SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 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	95-4376145
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

228 MANHATTAN BEACH BLVD. MANHATTAN BEACH, CALIFORNIA	90266
(Address of Principal Executive Offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (310) 318-3100
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Class A Common Stock $0.001 par value	New York Stock Exchange

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 [X]

THE NUMBER OF SHARES OF CLASS A COMMON STOCK OUTSTANDING AS OF AUGUST 11, 1999:
7,000,000

THE NUMBER OF SHARES OF CLASS B COMMON STOCK OUTSTANDING AS OF AUGUST 11, 1999:
27,814,155

SKECHERS U.S.A., INC.

1999 FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

<TABLE>

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - SKECHERS U.S.A., INC.	PAGE #
<S>	<C>
Condensed Consolidated Balance Sheets -- December 31, 1998 and June 30, 1999	1
Condensed Consolidated Statements of Earnings -- Three-month periods ended June 30, 1998 and 1999	2

Condensed Consolidated Statements of Earnings -- Six-months periods ended June 30, 1998 and 1999 3
Condensed Consolidated Statement of Stockholders' Equity -- Six month period ended June 30, 1999 4
Condensed Consolidated Statement of Cash Flows -- Six-months periods ended June 30, 1998 and 1999 5
Selected Notes to Condensed Consolidated Financial Statements 6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 10

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

19

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS 19
ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS 19
ITEM 3. DEFAULTS UPON SENIOR SECURITIES 19
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS 19
ITEM 5. OTHER INFORMATION 19
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K 19
SIGNATURES 20
</TABLE>

SKECHERS U.S.A., INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

ASSETS

<TABLE>
<CAPTION>

	December 31 1998	June 30 1999 (Unaudited)
<S>	<C>	<C>
Current assets:		
Cash	$ 10,942	221
Trade accounts receivable, less allowances for bad debts and returns of $3,413 in 1998 and $2,843 in 1999	46,771	74,668
Due from officers and employees	116	503
Other receivables	2,329	2,033
Total receivables	49,216	77,204
Inventories	65,390	58,733
Deferred tax assets	--	2,195
Prepaid expenses and other current assets	2,616	2,392
Total current assets	128,164	140,745
Property and equipment, at cost, less accumulated depreciation and amortization	15,196	16,895
Intangible assets, at cost, less applicable amortization	1,003	716
Other assets, at cost	1,921	1,889
	$146,284	160,245

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31 1998	June 30 1999 (Unaudited)
Current liabilities:		
Short-term borrowings	$ 54,323	14,800
Current installments of long-term borrowings	816	622
Current installments of notes payable to stockholder	2,244	--

Accounts payable	38,145	56,010
Accrued expenses	8,897	8,292
Distributions payable	633	2,699
	--------	--------
Total current liabilities	105,058	82,423
	--------	--------
Long-term borrowings, excluding current installments	3,550	3,418
Notes payable to stockholder, excluding current installments	10,000	--
Commitments and contingencies Stockholders' equity:		
Preferred Stock, $.001 par value; 10,000 shares authorized; none issued and outstanding	--	--
Class A Common Stock, $.001 par value; 100,000 shares authorized; 7,000 issued and outstanding at June 30, 1999	--	28
Class B Common Stock, $.001 par value; 60,000 shares authorized; 27,814 issued and outstanding	2	7
Additional paid-in capital	--	69,687
Retained earnings	27,674	4,682
	--------	--------
Total stockholders' equity	27,676	74,404
	--------	--------
	$146,284	$160,245
	========	========

</TABLE>

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Three-month periods ended June 30, 1998 and 1999
(unaudited)

(In thousands, except per share data)

<TABLE>
<CAPTION>

	1998	1999
	--------	--------
<S>	<C>	<C>
Net sales	$ 87,684	104,582
Cost of sales	51,687	61,850
	--------	--------
Gross profit	35,997	42,732
Royalty income, net	87	158
	--------	--------
	36,084	42,890
	--------	--------
Operating expenses:		
Selling	9,307	11,587
General and administrative	15,943	18,795
	--------	--------
	25,250	30,382
	--------	--------
Earnings from operations	10,834	12,508
	--------	--------
Other income (expense):		
Interest	(2,856)	(2,115)
Other, net	(46)	21
	--------	--------
	(2,902)	(2,094)
	--------	--------
Earnings before income taxes	7,932	10,414

Income taxes	151	1,121
Net earnings	$ 7,781	9,293
Pro forma operations data:		
Earnings before income taxes	$ 7,932	10,414
Income taxes	3,173	4,166
Net earnings	$ 4,759	6,248
Net earnings per share:		
Basic	$ 0.17	0.21
Diluted	$ 0.16	0.20
Weighted average shares:		
Basic	27,814	29,506
Diluted	30,692	31,462

</TABLE>

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Six-month periods ended June 30, 1998 and 1999
(unaudited)

(In thousands, except per share data)

<TABLE>
<CAPTION>

<S>	1998 <C>	1999 <C>
Net sales	$ 147,557	200,318
Cost of sales	89,077	120,888
Gross profit	58,480	79,430
Royalty income, net	219	207
	58,699	79,637
Operating expenses:		
Selling	16,323	27,158
General and administrative	29,037	35,192
	45,360	62,350
Earnings from operations	13,339	17,287
Other income (expense):		
Interest	(4,340)	(3,869)
Other, net	17	504
	(4,323)	(3,365)
Earnings before income taxes	9,016	13,922
Income taxes	184	1,200

Net earnings	$ 8,832	12,722
Pro forma operations data:		
Earnings before income taxes	$ 9,016	13,922
Income taxes	3,606	5,569
Net earnings	$ 5,410	8,353
Net earnings per share:		
Basic	$ 0.19	0.29
Diluted	$ 0.18	0.27
Weighted average shares:		
Basic	27,814	28,665
Diluted	30,606	30,777

</TABLE>

See accompanying notes to unaudited condensed consolidated financial statements.

SKECHERS U.S.A., INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Six-month period ended June 30, 1999

(Unaudited)

(In thousands)

<TABLE>
<CAPTION>

	Common Stock		Additional Paid in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 1998	27,814	$ 2	$ --	$ 27,674	$ 27,676
Net earnings	--	--	--	12,722	12,722
Proceeds from initial public offering	7,000	33	69,687	--	69,720
Distributions:					
Cash	--	--	--	(35,364)	(35,364)
Cross Colours trademark	--	--	--	(350)	(350)
Balance at June 30, 1999	34,814	$ 35	$ 69,687	$ 4,682	$ 74,404

</TABLE>

SKECHERS U.S.A., INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Six-month periods ended June 30, 1998 and 1999
(unaudited)

(In thousands, except per share data)

<TABLE>
<CAPTION>

<S>	1998 <C>	1999 <C>
Cash flows from operating activities:		
Net earnings	$ 8,832	12,722
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization of property and equipment	1,240	2,031
Amortization of intangible assets	73	55
Provision for bad debts and returns	440	(570)
Gain on distribution of intangibles	--	(118)
Increase in assets:		
Receivables	(23,558)	(27,418)
Inventories	(15,212)	6,657
Deferred tax assets	--	(2,195)
Prepaid expenses and other current assets	(1,043)	224
Other assets	(173)	32
Increase (decrease) in liabilities:		
Accounts payable	16,231	17,865
Accrued expenses	377	(591)
Net cash provided by (used in) operating activities	(12,793)	8,694
Cash flows used in investing activities:		
Capital expenditures	(3,523)	(3,730)
Intangible assets	(67)	--
Net cash used in investing activities	(3,590)	(3,730)
Cash flows from financing activities:		
Net proceeds from initial public offering of common stock	--	69,720
Net proceeds (payments) related to short-term borrowings	17,676	(39,717)
Payments related to long-term debt	(150)	(132)
Payments on notes payable to stockholder	--	(12,244)
Distributions paid to stockholders	(2,712)	(33,312)
Recovery of distributions from stockholders	453	--
Net cash provided by (used in) financing activities	15,267	(15,685)
Net decrease in cash	(1,116)	(10,721)
Cash at beginning of period	1,462	10,942
Cash at end of period	$ 346	221
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 4,197	3,951
Income taxes	184	79

During the six-month period ended June 30, 1999, the Company declared cash distributions of $35,364 of which $33,312 were paid during the six months ended June 30, 1999. The Company also declared a non-cash distribution of intangibles of $350 during the six-month period ended June 30, 1999.

In January 1998, the Company declared distributions to stockholders amounting to $608.
</TABLE>

See accompanying notes to unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1999
(UNAUDITED)

(1) GENERAL

The unaudited operating results have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation for the periods. The accompanying interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Registration Statement on Form S-1 (File No. 333-60065). The results of operations for interim periods are not necessarily indicative of results to be achieved for full fiscal years.

(2) PRO FORMA INFORMATION

Income Taxes

Effective June 7, 1999, the Company terminated its S Corporation election, becoming a C Corporation subject to Federal and state income taxes. The tax provisions include historical income taxes and pro forma income tax adjustments which represent taxes which would have been reported had the Company been subject to Federal and state income taxes as a C Corporation. The Company's conversion to a C Corporation on June 7, 1999 resulted in a one-time noncash credit to earnings equal to the amount of establishing the deferred tax asset on June 7, 1999 of $1.8 million. This amount is reflected as deferred taxes and reduces the provision for historical income taxes in the accompanying condensed consolidated statement of earnings.

The pro forma unaudited income tax adjustments presented represent taxes which would have been reported had the Company been subject to Federal and state income taxes as a C Corporation, assuming a 40.0% rate. The historical and pro forma provisions for income tax expense were as follows (in thousands):

<TABLE>
<CAPTION>

	Three-Months Ended June 30		Six-Months Ended June 30	
	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>
Historical income taxes	$ 151	1,121	184	1,200
Pro forma adjustments:				
Federal	2,418	2,436	2,738	3,495
State	604	609	684	874
Total pro forma adjustments	3,022	3,045	3,422	4,369
Total pro forma income taxes	$3,173	4,166	3,606	5,569

</TABLE>

Pro forma income taxes differs from the statutory tax rate as applied to earnings before income taxes as follows:

<TABLE>
<CAPTION>

	Three-Months Ended June 30		Six-Months Ended June 30	
	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>
Expected income tax expense	$2,776	3,645	3,156	4,873
State income tax, net of Federal benefit	397	521	450	696
Total provision for pro forma income taxes	$3,173	4,166	3,606	5,569

</TABLE>

Earnings Per Share

The Company reports pro-forma earnings per share under Statement of Financial Accounting Standards No. 128 ("SFAS No. 128"), "Earnings Per Share". Under SFAS No. 128, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted into common stock. The weighted average diluted shares outstanding gives effect to the sale by the Company of those shares of common stock necessary to fund the payment of the excess of (i) the sum of stockholder distributions paid or declared from January 1, 1998 to June 7, 1999, the S Corporation termination date, in excess of (ii) the S Corporation earnings from January 1, 1998 to December 31, 1998 for 1998 and January 1, 1998 to June 7, 1999 for 1999 based on an initial public offering price of $11 per share, net of underwriting discounts.

The reconciliation of basic to diluted weighted average shares is as follows (in thousands):

<TABLE>
<CAPTION>

	Three-Months Ended June 30		Six-Months Ended June 30	
	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>
Weighted average shares used in basic computation	27,814	29,506	27,814	28,665
Shares to fund stockholders distributions described above	1,839	920	1,839	1,074
Dilutive stock options	1,039	1,036	953	1,038
Weighted average shares used in diluted computation	30,692	31,462	30,606	30,777

</TABLE>

The Company granted options to purchase 1,209,636 shares of Class A common stock on June 9, 1999 at $11 per share. These options were excluded from the computation of diluted weighted average shares as they were anti-dilutive.

(3) COMPREHENSIVE INCOME

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards to measure all changes in equity that result from transactions and other economic events other than transactions with owners. Comprehensive income is the total of net earnings and all other nonowner changes in equity. Except for net earnings, the Company does not have any transactions and other economic events that qualify as comprehensive income as defined under SFAS No. 130. Accordingly, the adoption of SFAS No. 130 did not affect the Company's financial reporting.

(4) COMPUTER SOFTWARE COSTS

The Company adopted Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" effective January 1, 1999. The adoption of SOP 98-1 did not have a significant impact on the Company's financial position or results of operations.

(5) START-UP COSTS

The Company adopted SOP 98-5, "Reporting on the Costs of Start-up Activities" effective January 1, 1999. The adoption of SOP 98-5 did not have a significant impact on the Company's financial position or results of operations.

(6) BANK BORROWINGS

The Company has available a secured line of credit, as amended in December 1998, permitting borrowings up to $120.0 million based upon eligible accounts receivable and inventories. The borrowings bear interest at the rate of prime (8% at June 30, 1999) plus 0.25% or at LIBOR (5.37% at June 30, 1999) plus 2.75% and the line of credit expires on December 31, 2002. The agreement provides for the issuance of letters of credit up to a maximum of $18.0 million, which decreases the amount available for borrowings under the agreement. The outstanding letters of credit at June 30, 1999 are $3.8 million. The Company paid a 1.0% per annum fee on the maximum letter of credit amount plus 0.50% of the difference between the revolving loan commitment less the maximum letter of credit amount. At June 30, 1999, the Company had available credit aggregating approximately $66.9 million. The agreement contains certain restrictive covenants, including tangible net worth and net working capital, as defined, with which the Company was in compliance at June 30, 1999.

At June 30, 1999, the Company had $2.5 million outstanding under a secured note payable with a financial institution, bearing interest at the rate of prime plus 1.0%, payable in monthly installments of $25,000 and due November 30, 2002.

(7) NOTES PAYABLE TO STOCKHOLDER

Stockholder loans aggregating $11.8 million were repaid with proceeds from the Company's initial public offering during June 1999. The Company recorded interest expense of approximately $474,000 and $433,000 related to these notes during the six-month periods ended June 30, 1998 and 1999, respectively.

(8) STOCKHOLDERS' EQUITY

Effective as of May 28, 1999, the Company was reincorporated in Delaware, whereby the existing California corporation was merged into a newly formed Delaware corporation and pursuant to which each outstanding share of common stock of the existing California corporation was exchanged for a share of $.001 par value Class B common stock of the new Delaware corporation. In addition, pursuant to the reincorporation merger, an approximate 13,907 for 1 common stock split was authorized. The amendment and stock split has been reflected retroactively in the accompanying condensed consolidated financial statements.

The authorized capital stock of the Delaware corporation consists of 100,000,000 shares of Class A common stock, par value $.001 per share, and 60,000,000 shares of Class B common stock, par value $.001 per share. The Company has also authorized 10,000,000 shares of preferred stock, $.001 par value per share.

The Class A common stock and Class B common stock have identical rights other than with respect to voting, conversion and transfer. The Class A common stock is entitled to one vote per share, while the Class B common stock is entitled to ten votes per share on all matters submitted to a vote of stockholders. The shares of Class B common stock are convertible at any time at the option of the holder into shares of Class A common stock on a share-for-share basis. In addition, shares of Class B common stock will be automatically converted into a like number of shares of Class A common stock upon any transfer to any person or entity which is not a permitted transferee.

