioned upon the execution of the Amended and Restated Master Lease Agreement in the form attached hereto as **Exhibit "I"** no later than five (5) Business Days after the Effective Date.

(signature page follows)

IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first written above.

“HF”

HF LOGISTICS I, LLC, a Delaware limited liability company

By: /s/ Iddo Benzeevi
Iddo Benzeevi, President and Chief Executive Officer

“SKECHERS”

SKECHERS RB, LLC, a Delaware limited liability company

By: **Skechers USA, Inc, a Delaware corporation, its sole member**

By: /s/ David Weinberg
David Weinberg, Chief Operating Officer

By: /s/ Robert Greenberg
Robert Greenberg, Chief Executive Officer

By its signature hereon, Skechers Parent guarantees to HF and the Company its obligation to fund the Thirty Million Dollar (\$30,000,000) Initial Capital Contribution of Skechers as set forth in Section 4.1.1, subject to any conditions to such funding set forth in the Agreement for the benefit of Skechers.

“SKECHERS PARENT”

SKECHERS USA, INC., a Delaware corporation

By: /s/ David Weinberg
David Weinberg, Chief Operating Officer

By: /s/ Robert Greenberg
Robert Greenberg, Chief Executive Officer

EXHIBIT “A”
CAPITAL ACCOUNTS,
ALLOCATIONS OF PROFIT AND LOSS,
AND OTHER TAX MATTERS

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions.

All capitalized terms used herein shall have the meanings assigned to them in the Limited Liability Company Agreement of HF Logistics-SKX, LLC (the “**Agreement**”). Notwithstanding the foregoing, the following definitions shall be applicable to the following terms as used in this Exhibit “A” and such definitions shall prevail in the event of a conflict with the definitions in the Agreement. Referring to Sections “hereof” shall mean Sections of this Exhibit “A”.

(a) Agreed Value.

“Agreed Value” of any property contributed to the capital of the Company shall mean the fair market value of such property at the time of contribution (as agreed to in writing by the Members without regard to section 7701(g) of the Code (*i.e.*, determined without regard to the amount of Nonrecourse Liabilities to which such property is subject)).

(b) Book Basis.

The initial “Book Basis” of any Company property shall be equal to the Company’s initial adjusted tax basis in such property; *provided, however*, that the initial “Book Basis” of any Company property contributed to the capital of the Company shall be equal to the Agreed Value of such property. Effective immediately after giving effect to the allocations of profit and loss, as computed for book purposes, for each fiscal year under Section 3.1 hereof, the Book Basis of each Company property shall be adjusted downward by the amount of Book Depreciation allowable to the Company for such fiscal year with respect to such property. In addition, but subject in all events to the provisions of Section 3.5 hereof, effective immediately prior to any Revaluation Event, the Book Basis of each Company property shall be further adjusted upward or downward, as necessary, so that it will be equal to the fair market value of such property at the time of such Revaluation Event (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (*i.e.*, such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)).

(c) Book Depreciation.

The amount of “Book Depreciation” allowable to the Company for any fiscal year with respect to any Company property shall be equal to the product of (i) the amount of Tax Depreciation allowable to the Company for such year with respect to such property, multiplied by (ii) a fraction, the numerator of which is the property’s Book Basis as of the beginning of such year (or the date of acquisition if the property is acquired during such year) and the denominator of which is the property’s adjusted tax basis as of the beginning of such year (or the date of acquisition if the property is acquired during such year). If the denominator of the fraction described in clause (ii) above is equal to zero, the amount of “Book Depreciation” allowable to the Company for any fiscal year with respect to the

Exhibit “A”

Company property in question shall be determined under any reasonable method selected by the Tax Matters Partner.

(d) Book Gain or Loss.

“Book Gain or Loss” realized by the Company in connection with the disposition of any Company property shall mean the excess (or deficit) of (i) the amount realized by the Company in connection with such disposition (as determined under Section 1001 of the Code) over (ii) the Book Basis of such property at the time of the disposition.

(e) Book/Tax Disparity Property.

“Book/Tax Disparity Property” shall mean any Company property that has a Book Basis which is different from its adjusted tax basis to the Company. Thus, any property that is contributed to the capital of the Company by a Member shall be a Book/Tax Disparity Property if its Agreed Value is not equal to the Company’s initial tax basis in the property. In addition, once the Book Basis of a Company property is adjusted in connection with a Revaluation Event to an amount other than its adjusted tax basis to the Company, the property shall thereafter be a “Book/Tax Disparity Property”.

(f) Capital Accounts.

“Capital Account” shall have the meaning assigned to such term in Section 2.1 hereof.

(g) Capital Transaction.

“Capital Transaction” means any of the following: (i) a sale, exchange, transfer, assignment or other disposition of all or a portion of any Company Asset (but not including sales in the ordinary course of business of inventory, operating equipment or furniture, fixtures, and equipment); (ii) any financing or refinancing of, or with respect to, any Company Asset except for equipment leases or purchase money financing for movables; (iii) any condemnation or transfer in lieu of condemnation of all or a portion of any Company Asset; (iv) any collection in respect of property, hazard, or casualty insurance (but not business interruption insurance) or any damage award; or (v) any other transaction the proceeds of which, in accordance with generally accepted accounting principles, are considered to be capital in nature.

(h) Company Minimum Gain.

“Company Minimum Gain” shall mean the amount of “partnership minimum gain” that is computed in accordance with the principles of Section 1.704-2(d)(1) of the Regulations. A Member’s share of such Company Minimum Gain shall be calculated in accordance with the provisions of Section 1.704-2(g) of the Regulations.

(i) Deductible Expenses.

“Deductible Expenses” for any fiscal year (or portion thereof) shall mean all items, as calculated for book purposes, which are allowable as deductions to the Company for such period under federal income tax accounting principles (including Book Depreciation but excluding any expense or deduction attributable to a Capital Transaction).

Exhibit “A”

(j) Economic Risk of Loss.

“Economic Risk of Loss” borne by any Member for any Company liability shall mean the aggregate amount of economic risk of loss that such Member and all Related Persons to such Member are treated as bearing with respect to such liability pursuant to Section 1.752-2 of the Regulations.

(k) Gross Asset Value.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for U.S. federal income tax purposes except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Member to the Company will be the gross Fair Market Value of the asset;

(ii) the Gross Asset Value of all Company Assets will be adjusted to equal their respective gross fair market values as of the following times: (a) the occurrence of a Revaluation Event; (b) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations; and (c) upon any other event on which it is necessary or appropriate in order to comply with the Regulations under Code Section 704(b);

(iii) the Gross Asset Value of any Company Asset distributed to any Member will be adjusted to equal the gross fair market value of the asset on the date of distribution; and

(iv) the Gross Asset Value of Company Assets will be increased (or decreased) to reflect any adjustments to the adjusted basis of these assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining the Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations.

(l) Gross Income.

“Gross Income” for any fiscal year (or portion thereof) shall mean the gross income derived by the Company from all sources (other than from capital contributions and loans to the Company and other than from Capital Transactions) during such period, as calculated for book purposes in accordance with federal income tax accounting principles.

(m) Liquidation.

“Liquidation” of a Member’s Company Interest shall mean and be deemed to occur upon the earlier of (i) the date upon which the Company is terminated under Section 708(b)(1) of the Code, (ii) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members) or (iii) the date upon which there is a liquidation of the Member’s Company Interest (but the Company is not terminated) under Section 1.761-1(d) of the Regulations. “Liquidation” of the Company shall mean and be deemed to occur upon the earlier of (x) the date upon which the Company is terminated under Section 708(b)(1) of the Code or (y) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members).

Exhibit “A”

(n) Member Minimum Gain.

“Member Minimum Gain” shall mean “partner nonrecourse debt minimum gain,” as defined in Section 1.704-2(i)(2) of the Regulations and determined in accordance with Sections 1.704-2(i)(3) and 1.704-2(k) of the Regulations.

(o) Member Nonrecourse Deductions.

“Member Nonrecourse Deductions” shall mean “partner nonrecourse deductions,” as defined in Section 1.704-2(i) of the Regulations.

(p) Member Nonrecourse Debt.

“Member Nonrecourse Debt” shall mean “partner nonrecourse debt,” as defined in Section 1.704-2(b)(4) of the Regulations.

(q) Nonrecourse Deductions.

“Nonrecourse Deductions” shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as “nonrecourse deductions” under Section 1.704-2(c) of the Regulations.

(r) Nonrecourse Liability.

“Nonrecourse Liability” shall mean any Company liability (or portion thereof) treated as a nonrecourse liability under Section 1.704-2(b)(3) of the Regulations. Subject to the foregoing sentence, Nonrecourse Liability shall mean any Company liability (or portion thereof) for which no Member bears the Economic Risk of Loss.

(s) Operations.

“Operations” shall mean all revenue producing activities of the Company other than activities constituting or relating to Capital Transactions.

(t) Profits and Loss.

“Profits” and “Loss” mean, for each Tax Period, an amount equal to the Company’s taxable income or loss for such Tax Period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from United States federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses,” shall be subtracted from such taxable income or loss; and

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(iii) Any items of income, loss or deduction specially allocated under Article 3 of this Exhibit "A" shall not be taken into account in computing "Profits" or "Loss."

(u) Recourse Debt. "Recourse Debt" shall mean any Company liability (or portion thereof) that is not a Nonrecourse Liability.

(v) Regulations.

"Regulations" shall mean the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Regulations shall include any corresponding provision or provisions of succeeding, similar, substitute proposed or final Regulations.

(w) Related Person.

"Related Person" shall mean, as to any Member, any person who is related to such Member (within the meaning of Section 1.752-4(b) of the Regulations).

(x) Revaluation Event.

"Revaluation Event" shall mean any of the following occurrences: (i) the contribution of money or other property (other than *a de minimis* amount) by a new or existing Member to the capital of the Company as consideration for the issuance of an additional interest in the Company; (ii) the distribution of money or other property (other than *a de minimis* amount) by the Company to a retiring or continuing Member as consideration for an interest in the Company or (iii) any other event permitting a revaluation of Capital Accounts under the Regulations. Notwithstanding the foregoing, an event described in the preceding sentence shall not constitute a Revaluation Event if both Members reasonably determine that it is not necessary to adjust the Book Basis of the Company's Property or the Members' Capital Accounts in connection with the occurrence of any such event.

(y) Tax Depreciation.

"Tax Depreciation" for any fiscal year shall mean the amount of depreciation, cost recovery or other amortization deductions allowable to the Company for federal income tax purposes for such year.

(z) Tax Items.

"Tax Items" shall mean, with respect to any property, all items of profit and loss (including Tax Depreciation) recognized by or allowable to the Company with respect to such property, as computed for federal income tax purposes.

(aa) Unrealized Book Gain or Loss.

"Unrealized Book Gain Or Loss" with respect to any Company property shall mean the excess (or deficit) of (i) the fair market value of such property (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (*i.e.*, such value shall not be agreed to be less than the

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amount of Nonrecourse Liabilities to which such property is subject)), over (ii) the Book Basis of such property.

ARTICLE 2 CAPITAL ACCOUNTS

Section 2.1 Capital Accounts.

A separate "Capital Account" (herein so called) shall be maintained for each Member for the full term of the Agreement in accordance with the capital accounting rules of Section 1.704-1(b)(2)(iv) of the Regulations. Pursuant to the basic rules of Section 1.704-1(b)(2)(iv) of the Regulations, the balance of each Member's Capital Account shall be:

(a) Increased by the amount of money contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to ARTICLE 4 of the Agreement and this Exhibit "A" and decreased by the amount of money distributed to such Member (or such Member's predecessor in interest) pursuant to ARTICLE 5 or ARTICLE 13 of the Agreement;

(b) Increased by the fair market value of the Property (determined without regard to Section 7701(g) of the Code) (*i.e.*, determined without regard to the amount of Nonrecourse Liabilities to which such property is subject)) contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to ARTICLE 4 or ARTICLE 13 of the Agreement and this Exhibit "A" (net of all liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) and decreased by the fair market value of the Property (determined without regard to Section 7701(g) of the Code (*i.e.*, determined without regard to the amount of Nonrecourse Liabilities to which such property is subject)) distributed to such Member (or such Member's predecessor in interest) by the Company pursuant to ARTICLE 5 of the Agreement (net of all liabilities secured by such property that such Member is considered to assume or take subject to under Section 752 of the Code);

(c) Increased by the amount of each item of Company Profit (and other items of income or gain) allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 hereof;

(d) Decreased by the amount of each item of Company Loss (and other items of loss or deduction) allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 hereof; and

(e) Otherwise adjusted in accordance with the other capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations including, without limitation, the capital account maintenance rules for the treatment of liabilities as set forth in Section 1.704-1(b)(2)(iv)(c) of the Regulations (provided that there shall be no double counting of items taken into account in the definition of "Profit" or "Loss."

Section 2.2 Additional Provisions Regarding Capital Accounts.

(a) If a Member pays any Company indebtedness, such payment shall be treated as a contribution by that Member to the capital of the Company, and the Capital Account of such Member shall be increased by the amount so paid by such Member.

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(b) Except as otherwise provided herein, no Member may contribute capital to, or withdraw capital from, the Company. To the extent any monies which any Member is entitled to receive pursuant to the Agreement would constitute a return of capital, each of the Members consents to the withdrawal of such capital.

(c) A loan by a Member to the Company shall not be considered a contribution of money to the capital of the Company, and the balance of such Member's Capital Account shall not be increased by the amount so loaned. No repayment of principal or interest on any such loan, reimbursement made to a Member with respect to advances or other payments made by such Member on behalf of the Company or payments of fees to a Member or Related Person to such Member which are made by the Company shall be considered a return of capital, or any other form of distribution, or in any manner affect the balance of such Member's Capital Account. No Member or Related Person to such Member shall make a loan to the Company unless such loan is authorized pursuant to the provisions of the Agreement.

(d) No Member with a deficit balance in its Capital Account shall have any obligation to the Company, any other Member or any other Person to restore said deficit balance. In addition, no venturer or partner in any Member shall have any liability to the Company or any other Member for any deficit balance in such venturer's or partner's capital account in the Member in which it is a partner or venturer. Furthermore, a deficit Capital Account balance of a Member (or a capital account of a partner or venturer in a Member) shall not be deemed to be a liability of such Member (or of such venturer or partner in such Member) or a Company Asset or property. The provisions of this Section 2.2(d) shall not affect any Member's obligation to make capital contributions to the Company that are required to be made by such Member pursuant to the Agreement.

(e) Except as otherwise provided herein or in the Agreement, no interest will be paid on any capital contributed to the Company or the balance in any Member's Capital Account.

ARTICLE 3 ALLOCATIONS OF PROFIT AND LOSS

Section 3.1 Allocations of Profit and Loss. Subject to the provisions of Section 3.1, Section 3.2, Section 3.3, Section 3.4, and Section 3.5, hereof, all items of Profit and Loss realized by the Company during each fiscal year shall be allocated among the Members (after giving effect to all adjustments attributable to all contributions and distributions of money and property effected during such year) in the manner prescribed in this Section 3.1.

(a) Minimum Gain Chargeback. Pursuant to Section 1.704-2(f) of the Regulations (relating to minimum gain chargebacks) and notwithstanding any other provision of the Agreement, if there is a net decrease in Company Minimum Gain for such year (or if there was a net decrease in Company Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Members under this Section 3.1(a), then items of Company Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member in an amount equal to such Member's share of the net decrease in such Company Minimum Gain (as determined under Section 1.704-2(g)(2) of the Regulations), subject to any exceptions to such requirement contained in the Regulations. Such items shall consist of (i) Book Gain from the disposition of property subject to a Nonrecourse Liability, and (ii) if necessary, a pro rata portion of other items of Gross Income and Book Gain. This Section 3.1(a) is intended to comply with the minimum gain

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chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Pursuant to Section 1.704-2(i)(4) of the Regulations (relating to chargebacks of partner nonrecourse debt minimum gain) and notwithstanding any other provisions of this Agreement, if there is a net decrease in Member Minimum Gain for such year (or if there was a net decrease in Member Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Partners under this Section 3.1(b)), then items of Company Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member in an amount equal to such Member's share of the net decrease in such Member Minimum Gain (as determined pursuant to Section 1.704-2(i)(4) of the Regulations), subject to any exceptions to such requirement contained in the Regulations. Such items shall consist of (i) Book Gain from the disposition of property subject to a Member Nonrecourse Debt, and (ii) if necessary, a pro rata portion of other items of Gross Income and Book Gain not allocated pursuant to Section 3.1(a) above. This Section 3.1(b) is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. Any Member who unexpectedly receives an adjustment, allocation or distribution described in Regulation Sections 1.704-1 (b)(2)(ii)(d)(4), (5) or (6) of the Regulations that causes a deficit balance in its Capital Account (in excess of any amounts which such Member is obligated to restore to the Company, if any, or any deemed deficit restoration obligation pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) of the Regulations), shall be allocated items of Gross Income and Book Gain before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year in an amount and a manner sufficient to eliminate, to the extent required by the Treasury Regulations, such deficit balance as quickly as possible. This Section 3.1(c) is intended to comply with the alternate test for economic effect set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted and applied in a manner consistent therewith.

(d) Nonrecourse Deductions. All Nonrecourse Deductions shall be allocated among the Members, pro rata in accordance with their respective Contribution Percentages and in a manner consistent with Section 1.704-2(e) of the Regulations.

(e) Member Nonrecourse Deductions. All Member Nonrecourse Deductions attributable to Member Nonrecourse Debt shall be allocated among the Members bearing the Economic Risk of Loss for such debt consistent with Section 1.704-2(i)(1) of the Regulations.

(f) Nonrecourse Liabilities. For purposes of Section 752 of the Code, all Nonrecourse Liabilities of the Company shall be shared among the Members in the ratio of their Contribution Percentages.

(g) Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company property, pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4) of the Regulations, to be taken into account in determining Capital Accounts as a result of a distribution to a Member in complete liquidation of its interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specifically allocated to the Members in accordance with their interests in the Company (in the event Section 1.704-1(b)(2)(iv)(m)(2) of the Regulations applies) or to the Members to

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whom such distribution was made (in the event Section 1.704-1(b)(2)(iv)(m)(4) of the Regulations applies).

(h) Special Allocation of Amounts Required. In the event and to the extent that any amount paid by the Company to a Member or to a person related to a Member is treated as having been received in a partner capacity for federal income tax purposes, there shall be specially allocated to such Member, before any allocation is made pursuant to Section 3.1(i) hereof, an amount of Gross Income equal to such amount that is so treated.

(i) General Allocations. After giving effect to the special allocations in Sections 3.1(a) through (h) above, all items of Profit and Loss realized by the Company shall be allocated among the Members in such a manner that would cause their respective Capital Account balances (determined prior to taking into account distributions actually made within the fiscal year), to the greatest extent possible, to be equal to (i) the amount that would be distributed to each Member, if (a) the Company were to sell all of its assets for their Gross Asset Values, (b) all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Gross Asset Values of the assets securing such liability), and (c) the Company were to distribute the sale proceeds and other assets of the Company pursuant to Section 5.2 of the Agreement, plus (ii) the amount of cash and other property that was distributed to the Member within such fiscal year, minus (iii) such Member's share of Company Minimum Gain or Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

(j) Character of Income and Loss. For purposes of determining the nature (as ordinary or capital) of any Company profit allocated among the Members for federal income tax purposes pursuant to this Section 3.1, the portion of such profit required to be recognized as ordinary income pursuant to Sections 1245 and/or 1250 of the Code shall be deemed to be allocated among the Members in the same proportion that they were allocated and claimed the Book Depreciation deductions, or basis reductions, directly or indirectly giving rise to such treatment under Sections 1245 and/or 1250 of the Code or in any other manner required by temporary or final Regulations.

(k) Limitations On Allocations. Notwithstanding the provisions of Section 3.1(h) above:

(i) No Loss or items of loss or deduction shall be allocated to any Member that has a deficit Capital Account balance exceeding its actual or deemed obligation to restore the same or would have a deficit Capital Account balance exceeding its actual or deemed obligation to restore the same as a result of any such allocation while any other Member has a positive Capital Account balance, it being the intention of the Members that such loss shall be allocated in those circumstances solely to the Member(s) with positive Capital Account balances;

(ii) In the event no Member has a positive Capital Account balance, Loss shall be allocated between the Members pro rata based on their respective Contribution Percentages; and

(iii) Any Loss from a Liquidating Transaction, as well as any Profit or Loss for the fiscal year in which the Liquidating Transaction takes place, shall be allocated among the Members in such a manner as to cause their respective positive Capital Account balances, immediately following such allocations, to be equal, to the maximum extent possible, to the distributions each would receive under ARTICLE 5 of the Agreement upon the distribution of the available liquidation proceeds.

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Section 3.2 Allocations of Income and Loss in Respect of Interests Transferred.

If any Company Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any fiscal year, each item of Profit and Loss for such year shall be divided and allocated among the Members in question by taking account of their varying interests in the Company during such year (on a daily, monthly or other basis, an interim closing of the books method or any other permissible method under Section 706 of the Code and the Regulations thereunder) as determined by the Managing Members.

Section 3.3 Allocation of Tax Items.

(a) Except as otherwise provided in the succeeding provisions of this Section 3.3, each Tax Item shall be allocated among the Members in the same manner as each correlative item of Profit or Loss, is allocated pursuant to the provisions of Section 3.1 hereof.

(b) The Members hereby acknowledge that all Tax Items in respect of Book/Tax Disparity Property are required to be allocated among the Members in the same manner as under Section 704(c) of the Code (as specified in Sections 1.704-1(b)(2)(iv)(f) and 1.704-1(b)(2)(iv)(g) of the Regulations) and that the principles of Section 704(c) of the Code require that such Tax Items must be shared among the Members so as to take account of the variation between the adjusted tax basis and Book Basis of each such Book/Tax Disparity Property. Thus, notwithstanding anything in Section 3.1 or 3.3(a) hereof to the contrary, the Members' distributive shares of Tax Items in respect of each Book/Tax Disparity Property shall be separately determined and allocated among the Members in accordance with the principles of Section 704(c) of the Code. The method for making all Section 704(c) allocations of the Company with respect to the Initial Capital Contribution shall be mutually agreed upon by the Managing Members, and if the Managing Members cannot mutually agree, then the "traditional method" shall be used. HF agrees to provide Skechers with its adjusted tax basis in the Property (as of the Closing Date) within sixty (60) days after the Closing Date.

(c) The Members agree that the contribution of the Property to the Company pursuant to Section 4.1.1(b) of the Agreement and the HF Loan made pursuant to Section 6.4 of the Agreement will be treated by the Company and HF on their respective tax returns as follows under the Regulations under Code Section 707:

(i) Pursuant to Section 1.707-4 of the Regulations, the first payments made under the Note evidencing the HF Loan are to be treated for all purposes as payments of principal made to HF to reimburse HF for capital expenditures incurred by HF during the two (2) year period preceding the transfer by HF to the Company with respect to the Property, subject to the limitation contained in such Regulation that such pre-formation expenditures shall not exceed twenty percent (20%) of the Forty-Four Million Dollar (\$44,000,000) Agreed Value of the Property at the time it is contributed to the Company (the Fourteen Million Dollars (\$14,000,000) in expenditures with respect to the Property described in Section 6.4 of the Agreement, plus the Thirty Million Dollar (\$30,000,000) Capital Account credit for the Property described in Section 4.1.1(b) of the Agreement;

(ii) The balance of the principal payments made under the HF Loan shall be treated as payments made with respect to a partial sale of the Property to the Company on the date of the contribution of the Property to the Company (with the portion of the Property that is

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deemed to have been sold by HF to the Company being determined under the Regulations under Section 707 of the Code); and

(iii) As required by Regulations Sections 1.707-3(c)(2) and 1.707-8, the Company shall disclose to the IRS the Company's treatment of the HF Loan payments as pre-formation expenses described in Section 3.3(c)(i) above.