On June 9, 1999, the Company issued 7.0 million shares of Class A common stock in an initial public offering and received net proceeds of $69.7 million. The application of net proceeds were applied to (i) repayment of stockholder loans of $11.8 million, (ii) dividend distributions of $31.8 million, and (iii) partial repayment of the Company's revolving line of credit of $26.1 million. On June 9, 1999, the Company also granted 1,209,636 options to acquire Class A common stock at an exercise price of $11 per share which vest ratably in 20% increments commencing one year from the grant date.

(9) LITIGATION

The Company is involved in litigation arising from the ordinary course of business. Management does not believe that the disposition of these matters will have a material adverse effect on the Company's financial position or results of operations.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's Condensed Consolidated Financial Statements and Notes thereto appearing elsewhere herein. This section contains certain forward-looking statements that involve risks and uncertainties including, but not limited to, information with regard to anticipated marketing expenditures, the successful implementation of the Company's strategies, future growth and growth rates, and future increases in net sales, expenses, capital expenditures and net earnings. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "may," "will," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties, and the Company's actual results may differ materially from the results discussed in the forward-looking statements as a result of certain factors including, an increase in marketing expenditures, changes to estimates of capital expenditures for 1999, decrease in licensee sales, inability to generate working capital, and increased costs and time for year 2000 expenditures.

OVERVIEW

The Company designs and markets branded contemporary casual, active, rugged and lifestyle footwear for men, women and children. The Company sells its products to department stores such as Nordstrom, Macy's, Dillards, Robinson's-May and JC Penney, and specialty retailers such as Famous Footwear, Genesco's Journeys and Jarman chains, The Venator Group's Foot Locker and Lady Foot Locker chains, and Footaction U.S.A. The Company's marketing focus is to maintain and enhance recognition of the Skechers brand name as a casual, active, youthful, lifestyle brand that stands for quality, comfort and design innovation. The Company typically endeavors to spend between 8.0% and 10.0% of annual net sales in the marketing of Skechers footwear through an integrated effort of advertising, promotions, public relations, trade shows and other marketing efforts.

On June 9, 1999, the Company issued 7.0 million shares of Class A common stock

in an initial public offering (the "Offering") and received net proceeds of approximately $69.7 million (after deducting underwriting discounts and commissions and Offering expenses). The application of net proceeds were applied to (i) repayment of a $10 million subordinated note and a $1.8 million unsubordinated note, each to the Greenberg Family Trust, (ii) dividend distributions of $31.8 million, and (iii) partial repayment of the Company's revolving line of credit of $26.1 million.

In May 1992, the Company elected to be treated for Federal and state income tax purposes as an S Corporation under Subchapter S of the Internal Revenue Code of 1986, as amended, and comparable state laws. As a result, for the period from inception through June 7, 1999, earnings of the Company were included in the taxable income of the Company's stockholders for Federal and state income tax purposes, and the Company was not subject to income tax on such earnings, other than franchise and net worth taxes. The Company terminated its S Corporation status on June 7, 1999 in connection with the Offering. Accordingly, the Company is treated for Federal and state income tax purposes as a corporation under Subchapter C of the Code and, as a result, is subject to state and Federal income taxes. By reason of the Company's treatment as an S Corporation for Federal and state income tax purposes, the Company, for the period from inception through June 7, 1999 provided to its stockholders funds for the payment of income taxes on the earnings of the Company. In April 1999, the Company declared and paid a distribution consisting of the first installment of Federal income taxes payable on S Corporation earnings for 1998 in the amount of $3.5 million. Also, the Company used a portion of its proceeds of the Offering to make a distribution consisting of the final installment of Federal income taxes payable on S Corporation earnings for 1998 (the "Final 1998 Distribution"). The amount of the Final 1998 Distribution was $7.6 million. Upon the termination of the Company's S Corporation status, the Company declared (i) a distribution consisting of income taxes payable on S Corporation earnings from January 1, 1999 through June 7, 1999 (the "Final Tax Distribution"), and (ii) a distribution in an amount designed to constitute the Company's remaining and undistributed accumulated S Corporation earnings through June 7, 1999 (the "Final S Corporation Distribution"). The amount of the Final Tax Distribution was $2.8 million and the amount of the Final S

Corporation Distribution was $21.4 million and such amounts were funded with a portion of the net proceeds of the Offering. Purchasers of shares of Class A Common Stock in the Offering did not receive any portion of the Final 1998 Distribution, the Final Tax Distribution or the Final S Corporation Distribution. After the date of such termination, the Company was no longer treated as an S Corporation and, accordingly, it became subject to Federal and state income taxes. All pro forma income taxes reflect adjustments for Federal and state income taxes as if the Company had been taxed as a C Corporation rather than an S Corporation.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated, selected information from the Company's results of operations as a percentage of net sales. Pro forma reflects adjustments for Federal and state income taxes as if the Company had been taxed as a C Corporation at an assumed 40% rate rather than an S Corporation.

<TABLE>
<CAPTION>

<S>	Three Months Ended June 30, 1998 <C>	Three Months Ended June 30, 1999 <C>	Six Months Ended June 30, 1998 <C>	Six Months Ended June 30, 1999 <C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	58.9	59.1	60.4	60.3
Gross profit	41.1	40.9	39.6	39.7
Royalty income, net	0.1	0.1	0.2	0.1
	41.2	41.0	39.8	39.8

Operating expenses:				
Selling	10.6	11.1	11.0	13.6
General and administrative	18.2	18.0	19.7	17.6
	28.8	29.1	30.8	31.2
Earnings from operations	12.4	12.0	9.0	8.6
Interest expense, net	(3.3)	(2.0)	(2.9)	(1.9)
Other, net	(0.1)	0.0	(0.0)	0.2
Earnings before pro forma Income taxes	9.0	10.0	6.1	6.9
Pro forma income taxes	3.6	4.0	2.4	2.8
Pro forma net earnings	5.4%	6.0%	3.7%	4.2%

</TABLE>

THREE MONTHS ENDED JUNE 30, 1999 COMPARED TO THREE MONTHS ENDED JUNE 30, 1998

Net Sales

Net sales increased $16.9 million, or 19.3%, to $104.6 million for the three months ended June 30, 1999 as compared to $87.7 million for the three months ended June 30, 1998. This increase was due to increased sales of branded footwear primarily as a result of (i) greater brand awareness driven in part by a significant expansion of the Company's national marketing efforts, (ii) a broader breadth of men's, women's and children's product offerings, (iii) the development of the Company's domestic sales force and international distributor network, (iv) the increased volume of the Company's existing account base with multiple stores and increased sales to such accounts, resulting in higher sales per account, (v) operations of 38 Company stores during the second quarter of 1999 versus the operations of 24 Company stores during the second quarter of 1998, and (vi) the launch of the Company's direct mail business in August 1998. Gross wholesale sales of men's footwear, including international, increased $2.2 million, or 6.9%, to $34.3 million for the

three months ended June 30, 1999, as compared to $32.1 million for the three months ended June 30, 1998. Gross wholesale sales of women's footwear, including international, increased $8.4 million, or 21.0%, to $48.3 million for the three months ended June 30, 1999 as compared to $39.9 million for the three months ended June 30 1998. Gross wholesale sales of children's footwear, including international, decreased $1.0 million, or 7.3%, to $13.2 million for the three months ended June 30, 1999 as compared to $14.2 million for the three months ended June 30, 1998. The decrease was due to the timing of shipments between the first and second quarter as first quarter sales were up 120.8 % over the comparable period in 1998. Provisions for returns and allowances were $3.0 million for the three months ended June 30, 1999 as compared to $3.5 million for the three months ended June 30, 1998. Net sales through the Company's retail stores increased $3.9 million, or 66.8%, to $9.8 million for the three months ended June 30, 1999 as compared to $5.8 million for the three months ended June 30, 1998. This increase is primarily due to new store openings. Net sales generated from international operations increased $3.3 million, or 51.5%, to $9.6 million for the three months ended June 30, 1999, as compared to $6.3 million for the three months ended June 30, 1998.

Gross Profit

The Company's gross profit increased $6.7 million, or 18.7%, to $42.7 million for the three months ended June 30, 1999, compared to $36.0 million for the three months ended June 30, 1998. The increase was attributable to higher sales. Gross profit as a percentage of net sales ("Gross Margin") decreased to 40.9% for the three months ended June 30, 1999 from 41.1% for the same period in 1998. The decrease in Gross Margin was primarily due to higher ocean freight costs resulting from rate increases by third party shipping companies on imported

products. The effect of the rate increases were partially offset by improved retail sell-through at the Company's retail customer accounts, which typically results in fewer markdowns, and the increase in the Company's retail sales, including direct mail, since such retail Gross Margins are higher than wholesale Gross Margins.

Royalty Income, Net

Royalty income, net of related expenses, increased $71,000, or 81.6%, to $158,000 for the three months ended June 30, 1999 compared to $87,000 for the three months ended June 30, 1998. The Company earns royalty income based upon a percentage of sales of its licensees. The increase was due to increased sales by licensees. Management expects that royalty income may increase in total dollars, but not necessarily as a percentage of net sales, as the Company's licensing efforts for Skechers products increase.

Selling Expenses

Selling expenses include sales salaries, commissions and incentives, advertising, promotions and trade shows. Selling expenses increased $2.3 million, or 24.5%, to $11.6 million (11.1% of net sales) for the three months ended June 30, 1999 from $9.3 million (10.6% of net sales) for the three months ended June 30, 1998. The increase in total dollars was primarily due to increased marketing (advertising and tradeshow) expenditures, sales compensation due to the increase in footwear sales, and the hiring of additional sales personnel. Advertising expenses as a percentage of net sales for the three months ended June 30, 1999 and 1998 was 9.0% and 8.6%, respectively. The Company endeavors to spend approximately 8.0% to 10.0% of annual net sales in the marketing of Skechers footwear through advertising, promotions, public relations, trade shows and other marketing efforts. Marketing expense as a percentage of net sales may vary from quarter to quarter. The increase as a percentage of sales was due primarily to the factors above.

General and Administrative Expenses

General and administrative expenses increased $2.9 million, or 17.9%, to $18.8 million (18.0% of net sales) for the three months ended June 30, 1999 from $15.9 million (18.2% of net sales) for the three months ended June 30, 1998. The increase in total dollars is primarily due to (i) the hiring of additional personnel, (ii) an increase in costs associated with the Company's distribution facilities to support the Company's growth, (iii) increased product design and development costs and (iv) the addition of 15 retail stores which

were not open in the second quarter of 1998. The decrease as a percentage of net sales was primarily due to the increase in the volume of footwear sold. Also included in general and administrative expenses for the three months ended June 30, 1998 is $1.0 million of compensation expense relating to the Company's 1996 Incentive Compensation Plan (the "1996 Incentive Compensation Plan") which expired December 31, 1998. The Company has not introduced an incentive compensation plan for 1999.

Interest Expense

Interest expense decreased $741,000, or 25.9%, to $2.1 million for the three months ended June 30, 1999 as compared to $2.9 million for the three months ended June 30, 1998 as a result of the application of net proceeds from the Offering which were partially used to reduce debt.

Other Income (Expense), Net

Other income, net during the three months ended June 30, 1999 related to miscellaneous income of $21,000. Other expense, net during the three months ended June 30, 1998 related to miscellaneous expense of $46,000.

Pro Forma Income Taxes

Pro forma income taxes have been provided at the assumed rate of 40.0% for Federal and state purposes.

SIX MONTHS ENDED JUNE 30, 1999 COMPARED TO SIX MONTHS ENDED JUNE 30, 1998

Net Sales

Net sales increased $52.8 million, or 35.8%, to $200.3 million for the six months ended June 30, 1999 as compared to $147.6 million for the six months ended June 30, 1998. This increase was due to increased sales of branded footwear primarily as a result of (i) greater brand awareness driven in part by a significant expansion of the Company's national marketing efforts, (ii) a broader breadth of men's, women's and children's product offerings, (iii) the development of the Company's domestic sales force and international distributor network, (iv) the increased volume of the Company's existing account base with multiple stores and increased sales to such accounts, resulting in higher sales per account, (v) the operation of 38 Company stores during the six months ended June 30, 1999 versus the operation of 23 Company stores during the six months ended June 30, 1998, and (vi) the launch of the Company's direct mail business in August 1998. Gross wholesale sales of men's footwear, including international, increased $10.0 million, or 17.1%, to $68.4 million for the six months ended June 30, 1999, as compared to $58.4 million for the six months ended June 30, 1998. The increase in sales of men's footwear was achieved despite a decline in men's "Kani" footwear sales of $668,000. No Kani sales were recorded for the six months ended June 30, 1999. The Company discontinued actively marketing "Kani" footwear in 1997. Sales of "Kani" footwear for the six months ended June 30, 1998 resulted from inventory close-outs, which were substantially completed during this fiscal period. Gross wholesale sales of women's footwear, including international, increased $25.1 million, or 39.5%, to $88.9 million for the six months ended June 30, 1999 as compared to $63.7 million for the six months ended June 30 1998. Gross wholesale sales of children's footwear, including international, increased $7.2 million, or 34.4%, to $28.3 million for the six months ended June 30, 1999 as compared to $21.1 million for the six months ended June 30, 1998. Provisions for returns and allowances were $6.9 million for the six months ended June 30, 1999 as compared to $5.6 million for the six months ended June 30, 1998. Net sales through the Company's retail stores increased $8.7 million, or 93.0%, to $18.0 million for the six months ended June 30, 1999 as compared to $9.3 million for the six months ended June 30, 1998. This increase is primarily due to new store openings. Net sales generated from international operations increased $5.4 million, or 37.6%, to $19.9 million for the six months ended June 30, 1999, as compared to $14.4 million for the six months ended June 30, 1998.

Gross Profit

The Company's gross profit increased $21.0 million, or 35.8%, to $79.4 million for the six months ended June 30, 1999, compared to $58.5 million for the six months ended June 30, 1998. The increase was attributable to higher sales. Gross Margin increased to 39.7% for the six months ended June 30, 1999 from 39.6% for the same period in 1998. The increase in Gross Margin was primarily due to (i) improved retail sell-through at the Company's retail customer accounts, which typically results in fewer markdowns, (ii) an increase in the proportions of total sales derived from the women's footwear line, which had a higher margin than the men's footwear line, and (iii) the increase in the Company's retail sales, including direct mail. The increase in Gross Margin was partially offset by higher ocean freight costs resulting from rate increases by third party shipping companies on imported product beginning in the second quarter of 1999.

Royalty Income, Net

Royalty income, net of related expenses, decreased $12,000, or 5.5%, to $207,000 for the six months ended June 30, 1999 compared to $219,000 for the six months ended June 30, 1998. The Company earns royalty income based upon a percentage of sales of its licensees and sublicensees. The decrease was due to the termination of the Company's license relating to "Kani" apparel.

Selling Expenses

Selling expenses increased $10.8 million, or 66.4%, to $27.2 million (13.6% of net sales) for the six months ended June 30, 1999 from $16.3 million (11.1% of net sales) for the six months ended June 30, 1998. The increase in total dollars was primarily due to increased marketing (advertising and tradeshow)

expenditures, sales compensation due to the increase in footwear sales, and the hiring of additional sales personnel. Marketing expenses as a percentage of net sales for the six months ended June 30, 1999 and 1998 was 11.1% and 8.8%, respectively.