Section 3.4 The allocations set forth in Sections 3.1(a) through 3.1(h) hereof (the "**Regulatory Allocations**") are intended to comply with the requirements of Sections 1.704-1(b) and 1.704-2 of the Regulations and, in all events, shall be interpreted and applied consistently therewith.

Section 3.5 Revaluation Events and Capital Adjustments for Book Items.

Pursuant to the capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations, effective immediately prior to any Revaluation Event, the Capital Account balance of each Member shall be adjusted to reflect the manner in which items of Profit or Loss, equal to the Unrealized Book Gain or Loss then existing with respect to each asset owned (to the extent not previously reflected in the Members' Capital Accounts) by the Company would be allocated among the Members pursuant to Section 3.1 hereof if there were a taxable disposition of such property immediately prior to such Revaluation Event for its fair market value (as determined by the Managing Member taking Section 7701(g) of the Code into account). In all events with respect to all items of Company Profit and Loss, the balances of the Members' Capital Accounts shall be adjusted solely for allocations of such items, as computed for book purposes, under Section 3.1 hereof and shall not be adjusted for allocations of correlative Tax Items under Section 3.3 hereof.

Section 3.6 Intent of Liquidating Distributions.

The parties intend that the allocation provisions of this Exhibit "A" shall produce final Section 704 Capital Account balances of the Member being equal to the distributions required pursuant to Section 5.2 of the Agreement. To the extent that the allocations required in this Exhibit "A" would fail to produce such Capital Account balances (determined at the close of each taxable year as provided in Section 3.1(i)), (a) such allocations provisions shall be amended by the Managing Members if and to the extent necessary to produce such result and (b) items of Company income, gain, loss, or deduction for prior open taxable years shall be reallocated among the Members to the extent it is not possible to achieve such result with allocations of Company income, gain, loss or deduction for the current taxable year and future taxable years. This Section 3.6 shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

Section 3.7 Curative Allocations.

The Regulatory Allocations are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 3.7. Therefore, notwithstanding any other provision of this Agreement (other than the Regulatory Allocations), the Managers shall make such offsetting allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement.

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ARTICLE 4
OTHER TAX MATTERS

Section 4.1 Consistent Treatment.

The Members shall take positions with respect to Tax Items that are consistent with the positions taken by the Company with respect to the same Tax Items in all U.S. federal, state, local, or foreign tax returns, all notices to government bodies, and in any audit or other proceedings with respect to taxes.

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EXHIBIT "B"
DEVELOPMENT MANAGEMENT AGREEMENT
Exhibit "B"

DEVELOPMENT MANAGEMENT AGREEMENT

THIS DEVELOPMENT MANAGEMENT AGREEMENT (this "*Agreement*") is made and entered into effective as of the 30th day of January, 2010 (the "*Effective Date*"), by and between HF LOGISTICS-SKX, LLC (hereinafter, "*Owner*"); and HFC HOLDINGS, LLC, a Delaware limited liability company ("*Development Manager*").

RECITALS:

- A. Owner is a Delaware limited liability company formed pursuant to that certain Limited Liability Company Agreement (as amended from time to time, the "*LLC Agreement*") dated of even date herewith between HF Logistics I, LLC, a Delaware limited liability company ("*HF Member*"), and Skechers RB, LLC, a Delaware limited liability company ("*Skechers Member*").
- B. Section 7.5 of the LLC Agreement provides that the Owner shall enter into this Agreement.
- C. The Owner has caused the Project Architect to prepare the Approved Plans for the Improvements (the construction of the Improvements on the Land in accordance with the Approved Plans is herein called the "*Project*").
- D. The Owner has approved the Development Budget for the Project.
- E. Owner and Development Manager intend that the Development Manager perform or cause to be performed the Development Services and receive the Development Manager Fee, in accordance with this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing (all of which is incorporated in this Agreement by this reference) and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Owner and Development Manager hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Certain Definitions. As used in this Agreement, the following terms have the following meanings:

"*Added Costs*" has the meaning given to that term in Section 4.1.

"*Agreement*" has the meaning given to that term in the introductory paragraph.

“Applicable Laws” means all applicable statutes, ordinances, rules, regulations, codes and interpretations by all federal, state and local governmental authorities having jurisdiction over the Project.

“Approval by (or of) Owner” means to be approved in writing by Owner.

“Approved Plans” has the meaning given to that term in Section 2.4.

“Bid Documents” has the meaning given to that term in Section 2.7(e)(i).

“Building” means the building which constitutes part of the Improvements.

“Close-Out” has the meaning given to that term in Section 2.11(a).

“Completion Notice” means a notice from Development Manager (or the General Contractor) to the Owner that Substantial Completion has occurred for the Improvements, as described in Section 2.10(a).

“Completion of the Project” has the meaning given to that term in Section 2.11(c).

“Construction Loan” means the loan to be made to Owner by Lender, the proceeds of which shall be used to construct the Project.

“Contract Documents” means the Approved Plans, the Project Construction Contract, and other documents governing the performance obligations of the General Contractor.

“Development Approvals” has the meaning given to that term in Section 2.7(g).

“Development Budget” has the meaning given to that term in Section 2.3.

“Development Budget Amendment” has the meaning given to that term in Section 2.8(f).

“Development Manager” has the meaning given that term in the introductory paragraph.

“Development Manager Fee” has the meaning given to that term in Section 5.1.

“Development Services” has the meaning given to that term in Section 2.1.

“Due Care” means to act in good faith, within the scope of one’s authority, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent real estate professional experienced in such matters would use in the conduct of the development of an industrial/warehouse building of the type and quality envisioned in the Approved Plans.

“Effective Date” has the meaning given to that term in the introductory paragraph.

“Entitlement Requirements” has the meaning given to that term in Section 2.7(a)(i).

“Force Majeure” has the meaning given to that term in Section 4.2.

“General Contractor” means the general contractor selected by the Development Manager and engaged by Owner to construct the Project.

“Hard Costs” means those Project Costs so designated in the Development Budget.

“Hazardous Materials” means any hazardous, toxic or dangerous waste, substance or material, pollutant or contaminant, as defined for purposes of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended, or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended, or any other federal, state or local law, ordinance, rule or regulation applicable to the Land or the Project, or any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous, or any substance which contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (PCBs), or radon gas, urea formaldehyde, asbestos or lead.

“Improvements” means an approximately 1,820,000 rentable square foot Building and other improvements to be constructed by Owner on the Land in accordance with the Lease and the Approved Plans.

“Indemnified Parties” has the meaning given to that term in Section 4.3.

“Land” means the tract of land which is the subject of the Lease and upon which the Project will be constructed.

“Lease” means that certain Lease dated September 25, 2007 between HF Member, as landlord, and Skechers Parent, as tenant, as amended.

“Lender” means the lender which extends the Construction Loan to Owner, or any future holder of the note and other documents which evidence the Construction Loan.

“LLC Agreement” has the meaning given that term in the Recitals.

“Owner” has the meaning given to that term in the introductory paragraph.

“Party” means either Owner or Development Manager.

“Project” has the meaning given that term in the Recitals.

“Project Architect” means HPA Architects.

“Project Construction Contract” has the meaning given to that term in Section 2.7(e)(v).

“Project Costs” means all costs of construction of the Project (Hard Costs and Soft Costs) as reflected in the Development Budget.

“Project Engineers” means the mechanical, structural and electrical engineers’ engaged in connection with the Project.

“Project Manager” has the meaning given to that term in Section 3.2.

“Project Schedule” has the meaning given to that term in Section 2.3.

“Project Team” has the meaning given to that term in Section 2.2.

“Punchlist” has the meaning given to that term in Section 2.10(c).

“Punchlist Items” means any items necessary to complete the Improvements in compliance with Applicable Laws, the Approved Plans and the other requirements of this Agreement after receipt of the Completion Notice (it being understood that the nature of the Punchlist Items is such that they will, not materially interfere with the use, occupancy or enjoyment of the Building by Skechers Parent as tenant under the Lease).

“Skechers Parent” means Skechers USA, Inc., a Delaware corporation.

“Soft Costs” means those Project Costs so designated in the Development Budget.

“Standard of Quality” has the meaning given to that term in Section 2.5.

“Statement of Project Costs” has the meaning given to that term in Section 2.11(b).

“Substantial Completion” has the meaning set forth in the Lease.

Section 1.2 Other Definitions. Other terms defined in this Agreement have the meanings so given them. Capitalized terms used but not defined herein shall have the same meaning herein as in the LLC Agreement.

Section 1.3 Terminology. Unless the context of this Agreement clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations, partnerships, limited liability companies and entities of every kind and character, (b) the singular shall include the plural wherever and as often as may be appropriate, (c) the word “includes” or “including” shall mean “including without limitation”, and (d) the words “hereof”, “herein”, “hereunder”, and similar terms in this Agreement shall refer to this Agreement as a whole and not any particular section or article in which such words appear. The section, article, and other headings in this Agreement are for reference purposes and shall not control or affect the construction of this Agreement or the interpretation hereof in any respect. Article, section, subsection, and exhibit references are to this Agreement unless otherwise specified. All exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein.

ARTICLE 2

SCOPE OF SERVICES

Section 2.1 General. Development Manager shall perform, using Due Care, the services described in this ARTICLE 2 (the **“Development Services”**) required for the development of the Project. Development Manager will coordinate with the Owner with respect to the matters for which the Owner is involved in accordance with this Agreement and Development Manager will coordinate with the Skechers Member with respect to matters for

which the Skechers Member is involved in accordance with this Agreement. It is understood that any decisions, approvals, consents or other rights or obligations of the Owner under this Agreement shall be subject to the provisions of the LLC Agreement which allocate the authority to make such decisions, approvals, consents or to exercise such rights or obligations between the Skechers Member and the HF Member, and nothing in this Agreement is intended to modify or amend such provisions of the LLC Agreement.

Section 2.2 Project Team. Development Manager shall coordinate and provide leadership for the development, design and construction team (the “*Project Team*”) for the Project. The Project Team shall consist of Development Manager, Owner, the Project Architect, the Project Engineers and the General Contractor, and others engaged by Owner to work on the development, design or construction of the Project.

Section 2.3 Development Budget and Project Schedule. Attached hereto marked **Exhibit “A”** is a development budget (as amended, the “*Development Budget*” and which includes any Added Costs) and a project schedule (as amended, the “*Project Schedule*”) for the Project. Development Manager shall revise the Development Budget and the Project Schedule from time to time, but except as set forth in Section 4.1, no amendment or modification of the Development Budget or the Project Schedule shall be effective until Approved by Owner and approved by Skechers Member. Notwithstanding anything herein to the contrary, the Development Manager shall not be responsible if Completion of the Project does not occur by the date set forth in the Project Schedule, except as a result of the gross negligence or the willful misconduct of Development Manager.

Section 2.4 Plans. Development Manager has coordinated the preparation of the plans and specifications for the Project which have been approved by both the tenant under the Lease, and Owner (the “*Approved Plans*”). The Approved Plans may not be amended or modified in any material respect without the approval of Owner and the approval of the tenant under the Lease.

Section 2.5 Standard of Quality. Development Manager has prepared and Owner has approved detailed general and specific standards for the overall development of the Project, as set forth in the Approved Plans and covering site use, selection of materials, building systems, landscaping, parking and other features related to development of the Project (the “*Standard of Quality*”).

Section 2.6 Compliance With Applicable Laws. Development Manager shall have the Project Architect (or other appropriate professional) confirm that the Approved Plans for the Project satisfy the Standard of Quality, and are in substantial compliance in all material respects with the requirements of the Construction Loan and all Applicable Laws.

Section 2.7 Predevelopment Phase. Subject to the general provisions of Section 2.1 through Section 2.6 above, Development Manager shall perform the following predevelopment phase services, to the extent that it has not already done so:

- (a) Initial Planning. Development Manager shall:

(i) Ascertain the significant subdivision, zoning, building code and other governmental compliance issues for the Project (collectively, the “**Entitlement Requirements**”);

(ii) Provide to Owner soils reports, environmental reports and other reports and studies in Development Manager’s possession in connection with the Project;

(iii) Obtain preliminary site plans, surveys, topographical surveys and schematic designs and elevations for the Project; and

(iv) Coordinate preparation and submission of materials, plans and information as necessary under the Entitlement Requirements, and coordinate the Project development requirements of governmental agencies.

(b) Schematic Design. Development Manager shall coordinate the Project Architect’s preparation of schematic design drawings for the Project and assist in evaluating design alternatives in light of Owner’s construction, timing, function and marketing goals and objectives.

(c) Design Development. Development Manager shall review all plans and specifications prepared by the Project Architect and evaluate such plans and specifications in light of the approved design concept for the Project, Owner’s cost and time constraints and Owner’s objectives.

(d) Working Drawings. Development Manager shall:

(i) Coordinate the preparation by the Project Architect of the construction drawings; and

(ii) Make recommendations regarding alternative design and construction solutions whenever design details appear to adversely affect construction feasibility, the Development Budget or the Project Schedule or to deviate from the Approved Plans.

(e) Contractor Bidding and Selection. Development Manager shall:

(i) Coordinate the preparation of the “**Bid Documents**,” which shall consist of, among other things, the Approved Plans, construction drawings (to the extent completed), proposed form of Project Construction Contract and instructions to bidders.

(ii) Make recommendations for prequalification criteria for bidders, including any need for performance bonding of any bidder if selected as a contractor, and develop a bid list for prospective contractors and subcontractors.

(iii) Develop competitive bidding procedures and requirements.

(iv) If appropriate, conduct prebid conferences to familiarize bidders with the Bid Documents and any special or unique systems, materials, methods or requirements.

(v) Prior to commencement of construction of any Improvements, including any site work, the General Contractor and the Owner will enter into a guaranteed maximum cost construction contract for the Project (the "**Project Construction Contract**"). Development Manager shall assist Owner in negotiating the Project Construction Contract and advise Owner as to holdbacks or retentions on contractor payments and other contract provisions to be incorporated in the Project Construction Contract so that Development Manager can properly manage the General Contractor's performance.

(vi) Provide recommendations regarding the General Contractor's proposed temporary Project facilities, equipment, materials and services during construction and the assignment of responsibilities relating to same.

(vii) Conduct pre-award conferences with the successful bidders, prepare and negotiate the Project Construction Contract on terms and conditions acceptable to Owner (for approval and execution by Owner) and advise Owner regarding subcontractors and major suppliers for the Project.

(f) Payment of Project Architect and Project Engineers. Development Manager shall review and advise Owner with regard to all requests for payment from the Project Architect, the Project Engineers and any other consultants having contracts with Owner or Development Manager for the Project.

(g) Development Approvals. Development Manager shall assist Owner, the General Contractor, the Project Architect and the Project Engineers with any governmental authorities having jurisdiction over the Project and shall process and obtain all governmental and third party approvals required in connection with the Project, including all approvals, permits, and authorizations necessary for development, construction, use or occupancy of the Project, the subdivision of the land, construction, use and occupancy of the Project, establishment of communities facilities districts, establishment of a property owner's association and related documentation, and all necessary public improvement agreements, easements, dedications or other similar agreements required in connection with the Project (collectively, the "**Development Approvals**").

(h) Meetings. Development Manager shall meet with a representative of Owner on a regular basis, to update Owner on the status of the Project and apprise Owner of major events and issues anticipated by Development Manager with respect to the Project.

(i) Contracts with Project Architect and the Project Engineers. Development Manager shall negotiate on Owner's behalf (for approval and execution by Owner) and advise Owner with respect to service contracts, including, but not limited to, contracts with the Project Team and other consultants, if any, as are necessary or appropriate in order to construct the Project.

(j) Development Easements. Upon Development Manager's request, Owner shall enter into and grant such development easements, rights of way and other similar encumbrances affecting title to the Project to the extent reasonably required for or in connection with the orderly development of the Project.

Section 2.8 Construction Phase. The “Construction Phase” shall commence at the time designated in the Project Schedule. Subject to the general provisions of Section 2.1 through Section 2.6 above, and in addition to services described under Section 2.7, which (to the extent applicable) continue throughout the term of this Agreement, Development Manager shall perform the following construction phase services, to the extent that it has not already done so:

(a) Critical Path Schedule. Development Manager shall direct the General Contractor (and others, where appropriate) to prepare and update a critical path schedule for completion of the Project. In the event of delays impacting the critical path schedule, Development Manager shall make recommendations for corrective action by the General Contractor.

(b) Site Preparation. Development Manager shall monitor site work for the Project, as well as any environmental remediation to be performed upon the Land.

(c) Applications for Payment Requirements. Development Manager shall (i) prepare procedures for the review and, subject to the provisions in subparagraph (o), processing of applications for payment received from the General Contractor, (ii) assure that permitted holdbacks or retentions are maintained upon payments to the General Contractor, (iii) confirm that applications for payment are complete and correct and accompanied by all required documents, (iv) obtain the Project Architect’s certification of each application for payment and (v) make recommendations to Owner concerning payment of applications for payment and other Project Costs. Development Manager shall prepare and coordinate orderly procedures, consistent with the requirements of the Construction Loan, for payment of all Project Costs.

(d) Certificate. Whenever certificates of the Project Architect or the Project Engineers are required in accordance with the Construction Loan Agreement, Development Manager shall coordinate delivery of such certificates to assure that necessary certificates are received.

(e) Construction Administration. Development Manager will provide overall coordination of development of the Project, including the following:

(i) Meetings. Schedule and conduct (not less than once per month) job-site meetings to discuss construction procedures, progress and scheduling with General Contractor and the Project Architect. Development Manager shall prepare or direct the General Contractor or Project Architect to prepare minutes of construction meetings and distribute such meeting minutes to the Project Team.

(ii) Contract Performance. Monitor the performance, assure maintenance of applicable holdbacks and assist in the enforcement (short of instituting any legal proceeding) of the obligations of the General Contractor under the terms of the Project Construction Contract.

(iii) Bonds. If required under the terms of the Construction Loan, prior to the General Contractor performing Work (as defined in the Project Construction Contract), Development Manager shall obtain from the General Contractor both a General Contractor’s payment bond and a performance bond in the full value of the Project Construction Contract

issued by a corporate surety or sureties reasonably satisfactory to Owner or the Lender, as applicable, naming Owner or the Lender, as applicable, as a beneficiary.

(iv) General Contractor Identification. Make timely recommendations to Owner for the employment or dismissal of the General Contractor and all attorneys, architects, engineers, consultants and other professionals and personnel as are necessary or appropriate to construct and complete the Project.

(v) Lien Claims. Obtain from the General Contractor the negotiation of settlements with all material mechanics, materialmen and subcontractors, and if any mechanic's, materialman's or similar lien and/or stop notices are filed with respect to the Project, take such action (short of instituting legal proceedings) which is within the power of Development Manager, or cause the General Contractor to take such lawful action, as is appropriate to contest or settle and discharge such lien or liens and/or stop notices and to remove the same by bonding or otherwise within thirty (30) days after receiving notice of the filing thereof.

(vi) Warranty Corrections. Cause to be enforced (short of instituting any legal proceeding) all warranties and guaranties of the General Contractor or materialmen with a view to correcting any known or identified defects in the construction of the Project or in the installation or operation of any equipment or fixtures therein, at the expense of the General Contractor or materialmen and cause inspections of the completed Project to be made by the Project Architect with a view to discovering any such defects.

(vii) Monitor Work. Monitor the performance of work by the Project Team concerning matters relating to the Project. If the Development Manager determines that any members of the Project Team are not in compliance with the terms and conditions of their respective agreements or contracts with Owner, Development Manager shall notify Owner of such noncompliance and the nature thereof and of Development Manager's recommendations with respect thereto. Any legal action to be taken with respect to such noncompliance shall be entirely at the discretion of and under the direction of Owner. In connection with monitoring the work, Development Manager shall not cause or knowingly permit any Hazardous Materials to be brought upon, kept or used in or about the Land or Project except to the extent such Hazardous Materials: (A) are necessary for the construction of the Project, (B) are required by the Approved Plans, and (C) are used, stored and disposed of in compliance with all Applicable Laws.

(viii) Accidents. Notify Owner of any material accidents or damage or injury claims arising from work on the Project promptly after Development Manager has actual knowledge of such events.

(ix) Shop Drawings and Other Submittals. Coordinate the Project Architect's review and approval of shop drawings, product data and other submittals by the General Contractor. Coordinate the delivery by the General Contractor to Owner of the guaranties, warranties, releases, affidavits, bonds, manuals, insurance certificates and other items required by the Project Construction Contract.

(x) Utilities. Coordinate the obtaining and installation of all utilities and similar services required for the Project.

(f) Change Orders. Development Manager shall coordinate the negotiation and processing of all change orders to the Project Construction Contract for Approval by Owner. Copies of all change orders will be promptly provided to Skechers Member. The Development Budget and/or Project Schedule, as applicable, will be revised to reflect Added Costs, if any, resulting from change orders which are Approved by Owner. Development Manager shall process and administer change orders. Owner and agrees to reasonably and timely consider and act upon change orders and resulting changes in the Development Budget (each, a “***Development Budget Amendment***”) and the Project Schedule (each, a “***Project Schedule Amendment***”). Notwithstanding the foregoing, Owner need not give approval of any change order unless (i) the change is permitted under the Construction Loan, and conforms to the Standard of Quality, and (ii) the aggregate estimated total costs of the Project following such change order, Development Budget Amendment do not exceed (and, prior to Completion of the Project, are not reasonably estimated to exceed) the amount available to pay such costs under the Development Budget immediately prior to such Development Budget Amendment therefor (as a result of available funds in the contingency line item or realized cost savings in another line item in the Development Budget), or alternatively either the HF Member or the Skechers Member agrees to fund such excess costs (as required under the LLC Agreement). Subject to approval of the Lender, Development Manager may allocate any contingency line item (Hard Cost or Soft Cost) in the Development Budget and realized cost savings to other line items within the Development Budget.

(g) Construction Phase Reporting. Development Manager shall furnish to Owner and Skechers Member reports, not less frequently than monthly, containing (i) a status of construction; (ii) a comparison of the Development Budget (which shall be presented in such a fashion that it shows the original Development Budget and all changes thereto, including Added Costs, if any) on a major line item basis to construction costs by trade incurred through the date of the report and a comparison of the Project Schedule to the work actually completed through the date of the report; (iii) a summary of change orders made during the month covered by the report; (iv) any revision to the Project Schedule and/or Development Budget made during the month covered by the report; (v) an estimate of the costs to be incurred in completing the Project and (or) any other information reasonably requested by Owner or Skechers Member. Reports will be provided on a timely basis consistent with any Construction Loan requirements.

(h) Technical Inspections. In instances where technical inspection and testing unless are being provided by the Project Architect or other third party (which shall be a Project Cost paid by Owner), Development Manager shall assist the Project Architect or other third parties and the General Contractor in coordinating such technical inspection and testing. All technical inspection reports will be in a format approved by and will be reviewed by Development Manager.

(i) Contract Enforcement. When appropriate, Development Manager shall advise and make recommendations with respect to the exercise of Project Construction Contract prerogatives such as accelerating the work when scheduled goals are in jeopardy or requiring that work found to be defective be repaired or replaced.

(j) Construction Loan. Development Manager shall (i) act as Owner's agent in administering Owner's responsibilities and assuring compliance by Owner with the terms and provisions of the Construction Loan documents, and (ii) subject to Owner's cooperation with Development Manager, coordinate the timely delivery of all necessary documents and information to obtain monthly advances of proceeds of the Construction Loan to pay Project Costs in accordance with the Construction Loan documents, including the General Contractor's approved monthly applications for payment, interest on the Construction Loan, fees and other Project Costs reflected in the Development Budget.

(k) Insurance of Project Architects and Engineers. Development Manager shall confirm that the Project Architect, the General Contractor and all Project Engineers obtain all insurance policies required under their respective contracts, and shall obtain appropriate certificates of insurance from each as required.

(l) Claims. Development Manager shall keep track of delays in progress of the work and perform a preliminary evaluation of the contents of all claims (including claims for increases in the guaranteed maximum cost under the Project Construction Contract or extensions of time), obtain the factual information concerning the claim, review the time/cost impact of the alleged claim and make recommendations as to Owner's position to the General Contractor or applicable subcontractor. Development Manager shall also coordinate the submission of all insurance claims (whether by the General Contractor, Development Manager, Owner or others) and shall process all paperwork relating to such claims.

(m) Preparation of Punchlist. Development Manager shall assist the General Contractor, the Project Architect and the Project Engineers in scheduling inspections (which shall include Skechers Parent, as tenant under the Lease) to determine the date of Substantial Completion (or Substantial Completion of phases, if the Improvements are completed in phases), and the preparation of the Punchlist. Development Manager shall assist the Project Architect in reviewing the Punchlist Items and interface with the Project Architect, the General Contractor, and Skechers Parent, as tenant under the Lease, in coordinating completion of all Punchlist Items. Development Manager shall monitor the General Contractor's completion of all Punchlist Items.

(n) Shop Drawings. Development Manager shall monitor the Project Architect's review of shop drawings, product data, sample and submittals, and will use reasonable efforts to cause the Project Architect to respond in a timely fashion so as not to cause delay in construction of the Project.

(o) Bank Accounts/Withdrawals.

(i) Owner shall establish a bank account into which shall be deposited sufficient funds to timely pay Project Costs as they are incurred (including deposits of proceeds of the Construction Loan advanced by the Lender). Designated representatives of the Development Manager shall be the signatories on such bank account, and withdrawals from such bank account (which includes checks, wire transfers or other withdrawals) may be made upon the signature of any one of such designated representatives. Designated representatives of Skechers Member shall also be signatories on such bank account, but shall not exercise any right

to withdraw funds from such bank account unless and until the HF Member has been removed as a Managing Member under the LLC Agreement. Notwithstanding the foregoing, Development Manager covenants that it shall diligently and prudently coordinate and administer expenditures from the bank account in accordance with the Development Budget and that all expenditures from the bank account shall be made in strict conformance with the Development Budget in all respects (including the nature, amount and timing of each such expenditure).

(ii) From time to time, but not more frequently than once each month (except under unusual circumstances) Developer Manager shall submit to Skechers Member a detailed schedule of all withdrawals which Development Manager has approved for the payment of Project Costs, together with reasonable back-up documentation such as invoices or statements for labor and/or material for which payment will be made.

Section 2.9 Affiliate Contracts. Without the express prior written consent of Owner, Development Manager shall not enter into any contract with an affiliate of Development Manager or HF Member in connection with the Project, except to the extent permitted under the LLC Agreement.

Section 2.10 Occupancy; Punchlist.

(a) Upon Substantial Completion of the Project, the Development Manager shall certify to the Owner (or cause the General Contractor to certify to the Owner) in AIA form G-704 or substantial equivalent: (i) that, to its knowledge, the Substantial Completion of the Project has been achieved, in conformity with the requirements of the Project Construction Contract, and in compliance in all material respects with Applicable Laws, all Development Approvals, the Standard of Quality and the Construction Loan documents, free of liens or outstanding claims for payment for labor (excepting only liens or claims of liens relating to matters that may be the subject of legitimate disputes between the Developer and the General Contractor or subcontractors performing work on the Project, provided the same have been bonded off or insured over to the reasonable satisfaction of the Owner and the Lender by Development Manager), services, materials or supplies, subject only to completion of the Punchlist Items; and (ii) that, to its knowledge, the total cost to complete any remaining Punchlist Items on the Punchlist is reflected on the Statement of Project Costs.

(b) Upon Substantial Completion of the Project, Development Manager shall apply for, or have the General Contractor apply for, and obtain all required occupancy permit(s) for the Improvements which are required to be obtained by Owner pursuant to the Lease.

(c) Within five (5) business days following the Owner's receipt of the Completion Notice with respect to the Improvements (or portions thereof, if completed in phases), Development Manager and the Owner (and, if requested by Owner, the Project Architect and such other consultants as Owner shall desire), together with representatives of Skechers Parent, as tenant under the Lease, will conduct a walk-through inspection of the Improvements confirming that such Improvements have achieved Substantial Completion in accordance with the requirements of this Agreement, the Lease and the Contract Documents, and to jointly prepare a list (the "**Punchlist**") of the Punchlist Items needing correction or completion. Development Manager shall cause to be completed the Punchlist Items for the

Improvements within forty-five (45) days following delivery of the Completion Notice for the Improvements, subject to delay for items which due to season or the nature of the item are not practical to complete and which do not interfere in any material respect with the use or enjoyment of the Building by the tenant under the Lease.

Section 2.11 Close-Out.

(a) Upon Substantial Completion of the Project, Development Manager shall give notice to Owner and Skechers Member. Within thirty (30) days following delivery of such notice (or, with respect to items that cannot reasonably be expected to be completed within such thirty (30) day period, as soon thereafter as Development Manager can, with the exercise of due diligence, complete such items), Development Manager shall complete the following (herein sometimes referred to as "**Close-Out**" of the Project), (i) deliver to Owner and Skechers Member a Statement of Project Costs prepared by Development Manager and certified as true and correct to its knowledge by Development Manager; (ii) prepare or cause to be prepared and delivered to the Owner all certificates and documents that Owner and/or Development Manager are required to deliver to the Lender in accordance with the Construction Loan documents; (iii) prepare or cause to be prepared and delivered to Owner such other documents and information as Development Manager may be obligated to deliver to Owner in connection with the Substantial Completion of the Project; (iv) monitor the compliance of the Project Architect, the Project Engineers, and the General Contractor, as appropriate, with the provisions of their respective contracts with the Owner relating to the Close-Out of the Project; and (v) without limiting the foregoing, ensure that each of the following shall have been completed and delivered to Owner:

- (i) As built drawings and specifications.
- (ii) Change orders.
- (iii) Reports including, but not limited to, soils reports, concrete reports, equipment testing and balancing reports, termite reports, etc.
- (iv) Operation maintenance manuals for all equipment.
- (v) Certifications and test results required in accordance with Applicable Laws.
- (vi) Warranties or guaranties, including but not limited to the roof warranties, HVAC warranties, plumbing warranties, etc.
- (vii) Keys for all locks.
- (viii) Progress photos taken at least monthly throughout the Project.
- (ix) Completion Notices as described in Section 2.10(a) above.
- (x) All necessary governmental and municipal permits or approvals (including certificates of occupancy) for the Improvements.

(xi) Final lien waivers from the General Contractor and all material subcontractors and suppliers supplying services or material in connection with the construction and equipping of the Project (excepting only liens or claims relating to matters that may be the subject of legitimate disputes between the Development Manager or Owner, on the one hand, and the General Contractor or subcontractors performing work on the Project or any portion thereof, on the other hand, provided the same have been bonded off or insured over to the reasonable satisfaction of the Owner and the Lender).

(xii) An "ALTA-ACSM As Built" survey of the Project completed by a licensed surveyor, certified as to accuracy.

(xiii) The Punchlist, including for each item shown thereon, the estimated time and cost of completing such item.

(b) For purposes hereof, the "**Statement of Project Costs**" shall mean a statement of the total of all Project Costs incurred in connection with the completion of the Project, and also including all items on the Punchlist. Development Manager shall prepare and deliver to Owner a reconciliation of the Statement of Project Costs with the Development Budget, both in the aggregate and for each major line item in the Development Budget.

(c) Development Manager acknowledges that the Project shall not be deemed complete until Development Manager has completed the Closeout of the Project, including satisfaction of all of the conditions set forth in this Section 2.11, completion of all items on the Punchlist, and satisfaction of all other conditions to completion set forth in the Construction Loan Agreement (herein referred to as "**Completion of the Project**"). Upon Completion of the Project (or if this Agreement is otherwise terminated), to the extent not previously done, Development Manager shall do, and execute and/or deliver to Owner (and Skechers Member with respect to item (i)) the following with respect to the Project, all of which shall be done, executed and/or delivered as promptly as is reasonably practicable:

(i) Prepare a final accounting of all funds possessed by or under the coordination or control of Development Manager, reflecting receipts and disbursements in connection with the Project through the date of Completion of the Project or termination, as applicable.

(ii) Return the balance of monies of Owner held by Development Manager.

(iii) Execute and/or deliver all documents and instruments necessary to transfer to Owner or its nominee, to the extent transferable, all permits held by Development Manager necessary to construct the Project.

(iv) Take such other actions as Owner may reasonably require to assure an orderly transition of management of the completion of the Project.

ARTICLE 3

TERM OF AGREEMENT AND PERSONNEL

Section 3.1 Term. The term of this Agreement shall commence upon the date of this Agreement and shall continue, unless sooner terminated in accordance herewith, until Completion of the Project.

Section 3.2 Personnel. Development Manager shall designate an individual to serve as the project manager (the “*Project Manager*”). Development Manager shall ensure that the Project Manager shall be competent to perform the services required as such.

(a) Project Manager shall devote such portion of his or her time, efforts and management skills to the Project using Due Care as is reasonably necessary and appropriate to complete the Project, subject to Force Majeure, in accordance with the Project Schedule and Development Budget.

(b) Any communication given to the Project Manager by Owner shall be deemed to have been given to Development Manager.

(c) Development Manager will also provide such personnel and assistants, including professional and secretarial/clerical support staff, as may be necessary to perform its Development Services in a diligent and timely manner. Development Manager shall be responsible out of its own funds for all salaries, overhead, costs and expenses related to the employment of the Project Manager and any other personnel by Development Manager, which salaries, overhead, costs and expenses shall expressly not be a reimbursable item. All persons, other than independent contractors, employed by Development Manager in the performance of its responsibilities hereunder shall be exclusively controlled by and shall be the employees of Development Manager and not of Owner, and Owner shall have no liability, responsibility or authority with respect thereto.

ARTICLE 4

DEVELOPMENT BUDGET AND LIABILITY OF DEVELOPMENT MANAGER

Section 4.1 Increases in Development Budget. Subject to any restrictions set forth herein or in the LLC Agreement regarding increases in the Development Budget, the Development Budget will automatically be increased from time to time to include therein all of the following (collectively, the “*Added Costs*”):

(a) Increases in the Project Costs resulting from change orders which are Approved by Owner;

(b) Increases in the Project Costs incurred in connection with changes in the scope of the Project caused by changes in Applicable Laws that are required by such Applicable Laws to be complied with;

(c) Increases in Project Costs due to expressly permitted increases in the guaranteed maximum cost under the Project Construction Contract;

(d) Increases in Project Costs due to (i) Force Majeure (as defined herein); or

(e) Increases in Project Costs pursuant to Section 4.6 below.

Increases in Project Costs include (without duplication) those increases which result from time delays due to the occurrence of any of the foregoing events ((a)-(d)).

Section 4.2 For purposes hereof, the term “*Force Majeure*” means the following events or circumstances, to the extent that they cause the delay of performance of any obligation hereunder by Development Manager and (except as otherwise provided below) that could not, through the use of Due Care by Development Manager, be anticipated and mitigated: (a) strikes, lockouts or picketing; (b) riot, civil commotion, insurrection and war; (c) fire or other casualty, accidents, acts of God or public enemy; (d) unusually adverse weather conditions not reasonably expected for the location of the Project and the time of year in question, or (e) any other similar event which delays the Completion of the Project and which is beyond the reasonable control of the Development Manager. However, in no event shall any of the following be deemed to constitute Force Majeure: (i) failure to obtain financing for or, failure to refinance, the purchase, construction or ownership of the Project; (ii) inability to pay when due monetary sums; or (iii) the acts or omissions of the Development Manager or any other Person acting by, through or under the Development Manager (including without limitation, the acts or omissions of such Person that cause the event of Force Majeure). If the Development Manager shall be delayed, hindered or prevented from performance of its obligation to achieve Completion of the Project in accordance with this Agreement by reason of Force Majeure, the time for such performance shall be extended on a day-for-day basis for each day of actual delay, provided that the following requirements are complied with by the Development Manager: (y) the Development Manager shall give prompt written notice of such occurrence to Owner and Skechers Member, describing the Force Majeure event with specificity, and (z) the Development Manager shall diligently attempt to remove, resolve or otherwise eliminate such Force Majeure event and minimize the cost and time delay associated with such event, keep the Owner and Skechers Member advised with respect thereto, and commence performance of its obligations under this Agreement promptly upon such removal, resolution or elimination.

Section 4.3 Development Manager’s Indemnity. Development Manager shall indemnify Owner and its partners, members, managers, shareholders, directors, officers and employees and the heirs, successors and assigns of each of the foregoing (collectively, the “*Indemnified Parties*”), defend the Indemnified Parties and hold the Indemnified Parties harmless from and against any and all suits, actions or claims and from resulting damages, losses, costs or expenses (including reasonable attorneys’ fees and court costs, but excluding consequential damages and punitive damages) incurred by the Indemnified Parties or any one or more of them due to or arising from, directly or indirectly, (a) the grossly negligent acts, or omissions, willful misconduct or material breach of this Agreement by Development Manager, (b) the misapplication or misappropriation by Development Manager of any funds of Owner, (c) the actions of Development Manager outside the scope of authority granted to Development

Manager under this Agreement, or (d) the material breach by the Development Manager of any of its material obligations under this Agreement.

Section 4.4 Owner's Indemnity. Owner shall indemnify the Development Manager and its members, managers, shareholders, directors, officers and employees and the heirs, successors and assigns of each of the foregoing (collectively, the "**Manager Indemnified Parties**"), defend the Manager Indemnified Parties and hold the Manager Indemnified Parties harmless from and against any and all suits, actions or claims and from resulting damages, losses, costs or expenses (including reasonable attorneys' fees and court costs, but excluding consequential damages and punitive damages) incurred by the Manager Indemnified Parties or any one or more of them due to or arising from, directly or indirectly, the willful misconduct or breach of this Agreement by Owner or any other loss not subject to the indemnification obligations set forth in Section 4.3 arising from the performance of Development Manager's obligations under this Agreement (except to the extent resulting from the acts or omissions of HF Member in violation of any provisions in the LLC Agreement).

Section 4.5 Records. Records of all time charged to the Project, and records of Development Services performed shall be maintained on a customary and consistent basis and shall be available to Owner at mutually convenient times and upon reasonable prior written notice for review and audit. Development Manager shall maintain all accounting records and receipts for at least three (3) years from Completion of the Project. Records regarding any dispute involving this Agreement shall be maintained until such dispute is resolved.

Section 4.6 Time Delays/Arbitration. Under the LLC Agreement, certain matters may be submitted to binding arbitration. If, as a result of the institution of any arbitration between HF Member and Skechers Member, the arbitrator determines that there is a resulting change in the Project Schedule, then the Project Schedule shall be modified accordingly.

ARTICLE 5 COMPENSATION

Section 5.1 Development Manager Fee. In consideration of Development Manager's Services hereunder, Owner shall pay to Development Manager a fee (the "**Development Manager Fee**"), equal to three and one-half percent (3.5%) of the total Project Costs (including both Hard Costs and Soft Costs, but exclusive of the cost of the Land, as reflected in the Development Budget) minus the original principal balance of the HF Loan (as defined in the LLC Agreement). Subject to availability of draws under the Construction Loan, such fee shall be paid in equal monthly installments over the pro-forma construction period (as set forth in the Project Schedule). Development Manager shall not be entitled to reimbursement of any expenses incurred in performing the Development Services that represent compensation of any of Development Manager's employees or otherwise represent Development Manager's overhead, but Development Manager shall be entitled to reimbursement of reasonable out-of-pocket expenses incurred in performing the Development Services.

Section 5.2 Third Party Consultants. It is contemplated that Owner will engage all contractors, architects, engineers, attorneys and other consultants and professionals to be employed in connection with the Project. Development Manager is not obligated to pay the compensation of any such third party consultants or professionals (other than on behalf of Owner).

ARTICLE 6 INSURANCE

Section 6.1 Development Manager Insurance. Development Manager shall procure and maintain (or cause the General Contractor to procure and maintain), throughout the term of this Agreement all insurance required pursuant to this Section 6.1.

(a) The form and substance of all insurance policies obtained by Development Manager in meeting the requirements under this Section 6.1 shall be subject to reasonable approval by Owner. All such policies shall be issued by insurance companies qualified to transact insurance in the state or commonwealth in which the Project is located and with a minimum financial rating of A- Class IX by A.M. Best, or otherwise acceptable to Owner. Development Manager shall furnish a certificate from its insurance carrier(s) ten (10) days before commencement of the work, and annually thereafter, demonstrating that it has complied with the above requirements and stating that the insurer will provide not less than thirty (30) days prior notice of the cancellation, non-renewal, or material change in any of the coverages so required.

(b) Insurance provided under Section 6.1(c):

(i) Shall be primary and not in excess of or contributing to any insurance or self-insurance maintained by Owner, any other party whom Owner identifies, or its respective consultants and agents;

(ii) For insurance specified by Section 6.1(c) shall be endorsed to state that Owner, and any other party whom Owner identifies and their respective partners, members, managers, directors, officers, and employees are named as Additional Insureds as per ISO Form CG2037 1001, if reasonably available, or its substantial equivalent.

(c) (i) Commercial General Liability Insurance, with a combined single limit of \$1,000,000 for bodily injury and property damage per occurrence and annual project aggregate of \$2,000,000, and \$1,000,000 for completed operations.

(ii) Business Automobile Liability Insurance, with a combined single limit for bodily injury and property damage per accident of \$1,000,000 covering any and all owned, non-owned and hired autos and including Broadened Pollution Coverage per CA9948 or its equivalent.

(iii) Worker's Compensation and Employer's Liability Insurance that provides the statutory benefits required by law (but not less than \$1,000,000 for Employer's Liability Insurance) .

(iv) Excess liability insurance, following the form, supplementing the general liability, auto liability, and employers liability referenced above with minimum limits of \$5,000,000.

(d) Any insurance that contains a deductible or self-insured retention in excess of \$25,000 shall require Approval by Owner.

(e) Development Manager shall require the General Contractor to procure and maintain insurance as specified in Section 6.1(c).

(f) If Development Manager desires to have limits in excess of those required or desires to carry additional coverages for its own protection, the arrangements therefor and the cost thereof shall be the sole responsibility of Development Manager. Otherwise, such insurance shall be paid for by Owner, to the extent not paid by the General Contractor.

(g) Within ten (10) days of Owner's request, Development Manager shall provide such requesting party copies of all insurance policies required under Section 6.1(c).

(h) In the event Development Manager does not comply with the insurance requirements as set forth under Section 6.1, Owner may, at its option (and without waiving any other rights or remedies), to the extent possible, obtain and maintain such insurance, and the cost of such insurance shall be paid by Development Manager and may be deducted from Development Manager's compensation.

Section 6.2 Owner Insurance. Owner shall procure and maintain all insurance pursuant to this Section 6.2 covering Development Manager, the General Contractor and all other contractors and professionals and Owner.

(a) All such policies shall be issued by insurance companies qualified to transact insurance in the state or commonwealth in which the Project is located and with a minimum financial rating of A- Class IX by A.M. Best.

(b) Insurance provided under Section 6.2(c):

(i) Shall be endorsed to state that the right of cancellation or material change in coverage by the insurance carrier is waived, unless thirty (30) days' written notice is furnished by registered mail to Development Manager.

(c) Within thirty (30) days following the Effective Date and for so long as the Improvements are under construction pursuant to the Project Construction Contract, Owner shall obtain and maintain "Builders Risk" Property Insurance on an "all risk" peril form (including all usual and customary coverage for a Project of this nature) for an amount equal to the completed replacement value of the Improvements. Such insurance shall include the interests of Owner, Development Manager, the General Contractor and subcontractors in the work, as their interests may appear. A certificate of insurance evidencing the foregoing shall be provided to Development Manager upon request.

Section 6.3 Waiver of Subrogation. To the fullest extent permitted without invalidating any insurance policies required hereunder, Owner and Development Manager waive all rights against (a) each other and any of their subcontractors, agents and employees, each of the other, and (b) the General Contractor, the Project Architect, and any of their subcontractors, agents and employees, for damages caused by fire or other perils to the extent covered by property insurance obtained to this Section 6.3 or other property insurance applicable to the construction of the Project, except such rights as they have to proceeds of such insurance held by the Owner as fiduciary. The Owner or Development Manager, as appropriate, shall require of the General Contractor, the Project Architect, and the subcontractors, agents and employees of each of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

ARTICLE 7

LIMITATION AS TO SERVICES AND AUTHORITY

Section 7.1 Limitation. Without otherwise relieving Development Manager of its obligation to perform the Development Services:

(a) Nothing in this Agreement shall be construed to relieve the Project Architect, the Project Engineers, or any other contractors, subcontractors, consultants, suppliers, attorneys or other professionals rendering services in connection with the Project of their responsibilities to perform their duties in accordance with the terms of their respective contracts, or to preclude Owner or Development Manager from pursuing their respective rights vis-à-vis such consultants or professionals. Furthermore, the furnishing of services by the Owner or other consultants of Owner shall not be construed to relieve Development Manager of its responsibility to perform its duties in accordance with this Agreement.

(b) Development Manager shall have no right or obligation to execute any contract or agreement for or on behalf of Owner except as expressly authorized in writing from time to time by Owner.

Section 7.2 Owner and Skechers Member Approvals. Except to the extent expressly permitted under the Development Budget or this Agreement, and without limitation on the other restrictions contained in this Agreement, Development Manager shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, enter into any agreement or incur any obligation with respect to any of the following matters unless and until the same have been Approved by Owner and approved by Skechers Member: (a) any change in the Approved Plans; or (b) any material expenditure or incurring of any material obligation by or on behalf of Owner except for expenditures made and obligations incurred pursuant to and specifically set forth in the Development Budget.

ARTICLE 8

OWNER AND INDEPENDENT CONSULTANTS

Section 8.1 Owner's Inspection Rights.

(a) Development Manager acknowledges that Owner has the right to inspect the Project and to review all of General Contractor's applications for payment and all of Development Manager's applications for disbursement of Construction Loan proceeds during normal business hours and upon reasonable prior written notice to Development Manager. Development Manager agrees (i) to reasonably cooperate with Owner in connection with the performance by Development Manager of its Development Services hereunder, (ii) to provide Owner and Skechers Member copies of all correspondence, notices, schedules and other information that Development Manager provides, or is required hereunder to provide to Lender, such delivery to be simultaneous with delivery of such information to Lender, (iii) except as expressly permitted under this Agreement and/or the LLC Agreement, not to amend this Agreement, the Approved Plans, the Development Budget or the Project Schedule without the Approval by Owner and approval by Skechers Member.

(b) Skechers Member may retain (at its expense) independent third-party consultants to advise and assist with the Project. Development Manager agrees to reasonably cooperate with such consultants, and to allow such consultants access, with no time, place or prior notice requirement or other restrictions, requirements or limitations (except as provided in this Agreement and reasonable safety regulations of the General Contractor that apply also to Development Manager) to inspect the Project, the work in progress, all work sites involved in connection with construction of the Project (whether located on the Land or otherwise) and Development Manager's and the General Contractor's books and records in connection therewith. Without limiting the generality of the foregoing, representatives of Skechers Member shall have the right to attend all monthly construction meetings of the General Contractor and the Project Architect or the Project Engineers, and all construction meetings of the General Contractor and representatives of the Lender. Development Manager shall keep Skechers Member reasonably informed of any such meetings so that representatives of Skechers Member may attend.