General and Administrative Expenses

General and administrative expenses increased $6.2 million, or 21.2%, to $35.2 million (17.6% of net sales) for the six months ended June 30, 1999 from $29.0 million (19.7% of net sales) for the six months ended June 30, 1998. The increase in total dollars is primarily due to (i) the hiring of additional personnel, (ii) an increase in costs associated with the Company's distribution facilities to support the Company's growth, (iii) increased product design and development costs and (iv) the addition of 15 retail stores which were not open in the six months ended June 30, 1998. The decrease as a percentage of net sales was primarily due to the increase in the volume of footwear sold. Also included in general and administrative expenses for the six months ended June 30, 1998 is $1.7 million of compensation expense relating to the Company's 1996 Incentive Compensation Plan which expired December 31, 1998.

Interest Expense

Interest expense decreased $471,000, or 10.9%, to $3.9 million for the six months ended June 30, 1999 as compared to $4.3 million for the six months ended June 30, 1998 as a result of the application of net proceeds from the Offering which were partially used to reduce debt.

Other Income, Net

Other income, net during the six months ended June 30, 1999 related to legal settlements of $358,000 and miscellaneous income of $146,000. The legal settlements related to intellectual property matters. Other income, net during the six months ended June 30, 1998 related to miscellaneous income of $17,000.

Pro Forma Income Taxes

Pro forma income taxes have been provided at the assumed rate of 40.0% for Federal and state purposes.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied upon internally generated funds, trade credit, borrowings under credit facilities and loans from stockholders to finance its operations and expansion. The Company's need for funds arises primarily from its working capital requirements, including the need to finance its inventory and receivables. The Company's working capital was $58.3 million at June 30, 1999 and $23.1 million at December 31, 1998, respectively. The increase in working capital at June 30, 1999 as compared to December 31, 1998 was primarily due to the Offering and application of net proceeds therefrom as well as net earnings during the six months ended June 30, 1999.

As part of the Company's working capital management, the Company performs substantially all customer credit functions internally, including extension of credit and collections. The Company's bad debt write-offs were less than 1.0% of net sales for six months ended June 30, 1998 and 1999. The Company carries bad debt insurance to cover approximately the first 90.0% of bad debts on substantially all of the Company's major retail accounts.

Net cash provided by (used in) operating activities totaled $8.7 million and $(12.8) million for the six months ended June 30, 1999 and 1998, respectively. The increase in cash provided by operating activities was due primarily to an increase in net income and a decrease in inventory balances. The decrease in inventory from December 31, 1998 to June 30, 1999 of $6.7 million was primarily due to maintaining strict inventory controls during the six month period ending June 30, 1999.

Net cash used in investing activities totaled $3.7 million and $3.6 million for the six months ended June 30, 1999 and 1998, respectively, and primarily related to capital expenditures. Capital expenditures in 1999 primarily included the

construction of additional Company retail stores and trade show booths, as well as additional hardware and software for the Company's computer needs. Investing activities in 1998 was primarily due to increased capital expenditures in connection with the establishment of the Company's distribution facilities in Ontario, California, the construction of additional Company retail stores, and additional hardware and software for the Company's computer needs.

The Company estimates that its capital expenditures for the year ending December 31, 1999 will be approximately $10.0 million, of which approximately $5.5 million will be used for the installation of a new material handling system for the Company's most recently opened distribution facility. Total expenditures for the new material handling system are expected to be approximately $10.0 million, the balance of which will be spent in 2000. The Company also anticipates spending $400,000 for expenditures on equipment for the Company's distribution facilities, and $4.1 million capital expenditures related to general corporate purposes in 1999, including leasehold improvements and purchases of furniture and equipment in connection with the opening of additional retail stores, additions and advancements to the Company's management information systems, costs associated with trade show booths and leasehold improvements to the Company's facilities.

Net cash provided by (used in) financing activities totaled $(15.7) million and $15.3 million for the six months ended June 30, 1999 and 1998, respectively. The increase in cash used in financing activities was primarily due to payments on debt and dividend distributions which were partially financed by the Offering.

The Company's credit facility provides for borrowings under a revolving line of credit of up to $120.0 million and a term loan, with actual borrowings limited to available collateral and certain limitations on total indebtedness (approximately $66.9 million of availability as of June 30, 1999) with Heller Financial, Inc., as agent for the lenders. As of June 30, 1999, there was approximately $14.8 million outstanding under the revolving line of credit. The revolving line of credit bears interest at the Company's option at either the prime rate (8.0% at June 30, 1999) plus 25 basis points or at Libor (5.37% at June 30, 1999) plus 2.75%. The revolving line of credit expires on December 31, 2002. Interest on the revolving line of credit is payable monthly. The revolving line of credit provides a sub-limit for letters of credit of up to $18.0 million to finance the Company's foreign purchases of merchandise inventory. As of June 30, 1999, the Company

had approximately $3.8 million of letters of credit under the revolving line of credit. The term loan component of the credit facility, which has a principal balance of approximately $2.5 million as of June 30, 1999, bears interest at the prime rate plus 100 basis points and is due in monthly installments with a final balloon payment December 2002. The proceeds from this note were used to purchase equipment for the Company's distribution centers in Ontario, California and the note is secured by such equipment. The credit facility contains certain financial covenants that require the Company to maintain minimum tangible net worth of at least $20.0 million, working capital of at least $14.0 million and specified leverage ratios and limit the ability of the Company to pay dividends if it is in default of any provisions of the credit facility. The Company was in compliance with these covenants as of June 30, 1999. The credit facility is collateralized by the Company's real and personal property, including, among other things, accounts receivable, inventory, general intangibles and equipment and is guaranteed by the Company's wholly-owned subsidiaries.

By reason of the Company's treatment as an S Corporation for Federal and state income tax purposes, the Company from inception to June 7, 1999, the S Corporation termination date, has provided to its stockholders funds for the payment of income taxes on the earnings of the Company. In April 1999, the Company declared the April Tax Distribution of $3.5 million, and connection with the Offering declared the Final 1998 Distribution, of $7.6 million, the Final Tax Distribution, of $2.8 million, and the Final S Corporation Distribution, of $21.4 million. The Company's C Corporation earnings will be retained for the foreseeable future in the operations of the business.

The Company believes that anticipated cash flows from operations, available borrowings under the Company's revolving line of credit, cash on hand and its financing arrangements will be sufficient to provide the Company with the

liquidity necessary to fund its anticipated working capital and capital requirements through fiscal 2000. However, in connection with its growth strategy, the Company will incur significant working capital requirements and capital expenditures. The Company's future capital requirements will depend on many factors, including, but not limited to, the levels at which the Company maintains inventory, the market acceptance of the Company's footwear, the levels of promotion and advertising required to promote its footwear, the extent to which the Company invests in new product design and improvements to its existing product design and the number and timing of new store openings. To the extent that available funds are insufficient to fund the Company's future activities, the Company may need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, it can be obtained on terms favorable to the Company and its stockholders. Failure to obtain such financing could delay or prevent the Company's planned expansion, which could adversely affect the Company's 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 the Company's stockholders could occur.

QUARTERLY RESULTS AND SEASONALITY

Sales of footwear products are somewhat seasonal in nature with the strongest sales generally occurring in the third and fourth quarters

The Company has experienced, and expects to continue to experience, variability in its net sales, operating results and results of operations, on a quarterly basis. The Company's domestic customers generally assume responsibility for scheduling pickup and delivery of purchased products. Any delay in scheduling or pickup which is beyond the Company's control could materially negatively impact the Company's net sales and results of operations for any given quarter. The Company believes the factors which influence this variability include (i) the timing of the Company's 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 new Company 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

The Company does not believe that the relatively moderate rates of inflation experienced in the United States over the last three years have had a significant effect on its net sales or profitability. However, the Company 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 the Company's products are manufactured, the Company does not believe that inflation has had a material effect on the Company's net sales or profitability. In the past, the Company has been able to offset its foreign product cost increases by increasing prices or changing suppliers, although no assurance can be given that the Company will be able to continue to make such increases or changes in the future.

EXCHANGE RATES

The Company receives U.S. Dollars for substantially all of its product sales and its royalty income. Inventory purchases from offshore contract manufacturers are primarily denominated in U.S. Dollars; however, purchase prices for the Company's 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 the Company's cost of goods in the future. During 1997 and 1998, exchange rate fluctuations did not have a material impact on the Company's inventory costs. The Company does not engage in hedging activities with respect to such exchange rate risk.

MARKET RISK

The Company does not hold any derivative securities or other market rate sensitive instruments.

YEAR 2000 COMPLIANCE

The Company relies on its internal computer systems to manage and conduct its business. The Company also relies, directly and indirectly, on external systems of business enterprises such as third party manufacturers and suppliers, customers, creditors and financial organizations, and of governmental entities, both domestic and internationally, for accurate exchange of data.

Many existing computer programs were designed and developed without regard for the Year 2000 ("Y2K") and beyond. If the Company or its significant third party business partners and intermediaries fail to make necessary modifications, conversions, and contingency plans on a timely basis, the Y2K issue could have a material adverse effect on the Company's business and financial condition. Management believes that its competitors face a similar risk. In recognition of this risk, the Company has established a project team to assess, remediate, test and develop contingency plans.

State of Readiness

The Company has developed a Y2K plan with the objective of having all of its information technology ("IT") systems compliant by September 1999. The Company's significant IT systems include its order management and inventory system, electronic data interchange ("EDI") system, distribution center processing system, retail merchandise and point of sale system, financial applications system, local area network and personal computers. The Company tested and completed Y2K changes to its order management and inventory system in July 1999. The Company tested and completed Y2K changes to its EDI system related to inbound transactions from customers in July 1999. The Company plans to begin contacting its EDI trading customers and discuss their Y2K readiness to receive the Company's outbound transactions in August 1999. The Company has completed substantially all Y2K changes to its distribution center processing system except for upgrading the operating system to the Y2K version. Upgrade to the Y2K version is part of the Company's on-going maintenance contract with its vendor. The Company is upgrading the operating system with implementation targeted for September 1999. The Company's retail merchandise and point of sale system is expected to be Y2K compliant by September 1999. The Company's financial applications system was upgraded with testing and implementation completed in May 1999. The system upgrades for the Company's financial application systems began in 1998 for the purpose of enhancing system functionality to accommodate the Company's expanding business

and related information needs. The Company's local area network hardware and software providers have advised the Company that such systems are Y2K compliant. The Company has begun to assess its personal computers for necessary changes which are anticipated to be completed by October 1999.

The Company's non-IT systems include security, fire prevention, environmental control equipment and phone systems. Many of these systems are currently Y2K compliant. Modification to the remaining systems are expected by September 1999.

The Company's Y2K project team has begun sending surveys and conducting formal communications with its significant business partners to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Y2K issues. This process is expected to continue throughout 1999.

Risks and Contingency Plans

The Company is not aware of any material operational issues associated with preparing its internal systems for the Y2K, however, there is no assurance that there will not be a delay in the implementation. The Company's inability to implement such systems and changes in a timely manner could have a material adverse effect on future results of operations, financial condition and cash flows.

The potential inability of the Company's significant business partners and

intermediaries to address their own Y2K issues remains a risk which is difficult to assess. The Company is dependent on four key manufacturers located in China for the production of its footwear. The failure of one or more of these manufacturers to adequately address their own Y2K issues could interrupt the Company's supply chain. The inability of port authorities or shipping lines to address their own Y2K issues could also interrupt the Company's supply chain. Additionally, the inability of one or more of the Company's significant customers to become Y2K compliant could adversely impact the Company's sales to those customers.

The Company is developing contingency plans which may include finding alternative suppliers, manual interventions and adding increased staffing. There is no assurance that the Company will correctly anticipate the level, impact or duration of noncompliance by its significant business partners that provide inadequate information.

As the Company has not completed evaluations of its significant business partners' Y2K readiness, the Company is currently unable to determine the most reasonable likely worst case scenario. The Company will continue its efforts towards contingency planning throughout 1999.

Costs

The Company estimates its costs associated with becoming Y2K compliant will be less than $100,000, exclusive of system upgrades incurred in the normal course of business. Efforts to modify the Company's IT systems have substantially been performed internally, however, the Company does not separately track such costs. These costs primarily relate to salaries and wages which are expensed as incurred.

FUTURE ACCOUNTING CHANGES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133"). SFAS No. 133 modifies the accounting for derivative and hedging activities and is effective for fiscal years beginning after June 15, 2000. Since the Company does not presently hold any derivatives or engage in hedging activities, accordingly SFAS No. 133 should not impact the Company's financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK -- Not Applicable

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS -- Not Applicable

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Pursuant to a Registration Statement on Form S-1 (File No. 333-60065) the Company registered 8,050,000 shares of Class A Common Stock, which included 1,050,000 shares provided by a selling stockholder to cover over-allotments, if any. Deutsche Bank Alex Brown and Prudential Securities Incorporated were representatives of the several underwriters for the Offering. On June 9, 1999, the Company's Registration Statement relating to the initial public offering of 7,000,000 shares of Class A Common Stock was declared effective. The offering closed on June 14, 1999 with an aggregate offering amount of $77.0 million. Total underwriting discounts and commission were approximately $5.4 million and total offering expenses were $1.9 million. The Company received net proceeds from the Offering of approximately $69.7 million. The application of the net proceeds were applied to (i) repayment of a $10.0 million subordinated note and a $1.8 million unsubordinated note, each to the Greenberg Family Trust, (ii) dividend distributions of $31.8 million, and (iii) partial repayment of the Company's revolving line of credit of $26.1 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES -- Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS -- Not Applicable

ITEM 5. OTHER INFORMATION-- Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K --

(a) Exhibits

10.1 Underwriting Agreement dated June 9, 1999 between the Registrant and BT Alex. Brown Incorporated and Prudential Securities Incorporated, as Representatives of the Several Underwriters

10.2 Employment Agreement dated June 14, 1999 between the Registrant and Robert Greenberg

10.3 Employment Agreement dated June 14, 1999 between the Registrant and Michael Greenberg

10.4 Employment Agreement dated June 14, 1999 between the Registrant and David Weinberg

10.5 Registration Rights Agreement dated June 9, 1999 between the Registrant and the Greenberg Family Trust and Michael Greenberg

10.6 Tax Indemnification Agreement dated June 8, 1999 between the Registrant and certain stockholders

21.1 Subsidiaries of the Registrant

27 Financial Data Schedule

(b) Reports on Form 8-K

None.

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.

SKECHERS U.S.A, INC.

Dated: August 11, 1999 /s/ David Weinberg

David Weinberg
Executive Vice President and
Chief Financial Officer

EXHIBIT 10.1

7,000,000 Shares

SKECHERS U.S.A., INC.

Class A Common Stock

($0.001 Par Value)

UNDERWRITING AGREEMENT

June 9, 1999

BT Alex. Brown Incorporated
Prudential Securities Incorporated
As Representatives of the Several Underwriters
c/o BT Alex. Brown Incorporated
One South Street
Baltimore, Maryland 21202

Ladies and Gentlemen:

Skechers U.S.A., Inc., a Delaware corporation (the "COMPANY"), proposes to sell to the several underwriters (the "UNDERWRITERS") named in Schedule I hereto for whom you are acting as representatives (the "REPRESENTATIVES") an aggregate of 7,000,000 shares (the "FIRM SHARES") of the Company's Class A Common Stock, $0.001 par value (the "CLASS A COMMON STOCK"). The respective amounts of the Firm Shares to be so purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. A certain selling stockholder named in Schedule II hereto (the "SELLING STOCKHOLDER") also proposes to sell at the Underwriters' option an aggregate of up to 1,050,000 additional shares of the Company's Class A Common Stock (the "OPTION SHARES") as set forth below. The Company and the Selling Stockholder are sometimes referred to herein collectively as the "SELLERS."

As the Representatives, you have advised the Company and the Selling Stockholder (a) that you are authorized to enter into this Agreement on behalf of the several Underwriters, and (b) that the several Underwriters are willing, acting severally and not jointly, to purchase the numbers of Firm Shares set forth opposite their respective names in Schedule I, plus their pro rata portion of the Option Shares if you elect to exercise the over-allotment option in whole or in part for the accounts of the several Underwriters. The Firm Shares and the Option Shares (to the extent the aforementioned option is exercised) are herein collectively called the "SHARES." The shares of Class A Common Stock and Class B Common Stock, $0.001 par value (the "CLASS B COMMON STOCK"), of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "COMMON STOCK."

In consideration of the mutual agreements contained herein and of the interests of the parties in the transactions contemplated hereby, the parties hereto agree as follows:

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SELLING STOCKHOLDER.

(a) The Company and the Selling Stockholder, jointly and severally, represent and warrant to each of the Underwriters as follows:

(i) A registration statement on Form S-1 (File No. 333-60065) with respect to the Shares has been prepared by the Company in

conformity with the requirements of the Securities Act of 1933, as amended (the "ACT"), and the Rules and Regulations (the "RULES AND REGULATIONS") of the Securities and Exchange Commission (the "COMMISSION") thereunder and has been filed with the Commission. Copies of such registration statement, including any amendments thereto, the preliminary prospectuses (meeting the requirements of the Rules and Regulations) contained therein and the exhibits, financial statements and schedules, as finally amended and revised, have heretofore been delivered by the Company to you. Such registration statement, together with any registration statement filed by the Company pursuant to Rule 462(b) of the Act and post-effective amendments no. 1 and no. 2 filed with the Commission on June 8, 1999 and June 9, 1999 (the "POST-EFFECTIVE AMENDMENTS"), herein referred to as the "REGISTRATION STATEMENT," which shall be deemed to include all information omitted therefrom in reliance upon Rule 430A and contained in the Prospectus referred to below, has become effective under the Act and, except for the Post-Effective Amendments, no other post-effective amendment to the Registration Statement has been filed as of the date of this Agreement. "PROSPECTUS" means the form of prospectus first filed with the Commission pursuant to Rule 424(b). Each preliminary prospectus included in the Registration Statement prior to the time it becomes effective is herein referred to as a "PRELIMINARY PROSPECTUS." Any reference herein to the Registration Statement, any Preliminary Prospectus or to the Prospectus shall be deemed to refer to and include any supplements or amendments thereto, filed with the Commission after the date of filing of the Prospectus under Rules 424(b) or 430A, and prior to the termination of the offering of the Shares by the Underwriters.

(ii) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement. The subsidiary of the

Company listed in Exhibit 21 to Item 16(a) of the Registration Statement (the "SUBSIDIARY") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement. The Company and the Subsidiary are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the earnings, business, management, properties, assets, rights, operations or condition (financial or otherwise) of the Company and the Subsidiary taken as a whole. The outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company free and clear of all liens, encumbrances and equities and claims; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiary are outstanding.

(iii) Except for the Subsidiary, the Company does not own or control, directly or indirectly, any corporation, association or other entity.

(iv) The outstanding shares of Common Stock of the Company, including all shares to be sold by the Selling Stockholder, have been duly authorized and validly issued and are fully paid and non-assessable; the Shares to be issued and sold by the Company have been duly authorized and when issued and paid for as contemplated herein will be validly issued, fully paid and non-assessable; and no preemptive rights of stockholders exist with respect to any of the Shares or the issue and sale thereof. Neither the filing of the Registration Statement nor the offering or sale of the Shares as contemplated by this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any shares of Common Stock.

(v) The information set forth under the caption "Capitalization" in the Prospectus is true and correct. All of the Shares conform to the description thereof contained in the Registration Statement. The form of certificates for the Shares conforms to the corporate law of the

jurisdiction of the Company's incorporation.

(vi) The Commission has not issued an order preventing or suspending the use of any Prospectus relating to the proposed offering of the Shares nor instituted proceedings for that purpose. The Registration Statement contains, and the Prospectus and any amendments or supplements thereto will contain, all statements which are required to be stated therein by, and will conform, to the requirements of the Act and the Rules and Regulations. The Registration Statement and any amendment thereto do not contain, and will not contain, any untrue statement of a material fact and do not omit, and will not omit, to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendments and supplements thereto do not contain, and will not contain, any untrue statement of material fact; and do not omit, and will not omit, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or

the Prospectus, or any such amendment or supplement, in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any Underwriter through the Representatives, specifically for use in the preparation thereof.

(vii) The financial statements of the Company and the Subsidiary, together with related notes and schedules as set forth in the Registration Statement, present fairly the financial position and the results of operations and cash flows of the Company and the Subsidiary, at the indicated dates and for the indicated periods. Such financial statements and related schedules have been prepared in accordance with generally accepted principles of accounting, consistently applied throughout the periods involved, except as disclosed therein, and all adjustments necessary for a fair presentation of results for such periods have been made. The financial data set forth in the Prospectus under the captions "Prospectus Summary - Summary Financial Data", "Selected Financial Data" and "Capitalization" presents fairly the information shown therein and such data has been compiled on a basis consistent with the financial statements presented therein and the books and records of the Company.

(viii) KPMG LLP, who have certified certain of the financial statements filed with the Commission as part of the Registration Statement, are independent public accountants as required by the Act and the Rules and Regulations.

(ix) There is no action, suit, claim or proceeding pending or, to the knowledge of the Company, threatened against the Company or the Subsidiary before any court or administrative agency or otherwise which if determined adversely to the Company or the Subsidiary might result in any material adverse change in the earnings, business, management, properties, assets, rights, operations or condition (financial or otherwise) of the Company and of the Subsidiary, taken as a whole, or to prevent the consummation of the transactions contemplated hereby, except as set forth in the Registration Statement.

(x) The Company and the Subsidiary have good and marketable title to all of the properties and assets reflected in the financial statements (or as described in the Registration Statement) hereinabove described, subject to no lien, mortgage, pledge, charge or encumbrance of any kind except those reflected in such financial statements (or as described in the Registration Statement) or which do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Company and the Subsidiary. The Company and the Subsidiary occupy their leased properties under valid and binding leases with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, conforming in all material respects to the description thereof set forth in the Registration Statement.

(xi) The Company and the Subsidiary have filed all Federal, State, local and foreign tax returns which have been required to be

filed and have paid all taxes indicated by said returns and all assessments received by them or either of them to the extent that such taxes have become due and are not being contested in good faith and for which an adequate reserve for accrual has been established in accordance with generally accepted accounting principles. All tax liabilities have been adequately provided

for in the financial statements of the Company, and the Company has not received any notification of taxes due and owing from the Internal Revenue Service or California taxation authorities.

(xii) Since the respective dates as of which information is given in the Registration Statement, as it may be amended or supplemented, there has not been any material adverse change or any development known to the Company that is likely to result in the future in a material adverse change in or affecting the earnings, business, management, properties, assets, rights, operations or condition (financial or otherwise), of the Company and the Subsidiary taken as a whole, whether or not occurring in the ordinary course of business, there has not been any material transaction entered into by the Company or the Subsidiary, other than transactions in the ordinary course of business and changes and transactions described in the Registration Statement, as it may be amended or supplemented, and the Company and the Subsidiary have not incurred any material contingent obligations.

(xiii) Neither the Company nor the Subsidiary is or, with the giving of notice or lapse of time or both, will be in violation of or in default under its Certificate of Incorporation or Bylaws, as applicable, or under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it, or any of its properties, is bound and which default would have a material adverse effect on the earnings, business, management, properties, assets, rights, operations or condition (financial or otherwise) of the Company and the Subsidiary taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument that is material to the Company and the Subsidiary taken as a whole, or of the Certificate of Incorporation or Bylaws of the Company or any order, rule or regulation applicable to the Company or the Subsidiary of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction.

(xiv) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated (except such additional steps as may be required by the Commission, the National Association of Securities Dealers, Inc. (the "NASD") or such additional steps as may be necessary to qualify the Shares for public offering by the Underwriters under state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(xv) The Company and the Subsidiary own or possess adequate licenses or other rights to use all patents, patent rights inventions, trade secrets, copyrights, trademarks, service marks, trade names, technology and know-how currently employed or proposed to be employed by it in connection with their business as described in the Prospectus. Neither the Company nor the Subsidiary is obligated to pay a royalty, grant a license, or provide other consideration to any third party in connection with its patents, copyrights, trademarks, service marks, trade names, or technology other than royalties, licenses or other consideration that would not be material to the business of the Company and the Subsidiary taken as a whole or as disclosed in the Prospectus, and except as disclosed in the Prospectus, neither the Company nor

the Subsidiary has received any notice of infringement or conflict with (and neither the Company nor the Subsidiary knows of any infringement or conflict with) asserted rights of others with respect to any patents, patent rights,

inventions, trade secrets, copyrights, trademarks, service marks, trade names, technology or know-how which infringement or conflict, if the subject of an unfavorable decision, would be material to the business of the Company and the Subsidiary taken as a whole. Except as disclosed in the Prospectus, the discoveries, inventions, products or processes of the Company and the Subsidiary referred to in the Prospectus do not, to the knowledge of the Company or the Subsidiary, infringe or conflict with any right or patent of any third party, or any discovery, invention, product or process which is the subject of a patent application filed by any third party, known to the Company or the Subsidiary, which infringement or conflict is material to the business of the Company and the Subsidiary taken as a whole.

(xvi) Neither the Company nor, to the Company's knowledge, any of its affiliates has taken or may take, directly or indirectly, any action designed to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the shares of Common Stock to facilitate the sale or resale of the Shares.

(xvii) Neither the Company nor the Subsidiary is, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus neither the Company nor the Subsidiary will be, an "investment company" or an "affiliated person" of or "promoter" or "principal underwriter" for an "investment company," within the meaning of such terms under the Investment Company Act of 1940, (as amended, the "1940 ACT") and the rules and regulations of the Commission thereunder.

(xviii) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xix) The Company and the Subsidiary carry, or is covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar industries.

(xx) The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), the violation of which would have a material adverse effect on the earnings, business, management, properties, assets, rights, operations or condition (financial or otherwise) of the Company; no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company would have any material liability; the Company has not incurred and does not expect to incur liability under (i) Title IV of

ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "CODE"); and each "pension plan" for which the Company would have any material liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(xxi) To the Company's knowledge, there are no affiliations or associations between any member of the NASD and any of the Company's officers, directors or 5% or greater securityholders, except as set forth in the Registration Statement.

(xxii) The Company has full corporate power and authority to enter into this Agreement and perform the transactions contemplated

hereby. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation the Company enforceable in accordance with its terms except as rights to indemnity and contribution hereunder may be limited as a matter of applicable public policy or by applicable laws and except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, or by general equitable principles.

(xxiii) The execution and delivery of the Agreement and Plan of Merger dated as of May 7, 1999 (the "MERGER AGREEMENT") between Skechers U.S.A., Inc., a California corporation (the "CALIFORNIA CORPORATION"), and the Company, effecting the reincorporation of the California Corporation under the laws of the State of Delaware, was duly authorized by all necessary corporate action on the part of each of the California Corporation and the Company. Each of the California Corporation and the Company had all corporate power and authority to execute and deliver the Merger Agreement, to file the Merger Agreement with the Secretary of State of California and the Secretary of State of Delaware and to consummate the reincorporation contemplated by the Merger Agreement, and the Merger Agreement at the time of execution and filing constituted a valid and binding obligation of each of the California Corporation and the Company, enforceable in accordance with its terms and except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, or by general equitable principles.

(xxiv) No material labor dispute with the employees of the Company or the Subsidiary exists, except as described in the Prospectus, or, to the knowledge of the Company and the Subsidiary, is imminent.

(xxv) No business relationship, or related party transactions, exists between or among the Company or the Subsidiary, on the one hand, and the directors officers, stockholders, customers or suppliers of the Company or the Subsidiary, on the one hand, which is required to be described in the Prospectus that is not so described.

(xxvi) Neither the Company nor the Subsidiary, nor any director, officer, agent, employee or other person associated with or acting on behalf of the Company or the Subsidiary, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provisions of the Foreign Corrupt Practices Act of 1972; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(xxvii) Neither the Company nor the Subsidiary is a "passive foreign investment company" within the meaning of Section 1296 of the Code for its taxable year which includes the date hereof and to the knowledge of the Company and the Subsidiary, neither the Company nor the Subsidiary will be a "passive foreign investment company" for the subsequent taxable year.

(xxviii) Except as disclosed in the Prospectus, there is no (i) administrative or judicial proceeding pending or, to the Company's knowledge, threatened to which the Company or the Subsidiary is a party or to which any of the properties of the Company or the Subsidiary is subject arising under any Federal, state or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment; or (ii) material adverse effect upon the Company or the Subsidiary arising from compliance with Federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment.

(xxix) For all periods from its election under Subchapter S of the Code until June 8, 1999 (the "TERMINATION DATE"), the California Corporation was qualified as an S Corporation pursuant to an election validly made under Subchapter S of the Code and any applicable state statute (which election has not been and will not be revoked or terminated for any such period) and the California Corporation has not been and will not be subject to Federal corporate taxes for such periods. The Subchapter S election of the

California Corporation will be terminated on the Termination Date, and the Company will be subject to federal corporate income taxes from and after the date of such termination but not for any prior period. In connection with the termination, income and loss of the California Corporation for the S termination year will not be allocated pro rata under Section 1362(e) of the Code.

(xxx) The Final 1998 Distribution and the Final Tax Distribution (as such terms are defined in the Prospectus) are legal and valid under Section 170 of the Delaware General Corporation Law and, to the extent applicable, Section 500 of the California General Corporation Law.

(b) The Selling Stockholder represents and warrants as follows:

(i) Such Selling Stockholder now has and at the Option Closing Date (as such date is hereinafter defined) will have good and marketable title to the Option Shares to be sold by such Selling Stockholder, free and clear of any liens, encumbrances, equities and claims, and full right, power and authority to effect the sale and delivery of such Option Shares; and upon the delivery of, against

payment for, such Option Shares pursuant to this Agreement, the Underwriters will acquire good and marketable title thereto, free and clear of any liens, encumbrances, equities and claims.

(ii) This Agreement has been duly authorized, executed and delivered by such Selling Stockholder and constitutes a valid and binding obligation of such Selling Stockholder enforceable in accordance with its terms except as rights to indemnity and contribution hereunder may be limited as a matter of applicable public policy or by applicable laws and except as the enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, or by general equitable principles. Such Selling Stockholder has full right, power and authority to execute and deliver this Agreement, the Power of Attorney and the Custody Agreement referred to below and to perform its obligations under such Agreements. The execution and delivery of this Agreement and the consummation by such Selling Stockholder of the transactions herein contemplated and the fulfillment by such Selling Stockholder of the terms hereof will not require any consent, approval, authorization, or other order of any court, regulatory body, administrative agency or other governmental body (except as may be required under the Act, state securities laws or Blue Sky laws) and will not result in a breach of any of the terms and provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which such Selling Stockholder is a party, or of any order, rule or regulation applicable to such Selling Stockholder of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction the effect of which would prevent consummation of the transactions contemplated hereby.