ARTICLE 9

TERMINATION

Section 9.1 Termination by Owner. If (a) Development Manager defaults in the performance of any of its obligations hereunder in any material respect and fails to cure such failure within thirty (30) days following written notice thereof or, in the case of any such failure which can be cured but not within such thirty (30) day period, if Development Manager fails to begin reasonable steps to cure such failure within thirty (30) days following written notice thereof or does not thereafter diligently prosecute such cure to completion within ninety (90) days in the aggregate following written notice thereof, or (b) Development Manager commits any act in its capacity as Development Manager involving fraud, bad faith, willful misconduct or gross negligence, or (c) the HF Member defaults under the LLC Agreement (after any applicable

notice and cure period) then Owner may, without prejudice to Owner's other rights or remedies under the LLC Agreement, at law or in equity, terminate this Agreement and take possession of all work performed hereunder by Development Manager and perform the Development Services by whatever method Owner may deem expedient including continuing to use any contractors, subcontractors or other professional consultants engaged on the Project. In the event this Agreement is terminated pursuant to this Section 9.1, Development Manager shall not be entitled to any portion of the Development Manager Fee not theretofore paid to Development Manager, and if termination is pursuant to clauses (a) or (b) above, in addition to any other measure of damages available under the LLC Agreement, at law or in equity, Owner shall be entitled to recover from Development Manager all actual damages (expressly excluding consequential or punitive damages) incurred by Owner in connection with the Project resulting from Development Manager's default hereunder, including all costs and expenses incurred by Owner in pursuing remedies hereunder or in contracting with another development manager to complete the Project.

Section 9.2 Suspension and Termination by Development Manager. If Owner fails to pay Development Manager any portion of the Development Manager Fee due to Development Manager hereunder, then (except in the case of a good faith dispute as to amounts due or in the case of a failure to pay resulting from the acts or omissions of the HF Member), Development Manager may, without prejudice to Development Manager's other rights or remedies, after giving Owner ten (10) days' written notice, suspend performance unless Owner makes the required payment within such ten (10) day period. If Development Manager suspends performance, it will be without prejudice to Development Manager's right to terminate this Agreement at any time after the date that is thirty (30) days following the date of such default by Owner unless Owner timely cures the default in question within the aforesaid 30-day period. Any suspension by Development Manager of its performance hereunder pursuant to this Section 9.2 shall in no event cause Development Manager to be in default hereunder and (a) any additional costs incurred for the Completion of the Project as a result of or in connection with such suspension of performance shall be deemed to be included within the meaning of "**Added Costs**" as used in this Agreement; and (b) any delays in the Completion of the Project as a result thereof or in connection therewith shall be deemed to extend all affected dates set forth in the Project Schedule. In addition, whether Development Manager suspends performance or terminates this Agreement pursuant to this Section 9.2, Development Manager shall be entitled to any and all rights and remedies available at law or in equity (expressly excluding consequential or punitive damages).

ARTICLE 10 MISCELLANEOUS

Section 10.1 Protection of Persons or Property. If Development Manager becomes aware of any emergency on the Project affecting the safety of persons or property, Development Manager shall take all commercially reasonable prudent actions to prevent threatened damage, injury or loss, and Development Manager shall notify Owner as soon as practicable thereafter of such emergency. Unless such emergency was caused by the gross negligence or willful misconduct of Development Manager, Owner shall reimburse Development Manager for all reasonable costs incurred by it in connection with such actions.

Section 10.2 Applicable Law. This Agreement shall be construed in accordance with the laws of the State of California.

Section 10.3 Jurisdiction. Jurisdiction for all legal actions, including cross claims brought by Owner or Development Manager against the other, which may arise as a result of any question, matter or dispute concerning the Project or this Agreement shall lie exclusively with the appropriate California court in the County of Los Angeles.

Section 10.4 Notices. All notices required under this Agreement shall be deemed to have been received by the addressee if delivered to a duly authorized representative of the Person for whom they are intended or if sent by certified mail, return receipt requested, by hand or by overnight courier, addressed as follows:

If to Owner: Highland Fairview-SKX, LLC
c/o Highland Fairview Properties
14225 Corporate Way
Moreno Valley, California 92553
Attention: Iddo Benzeevi

With a copy to: Skechers RB, LLC
c/o Skechers USA, Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266
Attention: David Weinberg
Chief Operating Officer

If to Development Manager: HFC Holdings, LLC
c/o Highland Fairview Properties
14225 Corporate Way
Moreno Valley, California 92553
Attention: Iddo Benzeevi

With Additional Copy to: James Lieb, Esq.
Executive Vice President
TG Services, Inc.
4 Stage Coach Run
East Brunswick, New Jersey 08816

- and -

Danette Fenstermacher
3070 Bristol Street, Ste 320
Costa Mesa, California 92626

Either party may change its address for the giving of notices by notice given in accordance with this Section.

Section 10.5 Extent of Agreement. This Agreement represents the entire and integrated agreement between the parties hereto with respect to Development Services and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may only be amended by written instrument executed by Development Manager, Owner, and Skechers Member.

Section 10.6 Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, such invalid or unenforceable provision shall in no way affect the validity and enforceability of the remaining provisions, or portions or applications thereof.

Section 10.7 Successors and Assigns. Owner and Development Manager, respectively, bind themselves, their successors, assigns and legal representatives to the other party to this Agreement and to the successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither party may assign this Agreement or any of its obligations to perform under this Agreement without the express written consent of the other. However, Owner has the right to assign its rights hereunder to the Lender.

Section 10.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and all of which together shall constitute one agreement.

Section 10.9 Third Party Beneficiaries. This Agreement is intended for the benefit of, and shall be enforceable by, only Development Manager, Owner, Skechers Member and their respective permitted successors and assigns, and not by any third parties, including creditors of Owner or Development Manager, except to the extent that Owner's rights under this Agreement have been assigned to the Lender.

Section 10.10 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any party in the performance of that party of its obligations under this Agreement is not a consent or waiver to or of any other breach or fault in the performance by that party of the same or any other obligation with that party with respect to this Agreement. Failure on the part of that party to complain of any act of any party or to declare any party in default with respect to this Agreement, irrespective of how long that failure continues, does not constitute a waiver by that party of its rights with respect to that default until the applicable statute of limitations has run.

Section 10.11 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each party shall execute and deliver any additional documents and instruments in performing additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

Section 10.12 Attorneys' Fees. If any litigation is instituted by any party against another party relating to this Agreement or the subject matter thereof, the party prevailing in such litigation shall be entitled to recover, in addition to all damages allowed by law and other relief, all court costs and reasonable attorneys' fees incurred in connection therewith.

Section 10.13 Independent Contractor; Licenses. In performing its services hereunder, Development Manager shall be an independent contractor. Development Manager shall, at its own expense, qualify to do business in California (if not already qualified) and obtain and maintain such licenses, if any, as may be required to be issued and held in its name for the performance by Development Manager of the Development Services under this Agreement.

Section 10.14 Agreement Negotiation. This Agreement is the result of detailed negotiations between the parties and the terms herein have been agreed upon after prolonged discussions. All parties agree and acknowledge that they were represented by competent counsel in such negotiations and that in construing this Agreement neither party shall be considered to have drafted this Agreement.

Section 10.15 Skechers Member Approvals. Any approvals or consents to be given by Skechers Member hereunder shall not be unreasonably withheld or delayed.

(signature pages follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

“OWNER”

HF LOGISTICS -SKX, LLC, a Delaware limited liability company

By: HF Logistics I, LLC, a Delaware limited liability company, it’s Managing Member

**By: _____
Iddo Benzeevi, President and Chief Executive Officer**

By: Skechers RB, LLC, a Delaware limited liability company, it’s Managing Member

By: Skechers USA, Inc., a Delaware Corporation, It’s sole member

**By: _____
David Weinberg, Chief Operating Officer**

**By: _____
Robert Greenberg, Chief Executive Officer**

“DEVELOPMENT MANAGER”

HFC HOLDINGS, LLC, a Delaware limited liability company

**By _____
Iddo Benzeevi, its Chief Executive Officer**

JOINER

Skechers RB, LLC, a Delaware limited liability company and Skechers USA, Inc., a Delaware corporation, each hereby joins in the execution of this Agreement as a third party beneficiary of this Agreement and for the purposes of confirming their agreement to comply with and perform those obligations applicable to Skechers Member or Skechers Parent set forth herein.

“SKECHERS PARENT”

SKECHERS USA, INC., a Delaware corporation

**By: _____
David Weinberg, Chief Operating Officer**

**By: _____
Robert Greenberg, Chief Executive Officer**

“SKECHERS MEMBER”

SKECHERS RB, LLC, a Delaware limited liability company

By: Skechers USA, Inc, a Delaware corporation, its sole member

**By: _____
David Weinberg, Chief Operating Officer**

**By: _____
Robert Greenberg, Chief Executive Officer**

EXHIBIT "A"
DEVELOPMENT BUDGET AND
PROJECT SCHEDULE

EXHIBIT "A"

Exhibit A

Land		\$30,000,000
Construction Costs		[*]
Fees, Bonds and Permits		
Governmental Fees	[*]	
Construction Bonds	[*]	
Impact Fees		
MSHCP	[*]	
Kangaroo Rat	[*]	
Area Drainage Fee	[*]	
DIF	[*]	
TUMF	[*]	
Schools	[*]	
EMWD	[*]	
Total Fees, Bonds and Permits		[*]
Technical Consultants		
Entitlements	[*]	
Engineering, Traffic and Other	[*]	
Building Architectural & Structural	[*]	
Landscaping	[*]	
Total Technical Consultants		[*]
Other Costs		
Leasing Commissions	[*]	
Skechers Alternative Site Rental Cost	[*]	
Development Management Fee [1]	[*]	
Project and Construction Management	[*]	
Insurance and Taxes	[*]	
Solar Facility	[*]	
Financing	[*]	
Contingency	[*]	
Total Other Costs		[*]
Total Project Cost		\$ [*]
Potential Reimbursements		
Area Drainage Fee Credit	[*]	
DIF Credit	[*]	
Solar Grants and Incentives	[*]	
State Grants	[*]	
Total Potential Reimbursements		[*]
Net Project Cost		\$ [*]

Note: Recent requested changes to the electrical distribution system are not reflected in this budget

[1] [*]% on Total Project Cost, net of land, costs to date and management fee

* Confidential Portions Omitted and Filed Separately with the Commission.

Exhibit A-1

Skechers T.I. Requests

Date: 1/29/2010



CSI	Tenant Improvements - Current Plans & Requests thru 2009	Total
General Conditions		
00-7213	General Conditions	\$ [*]
01-3100	Project Management	\$ [*]
01-5126	Temporary Lighting	\$ [*]
01-7423	Final cleaning	\$ [*]
General Conditions — Subtotal:		\$ [*]
Site		
32-1313	Concrete Curb & gutter — Retail	\$ [*]
32-1313	Concrete Paving Drive Aisle — Retail	\$ [*]
32-1313	Paved Parking Area — Retail	\$ [*]
32-1313	4" Side Walk — Retail	\$ [*]
32-1723	Striping — Retail	\$ [*]
32-1723	ADA Signage — Retail	\$ [*]
32-1313	Guard Shack Foundation	\$ [*]
32-1313	7" PCC in lieu of AC Paving	\$ [*]
32-3213	Concrete Screen wall — Retail	\$ [*]
32-3113	8" Tube Steel Fence	\$ [*]
	Sliding Gates & Motor Control	\$ [*]
	Pedestrian Tube Steel gate	\$ [*]
33-1116	1" Copper Water Service Guard Shack	\$ [*]
33-3113	6" Sanitary Sewer Service Guard Shack	\$ [*]
	6" Sewer Clean-Out	\$ [*]
33-7139	Electrical Service Guard Shack	\$ [*]
	Site Underground Electrical — North	\$ [*]
	Transformer Electrical Service — North	\$ [*]
33-8113	Low Voltage to Guard Shack	\$ [*]
	Gate Conduit to Building	\$ [*]
09-9113	Paint	\$ [*]
26-3213	Site Electrical Generator	\$ [*]
12-9213	Bike Racks, Benches, Pots, Urns, Trash	\$ [*]
10-7516	Flag Poles	\$ [*]
32-3119	Structural Steel (Trash Gates & Lids)	\$ [*]
	Additional Land Cost — Retail	\$ [*]
Site — Subtotal:		\$ [*]

See Additional Sheet for Continuation

* Confidential Portions Omitted and Filed Separately with the Commission.

EXHIBIT "C-1"

HF NOTE

Exhibit "C-1"

UNSECURED PROMISSORY NOTE

\$14,000,000

January 30, 2010

FOR VALUE RECEIVED, **HF LOGISTICS-SKX, LLC, a Delaware limited liability company** (“Maker”), does hereby promise to pay to the order of **HF LOGISTICS I, LLC, a Delaware limited liability company** (“Payee”), at its office at 14225 Corporate Way, Moreno Valley, CA 92553, or at such other place as the Payee may from time to time designate in writing, the principal sum of FOURTEEN MILLION DOLLARS (\$14,000,000), with interest thereon as provided in this Note.

1. **Certain Definitions.** For the purposes hereof, the terms set forth below shall have the following meanings: (a) “Applicable Law” shall mean (i) the laws of the United States of America applicable to contracts made or performed in the State of Delaware, now or at any time hereafter prescribing or eliminating maximum rates of interest on loans and extensions of credit, (ii) the laws of the State of Delaware now or at any time hereafter prescribing or eliminating maximum rates of interest on loans and extensions of credit, and (iii) any other laws at any time applicable to contracts made or performed in the State of Delaware which permit a higher interest rate ceiling hereunder.

(b) “Business Day” shall mean any day other than a Saturday, Sunday or any other day on which commercial banks are authorized or permitted to be closed for business in the State of Delaware.

(c) “Facility” shall mean the building, together with parking areas, landscaped areas and other improvements, containing approximately 1,820,457 square feet to be constructed by Maker in accordance with the Lease (as defined below).

(d) “Highest Lawful Rate” shall mean at the particular time in question the maximum rate of interest which, under Applicable Law, Payee is then permitted to charge Maker in regard to the loan evidenced by this Note. If the maximum rate of interest which, under Applicable Law, Payee is permitted to charge Maker in regard to the loan evidenced by this Note shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, from time to time as of the effective date of each change in the Highest Lawful Rate without notice to Maker. For purposes of determining the Highest Lawful Rate under the Applicable Law, all fees and other charges contracted for, charged or received by Payee in connection with the loan evidenced by this Note which are either deemed interest under Applicable Law or required under Applicable Law to be deducted from the principal balance hereof to determine the rate of interest charged on this Note shall be taken into account.

(e) “Interest Rate” shall mean six percent (6%) per annum.

(f) "Lease" shall mean that certain Lease Agreement dated September 25, 2007, by and between HF Logistics I, LLC, a Delaware limited liability company ("HF"), as landlord, and Skechers USA, Inc., a Delaware corporation, as tenant, as the same may be amended.

(g) "Maturity Date" shall mean the earlier to occur of (i) ten (10) years after the date of this Note, or (ii) the sale or other disposition by Maker of the entire Property, or (iii) the refinancing of the Property which provides sufficient net proceeds to pay the entire Unpaid Principal Balance plus all accrued but unpaid interest, or (iv) the dissolution of Maker, or (v) the consummation of a buy-out of the membership interest of a member of Maker pursuant to the buy-sell process as described in the Limited Liability Company Agreement of Maker dated of even date herewith (the "LLC Agreement"), subject to acceleration upon the occurrence of an Event of Default as provided herein.

(h) "Property" means the real property, together with all improvements now or hereafter located thereon, situated in Moreno Valley, California, which is the subject of the Lease.

(i) "Substantial Completion" shall have the meaning set forth in the Lease. (j) "Unpaid Principal Balance" shall mean, at any time, the amount of principal of this Note, less any amounts of principal repaid.

2. Payment of Principal and Interest.

(a) Interest on the Unpaid Principal Balance shall be computed at a rate equal to the lesser of (i) the Interest Rate or (ii) the Highest Lawful Rate and shall commence as of the date of this Note.

(b) Interest accruing under this Note shall be computed on the basis of the actual number of days elapsed based upon a three hundred sixty (360) day year.

(c) If the date for any payment hereunder falls on a day which is not a Business Day, then such payment shall be due on the next following Business Day, and such additional time shall be included in the calculation of interest then due.

(d) Principal and interest under this Note shall be paid as follows:

(i) Payments of accrued interest and principal shall be paid on the first day of each month, commencing on the first day of the month after the date of this Note, but only to the extent that there is Available Cash (as such term is defined in the LLC Agreement, and subject to any changes in priority of distributions of Available Cash set forth therein) prior to any distributions of Available Cash to the members of Maker. Provided however, that as long as there is any unpaid balance of principal or accrued interest due to Skechers RB, LLC, a Delaware limited liability company ("Skechers") under that certain unsecured promissory note of even date herewith from Maker to Skechers (the "Skechers Note"), then payments under this Note and under the Skechers Note shall be made pro rata according to the ratio of the unpaid principal balance of both this Note and the

Skechers Note. If there is insufficient Available Cash to pay any monthly installment of interest due hereunder, the interest shortfall will accrue, but the accrued amount will not bear additional interest.

(ii) The entire remaining Unpaid Principal Balance and all accrued but unpaid interest shall be due and payable, together with accrued interest, on the Maturity Date.

(e) All payments on this Note shall be applied first to accrued and unpaid interest on the Unpaid Principal Balance, and then to the payment of the Unpaid Principal Balance.

3. **Prepayment.** The Unpaid Principal Balance may be prepaid in whole or in part, at any time, without penalty or prepayment premium.

4. **Waivers.** Maker and all sureties, endorsers, accommodation parties, guarantors and other parties now or hereafter liable for the payment of this Note, in whole or in part, hereby severally (a) waive demand, notice of demand, presentment for payment, notice of nonpayment, notice of default, protest, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor and all other notices, and further waive diligence in collecting this Note, in taking action to collect this Note, in bringing suit to collect this Note, or in enforcing this Note or any of the security for this Note; (b) agree to any substitution, subordination, exchange or release of any security for this Note or the release of any person primarily or secondarily liable for the payment of this Note; (c) agree that Payee shall not be required to first institute suit or exhaust its remedies hereon against Maker or others liable or to become liable for the payment of this Note or to enforce its rights against any security for the payment of this Note; and (d) consent to any extension of time for the payment of this Note, made by agreement by Payee with any person now or hereafter liable for the payment of this Note, even if Maker is not a party to such agreement. This Note is payable in lawful money of the United States, without prior notice or demand, and without offset or deduction of any nature.

5. **Events of Default.**

(a) Upon the happening of any of the following events (each an "Event of Default"), Payee may, at its option, by notice to Maker, declare immediately due and payable the entire Unpaid Principal Balance together with all accrued interest. Events of Default are the following:

(i) If Maker fails to pay any principal and/or interest under this Note as and when same becomes due and payable, and such failure to pay is not cured within five (5) Business Days following the date written notice of such failure to pay is given by Payee to Maker; or

(ii) Maker shall fail to observe or perform any other covenant contained in this Note (other than that specified in Section 5(a)(i)) and such failure shall continue for ten (10) days after notice to Maker of such failure.

(iii) Maker shall (A) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (B) make a general assignment for the benefit of its creditors, (C) be dissolved or liquidated, (D) become insolvent, (E) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it or (F) take any action for the purpose of effecting any of the foregoing.

(iv) Proceedings for the appointment of a receiver, trustee, liquidator or custodian of Maker of all or a substantial part of the property of Maker, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to Maker or the debts of Maker under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within thirty (30) days of commencement.

(b) The failure of Payee to exercise the foregoing option of acceleration upon the occurrence of an Event of Default shall not constitute a waiver of the right to exercise the same or any other option of acceleration at any subsequent time, and no such failure shall nullify any prior exercise of any such option without the express written consent of Payee.

6. Intentionally Omitted.

7. Compliance with Law. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the Maturity Date or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Payee in regard to the loan evidenced by this Note exceed the maximum amount permissible under Applicable Law. If, from any circumstance whatsoever, interest would otherwise be payable to Payee in excess of the maximum amount permissible under Applicable Law, the interest payable to Payee shall be reduced to the maximum amount permissible under Applicable Law; and if from any circumstance Payee shall ever receive anything of value deemed interest by Applicable Law in excess of the maximum amount permissible under Applicable Law, an amount equal to the excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive amount of interest exceeds the Unpaid Principal Balance hereof, such excess shall be refunded to Maker. All interest paid or agreed to be paid to Payee shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full period (including any renewal or extension) until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permissible under Applicable Law. Payee expressly disavows any intent to contract for, charge or receive interest in an amount which exceeds the maximum amount permissible under Applicable Law. This section shall control all agreements between Maker and Payee.

8. Attorneys' Fees and Costs. In the event that following an Event of Default this Note is placed in the hands of an attorney for collection, or in the event thereafter this Note is collected in whole or in part through legal proceedings of any nature, then and in any such case Maker promises to pay on demand by Payee, and, to the extent unpaid upon such demand, there

shall be added to the Unpaid Principal Balance, all reasonable costs of collection, including, but not limited to, reasonable attorneys' fees incurred by Payee on account of such collection, whether or not suit is filed (including attorneys fees incurred in connection with any Bankruptcy proceeding (including stay litigation) and on appeal).

9. **Cumulative Rights.** No delay on the Payee in the exercise of any power or right under this Note shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

10. **Headings.** The section headings used in this Note are for convenience of reference only, and shall not affect the meaning or interpretation of this Note.

11. **Governing Law.** THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS IN THE STATE OF DELAWARE.

12. **Successors and Assigns.** The term "Payee" shall include any of Payee's permitted successors and assigns, to whom the benefits of this Note shall inure. This Note shall bind Maker and its successors and assigns (but no assignment or delegation of this Note by Maker shall release Maker from liability hereunder).

EXECUTED by Maker as of the date set forth above.

"OWNER"

HF LOGISTICS -SKX, LLC, a Delaware limited liability company

By: HF Logistics I, LLC, a Delaware limited liability company, It's Managing Member

**By: _____
Iddo Benzeevi, President and Chief Executive Officer**

By: Skechers RB, LLC, a Delaware limited liability company, it's Managing Member

By: Skechers USA, Inc., a Delaware Corporation, It's sole member

**By: _____
David Weinberg, Chief Operating Officer**

**By: _____
Robert Greenberg, Chief Executive Officer**

EXHIBIT "C-2"

SKECHERS NOTE

EXHIBIT "C-2"

UNSECURED PROMISSORY NOTE

\$1,000,000

January 30, 2010

FOR VALUE RECEIVED, **HF LOGISTICS-SKX, LLC, a Delaware limited liability company** (“Maker”), does hereby promise to pay to the order of **SKECHERS RB, LLC, a Delaware limited liability company** (“Payee”), at its office at 228 Manhattan Beach Blvd, Manhattan Beach, CA 90266, or at such other place as the Payee may from time to time designate in writing, the principal sum of ONE MILLION DOLLARS (\$1,000,000), with interest thereon as provided in this Note.

1. **Certain Definitions.** For the purposes hereof, the terms set forth below shall have the following meanings:

(a) “Applicable Law” shall mean (i) the laws of the United States of America applicable to contracts made or performed in the State of Delaware, now or at any time hereafter prescribing or eliminating maximum rates of interest on loans and extensions of credit, (ii) the laws of the State of Delaware now or at any time hereafter prescribing or eliminating maximum rates of interest on loans and extensions of credit, and (iii) any other laws at any time applicable to contracts made or performed in the State of Delaware which permit a higher interest rate ceiling hereunder.

(b) “Business Day” shall mean any day other than a Saturday, Sunday or any other day on which commercial banks are authorized or permitted to be closed for business in the State of Delaware.