(iii) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to, or which has constituted, or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of the Common Stock of the Company and, other than as permitted by the Act, such Selling Stockholder will not distribute any prospectus or other offering material in connection with the offering of the Shares.

(iv) Such Selling Stockholder is familiar with the Registration Statement and has no knowledge of any material fact, condition or information not disclosed in the Registration Statement which has materially adversely affected or may materially adversely affect the business of the Company or the Subsidiary; and the sale of the Option Shares by such Selling Stockholder pursuant hereto is not prompted by any information concerning the Company or the Subsidiary which is not set forth in the Registration Statement. The information pertaining to such Selling Stockholder under the caption "Principal Stockholders" in the Prospectus is complete and accurate in all material respects.

2. PURCHASE, SALE AND DELIVERY OF THE FIRM SHARES.

(a) On the basis of the representations, warranties and covenants herein contained, and subject to the conditions herein set forth, the Company agrees to sell to the Underwriters and each Underwriter agrees, severally and not jointly, to purchase, at a price of $10.23 per share, the number of Firm Shares set forth opposite the name of each Underwriter in Schedule I hereof, subject to adjustments in accordance with Section 9 hereof.

(b) Payment for the Firm Shares to be sold hereunder is to be made in Federal (same day) funds to an account designated by the Company against delivery of certificates therefor to the Representatives for the several accounts of the Underwriters. Such payment and delivery are to be made through the facilities of the Depository Trust Company at 10:00 a.m., New York time, on the third business day after the date of this Agreement or at such other time and date not later than five business days thereafter as you and the Company shall agree upon, such time and date being herein referred to as the "CLOSING DATE." (As used herein, "BUSINESS DAY" means a day on which the New York Stock Exchange is open for trading and on which banks in New York are open for business and not permitted by law or executive order to be closed.) The certificates for the Firm Shares will be delivered in such denominations and in such registrations as the Representatives request in writing not later than the second full business day prior to the Closing Date, and will be made available for inspection by the Representatives at least one business day prior to the Closing Date.

(c) In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Selling Stockholder hereby grants an option to the several Underwriters to purchase the Option Shares at the price per share as set forth in the first paragraph of this Section 2. The option granted hereby may be exercised in whole or in part by giving written notice (i) at any time before the Closing Date and (ii) only once thereafter within 30 days after the date of this Agreement, by you, as Representatives of the several Underwriters, to the Attorney-in-Fact and the Custodian setting forth the number of Option Shares as to which the several Underwriters are exercising the option, the names and denominations in which the Option Shares are to be registered and the time and date at which such certificates are to be delivered. The time and date at which certificates for Option Shares are to be delivered shall be determined by the Representatives but shall not be earlier than three nor later than 10 full business days after the exercise of such option, nor in any event prior to the Closing Date (such time and date being herein referred to as the "OPTION CLOSING DATE"). If the date of exercise of the option is three or more days before the Closing Date, the notice of exercise shall set the Closing Date as the Option Closing Date. The number of Option Shares to be purchased by each Underwriter shall be in the same proportion to the total number of Option Shares being purchased as the number of Firm Shares being purchased by such Underwriter bears to the total number of Firm Shares, adjusted by you in such manner as to avoid fractional shares. The option with respect to the Option Shares granted hereunder may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters. You, as Representatives of the several Underwriters, may cancel such option at any time prior to its expiration by giving written notice of such cancellation to either of the Attorneys-in-Fact. To the extent, if any, that the option is exercised, payment for the Option Shares shall be made on the Option Closing Date in Federal (same day) funds drawn to the order of "Robert M. Greenberg and M. Susan Greenberg as Trustees of the Greenberg Family Trust" against delivery of certificates therefor through the facilities of the Depository Trust Company, New York, New York.

(d) Certificates in negotiable form for the total number of the Shares to be sold hereunder by the Selling Stockholder have been placed in custody with American Stock Transfer and Trust Company as custodian (the "CUSTODIAN") pursuant to the Custody Agreement executed by the Selling

Stockholder for delivery of all Option Shares to be sold hereunder by the Selling Stockholder. The Selling Stockholder specifically agrees that the Option Shares represented by the certificates held in custody for the Selling Stockholder under the Custody Agreement are subject to the interests of the Underwriters hereunder, that the arrangements made by the Selling Stockholder

for such custody are to that extent irrevocable, and that the obligations of the Selling Stockholder hereunder shall not be terminable by any act or deed of the Selling Stockholder (or by any other person, firm or corporation including the Company, the Custodian or the Underwriters) or by operation of law (including the dissolution or other termination of the Selling Stockholder) or by the occurrence of any other event or events, except as set forth in the Custody Agreement. If any such event should occur prior to the delivery to the Underwriters of the Option Shares hereunder, certificates for the Option Shares shall be delivered by the Custodian in accordance with the terms and conditions of this Agreement as if such event has not occurred.

(e) If on the Option Closing Date the Selling Stockholder fails to sell the Option Shares, the Company agrees that it will sell or arrange for the sale of that number of shares of Class A Common Stock to the Underwriters which represents the Option Shares which such Selling Stockholder has failed to so sell, as set forth in Schedule II hereto, or such lesser number as may be requested by the Representatives.

3. OFFERING BY THE UNDERWRITERS.

It is understood that the several Underwriters are to make a public offering of the Firm Shares as soon as the Representatives deem it advisable to do so. The Firm Shares are to be initially offered to the public at the initial public offering price set forth in the Prospectus. The Representatives may from time to time thereafter change the public offering price and other selling terms. To the extent, if at all, that any Option Shares are purchased pursuant to Section 2 hereof, the Underwriters will offer them to the public on the foregoing terms.

It is further understood that you will act as the Representatives for the Underwriters in the offering and sale of the Shares in accordance with a Master Agreement Among Underwriters entered into by you and the several other Underwriters.

4. COVENANTS OF THE COMPANY AND THE SELLING STOCKHOLDER.

(a) The Company covenants and agrees with the several Underwriters that:

(i) The Company will (A) use its best efforts to cause the Registration Statement to become effective or, if the procedure in Rule 430A of the Rules and Regulations is followed, to prepare and timely file with the Commission under Rule 424(b) of the Rules and Regulations a Prospectus in a form approved by the Representatives containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A of the Rules and Regulations and (B) not file any amendment to the Registration Statement or supplement to the Prospectus of which the Representatives shall not previously have been advised and furnished with a copy or to which the

Representatives shall have reasonably objected in writing or which is not in compliance with the Rules and Regulations and (C) file on a timely basis all reports and any definitive proxy or information statements required to be filed by the Company with the Commission subsequent to the date of the Prospectus and prior to the termination of the offering of the Shares by the Underwriters.

(ii) The Company will advise the Representatives promptly (A) when the Registration Statement or any post-effective amendment thereto shall have become effective, (B) of receipt of any comments from the Commission, (C) of any request of the Commission for amendment of the Registration Statement or for supplement to the Prospectus or for any additional information, and (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus or of the institution of any proceedings for that purpose. The Company will use its best efforts to prevent the issuance of any such stop order preventing or suspending the use of the Prospectus and to obtain as soon as possible the lifting thereof, if issued.

(iii) The Company will cooperate with the Representatives in endeavoring to qualify the Shares for sale under the

securities laws of such jurisdictions as the Representatives may reasonably have designated in writing and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent. The Company will, from time to time, prepare and file such statements, reports, and other documents, as are or may be required to continue such qualifications in effect for so long a period as the Representatives may reasonably request for distribution of the Shares.

(iv) The Company will deliver to, or upon the order of, the Representatives, from time to time, as many copies of any Preliminary Prospectus as the Representatives may reasonably request. The Company will deliver to, or upon the order of, the Representatives during the period when delivery of a Prospectus is required under the Act, as many copies of the Prospectus in final form, or as thereafter amended or supplemented, as the Representatives may reasonably request. The Company will deliver to the Representatives at or before the Closing Date, four signed copies of the Registration Statement and all amendments thereto including all exhibits filed therewith, and will deliver to the Representatives such number of copies of the Registration Statement (including such number of copies of the exhibits filed therewith that may reasonably be requested), and of all amendments thereto, as the Representatives may reasonably request.

(v) The Company will comply with the Act and the Rules and Regulations, and the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and the Prospectus. If during the period in which a prospectus is required by law to be delivered by an Underwriter or dealer, any event shall occur as a result of which, in the judgment of the Company or in the reasonable opinion of the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances existing at the time

the Prospectus is delivered to a purchaser, not misleading, or, if it is necessary at any time to amend or supplement the Prospectus to comply with any law, the Company promptly will prepare and file with the Commission an appropriate amendment to the Registration Statement or supplement to the Prospectus so that the Prospectus as so amended or supplemented will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with the law. (vi) The Company will make generally available to its security holders, as soon as it is practicable to do so, but in any event not later than 15 months after the effective date of the Registration Statement, an earning statement (which need not be audited) in reasonable detail, covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which earning statement shall satisfy the requirements of Section 11(a) of the Act and Rule 158 of the Rules and Regulations and will advise you in writing when such statement has been so made available.

(vii) Prior to the Closing Date, the Company will furnish to the Underwriters, as soon as they have been prepared by or are available to the Company, a copy of any unaudited interim financial statements of the Company for any period subsequent to the period covered by the most recent financial statements appearing in the Registration Statement and the Prospectus.

(viii) No offering, sale, short sale or other disposition of any shares of Common Stock of the Company or other securities convertible into or exchangeable or exercisable for shares of Common Stock or derivative of Common Stock (or agreement for such) will be made for a period of 180 days after the date of this Agreement, directly or indirectly, by the Company otherwise than hereunder or with the prior written consent of BT Alex. Brown Incorporated on behalf of the Underwriters, except for the grant of options to purchase shares of Common Stock pursuant to the 1998 Stock Option, Deferred Stock and Restricted Stock Plan and shares of Common Stock issued pursuant to the exercise of options granted under such plan and the grant of purchase rights and issuance of shares under the 1998 Employee Stock Purchase

Plan, provided that such options and grants shall not vest, or the Company shall obtain the written consent of the holder thereof not to transfer such shares, until the end of such 180-day period.

(ix) The Company will list, subject to notice of issuance, the Shares on the New York Stock Exchange.

(x) The Company has caused each officer, director, stockholder and optionholder of the Company to furnish to you, on or prior to the date of this agreement, a letter or letters, in form and substance satisfactory to the Underwriters, pursuant to which each such person agrees, subject to certain limited exceptions set forth therein, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, sell short, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or enter into any swap or similar agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, for a period commencing on the date of the Prospectus and continuing to a date 180 days after such date, except with the prior written consent of BT Alex. Brown Incorporated on behalf of the Underwriters ("LOCKUP AGREEMENTS").

(xi) The Company has caused each stockholder of the Company to enter into, on or prior to the date of this agreement, an S Corporation Termination, Tax Allocation and Indemnification Agreement substantially in the form filed as an exhibit to the Registration Statement (the "S CORPORATION AGREEMENT").

(xii) The Company shall apply the net proceeds of its sale of the Shares as set forth in the Prospectus and shall include such disclosure in reports with the Commission with respect to the sale of the Shares and the application of the proceeds therefrom as may be required in accordance with Rule 463 under the Act.

(xiii) The Company shall not invest, or otherwise use the proceeds received by the Company from its sale of the Shares in such a manner as would require the Company or the Subsidiary to register as an investment company under the 1940 Act.

(xiv) The Company will maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Class A Common Stock.

(xv) The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

(b) The Selling Stockholder covenants and agrees with the several Underwriters that:

(i) The Selling Stockholder will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, sell short, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or enter into any swap or similar agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, for a period commencing on the date of the Prospectus and continuing to a date 180 days after such date, otherwise than hereunder or with the prior written consent of alex. Brown & Sons Incorporated on behalf of the Underwriters; provided, however, that such restrictions shall not apply to the Shares; and, provided, further, that such restrictions shall not apply to shares of Class A Common Stock purchased by the Selling Stockholder in the open market following the offering of the Shares.

(ii) In order to document the Underwriters' compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 and the Interest and Dividend Tax Compliance

Act of 1983 with respect to the transactions herein contemplated, the Selling Stockholder agrees to deliver to you prior to or at the Closing Date a properly completed and executed United States Treasury Department Form W-8 or W-9 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

(iii) The Selling Stockholder will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

5. COSTS AND EXPENSES.

The Company will pay all costs, expenses and fees incident to the performance of the obligations of the Sellers under this Agreement, including, without limiting the generality of the foregoing, the following: accounting fees of the Company; the fees and disbursements of counsel for the Company and the Selling Stockholder; the cost of printing and delivering to, or as requested by, the Underwriters copies of the Registration Statement, Preliminary Prospectuses, the Prospectus, this Agreement, the Underwriters' Selling Memorandum, the Underwriters' Invitation Letter, the Listing Application, the Blue Sky Survey and any supplements or amendments thereto; the filing fees of the Commission; the filing fees and expenses (including legal fees and disbursements) incident to securing any required review by the NASD of the terms of the sale of the Shares; the Listing Fee of the New York Stock Exchange; and the expenses, including the fees and disbursements of counsel for the Underwriters, incurred in connection with the qualification of the Shares under state securities or Blue Sky laws. To the extent, if at all, that the Selling Stockholder engages special legal counsel to represent it in connection with this offering, the fees and expenses of such counsel shall be borne by such Selling Stockholder. Any transfer taxes imposed on the sale of the Shares to the several Underwriters will be paid by the Sellers pro rata. The Company agrees to pay all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, incident to the offer and sale of directed shares of the Class A Common Stock by the Underwriters to employees and persons having business relationships with the Company and the Subsidiary. The Sellers shall not, however, be required to pay for any of the Underwriters expenses (other than those related to qualification under NASD regulation and state securities or Blue Sky laws) except that, if this Agreement shall not be consummated because the conditions in Section 6 hereof are not satisfied, or because this Agreement is terminated by the Representatives pursuant to Section 11 hereof, or by reason of any failure, refusal or inability on the part of the Company or the Selling Stockholder to perform any undertaking or satisfy any condition of this Agreement or to comply with any of the terms hereof on their part to be performed, unless such failure to satisfy said condition or to comply with said terms is due to the default or omission of any Underwriter, then the Company shall reimburse the several Underwriters for reasonable out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred in connection with investigating, marketing and proposing to market the Shares or in contemplation of performing their obligations hereunder; but the Company and the Selling Stockholder shall not in any event be liable to any of the several Underwriters for damages on account of loss of anticipated profits from the sale by them of the Shares.

6. CONDITIONS OF OBLIGATIONS OF THE UNDERWRITERS.

The several obligations of the Underwriters to purchase the Firm Shares on the Closing Date and the Option Shares, if any, on the Option Closing Date are subject to the accuracy, as of the Closing Date or the Option Closing Date, as the case may be, of the representations and warranties of the Company and the Selling Stockholder contained herein, and to the performance by the Company and the Selling Stockholder of their covenants and obligations hereunder and to the following additional conditions:

(a) The Registration Statement and all post-effective amendments thereto shall have become effective and any and all filings required

by Rule 424 and Rule 430A of the Rules and Regulations shall have been made, and any request of the Commission for additional information (to be included in the Registration Statement or otherwise) shall have been disclosed to the Representatives and complied with to their reasonable satisfaction. No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company or the Selling Stockholder, shall be contemplated by the Commission and no injunction, restraining order, or order of any nature by a Federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance of the Shares.