(c) “Facility” shall mean the building, together with parking areas, landscaped areas and other improvements, containing approximately 1,820,457 square feet to be constructed by Maker in accordance with the Lease (as defined below).

(d) “Highest Lawful Rate” shall mean at the particular time in question the maximum rate of interest which, under Applicable Law, Payee is then permitted to charge Maker in regard to the loan evidenced by this Note. If the maximum rate of interest which, under Applicable Law, Payee is permitted to charge Maker in regard to the loan evidenced by this Note shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, from time to time as of the effective date of each change in the Highest Lawful Rate without notice to Maker. For purposes of determining the Highest Lawful Rate under the Applicable Law, all fees and other charges contracted for, charged or received by Payee in connection with the loan evidenced by this Note which are either deemed interest under Applicable Law or required under Applicable Law to be deducted from the principal balance hereof to determine the rate of interest charged on this Note shall be taken into account.

(e) “Interest Rate” shall mean six percent (6%) per annum.

(f) "Lease" shall mean that certain Lease Agreement dated September 25, 2007, by and between HF Logistics I, LLC, a Delaware limited liability company ("HF"), as landlord, and Skechers USA, Inc., a Delaware corporation, as tenant, as the same may be amended.

(g) "Maturity Date" shall mean the earlier to occur of (i) ten (10) years after the date of this Note, or (ii) the sale or other disposition by Maker of the entire Property, or (iii) the refinancing of the Property which provides sufficient net proceeds to pay the entire Unpaid Principal Balance plus all accrued but unpaid interest, or (iv) the dissolution of Maker, or (v) the consummation of a buy-out of the membership interest of a member of Maker pursuant to the buy-sell process as described in the Limited Liability Company Agreement of Maker dated of even date herewith (the "LLC Agreement"), subject to acceleration upon the occurrence of an Event of Default as provided herein.

(h) "Property" means the real property, together with all improvements now or hereafter located thereon, situated in Moreno Valley, California, which is the subject of the Lease.

(i) "Substantial Completion" shall have the meaning set forth in the Lease.

(j) "Unpaid Principal Balance" shall mean, at any time, the amount of principal of this Note, less any amounts of principal repaid.

2. Payment of Principal and Interest

(a) Interest on the Unpaid Principal Balance shall be computed at a rate equal to the lesser of (i) the Interest Rate or (ii) the Highest Lawful Rate and shall commence as of the date of this Note.

(b) Interest accruing under this Note shall be computed on the basis of the actual number of days elapsed based upon a three hundred sixty (360) day year.

(c) If the date for any payment hereunder falls on a day which is not a Business Day, then such payment shall be due on the next following Business Day, and such additional time shall be included in the calculation of interest then due.

(d) Principal and interest under this Note shall be paid as follows:

(i) Payments of accrued interest and principal shall be paid on the first day of each month, commencing on the first day of the month after the date of this Note, but only to the extent that there is Available Cash (as such term is defined in the LLC Agreement, and subject to any changes in priority of distributions of Available Cash set forth therein) prior to any distributions of Available Cash to the members of Maker. Provided however, that as long as there is any unpaid balance of principal or accrued interest due to HF under that certain unsecured promissory note of even date herewith from Maker to HF (the "HF Note"), then payments under this Note and under the HF Note shall be made pro rata according to the ratio of the unpaid principal balance of both this Note and the HF Note. If there is insufficient Available Cash to pay any monthly installment of interest due

hereunder, the interest shortfall will accrue, but the accrued amount will not bear additional interest.

(ii) The entire remaining Unpaid Principal Balance and all accrued but unpaid interest shall be due and payable, together with accrued interest, on the Maturity Date.

(e) All payments on this Note shall be applied first to accrued and unpaid interest on the Unpaid Principal Balance, and then to the payment of the Unpaid Principal Balance.

3. **Prepayment.** The Unpaid Principal Balance may be prepaid in whole or in part, at any time, without penalty or prepayment premium.

4. **Waivers.** Maker and all sureties, endorsers, accommodation parties, guarantors and other parties now or hereafter liable for the payment of this Note, in whole or in part, hereby severally (a) waive demand, notice of demand, presentment for payment, notice of nonpayment, notice of default, protest, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor and all other notices, and further waive diligence in collecting this Note, in taking action to collect this Note, in bringing suit to collect this Note, or in enforcing this Note or any of the security for this Note; (b) agree to any substitution, subordination, exchange or release of any security for this Note or the release of any person primarily or secondarily liable for the payment of this Note; (c) agree that Payee shall not be required to first institute suit or exhaust its remedies hereon against Maker or others liable or to become liable for the payment of this Note or to enforce its rights against any security for the payment of this Note; and (d) consent to any extension of time for the payment of this Note, made by agreement by Payee with any person now or hereafter liable for the payment of this Note, even if Maker is not a party to such agreement. This Note is payable in lawful money of the United States, without prior notice or demand, and without offset or deduction of any nature.

5. **Events of Default.**

(a) Upon the happening of any of the following events (each an "Event of Default"), Payee may, at its option, by notice to Maker, declare immediately due and payable the entire Unpaid Principal Balance together with all accrued interest. Events of Default are the following:

(i) If Maker fails to pay any principal and/or interest under this Note as and when same becomes due and payable, and such failure to pay is not cured within five (5) Business Days following the date written notice of such failure to pay is given by Payee to Maker; or

(ii) Maker shall fail to observe or perform any other covenant contained in this Note (other than that specified in Section 5(a)(i)) and such failure shall continue for ten (10) days after notice to Maker of such failure.

(iii) Maker shall (A) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (B) make a general assignment for the benefit of its creditors, (C) be dissolved or liquidated,

(D) become insolvent, (E) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it or (F) take any action for the purpose of effecting any of the foregoing.

(iv) Proceedings for the appointment of a receiver, trustee, liquidator or custodian of Maker of all or a substantial part of the property of Maker, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to Maker or the debts of Maker under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within thirty (30) days of commencement.

(b) The failure of Payee to exercise the foregoing option of acceleration upon the occurrence of an Event of Default shall not constitute a waiver of the right to exercise the same or any other option of acceleration at any subsequent time, and no such failure shall nullify any prior exercise of any such option without the express written consent of Payee.

6. Intentionally Omitted.

7. Compliance with Law. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the Maturity Date or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Payee in regard to the loan evidenced by this Note exceed the maximum amount permissible under Applicable Law. If, from any circumstance whatsoever, interest would otherwise be payable to Payee in excess of the maximum amount permissible under Applicable Law, the interest payable to Payee shall be reduced to the maximum amount permissible under Applicable Law; and if from any circumstance Payee shall ever receive anything of value deemed interest by Applicable Law in excess of the maximum amount permissible under Applicable Law, an amount equal to the excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive amount of interest exceeds the Unpaid Principal Balance hereof, such excess shall be refunded to Maker. All interest paid or agreed to be paid to Payee shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated, and spread throughout the full period (including any renewal or extension) until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permissible under Applicable Law. Payee expressly disavows any intent to contract for, charge or receive interest in an amount which exceeds the maximum amount permissible under Applicable Law. This section shall control all agreements between Maker and Payee.

8. Attorneys' Fees and Costs. In the event that following an Event of Default this Note is placed in the hands of an attorney for collection, or in the event thereafter this Note is collected in whole or in part through legal proceedings of any nature, then and in any such case Maker promises to pay on demand by Payee, and, to the extent unpaid upon such demand, there shall be added to the Unpaid Principal Balance, all reasonable costs of collection, including, but not limited to, reasonable attorneys' fees incurred by Payee on account of such collection,

whether or not suit is filed (including attorneys fees incurred in connection with any Bankruptcy proceeding (including stay litigation) and on appeal).

9. **Cumulative Rights.** No delay on the Payee in the exercise of any power or right under this Note shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

10. **Headings.** The section headings used in this Note are for convenience of reference only, and shall not affect the meaning or interpretation of this Note.

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12. **Successors and Assigns.** The term "Payee" shall include any of Payee's permitted successors and assigns, to whom the benefits of this Note shall inure. This Note shall bind Maker and its successors and assigns (but no assignment or delegation of this Note by Maker shall release Maker from liability hereunder).

EXECUTED by Maker as of the date set forth above.

"OWNER"

HF LOGISTICS -SKX, LLC, a Delaware limited liability company

By: HF Logistics I, LLC, a Delaware limited liability company, it's Managing Member

By: _____
Iddo Benzeevi, President and Chief Executive Officer

By: Skechers RB, LLC, a Delaware limited liability company, it's Managing Member

By: Skechers USA, Inc., a Delaware Corporation, It's sole member

By: _____
David Weinberg, Chief Operating Officer

By: _____
Robert Greenberg, Chief Executive Officer

EXHIBIT "D"
INITIAL APPROVED OPERATING BUDGET

Exhibit "D"

Exhibit D

HF Logistics-SKX LLC Operating Budget
Building and Expansion Sites



Date: 1/29/2010

Operating Budget Estimate

	Year Duration in Months	2011 6	2012 12
Physical Occupancy		50%	100%
Rent Building		\$ 0.513	\$ 0.513
Sq Ft Building		1,820,457	
REVENUES (D-1)		6,739,057	9,275,589
EXPENSES			
Building (D-1)		[*]	[*]
Parcel 2:			
Maintenance (D-3)		[*]	[*]
POA (D-4)		[*]	[*]
Property Taxes (1)		(10,000)	(20,000)
TOTAL OPERATING EXPENSES		[*]	[*]
NET OPERATING INCOME		[*]	[*]
DEBT SERVICE (D-1)		(3,090,616)	(6,181,233)
CAPITAL RESERVES (D-1)		(45,511)	(91,023)
NET		\$ [*]	\$ [*]

(1) Based upon actual for 2009/2010

* Confidential Portions Omitted and Filed Separately with the Commission.

Exhibit D-1

2 of 5

HF Logistics-SKX LLC Building Site — Operating Budget
Skechers Building Site Only



Date: 1/29/2010

Operating Budget Estimate

	Year Duration in Months	2011 6	2012 12
Physical Occupancy		50%	100%
Rent Building Site		\$ 0.513	\$ 0.513
Sq Ft Building		1,820,457	
REVENUES	2011 \$/SF/MO		
Scheduled Base Rent	\$ 0.513	\$ 5,603,367	\$11,206,733
Base Rent Abatement			(4,202,525)
Total Scheduled Base Rent		5,603,367	7,004,208
Expense Reimbursements	0.098	1,071,416	2,142,832
Solar Revenue (1)		64,274	128,549
EFFECTIVE GROSS REVENUE	0.425	6,739,057	9,275,589
OPERATING EXPENSES			
Repairs	[*]	[*]	[*]
Maintenance (D-2)	[*]	[*]	[*]
POA (D-4)	[*]	[*]	[*]
Insurance	[*]	[*]	[*]
Real Estate Taxes	(0.056)	(609,811)	(1,219,622)
CFD Assessment	(0.015)	(163,841)	(327,682)
TOTAL OPERATING EXPENSES	[*]	[*]	[*]
NET OPERATING INCOME	[*]	[*]	[*]
DEBT SERVICE ON LOANS (2)	(0.283)	(3,090,616)	(6,181,233)
CAPITAL RESERVES	(0.004)	(45,511)	(91,023)
NET CASH FLOW	[*]	\$ [*]	\$ [*]

(1) 602kW(AC) system running 1,810 hours per year at an 11.8-cent average charge per kilowatt-hour

(2) Debt service on \$55 million bank loan and \$15 million of partner loans

* Confidential Portions Omitted and Filed Separately with the Commission.

Exhibit D-2



Building Site - Maintenance

No.	Description	Unit	Quantity	Unit Price	Total
1	Detention / Water Quality Basins	SF	200,375	\$ [*]	\$ [*]
2	Landscape - Slope	SF	248,300	\$ [*]	\$ [*]
3	Landscape - Flat	SF	104,500	\$ [*]	\$ [*]
4	Utilities - Common Sewer/Cleanouts	LS	1	\$ [*]	\$ [*]
5	Sign Maintenance	LS	1	\$ [*]	\$ [*]
6	Annual Water Cost	AF	37.5	\$ [*]	\$ [*]
7	Palm Tree Maintenance	LS	1	\$ [*]	\$ [*]
8	Screen Wall Maintenance - Eucalyptus S	LS	1	\$ [*]	\$ [*]

Subtotal: \$ [*]

Contingency ([*] %): \$ [*]

Total: \$ [*]

Building SF: 1,820,000

Cost/SF: \$ [*]

Maintenance Costs Include-

- Yearly Inspection, Flushing, Camera of Sewer/Cleanouts
- Graffiti Repair, Bulbs/Fixtures
- Based upon Recycled Water Use Exhibit and EMWD water rates
- Assume 54 palm trees trim 2 times per year at \$[*]/tree/trimming
- Graffiti Repair, Periodic Painting

* Confidential Portions Omitted and Filed Separately with the Commission.

Exhibit D-3



Expansion Site - Maintenance

No.	Description	Unit	Quantity	Unit Price	Total
1	Detention / Water Quality B	SF	89,275	\$ [*]	\$ [*]
2	Landscape - Slope	SF	46,500	\$ [*]	\$ [*]
3	Landscape - Flat	SF	834,750	\$ [*]	\$ [*]
4	Landscape - Parkway	SF		\$ [*]	\$ [*]
5	Annual Water Cost	AF		\$ [*]	\$ [*]

Subtotal: \$ [*]

Contingency ([*]%) \$ [*]

Total: \$ [*]

Maintenance Costs Include-

Assumes undeveloped condition. Unit Price assumes mowing/weed wacking 2 times per year No irrigation in undeveloped condition

* Confidential Portions Omitted and Filed Separately with the Commission.

Exhibit D-4



Property Owners Association (POA) - Maintenance

No.	Description	Unit	Quantity	Unit Price	Total
1	Landscape - Parkway	SF	87,000	\$ [*]	\$ [*]
2	Drainage - Spreading Facility	SF	400,750	\$ [*]	\$ [*]
3	Common Driveway - Maintenance	LS	1	\$ [*]	\$ [*]
4	Insurance	annual		\$ [*]	\$ [*]

Subtotal: \$ [*]

Contingency ([*]%) \$ [*]

Total: \$ [*]

Acres

Allocated to Building Site	[*]	82.6
Allocated to Expansion Site	[*]	27.4
	[*]	110
Other Parcels	[*]	20
Total	[*]	130

Maintenance Costs Include

- Hydroseed Slopes, Trash, Graffiti, Growth Control
- Yearly Re-Stripe, Monthly Sweeping, Red Curb Paint
- General Liability, Personal Property & Professional Liability Insurance

* Confidential Portions Omitted and Filed Separately with the Commission.

EXHIBIT "E"
INTENTIONALLY OMITTED

Exhibit "E"

EXHIBIT "F"
CONSTRUCTION LOAN COMMITMENT

Exhibit "F"



Commercial Real Estate Banking
FL7-950-14-04
100 SE 2nd Street
Miami, FL 33131

January 7, 2009

HF Logistics I, LLC,
a Delaware limited
liability company
4000 Island Boulevard, Penthouse 2 Williams
Island, FL 33160

Re: \$55,000,000 Construction Loan (the "Loan") to finance a portion of the cost to construct an approximately 1,820,000 square foot industrial warehouse (the "Building") located Moreno Valley, California to be leased to Skechers USA, Inc. ("Skechers")

Gentlemen:

Bank of America, N.A., as administrative agent and as a lender ("Bank of America" or the "Agent") offers to make a portion of the Loan to HF Logistics I, LLC, a Delaware limited liability company (the "Borrower"), upon the following terms and conditions:

1. Loan Amount: The lesser of \$55,000,000 or (i) 58% of the Lender approved appraised value of the Project (as hereinafter defined); (ii) 55% of the cost to construct; (iii) 1.40 times the coverage ratio using stress tests of 8% rate, 30-year amortization and first year NOI as per the approved appraisal. The \$55,000,000 loan amount is predicated upon Agent loaning \$35,000,000 and the balance of \$20,000,000 being arranged by Banc of America Securities, LLC ("BAS" or "Arranger").

2. Interest Rate:

(a) "BBA LIBOR Daily Floating Rate" means a daily fluctuating rate of interest per annum equal to (i) the applicable London Interbank Offered Rate

"London Interbank Offered Rate" means the rate per annum equal to the British Bankers' Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Administrative Agent from time to time) as determined each Business Day at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the Interest Period, for deposits in U.S. Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period as adjusted from time to time in Lender's sole discretion for reserve requirements deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that Interest Period will be determined by such alternate method as reasonably selected by Administrative Agent;

(b) Interest on the Loan shall be charged at a per annum rate equal to the sum of (i) BBA LIBOR Daily Floating Rate (which Rate will be not less than 150 basis points) and (ii) 450 basis points until default.

(c) After default, interest on the Loan shall be charged at a per annum rate equal to non-default rate plus 400 basis points.

3. Interest Payments: Interest on the outstanding principal balance of the Loan shall be payable monthly commencing on the 15th day of the first calendar month following the date of closing of the Loan and continuing on the 15th day of each and every calendar month thereafter until the Loan has been repaid in full. Interest reserve must be acceptable to Agent.

4. Late Charge: Four percent (4%) of any payment more than fifteen (15) days late.

5. Principal Payments: Commencing with the first day of the first month following the first payment of rent by Skechers pursuant to the Lease, the Borrower shall make principal payments in an amount derived assuming a thirty (30) year amortization and interest at the rate of the greater of eight percent (8%) per annum or the rate then paid on ten (10) year Treasury Notes plus 250 basis points. The entire principal balance of the Loan shall be paid in full on the Maturity Date.

6. Maturity Date: Twenty-four (24) months from the "Closing Date" (as herein defined), subject to extension as hereinafter provided.

7. Maturity Date Extensions: Borrower shall have one (1) option to extend the Maturity Date of the Loan, for an additional six (6) month period, upon satisfaction of all of the following conditions: (i) no event of default shall have occurred and is continuing during the term of the Loan, and no act or event shall be then occurring which would be an event of default but for the giving of notice or the passage of time, or both; (ii) the Borrower shall have paid to Lender, a fee in the amount of \$25,000 the ("Extension Fee") for such extension; (iii) the Borrower shall have received an unconditional certificate of occupancy for the use of the Building; (iv) Skechers shall have taken occupancy and commenced to pay rent pursuant to the Lease; (v) revenue from the building shall equal or exceed a 1.40 times to debt coverage ratio using stress tests of the greater of an 8% rate or the 10-year Treasury plus 250 basis points and a 30-year amortization and (vi) the loan to value ratio does not exceed 58% based upon an updated appraisal which may be required by the Lender.

8. Prepayment: Borrower may prepay all or any portion of the Loan at any time without fee, premium or penalty.

9. Borrower's Entity: Borrower shall be single purpose entity whose sole business shall be the development and operation of the Project.

10. Guarantor: The full repayment of the Loan and the payment and performance of all of the obligations of the Borrower under the Loan Documents shall be unconditionally and irrevocably guaranteed by TG Development Corp., a Delaware corporation. Upon Skechers taking occupancy of the Building and commencing rent payments, the principal repayment portion of Guarantors obligations hereunder shall be reduced to fifty percent (50%) of the Loan Amount. Until

the Loan has been repaid, Guarantor must (i) maintain a minimum book net worth of \$150,000,000.00 during the term of the Loan (The covenant will be tested quarterly based on unaudited financial statements); (ii) not incur contingent liability in an aggregate amount exceeding \$25,000,000.00 other than the Loan without the prior written consent of Lender which consent Lender may withhold in its sole and absolute discretion; provided further that there shall be no restriction on contingent liability incurred by Guarantor in connection with any loan made for the acquisition or development of income producing commercial real estate; and (iii) not transfer any assets except: (x) in the ordinary course of business for fair value (w) to an entity that is wholly owned by the Guarantor, (y) to any unrelated third party for fair and reasonably equivalent value or (z) with the Lender's prior written approval of other assets. The Borrower shall promptly notify the Lender of any transfer of material assets whether or not the Lender's approval is required.

11. Borrower's Equity: Prior to the Closing Date, the Borrower shall have provided evidence to the Agent's sole satisfaction of its having contributed total equity in the Project of \$60,120,000.

12. Collateral: To secure the repayment of the Loan the Borrower shall grant the Lender a first Construction Deed of Trust lien and security interest in and to the following property (the "Mortgaged Property"):

(a) Land. An approximately 83-acre parcel of real property located in Moreno Valley, Riverside County, California being more particularly described in Exhibit "A" attached hereto.

(b) Improvements. A build to suit industrial warehouse containing approximately 1,820,000 square feet to be leased to Skechers. General Contractor must be acceptable to Agent and provide a bonded Guaranteed Maximum Price Contract also acceptable to Agent. Funding of hard cost contingency not to exceed pace of construction and amount must be acceptable to Bank and Bank's consultant.

(c) Personal Property. All tangible and intangible personal property now or hereafter located on or used in the construction of or in connection with or arising from the operation of the Project.

(d) Certificate of Deposit. A \$5,500,000 Certificate of Deposit issued by Agent in the name of Borrower, which shall be assigned unto Agent until such time as the Loan has been fully repaid. At Borrower's option, Borrower may satisfy the aforementioned condition by having Guarantor maintain minimum liquidity of \$7,000,000.00 during the term of the Loan (The covenant will be tested quarterly based on unaudited financial statements).

13. Purpose of the Loan Advance: The purpose of the Loan is to finance the construction of the Building expected to be LEED certified and necessary on and off site improvement as required by the Lease (collectively, the "Improvement").

14. Commencement and Completion of Improvements: The Borrower shall commence construction of the Improvements within thirty (30) days following the closing of the Loan (the "Commencement Date"), and shall diligently and continuously proceed with the completion of all of the site work and the construction of all Improvements, all of which shall be

completed no later than the sooner of the date that the Improvements must be delivered to Skechers pursuant to the lease or twenty (20) months from the Closing Date.

15. Budget and Advance of the Loan.

(a) The cost of the development of the Project shall not exceed a budget which has been approved by the Agent; the line item for the Land in such budget shall not exceed the As-Is Land Value per the Agent-approved appraisal.

(b) Advances of the Loan shall be made pursuant to the Agent's customary terms and conditions.

16. Fees: Borrower shall pay fees pursuant to a fee letter of even date herewith.

17. Payment and Performance Bond: A dual obligee payment and performance bond issued by a surety acceptable to Agent naming Agent as co-insured with Borrower is required with respect to the construction of the Project.

18. Prelease Requirements. At or before closing of the Loan, the Borrower shall have entered into a Lease with Skechers for the lease of 100% of the Improvements which Lease shall be acceptable to the Agent in sole and absolute discretion and shall provide for a term of not less than twenty (20) years. In addition, the Borrower, Tenant and Agent shall have entered into a Subordination and Non-Disturbance Agreement satisfactory to Agent in its sole and absolute discretion.

19. Agent's Counsel: Our attorney ("Agent's Counsel") in this matter is Chava Genet, of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A., 2200 Museum Tower, 150 West Flagler Street, Miami, Florida 33130 (305) 789-3200.

20. Agent's Costs: Whether or not the Loan is closed (for any reason whatsoever), the Borrower shall be responsible for the payment of, and shall promptly pay, all fees, expenses, taxes (except income taxes payable by Agent), other charges and any out-of-pocket expenses that may be charged to the Agent or incurred by the Agent in connection with this Commitment or any events, transactions, or documents required or contemplated by this Commitment, including, without limitation legal fees and disbursements charged by counsel for the Agent plus all costs and expenses incurred in connection therewith; premiums for title insurance; recording fees; abstracting charges; brokerage fees or commissions (whether earned or claimed); documentary stamp taxes; intangible taxes; appraisal fees; construction advisors' fees; and survey costs.

21. Indemnification. The Borrower shall indemnify and hold the Agent harmless from any loss or damage, including reasonable attorneys fees and costs, incurred or arising by reason of this Commitment or the making of the Loan (except for liability, loss, expense or damage arising from the gross negligence or willful misconduct of the Agent or its directors, officers, agents, employees, and attorney).

22. Inspections: Borrower shall pay all costs and expenses incidental to engineering and architectural review and construction inspections performed by an inspector appointed by Agent, and for an environmental assessment of property which shall be reviewed and

accepted by Agent prior to closing of Loan. Borrower shall advance all sums required for such review and inspection. A third party construction consultant engaged by Bank shall review the plans, specifications, permits, budget, construction schedule, and other construction related matters, as well as each progress payment. A Plan & Cost Review will be required prior to closing.

23. **Syndication:** The Facility is required to be pre-syndicated before closing. Syndication will not commence until the Borrower has delivered executed Fee and Mandate Letters and paid the required fees.

24. **Assignment and Participations:** Usual and customary for facilities of this type, including customary provisions allowing the Lenders to assign or grant participations with the consent of the Agent and Borrower, which consent shall not be unreasonably withheld or delayed.

25. **Waivers/Amendments & Required Lenders:** Usual and customary for facilities of this type, including amendments and waivers of the provisions of the loan agreement and other definitive credit documentation will require the approval of Lenders holding loans and commitments representing more than 66 2/3% of the aggregate amount of loans and commitments under the loan documents ("Required Lenders"), except that the consent of all of the Lenders affected thereby shall be required with respect to (a) increases in commitment amounts, (b) reductions of principal, interest, or fees, (c) extensions of scheduled maturities or times for payment, (d) modification to the guaranty from the Guarantors, (e) release of a material obligor, and (f) such other items as may be negotiated in the final loan documents.

26. **Voting Rights:** Amendments, consents, or waivers to the Facility will require consent of the Required Lenders, except for any amendment, consent, or waiver that would: (i) extend the maturity of the Facility; (ii) reduce the amount of any interest, fees, principal, or other amount payable to the Lenders; (iii) reduce or increase the commitment of any Lender; and (iv) change the percentage specified for Required Lenders; all of which will require unanimous consent of the Lenders.

27. **Termination:** The Loan shall be closed and the first advance of the Loan shall be made on or before March 1, 2010 (the "Closing Date"), in accordance with all provisions hereof. If such closing and advance have not been consummated by the Closing Date, Agent's obligation to make the Loan shall terminate and the Agent shall have no further obligation hereunder.

28. **Material Adverse Effect:** Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the Project, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower, Guarantor, or Skechers or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank credit facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the Facility to become delinquent or prevent any Guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the Facility or the Project or Bank of America's ability to syndicate the Facility.

29. **Clear Market:** From the date of acceptance of the these terms and conditions and continuing until Closing, there shall be no competing offering, placement or arrangement of any debt

securities or bank financing by or on behalf of the Borrower or Sponsor. The Borrower or Guarantor would immediately notify the Arranger if any such transaction were contemplated.

30. USA Patriot Act Notice: The Agent hereby notifies the Borrower, Guarantor and Sponsor that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 10756 (signed into law October 26, 2001)) (the "Act"), the Agent are required to obtain, verify and record information that identifies Borrower, Guarantor and Sponsor, which information includes that name and address of Borrower, Guarantor and Sponsor and other information that will allow the Agent to identify Borrower, Guarantor and Sponsor in accordance with the Act.

31. Confidentiality: All provisions of this Commitment Letter are to be kept strictly confidential and the Borrower agrees not to disclose the contents or existence of this Commitment Letter to any third party(s) without prior written consent of the Agent.

32. Dispute Resolution. Any dispute between the parties shall be resolved pursuant to procedures described in Exhibit B hereto.

If within five (5) days after the date hereof this offer has not been accepted by the execution of a copy hereof and the delivery of the same to the Agent's office, together with payment of the required portion of the Upfront Fee, it shall be withdrawn and cancelled unless such acceptance date is extended in writing by the Agent.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
Kim Abreu, Senior Vice President

WE HEREBY ACCEPT THE FOREGOING OFFER OF A COMMITMENT and agree to be bound by each and every of the terms, conditions and covenants, including the terms and provisions of the General Conditions of Commitment, this ____ day of ____, 2009.

HF LOGISTICS I, LLC, a Delaware corporation

By: _____
Donald Elbert, Senior Vice President

Reviewed and agreed:

GUARANTOR:

TG DEVELOPMENT CORP,
a Delaware corporation

By: _____
Donald Elbert, Senior Vice President

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B
DISPUTE RESOLUTION

Dispute Resolution.

(a) Arbitration. Except to the extent expressly provided below, any Dispute shall, upon the request of any party, be determined by binding arbitration in accordance with the Federal Arbitration Act, Title 9, United States Code (or if not applicable, the applicable state law), the then-current rules for arbitration of financial services disputes of AAA and the “Special Rules” set forth below. In the event of any inconsistency, the Special Rules shall control. The filing of a court action is not intended to constitute a waiver of the right of Borrower, Administrative Agent or any Lender, including the suing party, thereafter to require submittal of the Dispute to arbitration. Any party to this Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any Dispute in any court having jurisdiction over such action. For the purposes of this Dispute Resolution Section only, the terms “party” and “parties” shall include any parent corporation, subsidiary or affiliate of Administrative Agent involved in the servicing, management or administration of any obligation described in or evidenced by this Agreement, together with the officers, employees, successors and assigns of each of the foregoing.

(b) Special Rules.

(i) The arbitration shall be conducted in any U.S. state where real or tangible personal property collateral is located, or if there is no such collateral, in the city and county where Administrative Agent is located pursuant to its address for notice purposes in this Agreement.

(ii) The arbitration shall be administered by AAA, who will appoint an arbitrator. If AAA is unwilling or unable to administer or legally precluded from administering the arbitration, or if AAA is unwilling or unable to enforce or legally precluded from enforcing any and all provisions of this Dispute Resolution Section, then any party to this Agreement may substitute, without the necessity of the agreement or consent of the other party or parties, another arbitration organization that has similar procedures to AAA but that will observe and enforce any and all provisions of this Dispute Resolution Section. All Disputes shall be determined by one arbitrator; however, if the amount in controversy in a Dispute exceeds Five Million Dollars (\$5,000,000), upon the request of any party, the Dispute shall be decided by three arbitrators (for purposes of this Agreement, referred to collectively as the “arbitrator”).

(iii) All arbitration hearings will be commenced within ninety (90) days of the demand for arbitration and completed within ninety (90) days from the date of commencement; provided, however, that upon a showing of good cause, the arbitrator shall be permitted to extend the commencement of such hearing for up to an additional sixty (60) days.

(iv) The judgment and the award, if any, of the arbitrator shall be issued within thirty (30) days of the close of the hearing. The arbitrator shall provide a concise written statement setting forth the reasons for the judgment and for the award, if any. The arbitration award, if any, may be submitted to any court having jurisdiction to be confirmed and enforced, and such confirmation and enforcement shall not be subject to arbitration.

(v) The arbitrator will give effect to statutes of limitations and any waivers thereof in determining the disposition of any Dispute and may dismiss one or more claims in the arbitration on the basis that such claim or claims is or are barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Dispute is the equivalent of the filing of a lawsuit.

(vi) Any dispute concerning this Dispute Resolution Section, including any such dispute as to the validity or enforceability hereof or whether a Dispute is arbitrable, shall be determined by the arbitrator; *provided, however*, that the arbitrator shall not be permitted to vary the express provisions of these Special Rules or the Reservations of Rights in subsection (c) below.

(vii) The arbitrator shall have the power to award legal fees and costs pursuant to the terms of this Agreement.

(viii) The arbitration will take place on an individual basis without reference to, resort to, or consideration of any form of class or class action.

(c) Reservations of Rights. Nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation and any waivers contained in this Agreement, or (ii) apply to or limit the right of Administrative Agent or any Lender (A) to exercise self help remedies such as (but not limited to) setoff, or (B) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (C) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, writ of possession, prejudgment attachment, or the appointment of a receiver, or (D) to pursue rights against a party to this Agreement in a third-party proceeding in any action brought against Administrative Agent or any Lender in a state, federal or international court, tribunal or hearing body (including actions in specialty courts, such as bankruptcy and patent courts). Subject to the terms of this Agreement, Administrative Agent and any Lender may exercise the rights set forth in clauses (A) through (D), inclusive, before, during or after the pendency of any arbitration proceeding brought pursuant to this Agreement. Neither the exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the Dispute occasioning resort to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in any Loan Document for arbitration of any Dispute.

(d) Conflicting Provisions for Dispute Resolution. If there is any conflict between the terms, conditions and provisions of this Section and those of any other provision or agreement for

arbitration or dispute resolution, the terms, conditions and provisions of this Section shall prevail as to any Dispute arising out of or relating to (i) this Agreement, (ii) any other Loan Document, (iii) any related agreements or instruments, or (iv) the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort). In any other situation, if the resolution of a given Dispute is specifically governed by another provision or agreement for arbitration or dispute resolution, the other provision or agreement shall prevail with respect to said Dispute.

(e) Waiver of Trial By Jury: BORROWER, GUARANTORS AND AGENT HEREBY KNOWINGLY, IRREVOCABLY VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS COMMITMENT AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF BORROWER, THE GUARANTORS OR AGENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR AGENT ENTERING INTO THIS COMMITMENT.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

EXHIBIT "G"

HF REPRESENTATIONS AND WARRANTIES

The following constitute representations and warranties of HF to Skechers and the Company, which are made as of the Effective Date, and which may be enforced by either Skechers or the Company:

a. HF has all legal power, right and authority to convey, or cause to be conveyed, HF's interest in the Property to the Company pursuant to this Agreement and to execute and deliver, or cause the execution and delivery, of all documents required to consummate the transactions contemplated hereby.

b. All requisite action has been taken in connection with the conveyance of HF's interest in the Property to the Company pursuant to this Agreement and the execution of all documents required to consummate the transactions contemplated hereby.

c. The execution and delivery of the conveyance documents contemplated hereby do not require the consent or approval of any third party nor shall such execution and delivery result in a breach or violation of any applicable law or conflict with, breach, result in a default under or violate any contract or agreement to which HF is a party, or by which HF or the Property is bound.

d. Neither HF nor any HF Affiliate has received written notice or has actual knowledge of any pending or threatened actions, suits, arbitrations, claims or proceedings, at law or in equity, affecting the Property, or in which HF or the Master Landlord, or will be, a party by reason of Master Landlord's ownership or HF's interest in the Property (except for the Sierra Club Litigation (as defined herein)).

e. Neither HF nor any HF Affiliate has received written notice of or has actual knowledge of any attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings pending against HF.

f. Neither HF nor any HF Affiliate has entered into any contracts for the sale, exchange or other disposition of the Property, or any portion thereof, which are still in force and effect, nor do there exist any rights of first refusal, options or other rights of any other Person to purchase all or any portion of the Property.

g. HF's sole interest in the Property is a leasehold interest in the Property pursuant to the Master Lease, and Master Landlord holds fee simple title to the Property. Pursuant to the Master Lease, HF will acquire fee title to the Property prior to the time that it is obligated to convey the Property to the Company, or the Master Landlord will convey fee title to the Property directly to the Company.

h. Neither HF nor any HF Affiliate has received written notice of or has actual knowledge of the commencement or intended commencement of any proceeding in eminent domain, or similar proceeding by any governmental authority which would affect the Property.

i. In accordance with California Health and Safety Code §25359.7, HF hereby gives Skechers and the Company notice and informs them that HF has no knowledge of

Exhibit "G"

the release of any hazardous materials located on or beneath the Property, except to the extent (if any) reflected in environmental reports delivered to Skechers.

j. The Lease is in full force and effect. Neither HF nor to HF's knowledge, Skechers Parent, are in default thereunder, nor to HF's knowledge do any facts or circumstances exist that, with the passage of time or the giving of notice, or both, will or could constitute a default by Skechers Parent thereunder.

k. Neither HF nor any of its Affiliates has received any written notice or has other actual knowledge of any change contemplated in any laws, ordinances or restrictions affecting the Property, or any judicial or administrative action, or any action by adjacent landowners with respect to the Property, and neither HF nor any of its Affiliates has received any written notice or has other actual knowledge or any other fact, circumstance or condition, financial or otherwise, which would materially present, limit, impede or render materially more costly the construction of the Project or the use or operation of the Property as contemplated by this Agreement.

l. To HF's and its Affiliates' actual knowledge, except as disclosed in the environmental reports delivered by HF to Skechers, there are no acts, omissions, events, circumstances or conditions on, at, under or in connection with the Property that constitute a material violation of, or require remediation under, any applicable environmental law, including any pollution, contamination, degradation, damage or injury caused by, related to, arising from or in connection with the generation, use, handling, treatment, storage, disposal, discharge, emission or release of a hazardous material at the Property (an "**Environmental Condition**"). HF or its Affiliate has satisfied all material applicable governmental reporting requirements in connection with any known Environmental Condition existing on the Property. To HF's actual knowledge, there is no basis for a claim by any third party against HF in connection with an Environmental Condition at the Property.

m. Neither HF nor its Affiliates has entered into or is subject to any leases, occupancy agreements, licenses or similar agreements affecting the occupancy or possession of the Property, other than the Lease (and the Master Lease).

n. Except for required construction permits, HF or its Affiliates have obtained (or will obtain prior to the closing of the Construction Loan) all material necessary entitlements to construct the Project as contemplated by this Agreement and the Project will not constitute a violation of the Property's zoning classification or other similar governmental requirements (including, without limitation, parking requirements).

o. The Master Lease is in full force and effect and neither party is in default thereunder, nor do any facts or circumstances exist which would, with the passage of time and/or the giving of notice, constitute a default by either party thereunder.

p. The Property is not subject to any monetary liens or encumbrances (other than the lien of current real property taxes), or to any nonmonetary encumbrances which would have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or Skechers Parent's ability to perform its obligations under the Lease, or which could result in the termination or extinguishment of the Lease.

Exhibit "G"

q. Neither HF nor any HF Affiliate has caused any changes in the zoning or other entitlements affecting the Property since the date of execution of the Lease which would have a material adverse effect on Skechers Parent's rights under the Lease or to operate its intended business (as described in the Lease) on the Property.

Exhibit "G"

EXHIBIT "H"
SIERRA CLUB LITIGATION SETTLEMENT AGREEMENT

Exhibit "H"

SETTLEMENT AGREEMENT

This settlement agreement (this "Agreement") is made at Moreno Valley, California as of January 7, 2010, between the SIERRA CLUB, a California not-for-profit corporation, on the one hand, and THE CITY OF MORENO VALLEY (the "City"), HIGHLAND FAIRVIEW PARTNERS, I, a California general partnership, HIGHLAND FAIRVIEW PARTNERS, II, a California general partnership, HIGHLAND FAIRVIEW PARTNERS, III, a Delaware general partnership, and HIGHLAND FAIRVIEW PARTNERS, IV, a Delaware partnership, and HF LOGISTICS I, LLC, a California limited liability company, (collectively, "Highland Fairview"), on the other hand, with the respect to the following facts:

A. Highland Fairview is the owner of a site located in the City. The site, which contains approximately 158 acres, is bounded on the north by State Route 60, on the east by Theodore Street, on the south by future Eucalyptus Avenue and on the west by Redlands Boulevard (the "Project Site").

B. Highland Fairview intends to develop the Project Site in three phases with a total of 2,620,000 square feet of logistic uses, associated office space, and commercial uses (the "Project"). The Project is known as the Highland Fairview Corporate Park.

C. The first phase of the Project will include a building containing 1,820,000 square feet which has been leased to Skechers USA, Inc. ("Skechers"). The building will be used primarily for logistic uses and some associated office and commercial facilities (the "Skechers Building").

D. Highland Fairview also owns approximately 1,800 acres of land located south and east of the Project Site which is subject to the Moreno Highlands Specific Plan (the "Specific Plan Area") which has vested development rights under a development agreement. Highland Fairview is considering developing the Specific Plan Area in the near future and may, as part of that development, seek to include industrial uses in areas not currently so designated in the Moreno Highlands Specific Plan.

E. On February 10, 2009, the City Council certified that environmental impact report P07-157 (the "EIR") analyzing the environmental impacts of the Project had been prepared in compliance with the California Environmental Quality Act ("CEQA") and then granted a number of approvals including general plan amendment PA07-0089, change of zone PA07-0088, tentative parcel map 35629, PA07-0090 and plot plan PA07-0091 for the Project (the "Project Approvals").

F. The development of the Specific Plan Area is unrelated to the that of the Project and no development of the Specific Plan Area has been authorized by the Project Approvals.

G. On February 20, 2009, the Sierra Club filed a lawsuit entitled *Sierra Club v. City of Moreno Valley*, Riverside Superior Court Case No. RIC 519566, which sought to set aside the Project Approvals, primarily on the basis that the EIR failed to comply with CEQA (the "Lawsuit").

H. The Sierra Club, the City and Highland Fairview wish to resolve the dispute between them concerning the Lawsuit, the Project and the development of the Project Site on the terms set forth in this Agreement. Further, they seek to work together to pursue areas of common interest.

I. The Sierra Club wants the City to adopt a climate action plan and a solar energy incentive program and to require additional Code enforcement for commercial properties in order to decrease the emission of greenhouse gases, conserve energy and protect the health of the City's inhabitants. Highland Fairview concurs that the plans, programs and actions sought by the Sierra Club could be beneficial, endorses them and will use its best efforts to encourage the City to consider them. The City believes that the actions desired by the Sierra Club are worthy of consideration, but cannot and does not commit to their adoption. The City Council, in response to the Sierra Club's concerns, has directed staff to prepare both a climate action plan, projected to be available for consideration by the Council within 18 months, and to review possible participation in the Western Riverside County Council of Governments' proposed program to facilitate the production of solar energy, including the use of the financing mechanism available under AB 811. However, because all of the plans, programs and actions are solely within the City Council's legislative authority which cannot be contracted away neither the City nor Highland Fairview can guarantee that either of them will be adopted.

J. The Sierra Club is concerned that truck traffic serving the Project could unduly impact Redlands Boulevard and wants that truck traffic to use Theodore Street to the greatest extent practical. Neither the City nor Highland Fairview has any objection to reducing the amount of truck traffic using Redlands Boulevard.

K. The Sierra Club has been concerned about truck traffic on a portion of Ironwood Avenue. The City Council, in response to the Sierra Club's concerns, has eliminated the truck route designation for Ironwood Avenue between Moreno Beach Drive and Theodore Street.

L. The Sierra Club further wants Skechers to take several steps to minimize the emission of greenhouse gases. These steps are solely within the control of Skechers and require Skechers' agreement in order to allow Highland Fairview to take the actions specified in this Agreement. Highland Fairview concurs that the actions sought by the Sierra Club could be beneficial and wants to assist the Sierra Club in seeing that they are seriously considered. However, because Highland Fairview does not control Skechers' actions, it cannot guarantee that any of them will occur.

M. This Agreement is acknowledged by the parties to be a compromise settlement and does not constitute an admission of the validity of any claims which have been, or might have been, made in the Lawsuit. However, Highland Fairview desires that the settlement be comprehensive with respect to the Project and that there shall be no further opposition to the Project on the terms set out in this Agreement.

N. Civil Code § 1542 states:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which if known by him or her must have materially affected his or her settlement with the debtor.”

IN LIGHT OF THE FOREGOING FACTS, IT IS MUTUALLY AGREED THAT:

1. Immediately upon the execution of this Agreement, the Sierra Club shall dismiss the Lawsuit in its entirety and as to all parties, with prejudice, and shall then provide conformed copies of the dismissal to Robert L. Hansen, the City’s Interim City Attorney, and to Kenneth B. Bley, Highland Fairview’s counsel.

2. Highland Fairview shall include a requirement in the contract with the general contractor for the Project that all off-road equipment with a horsepower rating of 25 hp or greater used on the Project Site during the construction of the Project will meet a minimum Tier II rating and at least 80% of such equipment will meet a minimum Tier III rating and that the general contractor certify that this requirement has been satisfied. Highland Fairview shall provide a copy of the certification to the Sierra Club upon receipt of the certification from the general contractor

3. Highland Fairview shall include a requirement in the contract with the general contractor for the Project that diesel-powered portable generators not be used during the construction of the Project.

4. Highland Fairview shall:

a. Provide the amount of electrical power generated through solar cells mounted on the roof of the Skechers Building to the extent needed to provide for the estimated energy demand of the 50,000 sq ft office portion of the Skechers Building. The construction of the solar cells will be initiated within six months of Skechers’ occupancy of the Building and completed within 18 months of Skechers’ occupancy of the Building. Highland Fairview anticipates that AB 811 sources of funds will be used to finance the construction of the solar cells as well as incentive programs from the City electrical utility which are comparable to the programs offered by Southern California Edison, *i.e.*, which will yield the same economic result, but such programs are not yet adopted by the City and may not be; and

b. Provide the City and the Sierra Club with the appropriate design documents demonstrating that the electrical energy demand of the 50,000 sq ft office portion of the Skechers Building will be met by the solar cells to be mounted on the roof of the Skechers Building; and

c. Design and construct the roof of the Skechers Building to accommodate the maximum number of solar cells; and

d. Increase the amount of electrical power generated through solar cells mounted on the roof of the Skechers Building within ten years to provide 100% of the

energy needed for the Project to the extent that it is reasonably and economically feasible for Highland Fairview to do so. This will largely depend upon the policies adopted by the City's electrical utility with respect to the subsidization of solar-generated electrical energy, which requires a rate of not less than \$0.22 per kilowatt-hour, the rate currently paid by Southern California Edison under its performance-based incentive program, and provisions on a par with Southern California Edison's solar subsidy programs. Further, Highland Fairview will expand the solar energy generating capacity of the Skechers Building based upon the benefits afforded through AB 811 financing and grants, incentives provided by the City's electrical utility, federal and state tax programs and commercially reasonable financing such that the maximum investment does not exceed \$7,500,000 and the projected after-tax return generated is at least 5.5% over the rate for 20 year United States Treasury bonds but not less than 10% in any event. Should Highland Fairview develop solar capacity beyond the energy usage required by the Project, the excess energy will be sold to a utility provider at a mutually agreeable negotiated rate. Highland Fairview can not guarantee that any increase in the amount of electrical power generated through solar cells will occur because neither the necessary policies nor the rate to be paid have been adopted by the City and may not be.

5. Highland Fairview shall provide solar water heaters, which may include supplemental conventional heating sources, throughout the Project for all personal uses, such as bathrooms and showers, but not for industrial uses.

6. Highland Fairview shall provide the signs required by Mitigation Measure AQ-11 at locations, and of a size, to be easily readable from future Eucalyptus Avenue.

7. Highland Fairview shall physically configure the access areas to future Eucalyptus Avenue so that large trucks (over 10,000 pounds) will be required to make a left turn, towards Theodore Street, when exiting the Project Site unless prohibited by the City from doing so.

8. Highland Fairview shall provide on-site signs directing large trucks (over 10,000 pounds) leaving the Project Site to use Theodore Avenue unless prohibited by the City from doing so.

9. Highland Fairview shall provide the landscaped median in Eucalyptus Avenue between Redlands Boulevard and Theodore Street in substantially the form currently planned, as shown on Exhibit A, subject to final approval by the City.