(b) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Freshman, Marantz, Orlanski, Cooper & Klein ("FMOCK"), counsel for the Company and the Selling Stockholder, dated the Closing Date or the Option Closing Date, as the case may be, addressed to the Underwriters (and stating that it may be relied upon by counsel to the Underwriters) to the effect that:

(i) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the Subsidiary has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement; the Company and the Subsidiary are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification, except where the failure to be so qualified would not have a materially adverse effect upon the business of the Company and the Subsidiary taken as a whole; and the outstanding shares of capital stock of the Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned by the Company; and, to the best of such counsel's knowledge, the outstanding shares of capital stock of the Subsidiary are owned free and clear of all liens, encumbrances and equities and claims, and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into any shares of capital stock or of ownership interests in the Subsidiary are outstanding.

(ii) To such counsel's knowledge, except for the Subsidiary, the Company does not own or control, directly or indirectly, any corporation, association or other entity;

(iii) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus; the authorized shares of the Company's Common Stock have been duly authorized; the outstanding shares of the Company's Common Stock, including the Shares to be sold by the Selling Stockholder, have been duly authorized and validly issued and are fully paid and non-assessable; all of the Shares conform to the description thereof contained in the Prospectus; the certificates for the Shares, assuming they are in the form filed with the Commission, are in due and proper form; the shares of Common Stock, including the Option Shares, if any, to be sold by the Company pursuant to this Agreement have been duly authorized and will be validly issued, fully paid and non-assessable when issued and paid for as contemplated by this Agreement; and no preemptive rights of stockholders arising under the Company's Certificate of Incorporation or, to such counsel's knowledge, otherwise exist with respect to any of the Shares or the issue or sale thereof.

(iv) Except as described in or contemplated by the Prospectus, to the knowledge of such counsel, there are no outstanding securities of the Company convertible or exchangeable into or evidencing the right to purchase or subscribe for any shares of capital stock of the Company and there are no outstanding or authorized options, warrants or rights of any character obligating the Company to issue any shares of its capital stock or any securities convertible or exchangeable into or evidencing the right to purchase or subscribe for any shares of such stock; and except as described in the Prospectus, to the knowledge of such counsel, no holder of any securities of the Company or any other person has the right, contractual or otherwise, which has

not been satisfied or effectively waived, to cause the Company to sell or otherwise issue to them, or to permit them to underwrite the sale of, any of the Shares or the right to have any Common Stock or other securities of the Company included in the Registration Statement or the right, as a result of the filing of the Registration Statement, to require registration under the Act of any shares of Common Stock or other securities of the Company.

(v) The Registration Statement has become effective under the Act and, to such counsel's knowledge, no stop order proceedings with respect thereto have been instituted or are pending or threatened under the Act.

(vi) The Registration Statement, the Prospectus and each amendment or supplement thereto comply as to form in all material respects with the requirements of the Act and the applicable rules and regulations thereunder (except that such counsel need express no opinion as to the financial statements and related schedules therein).

(vii) The statements (A) in the Prospectus under the captions "Risk Factors -- Anti-Takeover Provisions, "Risk Factors -- Shares Eligible for Future Sale," "Management," "Certain Transactions," "Description of Capital Stock" and "Shares Eligible for Future Sale; Registration Rights" and (B) in the Registration Statement in Items 14 and 15, in each case insofar as such statements

constitute a summary of documents referred to therein or matters of law, fairly summarize in all material respects the information called for with respect to such documents and matters.

(viii) Such counsel does not know of any contracts or documents required to be filed as exhibits to the Registration Statement or described in the Registration Statement or the Prospectus which are not so filed or described as required, and such contracts and documents as are summarized in the Registration Statement or the Prospectus are fairly summarized in all material respects.

(ix) Such counsel knows of no legal or governmental proceedings pending or threatened against the Company or the Subsidiary, except as set forth in the Prospectus, which, if determined adversely to the Company would have a material adverse effect on the business of the Company.

(x) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under any agreement or instrument known to such counsel to which the Company or the Subsidiary is a party or by which the Company or the Subsidiary may be bound, which default would have a material adverse effect on the business of the Company and the Subsidiary, taken as a whole, or affect the ability of the Company to consummate the transactions contemplated hereby or under the Certificate of Incorporation or Bylaws of the Company.

(xi) This Agreement has been duly authorized, executed and delivered by the Company.

(xii) No approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body is necessary in connection with the execution and delivery of this Agreement and the consummation of the transactions herein contemplated (other than as may be required by the NASD or as required by state securities and Blue Sky laws as to which such counsel need express no opinion) except such as have been obtained or made, specifying the same.

(xiii) The Company is not, and will not become, as a result of the consummation of the transactions contemplated by this Agreement, and application of the net proceeds therefrom as described in the Prospectus, required to register as an investment company under the 1940 Act.

(xiv) Each of this Agreement, the Power of Attorney and the Custody Agreement has been duly authorized, executed and

delivered on behalf of the Selling Stockholder.

(xv) The Selling Stockholder has full legal right, power and authority, and any approval required by law (other than as required by state securities and Blue Sky laws as to which such counsel need express no opinion), to sell, assign, transfer and deliver the Shares to be sold by such Selling Stockholder.

(xvi) The Custody Agreement and the Power of Attorney executed and delivered by the Selling Stockholder is valid and binding.

(xvii) To our knowledge, the Underwriters (assuming that they are bona fide purchasers within the meaning of the Uniform Commercial Code) have acquired good and marketable title to the Shares being sold by the Selling Stockholder on the Closing Date, and the Option Closing Date, as the case may be, free and clear of all liens, encumbrances, equities and claims.

In rendering such opinion FMOCK may rely as to matters governed by the laws of states other than Delaware or Federal laws on local counsel in such jurisdictions, provided that in each case FMOCK shall state that they believe that they and the Underwriters are justified in relying on such other counsel. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that (i) the Registration Statement, at the time it became effective under the Act (but after giving effect to any modifications incorporated therein pursuant to Rule 430A under the Act) and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus, or any supplement thereto, on the date it was filed pursuant to the Rules and Regulations and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading (except that such counsel need express no view as to financial statements, schedules and statistical information therein). With respect to such statement, FMOCK may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(c) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Kleinberg & Lerner, special intellectual property counsel for the Company, dated the Closing Date or the Option Closing Date, as the case may be, addressed to the Underwriters (and stating that it may be relied upon by counsel to the Underwriters) to the effect that:

(i) the Company is listed in the records of the United States Patent and Trademark Office ("PTO") as the holder of record of the registered trademarks "SKECHERS" and the "S in Shield design" (collectively, the "TRADEMARKS"). To such counsel's knowledge, except as set forth in the Prospectus or otherwise disclosed to the Underwriters in writing, there is no claim of any party other than the Company to any ownership interest or lien with respect to any of the Trademarks. As of March 31, 1999, to the best of such counsel's knowledge based on information provided by local counsel, the Company has a valid registered trademark or trademark application corresponding to the Trademarks in each of the foreign jurisdictions listed on Exhibit A;

(ii) the statements in the Prospectus under the captions "Risk Factors -- Ability to Protect Intellectual Property," and "Business -- Intellectual Property Rights" (the "INTELLECTUAL PROPERTY

PORTIONS"), to our knowledge, insofar as such statements relate to trademarks, patents, intellectual property or any legal matters, documents and proceedings relating thereto fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein.

(iii) to such counsel's knowledge, except as set forth in the Prospectus or otherwise disclosed to the Underwriters in writing, there is not pending or threatened in writing any action, suit, proceeding or claim by others (A) challenging the validity or scope of the Trademarks or any other material trademarks, trademark applications or domain names held by or licensed to the Company, or (B) , asserting that any trademark is infringed by the activities of the Company described in the Prospectus or by the manufacture, use, sale, promotion or advertising of any of the Company's products or use of its domain names.

(iv) to such counsel's knowledge, except as set forth in the Prospectus or otherwise disclosed to the Underwriters in writing, there is not pending or threatened in writing any action, suit, proceeding or claim by the Company asserting infringement on the part of any third party of the Trademarks or any other trademarks, domain names, trade names or advertising slogans held by or licensed to the Company that are material to the business of the Company.

(d) The Representatives shall have received from Wilson Sonsini Goodrich & Rosati, Professional Corporation ("WSGR"), counsel for the Underwriters, an opinion dated the Closing Date or the Option Closing Date, as the case may be, substantially to the effect specified in subparagraphs (ii) (as to matters relating to the shares only), (iv) and (ix) of Paragraph (b) of this Section 6, and that the Company is a duly organized and validly existing corporation under the laws of the State of Delaware. In rendering such opinion WSGR may rely as to all matters governed other than by the laws of the State of Delaware or Federal laws on the opinion of counsel referred to in Paragraph (b) of this Section 6. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that (i) the Registration Statement, or any amendment thereto, as of the time it became effective under the Act (but after giving effect to any modifications incorporated therein pursuant to Rule 430A under the Act) as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus, or any supplement thereto, on the date it was filed pursuant to the Rules and Regulations and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact, necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading (except that such counsel need express no view as to financial statements, schedules and statistical information therein). With respect to such statement, WSGR may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(e) You shall have received, on each of the dates hereof, the Closing Date and the Option Closing Date, as the case may be, a letter dated the date hereof, the Closing Date or the Option

Closing Date, as the case may be, in form and substance satisfactory to you, of KPMG LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating that in their opinion the financial statements and schedules examined by them and included in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations; and containing such other statements and information as is ordinarily included in accountants' "comfort letters" to Underwriters with respect to the financial statements and certain financial and statistical information contained in the Registration Statement and Prospectus.

(f) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, a certificate or certificates of the Chief Executive Officer and the Chief Financial Officer of the Company, signing on behalf of the Company, to the effect that, as of the Closing Date or the Option Closing Date, as the case may be, each of them severally represents as follows:

(i) The Registration Statement has become

effective under the Act and no stop order suspending the effectiveness of the Registration Statement has been issued, and no proceedings for such purpose have been taken or are, to the Company's knowledge, contemplated by the Commission;

(ii) The representations and warranties of the Company contained in Section 1 hereof are true and correct as of the Closing Date or the Option Closing Date, as the case may be;

(iii) All filings required to have been made pursuant to Rules 424 or 430A under the Act have been made;

(iv) As of the effective date of the Registration Statement, the statements contained in the Registration Statement were true and correct, and such Registration Statement and Prospectus did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement to or an amendment of the Prospectus which has not been so set forth in such supplement or amendment; and

(v) Since the respective dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and the Subsidiary taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the aeompany and the Subsidiary taken as a whole, whether or not arising in the ordinary course of business.

(g) The Firm Shares and Option Shares, if any, shall have been listed subject to notice of issuance on the New York Stock Exchange.

(h) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by the Selling Stockholder (or by their attorney-in-fact on their behalf), to the effect that the representations and warranties of the Selling Stockholder contained in Section 1 of this Agreement are true and correct as of the Closing Date and that each Selling Shareholder has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or prior to before the Closing Date

(i) The Lockup Agreements described in Section 4(x) shall have been delivered to the Company and shall not have been amended.

(j) The S Corporation Agreement described in Section 4(xi) shall have been delivered to the Company and shall not have been amended.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Representatives and to WSGR, counsel for the Underwriters.

If any of the conditions hereinabove provided for in this Section 6 shall not have been fulfilled when and as required by this Agreement to be fulfilled, the obligations of the Underwriters hereunder may be terminated by the Representatives by notifying the Company and the Selling Stockholder of such termination in writing or by telegram at or prior to the Closing Date or the Option Closing Date, as the case may be.

In such event, the Selling Stockholder, the Company and the Underwriters shall not be under any obligation to each other (except to the extent provided in Sections 5 and 8 hereof).

7 CONDITIONS OF THE OBLIGATIONS OF THE SELLERS.

The obligations of the Sellers to sell and deliver the portion of the Shares required to be delivered as and when specified in this Agreement are subject to the conditions that at the Closing Date or the Option Closing Date, as the case may be, no stop order suspending the effectiveness of the Registration Statement shall have been issued and in effect or proceedings

therefor initiated or threatened.

8 INDEMNIFICATION.

(a) The Company agrees:

(1) to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act, against any losses, claims, damages or liabilities to which such Underwriter or any such controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material

fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading any act or failure to act, or (iii) any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the Shares or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided, that the Company shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Underwriter through its gross negligence or willful misconduct); provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Representatives specifically for use in the preparation thereof.

(2) to reimburse each Underwriter and each such controlling person upon demand for any legal or other out-of-pocket expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage or liability, action or proceeding or in responding to a subpoena or governmental inquiry related to the offering of the Shares, whether or not such Underwriter or controlling person is a party to any action or proceeding. In the event that it is finally judicially determined that the Underwriters were not entitled to receive payments for legal and other expenses pursuant to this subparagraph, the Underwriters will promptly return all sums that had been advanced pursuant hereto.

(b) The Selling Stockholder agrees to indemnify the Underwriters and each person, if any, who controls any Underwriter within the meaning of the Act, against any losses, claims, damages or liabilities to which such Underwriter or controlling person may become subject under the Act or otherwise to the same extent as indemnity is provided by the Company pursuant to Section 8(a) above. In no event, however, shall the liability of the Selling Stockholder for indemnification under this Section 8(a) exceed the sum of (i) the proceeds received by the Selling Stockholder from the Underwriters in the offering and (ii) the lesser of (A) the amount received by the Selling Stockholder in repayment of promissory notes issued by the Company, which had an aggregate of $12.2 million principal amount at December 31, 1998, and (B) $10.0 million. This indemnity obligation will be in addition to any liability which the Company may otherwise have.

(c) Each Underwriter severally and not jointly will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement, the Selling Stockholder, and each person, if any, who controls the Company or the Selling Stockholder within the meaning of the Act, against any losses, claims, damages or liabilities to which the Company or any such director, officer, Selling Stockholder or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out

of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made; and will reimburse upon demand any legal or other expenses reasonably incurred by the Company or any such director, officer, Selling Stockholder or controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that each Underwriter will be liable in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission has been made in the Registration Statement, any Preliminary Prospectus, the Prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Representatives specifically for use in the preparation thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(d) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 8, such person (the "INDEMNIFIED PARTY") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing. No indemnification provided for in Section 8(a), (b) or (c) shall be available to any party who shall fail to give notice as provided in this Section 8(d) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was materially prejudiced by the failure to give such notice, but the failure to give such notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party for contribution or otherwise than on account of the provisions of Section 8(a), (b) or (c). In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party and shall pay as incurred the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred (or within 30 days of presentation) the fees and expenses of the counsel retained by the indemnified party in the event (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (iii) the indemnifying party shall have failed to assume the defense and employ counsel acceptable to the indemnified party within a reasonable period of time after notice of commencement of the action. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 8(a) or (b) and by the Company and the Selling Stockholder in the case of parties indemnified pursuant to Section 8(c). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such

consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. In addition, the indemnifying party will not, without the prior written consent of the indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action or proceeding) unless such

settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action or proceeding.

(e) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under Section 8(a), (b) or (c) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholder on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Stockholder on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholder on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholder bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholder on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Stockholder and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(e) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 8(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (e), (i) no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, (ii) no person guilty of fraudulent misrepresentation (within the

meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation, and (iii) the Selling Stockholder shall not be required to contribute any amount in excess of the sum of (x) the proceeds received by the Selling Stockholder from the Underwriters in the offering and (y) the lesser of (A) the amount received by the Selling Stockholder in repayment of promissory notes issued by the Company, which had an aggregate of $12.2 million principal amount at December 31, 1998, and (B) $10.0 million. The Underwriters' obligations in this Section 8(e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) In any proceeding relating to the Registration Statement, any Preliminary Prospectus, the Prospectus or any supplement or amendment thereto, each party against whom contribution may be sought under this Section 8 hereby consents to the jurisdiction of any court having jurisdiction over any other contributing party, agrees that process issuing from such court may be served upon him or it by any other contributing party and consents to the service of such process and agrees that any other contributing party may join him or it as an additional defendant in any such proceeding in which such other contributing party is a party.

(g) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 8 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 8 and the representations and warranties of the Company and the Selling Stockholder set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter, the Company, its directors or officers or any persons controlling the Company, (ii) acceptance of any Shares and payment therefor hereunder, and (iii) any termination of this Agreement. A successor to any Underwriter, or to the Company, its directors or officers, or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 8.

9 DEFAULT BY UNDERWRITERS.

If on the Closing Date or the Option Closing Date, as the case may be, any Underwriter shall fail to purchase and pay for the portion of the Shares which such Underwriter has agreed to purchase and pay for on such date (otherwise than by reason of any default on the part of the Company or the Selling Stockholder), you, as Representatives of the Underwriters, shall use your reasonable efforts to procure within 36 hours thereafter one or more of the other Underwriters, or any others, to purchase from the Company and the Selling Stockholder such amounts as may be agreed upon and upon the terms set forth herein, the Firm Shares or Option Shares, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 36 hours you, as such Representatives, shall not have procured such other Underwriters, or any others, to purchase the Firm Shares or Option Shares, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of shares with respect to which such default shall occur does not exceed 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the other Underwriters shall be obligated, severally, in proportion to the respective numbers of Firm Shares or Option Shares, as the case may be, which they are obligated to purchase hereunder, to purchase the Firm Shares or Option Shares, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of shares of Firm Shares or Option Shares, as the case may be, with respect to which such default shall occur exceeds 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the Company and the Selling Stockholder or you as the Representatives of the Underwriters will have the right, by written notice given within the next 36-hour period to the parties to this Agreement, to terminate this Agreement without liability on the part of the non-defaulting Underwriters or of the Company or of the Selling Stockholder except to the extent provided in Section 8 hereof. In the event of a default by any Underwriter or Underwriters, as set forth in this Section 9, the Closing Date or Option Closing Date, as the case may be, may be postponed for such period, not exceeding seven days, as you, as Representatives, may determine in order that the required changes in the Registration Statement or in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section 9 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10 NOTICES.

All communications hereunder shall be in writing and, except as otherwise provided herein, will be mailed, delivered, telecopied or telegraphed and confirmed as follows: if to the Underwriters, to BT Alex. Brown Incorporated, One South Street, Baltimore, Maryland 21202, Attention: Gregory J. Shaia; with a copy to BT Alex. Brown Incorporated, One Bankers Trust Plaza, 130 Liberty Street, New York, New York 10006, Attention: General Counsel; if to the Company or the Selling Stockholder, to 228 Manhattan Beach Boulevard, Manhattan Beach, California 90266, Attention: Robert Greenberg.

11 TERMINATION.

(a) This Agreement may be terminated by you by notice to the Sellers at any time prior to the Closing Date if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and the Subsidiary taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and the Subsidiary taken as a whole, whether or not arising in the ordinary course of business, (ii) any outbreak or escalation of hostilities or declaration of war or national emergency or other national or international calamity or crisis or change in economic or political conditions if the effect of such outbreak, escalation, declaration, emergency, calamity, crisis or change on the financial markets of the United States would, in your reasonable judgment, make it impracticable or inadvisable to market the Shares or to enforce contracts for the sale of the Shares, or (iii) suspension of trading in securities generally on the New York Stock Exchange or the American Stock Exchange or limitation on prices (other than limitations on hours or numbers of days of trading) for securities on either such Exchange, (iv) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects or may materially and adversely affect the business or operations of the Company, (v) declaration of a banking moratorium by United States or New York State authorities, (vi) any downgrading, or placement on any watch list for possible downgrading, in the rating of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Exchange Act); (vii) the suspension of trading of the Company's Class A Common Stock by the New York Stock Exchange, the Commission, or any other governmental authority or, (viii) the taking of any action by any governmental or regulatory body or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the securities markets in the United States; or

(b) as provided in Sections 6 and 9 of this Agreement.

12 SUCCESSORS.

This Agreement has been and is made solely for the benefit of the Underwriters, the Company and the Selling Stockholder and their respective successors, executors, administrators, heirs and assigns, and the officers, directors and controlling persons referred to herein, and no other person will have any right or obligation hereunder. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign merely because of such purchase.

13 INFORMATION PROVIDED BY UNDERWRITERS.

The Company, the Selling Stockholder and the Underwriters acknowledge and agree that the only information furnished or to be furnished by any Underwriter to the Company for inclusion in any Prospectus or the Registration Statement consists of the information set forth in the last paragraph on the

front cover page (insofar as such information relates to the Underwriters), the legend set forth on the inside front cover of the Prospectus and the information under the caption "Underwriting" in the Prospectus.

14 MISCELLANEOUS.

The reimbursement, indemnification and contribution agreements contained in this Agreement and the representations, warranties and covenants in this Agreement shall remain in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or controlling person thereof, or by or on behalf of the Company or its directors or officers and (c) delivery of and payment for the Shares under this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

If the foregoing letter is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement among the Selling Stockholder, the Company and the several Underwriters in accordance with its terms.

Any person executing and delivering this Agreement as Attorney-in-Fact for a Selling Stockholder represents by so doing that he has been duly appointed as Attorney-in-Fact by such Selling Stockholder pursuant to a validly existing and binding Power of Attorney which authorizes such Attorney-in-Fact to take such action.

Very truly yours,

SKECHERS U.S.A., INC.

By: /s/ Robert Greenberg

Chief Executive Officer

SELLING STOCKHOLDER

Robert M. Greenberg and M. Susan Greenberg
as Trustees of The Greenberg Family Trust

/s/ Robert Greenberg

Robert M. Greenberg

/s/ M. Susan Greenberg

M. Susan Greenberg

The foregoing Underwriting Agreement is
hereby confirmed and accepted as of the
date first above written.

BT ALEX. BROWN INCORPORATED
PRUDENTIAL SECURITIES INCORPORATED

As Representatives of the several
Underwriters listed on Schedule I

By: BT Alex. Brown Incorporated

By: /s/ illegible

Authorized Officer

SCHEDULE I

SCHEDULE OF UNDERWRITERS

<TABLE>

<CAPTION>

UNDERWRITER	NUMBER OF FIRM SHARES TO BE PURCHASED
<S>	<C>
BT Alex. Brown Incorporated...	1,715,000
Prudential Securities Incorporated..	735,000
Bear Stearns & Co. Inc..	300,000
CIBC World Markets..	300,000
Donaldson, Lufkin & Jenrette Securities...	300,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated................................	300,000
Morgan Stanley & Co. Incorporated...	300,000
Salomon Smith Barney Inc..	300,000
Wasserstein Perella Securities, Inc...	300,000
Blaylock & Partners, L.P..	175,000
J.C. Bradford & Co..	175,000
Dain Rauscher Wessels...	175,000
EBI Securities Corporation..	175,000
Ferris, Baker Watts, Inc..	175,000
Gerard Klauer Mattison & Co., Inc...	175,000
Gruntal & Co., L.L.C..	175,000
Josephthal & Co. Inc..	175,000
McDonald Investments Inc., a Keycorp Company......................................	175,000
Edgar M. Norris & Co. Inc...	175,000
Suntrust Equitable Securities Corporation...	175,000
Tucker Anthony Incorporated...	175,000
First Security Van Kasper...	175,000
Wedbush Morgan Securities Inc...	175,000
TOTAL...	7,000,000

</TABLE>

SCHEDULE II

SCHEDULE OF SELLING STOCKHOLDER

<TABLE>
<CAPTION>

SELLING STOCKHOLDER	NUMBER OF OPTION SHARES TO BE PURCHASED
<S>	<C>
Robert M. Greenberg and M. Susan Greenberg as trustees of the Greenberg Family Trust	1,050,000
TOTAL	1,050,000

</TABLE>

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 14th day of June, 1999 (the "Effective Date"), by and between Skechers U.S.A., Inc., a Delaware corporation, hereinafter referred to as "Employer" and Robert Y. Greenberg, hereinafter referred to as "Employee."

The parties contract with reference to the following facts:

A. Employer desires to employ Employee as its Chairman of the Board and Chief Executive Officer and Employee desires to accept employment with Employer in such capacity.

B. The parties are willing to enter into an Agreement providing for such employment upon the terms and conditions hereinafter set forth.

THEREFORE, the parties agree as follows:

1. EMPLOYMENT. Employer hereby agrees to employ, and does hereby employ, Employee and Employee agrees to accept and hereby accepts employment by Employer, on the terms and subject to the conditions set forth in this Agreement.

2. COMPENSATION.

2.1 Salary. Employer shall pay to Employee a gross annual salary, as determined from time to time by the Board of Directors of Employer, provided; however, that in no event shall Employee's salary hereunder be at an annual rate less than Five Hundred Thousand Dollars ($500,000) ("Salary"). Said Salary to be paid bi-weekly or in accordance with Employer's regular payroll practices.

2.2 Performance-Based Annual Bonus. For each full year during Employee's term as set forth in Section 5, commencing on the Effective Date, Employee shall be eligible to receive a cash bonus based on Employer's achievement of certain financial goals ("Performance-Based Annual Bonus"). For calendar year 1999, and until changed by the Board's Compensation Committee, the annual cash bonus award shall be determined on the basis of Employer's annual return on average equity ("ROE").

(a) if ROE for the calendar year is between 20.0% and 24.9%, the cash bonus shall be equal to 50% of Employee's annual salary for the subject calendar year pursuant to Section 2.1;

(b) if ROE for the calendar year is at least equal to or greater than 25.0%, the cash bonus shall be equal to 100% of Employee's annual salary for the subject calendar year pursuant to Section 2.1; and

(c) The Performance-Based Annual Bonus payable for any calendar year shall be paid to Employee no later than the 15th day of April of the following year. Nothing herein shall preclude Employee from participating in any equity or equity-based compensation program of Employer and the bonus program set forth in this Section 2.2 herein may be replaced with a different program approved by the Board's Compensation Committee and agreed with by Employee.

2.3 Tax Withholding. Employer shall provide for the withholding of any taxes required to be withheld by Federal, state and local law with respect to any payment in cash, shares of capital stock or other property

made by or on behalf of Employer to or for the benefit of Employee under this Agreement or otherwise. Employer may, at its option: (i) withhold such taxes from any cash payments owing from Employer to Employee, including any payments owing under any other provision of the Agreement, (ii) require Employee to pay to Employer in cash such amount as may be required to satisfy such withholding or (iii) make other satisfactory arrangements with Employee to satisfy such withholding obligations.

3. DUTIES, TIME AND EFFORTS. Employee shall serve as Chairman of the Board and Chief Executive Officer of Employer, as such, shall report to the Board of Directors or any Executive Committee of the Board of Directors of Employer and his duties shall include generally, but without limitation, authority and responsibility for the whole overall supervision of the operations of Employer; and he shall also undertake such other reasonable duties of a similar managerial nature as the Board of Directors or Executive Committee of Employer may at any time, or from time to time, direct him to perform. It is understood that Employee may be required to provide services to other corporations owned by or, affiliated with Employer, without additional compensation. Other than providing services to affiliates, Employee shall devote his full productive time, energies,

and abilities to the proper and efficient performance of Employer's business pursuant to the employment hereunder. Employee shall at all times during the term hereof be furnished with such office, stenographic and other necessary secretarial assistance, and such other facilities, amenities and services as are suitable to Employee's position as Chief Executive Officer of Employer and adequate for the performance of Employee's duties hereunder. Unless otherwise agreed to by Employee, Employee's offices shall be maintained at the premises of the principal office of the Employer in Manhattan Beach, California; provided, however, that in connection with the performance of his duties and responsibilities, Employee acknowledges that he may be required to undertake significant business traveling. Employee may not, without the prior express authorization of Employer's Board of Directors, directly or indirectly, during the term of this Agreement engage in any activity competitive with Employer's business or practice, whether acting alone, as a partner, or as an officer, director or employee of any other corporation, whether professional or otherwise; provided, however that nothing herein contained shall prevent Employee from purchasing and/or holding less than five percent (5%) of the issued and outstanding stock of a publicly-held corporation which competes with Employer.

4. VACATION. Employee shall be entitled to a paid vacation of four (4) weeks during each twelve (12) month period of the term of this Agreement. The date or dates of said vacation shall be determined by Employee and the Board of Directors of Employer. If for any reason Employee does not take his full four (4) weeks of vacation as provided above, he may carry over a maximum of one (1) week into the following year, but if he does not use the carried over vacation week in that year it shall expire. Therefore, under no circumstances, regardless of Employee's failure to take vacations, would he be entitled to more than five (5) weeks vacation during any twelve (12) month period.

5. TERM. The term of employment shall commence upon the date of this Agreement and terminate on the 13th day of June, 2002 unless sooner terminated upon the happening of any of the following events:

5.1 Upon Mutual Agreement. Whenever Employer and Employee shall otherwise mutually agree to termination.

5.2 Death. Death of Employee.

5.3 Disability. Disability of Employee, either physically or mentally, not arising out of an injury sustained while on Employer's business extending beyond One Hundred and Fifty (150) consecutive days, or totaling more than one hundred eighty (180) days in any period of three hundred sixty-five (365) days (not limited to any calendar or fiscal year). Such determination to be based upon a certificate as to such physical or mental disability employed by Employer.

5.4 Termination for Cause After Notice and Failure to Cure. Employer may at any time during the term of this Agreement, terminate Employee's employment with Employer for cause ("Cause"), by written notice to Employee by complying with the notice

requirements and restrictions in Section 5.8. Cause shall be limited to the following reasons:

(a) Conviction of Employee for, or Employee pleads guilty or nolo contendere on, any crime involving a dishonest act or involving any behavior not expected of a Chief Executive Officer of a public corporation, which would make the continuance of his employment by Employer detrimental to Employer.

(b) Knowing and intentional commission of a material dishonest act by Employee in the scope of his employment, including, but not limited to theft, embezzlement, falsification of records, misappropriation of funds or property, or fraud against, or with respect to the business of, Employer or any affiliate, which would make the continuance of his employment by Employer detrimental to Employer.

(c) Persistent malfeasance, misfeasance or non-feasance in connection with the performance of his duties.

(d) Employee commits any act that causes, or knowingly fails to take reasonable and appropriate action to prevent, any material injury to the financial condition or business reputation of Employer or any of its affiliates; however, this shall not apply to (i) any act of Employer or its affiliates by any other employee thereof except to the extent that such act is committed at the direction, or with the knowledge, of Employee or (ii) any action in which Employee acted in good faith and in a manner reasonably to be in or not opposed to the best interests of Employer, as determined by Employer's Board of Directors.