10. Highland Fairview shall provide a disclosure document in substantially the following form to each buyer/lessee of any residential unit developed on property owned by Highland Fairview which is located southerly of State Route 60 and within 300 feet of the Project Site. The document shall be signed by the buyer/lessee and recorded against the unit:

“Buyer/Lessee acknowledges that the property which Buyer/Lessee is purchasing/leasing is located in the vicinity of the Highland Fairview Corporate Park project. Buyer/Lessee acknowledges that, in addition to commercial and office uses, there are, or may be, distribution warehouses for national and regional

Companies located within the Corporate Park project. As a result of these uses, there will be automobile and truck traffic, which may operate on a 24/7 basis for pick up and delivery of products from various buildings from within the Corporate Park project. There may also be increased diesel fumes, which contain toxic air contaminants which are known to cause cancer, noise and light as a result of the operations of these facilities. A copy of the Highland Fairview Corporate Park Environmental Impact Report, which includes a detailed evaluation of the potential impacts of the Corporate Park project, has been made available for the Buyer's/Lessee's review."

11. Highland Fairview shall within 30 days of the receipt of a written request from the Sierra Club, contribute \$100,000 to the Riverside Land Conservancy. The contribution may only be used for the preservation of agriculture through the purchase of agricultural land or of agricultural conservation easements on agricultural land located in Riverside County.

12. If Highland Fairview includes industrial uses in areas not currently designated for industrial uses in the Moreno Highlands Specific Plan, it shall provide buffers of commercial uses within the Specific Plan Area between industrial uses and residential uses. The extent of the buffers shall be determined by appropriate technical studies conducted by a qualified third party air quality expert, selected and paid for by Highland Fairview, subject to the City's approval.

13. The Skechers building has been designed with the goal of achieving LEED silver certification. Highland Fairview shall seek to obtain the highest commercially reasonable level of LEED certification of the Skechers Building and shall, in any event, take all of the actions set forth on Exhibit B. As used in this Agreement, "commercially reasonable" shall mean that the actions involved are capable of being accomplished in a successful manner within a reasonable period of time taking into account economic and other circumstances that would be considered by a prudent commercial entity.

14. Highland Fairview shall submit a formal request to the California Department of Transportation ("CalTrans") for the installation of signs to be installed, at Highland Fairview's expense, along State Route 60, east bound and west bound, directing Project traffic to the Theodore Street exit.

15. To the extent consistent with the Project Approvals and adopted City regulations and policies:

a. The design and installation of improvements and signs shall direct all large trucks (over 10,000 pounds) to use Theodore Street, rather than Redlands Boulevard, when entering or leaving the Project Site unless the site-specific traffic analysis required prior to the approval of a plot plan for Phase III (condition TE3 of the Project Approvals. City Council Resolution 2009-10) provides compelling evidence that: and

(i) Keeping large trucks (over 10,000 pounds) off of Redlands Boulevard will cause Eucalyptus Avenue. Theodore Street or its on – or off-ramps to State Route 60 to fall below the City's Level of Service standard; and

(ii) Mitigation within the limits of the currently planned right of way of Theodore Street is unavailable to improve the Level of Service to acceptable levels; and

(iii) Allowing large trucks (over 10,000 pounds) to use Redlands Boulevard will not cause Redlands Boulevard to fall below the applicable City's Level of Service Standards after mitigation.

b. To the extent that any part of subparagraph a above is found not to be consistent with existing Project Approvals or City regulations or policies, Highland Fairview shall apply for and the City will consider, under its existing procedures and preserving the Council's legislative and discretionary policy authority, modifications of conditions, and/or amendments to existing Project Approvals, regulations and policies.

16. The City Council has, in Study Session of October 20, 2009 or previously, directed City staff to analyze, as quickly as feasible, and then to report back to the Council, for its consideration without commitment to adoption, each of the following:

- a. The adoption/enforcement of a City-wide commercial truck idling ordinance; and
- b. The acquisition, generation and distribution of "green" energy by the City's electric utility; and
- c. An amendment of the City's Municipal Code current lighting standards to incorporate the guidelines of the International Dark Sky Association and the exterior lighting standards set forth in the Palm Desert Municipal Code; and
- d. The submission of a request to CalTrans and/or the Riverside County Transportation Commission that a regional traffic mitigation fee be adopted for the Improvement of State Route 60; and
- e. The use of LED lamps in City-owned streetlights.

17. Highland Fairview shall require any user of the Skechers facility, other than Skechers, and will use reasonable efforts to seek to have Skechers:

- a. Have its trucking fleet (all trucks owned and operated by Skechers) and all trucking carriers that distribute Skechers' products to its retail stores be classified as SmartWay 1.0 or higher at the time that it takes possession of the Skechers building, increase the SmartWay classification to 1.25 for Skechers' trucking fleet and such other trucking carriers within five years and provide an annual report to Highland Fairview, which Highland Fairview shall then provide to the Sierra Club; and
- b. Continue to provide incentives to its employees to encourage carpooling; and

c. Conduct an annual review for five years following the occupancy of the Skechers Building to determine the level of use of alternatively fueled vehicles and the demand for designated spaces for such vehicles, beyond the 37 spaces already designated. Spaces located closest to building entries will be converted by Highland Fairview from general parking to alternatively fueled vehicle parking to meet the demand; and

d. Conduct an annual review for five years following the occupancy of the Skechers Building to determine the level of use of plug-in electrical vehicles and the demand for plug-in-stations. Additional plug-in-stations will be provided by Highland Fairview to meet the demand; and

e. Not use diesel-powered “yard goats” in its operations.

18. Highland Fairview shall provide the Sierra Club with notice of the submission of any application for a discretionary permit for the development of the Project within five business days of the submission.

19. The Sierra Club shall not sue to invalidate the development, use or modification of the Project, including, but not limited to, any approvals needed for the development of any phase of the Project, as long as the development or use is consistent with the terms of this Agreement and the Project, as analyzed in the EIR, and any modification will not result in a significant adverse impact on the environment, as defined in CEQA Guidelines § 15382, as determined by the City. For the purpose of this Agreement, changes in the manner in which the Project is financed, in whole or in part, and removal of vegetation within State Route 60 right-of- way shall not be considered to be significant adverse impacts on the environment by the Sierra Club. Nothing in this paragraph 19 shall apply to a modification of the terms of this Agreement.

20. Highland Fairview shall pay Johnson & Sedlack, the Sierra Club’s attorneys, \$183,000 within 10 days of the dismissal of the Lawsuit. Except for this payment, each party shall bear its own attorneys’ fees and costs incurred in connection with the Lawsuit and the preparation of this Agreement.

21. Any party alleging a breach of this Agreement shall provide written notice of the alleged breach to the party alleged to be in breach. That party shall then have 30 days from receipt of the notice in which to cure the breach or to begin curing the breach if it is one which cannot be cured within 30 days. If the breach has not been cured within the 30 day period or, if no effort has been begun within the 30 day period for a breach which cannot be cured within the 30 day period, then the party alleging the breach shall be entitled to avail itself of its legal remedies.

22. All notices and communications shall be provided in writing, which may be delivered by e-mail, to the following addresses:

Sierra Club Environmental Law Program:

85 Second Street
San Francisco, CA 94105
Aaron.Isherwood@sierraclub.org

Sierra Club, San Gorgonio Chapter:

Chapter Chair/Conservation Chair
4079 Mission Inn Avenue
Riverside, CA 92501-3204
san.gorgonio.chapter@sierraclub.org

Sierra Club, Moreno Valley Group:

Ann Turner-McKibben and George Hague
P.O. Box 1325
Moreno Valley, CA 92556-1325
morenovalleygroup@yahoo.com

with a copy to Raymond W. Johnson, Esq.:

Johnson & Sedlack
26785 Camino Seco
Temecula, CA 92590
esqaicp@wildblue.net

The City attention of the City Manager,
w/ copy attention of the City Attorney:

14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552
CMOffice@moval.org
CityAttorney@moval.org

Highland Fairview:

14225 Corporate Way
Moreno Valley, CA 92553
ibenzeevi@highlandfairview.com

with a copy to Kenneth B. Bley, Esq.:

Cox, Castle & Nicholson LLP
2049 Century Park East, 28th Floor,
Los Angeles CA 90067
kbley@coxcastle.com

Any address may be changed by providing written notice to all of the other parties.

23. Except as set forth in this Agreement, the Sierra Club releases the City and Highland Fairview and their owners, affiliates, members, officers, employees, agents and attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action arising out of, or connected to, the Lawsuit or the Project, whether known, unknown or suspected and the Sierra Club hereby waives the provisions of Civil Code § 1542 set forth in Recital N. The release in this paragraph 23 is a separate consideration for the release contained in paragraph 24 and the Sierra Club would not have executed this Agreement nor agreed to this paragraph 23 but for the release contained in paragraph 24.

24. Except as set forth in this Agreement, the City and Highland Fairview release the Sierra Club and its members, officers, employees, agents and attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action arising out of, or connected to, the Lawsuit or the Project, whether known, unknown or suspected and the

City and Highland Fairview hereby waive the provisions of Civil Code § 1542 set forth in Recital N. The release in this paragraph 24 is a separate consideration for the release contained in paragraph 23 and neither the City nor Highland Fairview would have executed this Agreement nor agreed to this paragraph 24 but for the release contained in paragraph 23.

25. The rights and obligations of the Sierra Club under this Agreement are personal to it and may not be transferred or assigned to any other person or entity. This Agreement is entered into solely for the benefit of the parties hereto and, with the exception of the Sierra Club, their successors, transferees and assigns. Other than the parties hereto and, with the exception of the Sierra Club, their successors, transferees and assigns, no third party shall be entitled, directly or indirectly, to base any claim, or to have any right arising from, or related to, this Agreement.

26. The parties to this Agreement shall act in good faith and shall take all further actions reasonably necessary to effectuate the letter and the spirit of this Agreement.

27. This Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

28. Any litigation arising out of this Agreement shall be conducted only in the Riverside Superior Court. Only equitable remedies shall be available to the prevailing party in any such litigation, damages for breach of this Agreement being expressly waived. Each party to any such litigation shall bear its own attorneys' fees and costs, the right to recover them under any statute, including, but not limited to Code of Civil Procedure § 1021.5, any Rule of Court or any rule of law being expressly waived.

29. This Agreement contains the entire agreement and understanding concerning the Lawsuit and the Project and supersedes and replaces all prior negotiations or proposed agreements, written or oral. Each of the parties hereto acknowledges that no other party, nor the agents nor the attorneys for any party, has made any promise, representation or warranty whatsoever, express or implied, not contained herein, to induce the execution of this Agreement and acknowledges that this Agreement has not been executed in reliance upon any promise, representation or warranty not contained herein.

30. This Agreement may not be amended except in a writing signed by all the parties hereto.

31. The parties to this Agreement hereby acknowledge that they have undertaken an independent investigation of the facts concerning the Lawsuit and the Project. The parties expressly assume the risk that the true facts concerning the foregoing may differ from those currently understood by them.

32. Each individual signing this Agreement represents and warrants that he or she has been authorized to do so by proper action of the party on whose behalf he or she has signed.

33. This Agreement may be signed in one or more counterparts and, when all parties have signed the original or a counterpart, such counterparts, whether originals, facsimiles or email attachments, together shall constitute one original document.

January 7, 2010

SIERRA CLUB

By: [ILLEGIBLE]
Its: CHAPTER CHAIR, SAN GORGONIO
CHAPTER

January 11, 2010

THE CITY OF MORENO VALLEY

By: [ILLEGIBLE]
Its: MAYOR

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS I

By: HFP Realty Investment, LP, its Managing Partner
By: HFP Realty Holdings, LLC, its General Partner

By: /s/ Iddo Benzeevi
Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS II

By: New Sands Holdings, LP, its Managing Partner
By: Sand Holdings, LLC, its General Partner

By: /s/ Iddo Benzeevi
Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS III

By: HFP Realty Investment, LP, its Managing Partner
By: HFP Realty Holdings, LLC, its General Partner

By: /s/ Iddo Benzeevi
Its: President

January 7, 2010

HIGHLAND FAIRVIEW PARTNERS IV

By: Sinclair Holdings, LP, its Managing Partner
By: Sinclair Realty Holdings, LLC, its General
Partner

By: Iddo Benzeevi
Its: President

January 7, 2010

HF LOGISTICS I, LLC

By: Iddo Benzeevi
Its: President

APPROVED AS TO FORM:

January 11, 2010

JOHNSON & SEDLACK

By: /s/ Raymond W. Johnson
Raymond W. Johnson
Attorneys for the SIERRA CLUB

January 11, 2010

CITY ATTORNEY
OF THE CITY OF MORENO VALLEY

By: [ILLEGIBLE]
Its: INTERIM CITY ATTORNEY

January 7, 2010

COX CASTLE & NICHOLSON LLP

By: /s/ Kenneth B. Bley
Kenneth B. Bley
Attorneys for HIGHLAND FAIRVIEW PARTNERS
I; HIGHLAND FAIRVIEW PARTNERS, II,
HIGHLAND FAIRVIEW PARTNERS, III,
HIGHLAND FAIRVIEW PARTNERS, IV and HF
LOGISTICS I, LLC

EXHIBIT A

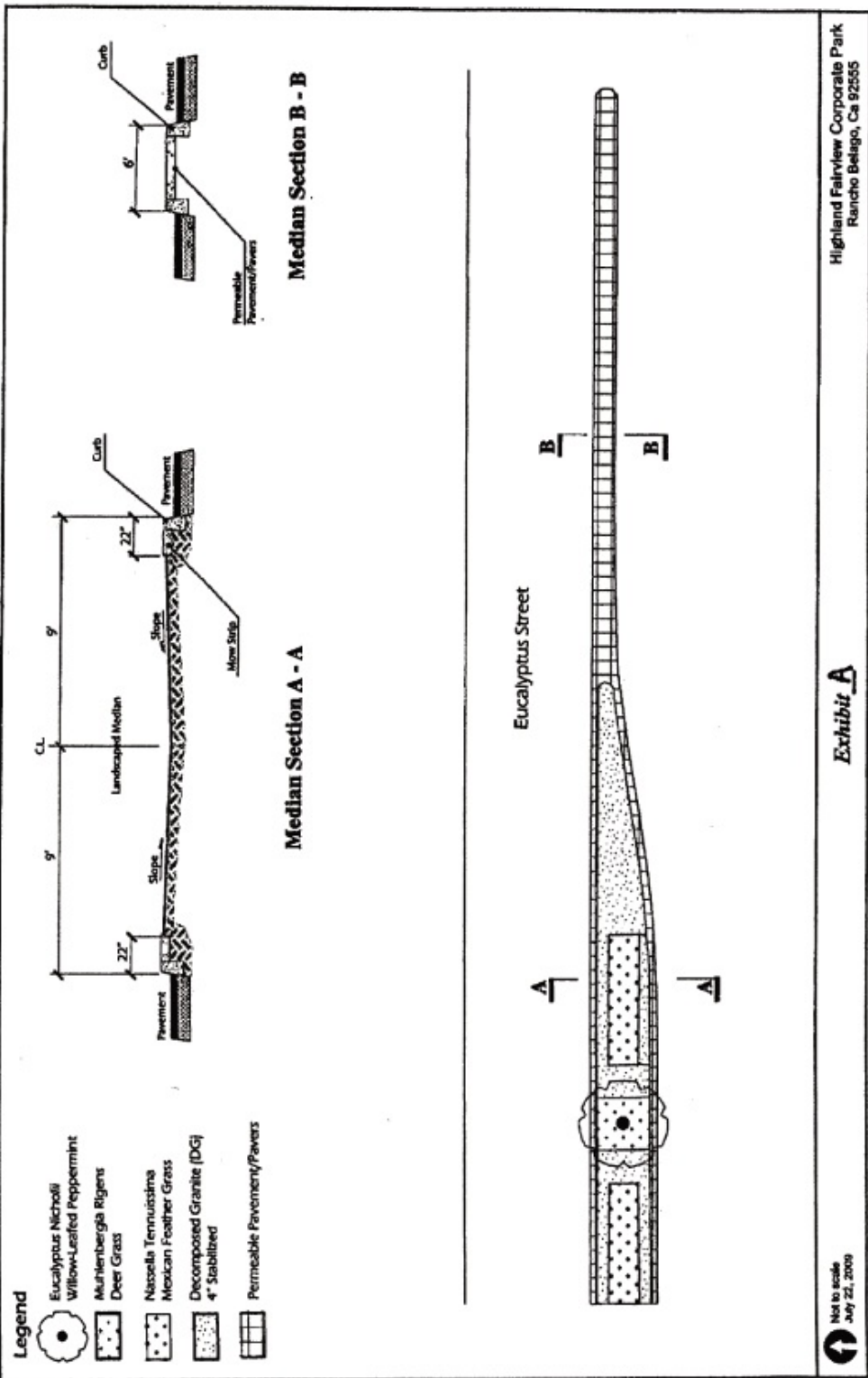


Exhibit B

**Highland Fairview Corporate Park — TPM 35629 Parcel 1 (Skechers)
LEED Projected Certification Items
(Based upon LEED current standards)**

- **Alternative Transportation:**

- Bicycle Storage & Changing Rooms**

- The project will provide secure bicycle racks within 200 yards of the building entrances for 5% or more of all building users and will provide shower and changing facilities in the building for 0.5% of full-time equivalent occupants.

- Low Emission and Fuel Efficient Vehicles**

- The project will provide preferred parking for low-emission and fuel efficient vehicles for 5% of the total vehicle parking capacity of the site.

- Parking Capacity**

- The project will meet, but not exceed the number of parking stalls required by the local zoning requirements and will provide preferred parking for carpools and vanpools for 5% of the total parking spaces.

- **Site Development:**

- Maximum Open Space**

- As approved by the City of Moreno Valley, the project will provide vegetated open space within the project boundary in accordance with the local zoning's open space requirement.

- **Storm Water Design:**

- Quality Control**

- Highland Fairview will implement the City approved Storm Water Pollution Prevention Program (SWPPP).

- **Heat Island Effect:**

- Roof**

- The project will use roofing materials having a Solar Reflectance Index (SRI) equal to or greater than 78 for a minimum of 75% of the roof surface.

- **Water Efficient Landscaping:**

- The project will reduce potable water consumption for irrigation by 50% from a calculated mid-summer baseline case.

The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.

Exhibit B

**Highland Fairview Corporate Park — TPM 35629 Parcel 1 (Skechers)
LEED Projected Certification Items
(Based upon LEED current standards)**

- **Water Use Reduction:**

 - Reduce Water Usage by 30%**

 - The project will employ strategies that in aggregate use 30% less water than the water use baseline calculated for the building (not including irrigation).

- **Optimize Energy Performance:**

 - The project will demonstrate a percentage improvement in the proposed building performance rating compared to the baseline building performance rating.

- **On-Site Renewable Energy:**

 - The project will use on-site renewable energy systems (solar) to offset a portion of building energy cost.

- **Enhanced Commissioning:**

 - The project began the commissioning process during the design process and will execute additional activities after systems performance verification is completed.

- **Construction Waste Management:**

 - The project will recycle and/or salvage a minimum of 50% (by weight) of non-hazardous construction and demolition debris.

- **Recycled Content:**

 - The project will use materials with recycled content such that the sum of post-consumer recycled content plus one-half of the pre-consumer content constitutes at least 10% (cost-based) on the total value of the materials in the project.

- **Regional Materials:**

 - The project will use building materials or products that have been extracted, harvested or recovered, as well as manufactured, within 500 miles of the project site for a minimum of 10% (cost-based) of the total materials value.

The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.

Exhibit B

Highland Fairview Corporate Park — TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

- **Increased Ventilation:**

The project will increase breathing zone outdoor air ventilation rates to all occupied spaces by at least 30% above the minimum rates required by ASHRAE Std. 62.1-2004.

- **Construction IAQ Management Plan:**

The project will develop and implement an Indoor Air Quality (IAQ) Management Plan for the construction and pre-occupancy phases of the building.

- **Low Emitting Materials:**

The project will utilize only those paints and coatings that comply with Credit 4.2, 4.3 and 4.4 of the LEED standards.

- **Indoor Chemical & Pollutant Source Control:**

The project will provide entryway systems to reduce the infiltration of dirt and particulates into the indoor environment. Separate ventilation systems will be provided for storage areas for hazardous chemicals in order to minimize and control pollutants in the building.

- **Daylight and Views:**

The project, will achieve day-lighting via skylights for building occupants in 75% of all regularly occupied areas.

- **Innovation In Design:**

The project will utilize locally-sourced concrete and interior fixtures providing a 40% water use savings.

- **LEED Accredited Professional:**

At least one principal participant of the project team is a LEED Accredited Professional (AP).

The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.

Exhibit B

Highland Fairview Corporate Park — TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

The Following are Energy-Saving and Other Design Features:

- **Use of More Shade Trees vs. Palm Trees to Reduce Temperature**

As shown in the City-approved Plot Plan package, palm trees used on the site will be located at the building's primary entry as part of the decorative entry treatment, and along the freeway, near gates and building corners as accent elements. All other trees on the site, in the parking areas, adjacent to the building, in the landscape areas, and along the freeway will be varieties of shade trees.

- **Waterless Urinals**

Use of these products was investigated but ultimately rejected based upon marginal performance and excessive maintenance costs. Very low flow urinals will be used in the facility which will provide a 30% reduction in water use over typical low-flow urinals.

- **Automatic turn on and off for lavatory faucets—only allow 1/2 gal per minute**

These products will be installed throughout the building.

- **Monitoring system that keeps track of all systems so that response can be quick if one of the systems does not function properly**

The Skechers building will include a building systems monitoring program which will immediately notify maintenance personnel of any system malfunction.

- **Photo Sensors for Lighting**

Motion sensors will be installed in the office areas of the building to turn off all lighting (except security lighting) when these areas of the building are not occupied. A network of thousands of roof-mounted skylights will provide substantial natural light in the warehouse areas. Sensors will be installed in the warehouse areas to automatically turn off artificial area lighting when ambient light is adequate.

- **Reduce carpet and flooring glue toxics by environmentally friendly carpet and non toxic glue.**

Low VOC carpeting, paint and adhesives will be used throughout the building. Polished concrete flooring will replace vinyl flooring originally

The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.

Exhibit B

Highland Fairview Corporate Park — TPM 35629 Parcel 1 (Skechers) LEED Projected Certification Items (Based upon LEED current standards)

planned for the warehouse restrooms, break rooms and shipping/receiving areas.

- **Recycle of All Used Materials**

Recycling bins will be provided at the site for recycling during the operation of the building. Recycling of construction waste will be required to the greatest degree practicable. Skechers currently bundles and recycles all cardboard waste and will provide recycling bins for employee use throughout the facility. Skechers is exploring opportunities for recycling (mulching) of damaged wood pallets.

- **75% of Construction Waste Salvaged or Recycled**

The project will salvage or recycle as much construction waste as is feasible, but in no case less than 50% by weight of such waste. The project will utilize recycled (crushed) concrete during construction for temporary access roads and for paving base where acceptable. The project is directing green waste from clearing operations during construction, to a location for mulching and will be re-used.

- **Independent Venting for Toxic Places**

The storage of toxic materials, as identified by the State of California, will be in accordance with all applicable building code requirements including the independent venting of such storage areas.

- **Thermal Controls in Various Work Spaces**

The warehouse area is not heated or cooled, utilizing a controlled air exchange system to moderate interior temperatures. The office and commercial areas will be served by a number of HVAC zones each with its own controls. The units are equipped with an automatic time switch with an accessible manual override that allows operation of the system during off-hours.

- **The building occupant/owner must share whole-project energy and water usage data for at least five years with the US Green Building Council or Green Building Certification Institute.**

Highland Fairview will provide all documentation used to secure LEED certification, including any tenant operational documentation. Such documentation requirements will be addressed in the lease documents.

The above are based upon existing design criteria and availability of material and labor. Should some of these conditions adversely change, the above items may need to be modified.

EXHIBIT "I"
AMENDED AND RESTATED MASTER LEASE AGREEMENT

Exhibit "I"

**AMENDED AND RESTATED
MASTER LEASE AGREEMENT**

THIS AMENDED AND RESTATED MASTER LEASE AGREEMENT (the "Lease") is made effective as of the 25th day of September, 2007 (the "Effective Date"), between **HF LOGISTICS I, LLC, a Delaware limited liability company** ("Tenant"), and **HIGHLAND FAIRVIEW PARTNERS I (formerly known as Westcoast Properties Partners, a California general partnership), HIGHLAND FAIRVIEW PARTNERS IV, (formerly known as Sinclair Property Partners, a Delaware general partnership), HIGHLAND FAIRVIEW PARTNERS III (formerly known as HF Educational Partners, a Delaware general partnership), and HIGHLAND FAIRVIEW PARTNERS II (formerly known as Sand Properties Partners, a California general partnership)**, (collectively, "Landlord"). This Lease amends and supersedes the Master Lease Agreement dated September 25, 2007 between Landlord and Tenant.

Premises: Has the meaning set forth in the Skechers Lease.

Building: The Building to be constructed on the Premises pursuant to that certain Lease Agreement dated September 25, 2007, between Tenant, as landlord, and Skechers, USA, Inc., a Delaware corporation ("Skechers"), as tenant (as amended, the "Skechers Lease").

Project: Rancho Belago Corporate Center

Premises: Approximately 110 acres of unimproved land situated in the City of Moreno Valley, CA, as shown on the Site Plan attached hereto as Exhibit "A."

Lease Term: Beginning on the Effective Date and ending the last day of the Term of the Skechers Lease.

Commencement Date: The Commencement Date of the Skechers Lease.

Monthly Base Rent: The "fair market rental value" of the Premises as of the Commencement Date, to be determined by an appraiser selected by Landlord.

Security Deposit: None

Exhibits: A (Site Plan)

1. **Granting Clause.** In consideration of the obligation of Tenant to pay rent as herein provided and in consideration of the other terms, covenants, and conditions hereof, Landlord leases to Tenant, and Tenant takes from Landlord, the Premises, to have and to hold for the Lease Term, subject to the terms, covenants and conditions of this Lease. The rights, obligations, warranties and covenants of each of the entities which comprise Landlord hereunder shall apply only to those respective portions of the Premises which are owned by such entity.

2. **Acceptance of Premises.** Tenant shall accept the Premises in its condition as of the Commencement Date, subject to all applicable laws, ordinances, regulations, covenants and restrictions. Landlord has made no representation or warranty as to the suitability of the Premises for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises are suitable for Tenant's intended purposes. In no event shall Landlord have any obligation for any defects in the Premises or any limitation on its use. The taking of possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Landlord represents and warrants that as of the Effective Date Landlord has fee simple title to the Premises and Landlord has full power, right and authority to execute and perform this Lease and all partnership action necessary to do so has been duly taken.

3. **Use.** The Premises may be used only for any lawful purpose, including but not limited to the uses set forth in the Skechers Lease.

4. **Base Rent.** Tenant shall pay Base Rent in the amount set forth above. The first month's Base Rent shall be due and payable on the date that rent commences under the Skechers Lease (the "Rent Commencement Date"). Tenant promises to pay to Landlord in advance, without demand, deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month following the Rent Commencement Date. Payments of Base Rent for any fractional calendar month shall be prorated. All payments required to be made by Tenant to Landlord hereunder shall be payable at such address as Landlord may specify from time to time by written notice delivered in accordance herewith. Base Rent shall be apportioned among the entities which comprise Landlord on a pro rata basis, according to the acreage of their respective parcels (or portions thereof) of land which comprise the Premises.

5. **Utilities.** Tenant shall pay for all water, gas, electricity, heat, light, power, telephone, sewer, sprinkler services, refuse and trash collection, and other utilities and services used on the Premises, all maintenance charges for utilities, and any storm sewer charges or other similar charges for utilities imposed by any governmental entity or utility provider, together with any taxes, penalties, surcharges or the like pertaining to Tenant's use of the Premises.

6. **Taxes.** Landlord shall pay all taxes, assessments and governmental charges (collectively referred to as "Taxes") that accrue against the Premises during the Lease Term, including any increased Taxes resulting from the sale or other disposition of the Premises by Landlord, or any other change of ownership which results in the reassessment of Taxes.

7. **Insurance.** From and after the Commencement Date, Tenant shall cause Skechers to obtain and maintain all insurance coverage set forth in the Skechers Lease. Landlord shall be named as an additional insured or loss payee, as applicable, on all such policies (other than those covering the personal property of Skechers) which shall provide that the policies will not be cancelled or materially modified without at least 30 days prior notice to Landlord. Landlord shall be provided with certificates of insurance upon commencement of the Lease Term and upon each renewal of the insurance policies.

8. **Landlord's Repairs.** Landlord has no responsibility for maintenance or repair of any part of

the Premises or the Building.

9. **Tenant's Repairs.** Tenant shall cause Skechers to maintain and repair the Premises and the Building in accordance with the Skechers Lease. Tenant shall be responsible to maintain and repair any part of the Premises or the Building which is not the responsibility of Skechers under the Skechers Lease.

10. **Alterations.** Tenant may make any alterations, additions, or improvements to the Premises, structural or nonstructural, which Tenant may desire including the construction of the Building, without Landlord's consent. Tenant may allow Skechers to make any alterations, additions or improvements to the Premises or the Building which Tenant deems advisable. Upon surrender of the Premises, all alterations, additions and improvements which are not required to be removed by Skechers under the Skechers Lease shall remain at the Premises as Landlord's Property.

11. **Signs.** Tenant may permit Skechers to erect or install any signs on the Premises or the Building that Tenant deems advisable.

12. **Damage and Destruction.** If at any time during the Lease Term the Skechers Lease is terminated due to damage or destruction, then Tenant may, upon notice to Landlord, immediately terminate this Lease.

13. **Condemnation.** If at any time during the Lease Term, the Skechers Lease is terminated as a result of condemnation, then Tenant may, upon notice to Landlord, immediately terminate this Lease.

14. **Assignment and Subletting.** Tenant may not assign this Lease without the prior written consent of Landlord. Tenant may sublease the Premises to Skechers pursuant to the Skechers Lease, provided that the provisions of the Skechers Lease shall be subordinate and subject to the provisions of this Lease. Tenant may approve of any assignment of the Skechers Lease or future subleasing of the Premises or any part thereof, by Skechers, without Landlord's consent. Notwithstanding the foregoing, Landlord hereby consents to the assignment of this Lease by Tenant to HF Logistics-SKX, LLC, a Delaware limited liability company (the "LLC"). Landlord agrees that it will abide by any provisions in the LLC Agreement of the LLC which require HF to cause or compel Landlord to take any actions (or refrain from taking any actions) under this Lease.

15. **Indemnification.** Except for the gross negligence or willful misconduct of Landlord, its agents, employees or contractors, and to the extent permitted by law, Tenant agrees to indemnify, defend and hold harmless Landlord, and Landlord's partners and their respective agents, employees and contractors, from and against any and all losses, liabilities, damages, costs and expenses (including attorneys' fees) resulting from claims by third parties for injuries to any person and damage to or theft or misappropriation or loss of property occurring in or about the Premises and arising from the use and occupancy of the Premises by Tenant or by Skechers, or from any activity, work, or thing done, permitted or suffered by Tenant or by Skechers in or about the Premises.

16. **Inspection and Access.** Landlord and its agents, representatives, and contractors may enter the Premises and/or the Building at any reasonable time to inspect the Premises and/or the Building and for any other business purpose. Landlord may grant easements, make public dedications, designate common areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially interferes with Tenant's (or Skechers') use or occupancy of the Premises. At Landlord's request, Tenant shall execute (and/or shall require Skechers to execute) such instruments as may be necessary for such easements, dedications or restrictions.

17. **Quiet Enjoyment.** If Tenant shall perform all of the covenants and agreements herein required to be performed by Tenant, Tenant shall, subject to the terms of this Lease, at all times during the Lease Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

18. **Surrender.** Upon termination of the Lease Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in the same or better condition as received, ordinary wear and tear and casualty loss and condemnation excepted. All of Tenant's trade fixtures and personal property shall be removed by Tenant, any such trade fixtures or personal property not removed shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Lease Term shall survive the termination of the Lease Term, including without limitation, indemnity obligations and obligations concerning the condition and repair of the Premises.

19. **Events of Default.** Each of the following events shall be an event of default ("Event of Default") by Tenant under this Lease:

(i) Tenant shall fail to pay any installment of Base Rent or any other payment required herein when due, and such failure shall continue for a period of 10 days from the date such payment was due.

(ii) Tenant shall (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "proceeding for relief"); (C) become the subject of any proceeding for relief which is not dismissed within 60 days of its filing or entry; or (D) be dissolved or otherwise fail to maintain its legal existence.

(iii) Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Paragraph, and except as otherwise expressly provided herein, such default shall continue for more than 30 days after Landlord shall have given Tenant written notice of such default, or if performance is not possible within such period, any failure of Tenant to commence performance within such period and to diligently prosecute such performance to completion.

20. **Landlord's Remedies.** Upon each occurrence of an Event of Default and so long as such Event of Default shall be continuing, Landlord may at any time thereafter at its election: terminate this Lease or Tenant's right of possession, (but Tenant shall remain liable as hereinafter provided) and/or pursue any other remedies at law or in equity. Upon the termination of this Lease or termination of Tenant's right of possession, it shall be lawful for Landlord, without formal demand or notice of any kind, to re-enter the Premises by summary dispossession proceedings or any other action or proceeding authorized by law and to remove Tenant and all persons and property therefrom. If Landlord re-enters the Premises, Landlord shall have the right to keep in place and use, or remove and store, all of the furniture, fixtures and equipment at the Premises.

Except as otherwise provided in the next paragraph, if Tenant breaches this Lease and abandons the Premises prior to the end of the term hereof, or if Tenant's right to possession is terminated by Landlord because of an Event of Default by Tenant under this Lease, this Lease shall terminate. Upon such

termination, Landlord may recover from Tenant the following, as provided in Section 1951.2 of the Civil Code of California: (i) the worth at the time of award of the unpaid Base Rent and other charges under this Lease that had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the reasonable value of the unpaid Base Rent and other charges under this Lease which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award by which the reasonable value of the unpaid Base Rent and other charges under this Lease for the balance of the term of this Lease after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom. As used herein, the following terms are defined: (a) the "worth at the time of award" of the amounts referred to in Sections (i) and (ii) is computed by allowing interest at the lesser of 18 percent per annum or the maximum lawful rate. The "worth at the time of award" of the amount referred to in Section (iii) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent; (b) the "time of award" as used in clauses (i), (ii), and (iii) above is the date on which judgment is entered by a court of competent jurisdiction; (c) The "reasonable value" of the amount referred to in clause (ii) above is computed by determining the mathematical product of (1) the "reasonable annual rental value" (as defined herein) and (2) the number of years, including fractional parts thereof, between the date of termination and the time of award. The "reasonable value" of the amount referred to in clause (iii) is computed by determining the mathematical product of (1) the annual Base Rent and other charges under this Lease and (2) the number of years including fractional parts thereof remaining in the balance of the term of this Lease after the time of award.

Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover rent as it becomes due. This remedy is intended to be the remedy described in California Civil Code Section 1951.4 and the following provision from such Civil Code Section is hereby repeated: "The Lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations)." Any such payments due Landlord shall be made upon demand therefor from time to time and Tenant agrees that Landlord may file suit to recover any sums falling due from time to time. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect in writing to terminate this Lease for such previous breach.

Exercise by Landlord of any one or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, whether by agreement or by operation of law, it being understood that such surrender and/or termination can be effected only by the written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same. Tenant and Landlord further agree that forbearance or waiver by Landlord to enforce its rights pursuant to this Lease or at law or in equity, shall not be a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter as provided for in any statute, or to institute legal proceedings to that end,

and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. The terms "enter," "re-enter," "entry" or "re-entry," as used in this Lease, are not restricted to their technical legal meanings. Any reletting of the Premises shall be on such terms and conditions as Landlord in its sole discretion may determine (including without limitation a term different than the remaining Lease Term, rental concessions, alterations and repair of the Premises, lease of less than the entire Premises to any tenant and leasing any or all other portions of the Project before reletting the Premises). Landlord shall not be liable, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting.

21. Tenant's Remedies/Limitation of Liability. Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary so long as Landlord commences performing within said period and diligently prosecutes such performance to completion). All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder. All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "Landlord" in this Lease shall mean only the owner, for the time being of the Premises, and in the event of the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, it being understood that Landlord shall not be released from any obligations accruing prior to such transfer unless such obligations have been assumed in writing by Landlord's successor, but such obligations shall be binding during the Lease Term upon each new owner for the duration of such owner's ownership. Any liability of Landlord under this Lease shall be limited solely to its interest in the Premises, and in no event shall any personal liability be asserted against Landlord or any of Landlord's partners in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord or any of Landlord's partners.

22. Subordination. This Lease and Tenant's interest and rights hereunder are and shall be subject and subordinate at all times to the lien of any mortgage, now existing or hereafter created on or against the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant. Tenant agrees, at the election of the holder of any such mortgage, to attorn to any such holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination and such instruments of attornment as shall be requested by any such holder and to cause Skechers to do the same. Tenant hereby appoints Landlord attorney in fact for Tenant irrevocably (such power of attorney being coupled with an interest) to execute, acknowledge and deliver any such instrument and instruments for and in the name of the Tenant and to cause any such instrument to be recorded. Notwithstanding the foregoing, any such holder may at any time subordinate its mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of execution, delivery or recording and in that event such holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such mortgage and had been assigned to such holder. The term "mortgage" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "holder" of a mortgage shall be deemed to include the beneficiary under a deed of trust.

Notwithstanding the foregoing paragraph, Tenant shall not be obligated to subordinate the Lease or its interest therein to any mortgage, deed of trust or ground lease on the Premises unless concurrently with such subordination the holder of such mortgage or deed of trust or the ground lessor under such ground lease

agrees not to disturb Tenant's possession of the Premises under the terms of the Lease in the event such holder or ground lessor acquires title to the Premises through foreclosure, deed in lieu of foreclosure or otherwise.

23. **Mechanic's Liens.** Tenant has no express or implied authority to create or place any lien or encumbrance of any kind upon, or in any manner to bind the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises and that it will save and hold Landlord harmless from all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the interest of Landlord in the Premises or under this Lease. Tenant shall give Landlord immediate written notice of the placing of any lien or encumbrance against the Premises and cause such lien or encumbrance to be discharged within 30 days of the filing or recording thereof; provided, however, Tenant may contest such liens or encumbrances as long as such contest prevents foreclosure of the lien or encumbrance and Tenant causes such lien or encumbrance to be bonded or insured over in a manner satisfactory to Landlord within such 30 day period.

24. **Environmental Requirements.** Tenant shall enforce all provisions of the Skechers Lease which involve environmental requirements and shall indemnify, defend and hold Landlord harmless from and against any and all losses which result from the violation by Skechers of such environmental requirements.

25. **Force Majeure.** Except for monetary obligations, neither Landlord nor Tenant shall be held responsible for delays in the performance of its obligations hereunder when caused by strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, delay in issuance of permits, enemy or hostile governmental action, acts of terrorism, civil commotion, fire or other casualty, and other causes beyond the reasonable control of Landlord or Tenant ("Force Majeure").

26. **Entire Agreement.** This Lease (including the applicable provisions of the Skechers Lease) constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof. No representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained herein, and any prior agreements, promises, negotiations, or representations are superseded by this Lease. This Lease may not be amended except by an instrument in writing signed by both parties hereto.

27. **Severability.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

28. **Miscellaneous.**

(a) Any payments or charges due from Tenant to Landlord hereunder shall be considered rent for all purposes of this Lease.

(b) All notices required or permitted to be given under this Lease shall be in writing and shall be sent by registered or certified mail, return receipt requested, or by a reputable national overnight courier service, postage prepaid, or by hand delivery addressed to the parties at their addresses below. Either

party may by notice given aforesaid change its address for all subsequent notices. Except where otherwise expressly provided to the contrary, notice shall be deemed given upon delivery.

(c) Except as otherwise expressly provided in this Lease or as otherwise required by law, Landlord's right to withhold any consent or approval shall not be unreasonably withheld or delayed.

(d) Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease.

(e) The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto.

(f) Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(g) Construction and interpretation of this Lease shall be governed by the laws of the State of California, excluding any principles of conflicts of laws.

(h) Time is of the essence as to the performance of Tenant's obligations under this Lease.

(i) All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. In the event of any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

29. **Subdivision.** Landlord shall promptly and diligently proceed with the subdivision of the Premises (which may be by means of a subdivision map, a parcel map, or lot line adjustment or any combination thereof) so that the land underlying the Premises is established as a separate legal parcel. When such subdivision has been completed, this Lease shall terminate and concurrently with such termination, the Premises shall be conveyed by Landlord to Tenant (directly or through HF, as HF shall direct) without further consideration.

30. **Non-Disturbance.** Landlord acknowledges that the Premises have been leased by the LLC to Skechers pursuant to the Skechers Lease. Landlord approves of the Skechers Lease as a sublease, subordinate to the Landlord's rights under this Lease. However, Landlord agrees that as long as Skechers is not in default under the Skechers Lease, if Landlord declares a default and enforces any termination right as against the Tenant's rights hereunder, Landlord shall not disturb the rights or interests of Skechers under the Skechers Lease, Skechers shall attorn to Landlord hereunder and the Skechers Lease shall become a direct lease as between Landlord, as landlord, and Skechers, as Tenant.

31. **Representations and Warranties.** Landlord represents and warrants:

(a) Neither Landlord or Tenant is in default under the Lease and that no event or circumstances exist which, upon the giving of notice and/or the passing of time, would constitute a default under the Lease.

(b) Other than the Skechers Lease, there are no other leases or other agreements which affect the possession or occupancy of the Premises.

(c) The Premises are not subject to any monetary liens or encumbrances (other than the lien of current real property taxes), or any nonmonetary liens which would have a material adverse affect or the ability of Tenant (or Skechers under the Skechers Lease) to use and occupy the Premises pursuant to this Lease (or the Skechers Lease) or to conduct their businesses thereon for the intended purposes set forth therein. If this representation is inaccurate regarding monetary liens or encumbrances, Landlord shall have until the time that it is obligated to convey fee title to the Tenant pursuant to Paragraph 29 to cure such default.

(signature page follows)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Effective Date.

LANDLORD:

**HIGHLAND FAIRVIEW PARTNERS I
(formerly known as Westcoast Properties
Partners, a California general partnership)**

By _____
Iddo Benzeevi, Chief Executive Officer

**HIGHLAND FAIRVIEW PARTNERS IV,
(formerly known as Sinclair Property Partners,
a Delaware general partnership)**

By _____
Iddo Benzeevi, Chief Executive Officer

**HIGHLAND FAIRVIEW PARTNERS III
(formerly known as HF Educational Partners, a
Delaware general partnership)**

By _____
Iddo Benzeevi, Chief Executive Officer

**HIGHLAND FAIRVIEW PARTNERS II
(formerly known as Sand Properties Partners, a
California general partnership)**

By _____
Iddo Benzeevi, Chief Executive Officer

Address:

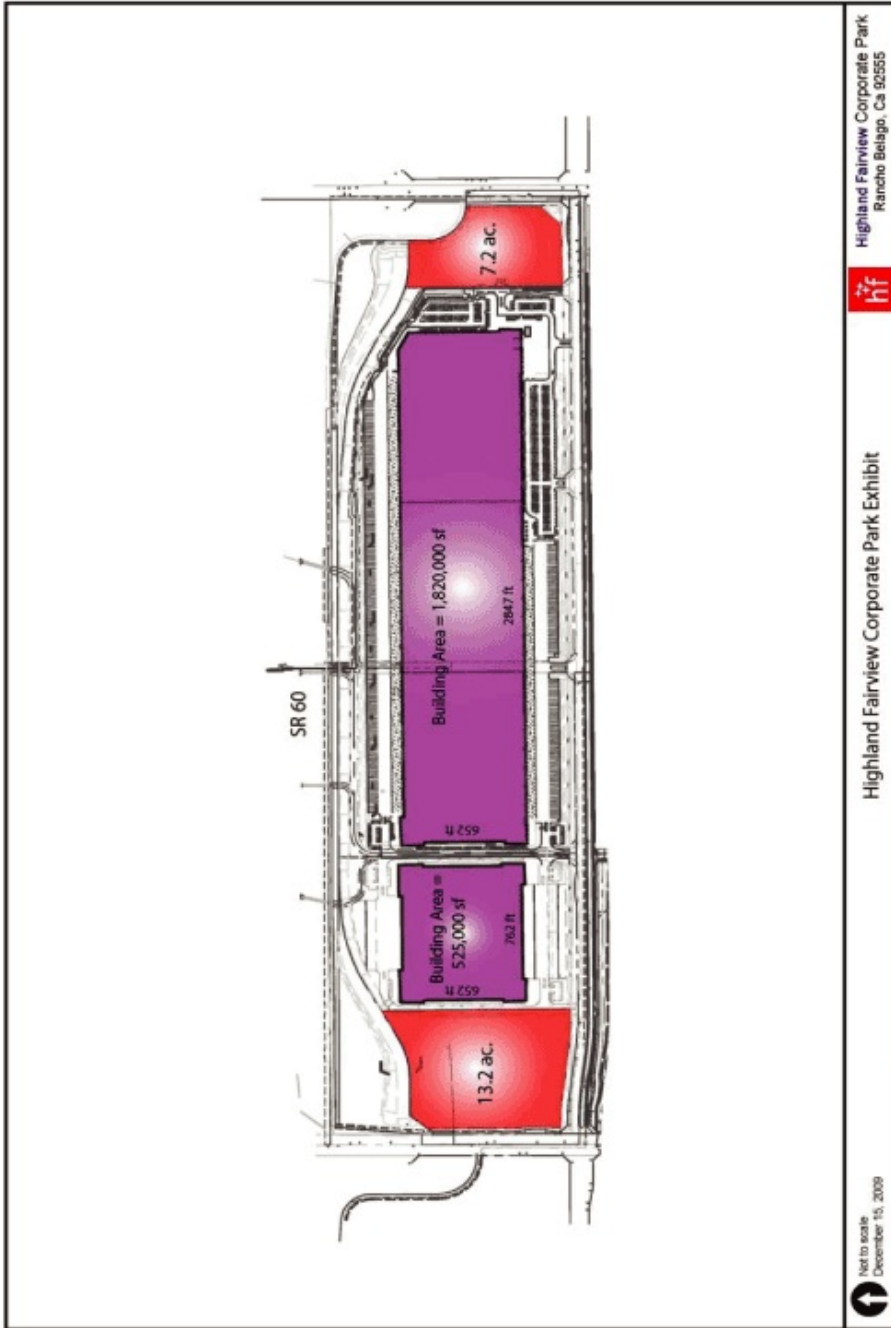
14225 Corporate Way
Moreno Valley, California 92553

TENANT:

**HF LOGISTICS I, LLC, a Delaware limited
liability company**

By _____
Iddo Benzeevi, Chief Executive Officer

EXHIBIT "A"
(REVISED)
SITE PLAN



CERTIFICATION

I, Robert Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2010 of Skechers U.S.A., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2010

/S/ ROBERT GREENBERG

Robert Greenberg
Chief Executive Officer

CERTIFICATION

I, David Weinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2010 of Skechers U.S.A., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2010

/S/ DAVID WEINBERG

David Weinberg
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Skechers U.S.A, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT GREENBERG

Robert Greenberg
Chief Executive Officer
(Principal Executive Officer)
May 10, 2010

/s/ DAVID WEINBERG

David Weinberg
Chief Financial Officer
(Principal Financial and Accounting Officer)
May 10, 2010

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO THE COMPANY AND WILL BE RETAINED BY THE COMPANY AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.