(e) Breach of any material provision of this Agreement.

5.5 Good Reason (by Employee). Employee's employment may be terminated by Employee at any time for any of the following reasons (each of which is referred to herein as "Good Reason") by giving the Employer effective date of such termination (which effective date may be the date of such notice):

(a) Employer commits a breach of any material term of this Agreement and, if such breach is capable of being cured, fails to cure such breach within 15 days of receipt of written notice of such breach; or

(b) Employer removes Employee from the position of Chief Executive Officer of Employer other than for Cause, or Employer effects any diminution of the powers, duties or authority of Employee, in each case, without the prior written consent of the Employee.

5.6 Executive's Rights to Terminate. Employee may, at his option, terminate his employment hereunder for any reason upon 60 days' prior written notice to Employer.

5.7 Without Cause. Employer may, at its option, terminate Employee's employment without Cause at any time upon written notice to Employee.

5.8 Notice Requirements and Restrictions. Provided however, and by restriction to the right of Employer set forth in Section 5.4, in the event Employer contends that Employee is not performing the services required by

this Agreement or that it has Cause to terminate this Agreement pursuant to Section 5.4 of this Agreement, Employer shall provide Employee with a written notice specifying in reasonable detail the services or matters in which it contends Employee has not been adequately performing and why Employer has Cause to terminate this Agreement, and what Employee should do to adequately perform his obligations hereunder. If Employee performs the required services within fifteen (15) days of receipt of the notice or modified his performance to correct the matters complained of, Employee's breach will be deemed cured and he shall not be terminated; provided, however, if the nature of the service not performed by Employee or the matters complained of are such that more than fifteen (15) days are reasonably required to perform the required service or to correct the matters complained of, then Employee's breach will be deemed cured if Employee commences to perform such service or to correct such matters within said fifteen (15) day period and thereafter diligently prosecutes such performance or correction to completion. If Employee does not perform the required services or modify his performance to correct the matters complained of within said period Employer shall have the right to terminate this Agreement at the end of said fifteen (15) day period. It is understood that Employee's performance hereunder will not be deemed unsatisfactory solely on the basis of any economic performance of Employer, though the Board of Directors of Employer may consider economic performance as a factor. For purpose of this Agreement, the "Date of Termination" shall mean the later of the date that any party gives written notice that it intends to terminate this Agreement pursuant to the terms hereof, or the date, if any, specified by the terminating party in such notice as the effective date of termination.

6. OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

6.1 Cause or Voluntary. If Employee's employment shall be terminated under Sections 5.1, 5.2, 5.4 or 5.6, Employer's obligations to Employee shall terminate, other than the obligation (i) to pay to Employee his Salary through the Date of Termination at the rate in effect on the day preceding the Date of Termination, (ii) any bonus due as of the Date of Termination, and (iii) to continue to provide Employee with benefits of the type described in Section 9 through the Date of Termination.

6.2 Without Cause or for Good Reason. If Employer shall terminate Employee's employment without Cause pursuant to Section 5.7, or if Employee shall terminate his employment for Good Reason pursuant to Section 5.5, Employer shall (i) continue, in accordance with Employer's normal payroll procedures, to pay the Employee his Salary through the Expiration Date of this Agreement, (ii) continue to pay the Employee his Performance - Based Annual Bonus pursuant to Section 2.2 through the Expiration Date of this Agreement at the rate in effect on the day

preceding the Date of Termination, and (iii) continue to provide the Executive with benefits of the type described in Section 9 through the Expiration Date of this Agreement.

6.3 Disability. During any period of total disability, Employee shall be entitled to his full compensation as provided for hereunder for a period of three (3) months. Thereafter during such period of total disability, Employee shall be entitled to compensation for the balance of the term of this Agreement equal to the Base Salary otherwise payable to the Employee under Section 2.1 hereof, during such period of total disability, less amounts received by the Employee under a policy provided pursuant to Section 9.6.

7. EMPLOYER'S AUTHORITY. To the extent that the following is not inconsistent with the other provisions of this Agreement, Employee agrees to observe and comply with the rules and regulations of Employer as adopted by Employer's Board of Directors respecting performance of this duties and to carry out and perform orders, directions and policies of Employer as they may be, from time to time, stated to him either orally or in writing.

8. EFFECTIVE DATE. The effective date of this Agreement shall be the date of execution as indicated above.

9. EXPENSES AND FRINGE BENEFITS.

9.1 Employer and Employee agree that proper discharge of the duties imposed upon Employee shall require the frequent use of an automobile. Employer hereby agrees that it shall provide to Employee an automobile, chosen by the Employee and suitable for use by the Chief Executive Officer of a public company such as Employer. Such automobile shall be purchased or leased by Employer and provided to Employee for his exclusive use, or at the option of Employee, Employee shall purchase or lease an automobile and the cost thereof shall be reimbursed by Employer. In addition to providing the automobile, Employer shall pay or reimburse all reasonable expenses incurred by Employee in connection with the use and operation of the automobile. Further, should Employee so desire, Employer shall provide a driver for Employee's automobile, during such hours and at such times as may be reasonable for the proper performance of Employee's duties as Chief Executive Officer of a public company.

9.2 Employer and Employee agree that it is necessary and proper for Employee to maintain membership in certain private clubs, civic and fraternal organizations and other associations and that such membership shall be in the best interests of Employer and in furtherance of Employee's obligations hereunder. Employer agrees to pay or reimburse the costs of any such membership in any such clubs, groups or organizations which Employee shall, in his discretion, determine to be in the best interests of the Employee. In the event the cost of any such membership shall exceed One Thousand Dollars ($1,000.00) per month or shall represent the purchase of an equity interest in such club, group or organization (an "equity membership"), the payment of the cost of such membership shall be subject to the approval of the Board of Directors. Any equity

membership so approved shall be held in the name of Employee during the term of this Agreement and, upon the termination hereof, Employee shall have the right to retain such equity membership for a payment to Employer in an amount equal to the initial cost thereof.

9.3 Without limiting the generality of the obligations of Employer pursuant to Sections 9.1 and 9.2 Employer shall also pay or reimburse all expenses reasonably incurred by Employee in discharge or Employee's duties hereunder. Such expenses shall include, without limitation, the following:

(a) Education expenses incurred for the purpose of maintaining or improving Employee's skills;

(b) Expenses for travel, lodging, and related expenses in connection with conventions or meetings, attendance at which is necessary or appropriate in connection with the performance by Employee of his duties required hereunder;

(c) Expenses for meals, entertainment and similar items reasonably incurred by Employee in connection with the business of Employer; and

(d) Such other expenses incurred by Employee reasonably related to the discharge by Employee of his duties as set forth herein.

9.4 Employer reserves the right to require, as a condition of payment or reimbursement for any item pursuant to Section 9.3, Employee to furnish Employer with reasonable documentation evidencing that the expense has been incurred and the relationship of such item to the business of Employer or the duties of Employee.

9.5 Employer shall provide, for the benefit of Employee and his spouse, standard coverage medical insurance, with additional coverage for dental expenses.

9.6 Notwithstanding any provision herein to the contrary, Employer shall provide the Employee all other Employee fringe benefits which are generally provided for or made available to the employees of Employer.

10. CONFIDENTIAL DISCLOSURE. Except to the extent that the proper performance of Employee's duties pursuant to this Agreement may require

disclosure, Employee agrees that he will not for any reason or at any time during the term of this Agreement disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm or association or company other than Employer, any secret or confidential information relating to the customer lists, policies, processes, prospects, products, operations or services of Employer or any other secret or confidential information relating to Employer or its affiliates or the products or services and the accounting, marketing, selling, financing and other business methods and techniques of Employer. However,

confidential information shall not include (A) at the time of disclosure to Employee such information that was in the public domain or later entered the public domain other than as a result of a breach of an obligation herein; or (B) subsequent to disclosure to Employee, Employee received such information from a third party under no obligation to maintain such information in confidence, and the third party came into possession of such information other than as a result of a breach of an obligation herein. All documents, materials or articles of information of any kind furnished to Employee by Employer or developed by Employee in the course of his employment hereunder are and shall remain the sole property of Employer; and if Employer requests the return of such information at any time during, upon or after the termination of Employee's employment hereunder, Employee shall immediately deliver the same to Employer. Employee agrees that the remedy at law for any breach of the foregoing may be inadequate, and that Employer shall be entitled to any type of injunctive relief for any such breach in addition to any other rights or remedies in law or equity to which Employer may be entitled.

11. MISCELLANEOUS.

11.1 Assignability of Agreement. The provisions of this Agreement shall inure to the benefit of the parties hereto, and their respective permitted heirs, legal representatives, successors and assigns. Employer shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation or otherwise) to all or a significant portion of its assets, by agreement in form and substance satisfactory to Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform this Agreement if no such succession had taken place. The obligations of Employee under this Agreement shall be personal and not delegable by him in any manner whatsoever.

11.2 Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other shall be in writing and delivered personally or sent by certified or registered mail, postage prepaid, and if mailed to any addressed in a state other than the state of mailing, by air mail, addressed as follows:

(a) If to Employee, to:

Robert Y. Greenberg
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266

(b) If to Employer, to:

Skechers U.S.A., Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266
Attn: David Weinberg, Chief Financial Officer

Any notice so given shall be deemed received when delivered personally, or (if mailed) when dispatched. Any party may change the address to which notices are to be sent by giving written notice of such change of address to the other party in the manner herein provided for giving notice.

11.3 Waiver. No waiver of any breach of any warranty, representation, covenant or other term or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other warranty, representation, covenant, term or provision. No extension of the time for performance of any obligation or other act shall be deemed to be an extension of the time for the performance of any other obligation of any other act.

11.4 Amendment to Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein, and may not be amended, supplemented or discharged except by an instrument in writing signed by both parties hereto. This Agreement supersedes any and all previous Employment Agreements between the parties which are hereby revoked.

11.5 Disputes/Attorneys Fees. Should any dispute arise concerning the terms or the interpretations of this Agreement, and such dispute results in arbitration and/or litigation then, unless otherwise directed by the court, the prevailing party shall be entitled to and be awarded reasonable attorneys' fees and costs in addition to any other relief to which it may be entitled.

11.6 Time of the Essence. Time is of the essence of each provision of this Agreement in which time is an element.

11.7 Arbitration. The parties agree if any controversy or claim shall arise out of this Agreement or the breach hereof and either party shall request that the matter be settled by arbitration the matter shall be settled exclusively by arbitration in accordance with the rules then in effect of the American Arbitration Association in the City of Los Angeles, California, as the same may be modified by the statutes of California then in effect, by a single arbitrator, if the parties shall agree upon one, or by one arbitrator appointee by each party and a third arbitrator appointed by the other arbitrators. In case of any failure of a party to make an appointment referred to above within two (2) weeks after written notice of controversy, such appointment shall be made by the Association. All arbitration proceedings shall be held in the City of Los Angeles, California, and each party agrees to comply in all respects with any award made in such proceeding and to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding. All costs and expenses of arbitration (including costs of preparation therefor and reasonable attorneys' fees incurred in connection therewith) of the party prevailing in such arbitration shall be borne by the losing party to such arbitration, unless otherwise directed by the arbitrators. Notwithstanding any provision of this section herein set forth, no party may make a request for arbitration hereunder with respect to any matter at any time following

the expiration of thirty days after notice of the filing of a legal action with respect to such matters in a court of competent jurisdiction.

11.8 Indemnification. Employer agrees to indemnify Employee for any and all liabilities to which he may be subject as a result of his service as an officer, director or other corporate agent of Employer, or of any other enterprise at the request of the Employer, or otherwise as a result of his employment hereunder, as well as the expense (including, without limitation, reasonable counsel fees) of any proceeding brought or threatened against Employee as a result of such service or employment, to the fullest extent permitted by law. Such counsel fees shall, to the fullest extent permitted by law, be paid by Employer in advance of the final disposition of the proceeding upon receipt of an undertaking of Employee satisfactory to counsel for Employer to repay such fees unless it shall ultimately be determined that he is not entitled to be indemnified with respect thereto.

11.9 Execution in Counterparts. This Agreement may be executed by the parties hereto in two counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart

11.10 Severability. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable for any reason, such judgment shall not affect, impair or invalidate the remainder of this Agreement

11.11 Headings Descriptive. The headings of the several paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any of this Agreement.

11.12 Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

"EMPLOYER"

Skechers, U.S.A., Inc.

By: /s/ MICHAEL GREENBERG

Name: Michael Greenberg
Title: President

"EMPLOYEE"

/s/ ROBERT Y. GREENBERG

Robert Y. Greenberg

EXHIBIT 10.3

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 14th day of June, 1999 (the "Effective Date"), by and between Skechers U.S.A., Inc., a Delaware corporation, hereinafter referred to as "Employer" and Michael Greenberg hereinafter referred to as "Employee."

The parties contract with reference to the following facts:

A. Employer desires to employ Employee as its President and Employee desires to accept employment with Employer in such capacity.

B. The parties are willing to enter into an Agreement providing for such employment upon the terms and conditions hereinafter set forth.

THEREFORE, the parties agree as follows:

1. EMPLOYMENT. Employer hereby agrees to employ, and does hereby employ, Employee and Employee agrees to accept and hereby accepts employment by Employer, on the terms and subject to the conditions set forth in this Agreement.

2. COMPENSATION.

2.1 Salary. Employer shall pay to Employee a gross annual salary, as determined from time to time by the Board of Directors of Employer, provided; however, that in no event shall Employee's salary hereunder be at an annual rate less than Three Hundred Fifty Thousand Dollars ($350,000) ("Salary"). Said Salary to be paid bi-weekly or in accordance with Employer's regular payroll practices.

2.2 Performance-Based Annual Bonus. For each full year during Employee's term as set forth in Section 5, commencing on the Effective Date, Employee shall be eligible to receive a cash bonus based on Employer's achievement of certain financial goals ("Performance-Based Annual Bonus"). For calendar year 1999, and until changed by the Board's Compensation Committee, the annual cash bonus award shall be determined on the basis of Employer's annual return on average equity ("ROE").

(a) if ROE for the calendar year is between 20.0% and 24.9%, the cash bonus shall be equal to 50% of Employee's annual salary for the subject calendar year pursuant to Section 2.1;

(b) if ROE for the calendar year is at least equal to or greater than 25.0%, the cash bonus shall be equal to 100% of Employee's annual salary for the subject calendar year pursuant to Section 2.1; and

(c) The Performance-Based Annual Bonus payable for any calendar year shall be paid to Employee no later than the 15th day of April of the following year. Nothing herein shall preclude Employee from participating in any equity or equity-based compensation program of Employer and the bonus program set forth in this Section 2.2 herein may be replaced with a different program approved by the Board's Compensation Committee and agreed with by Employee.

2.3 Tax Withholding. Employer shall provide for the withholding of any taxes required to be withheld by Federal, state and local law with respect to any payment in cash, shares of capital stock or other property made by or on behalf of Employer to or for the benefit of Employee under this

Agreement or otherwise. Employer may, at its option: (i) withhold such taxes from any cash payments owing from Employer to Employee, including any payments owing under any other provision of the Agreement, (ii) require Employee to pay to Employer in cash such amount as may be required to satisfy such withholding or (iii) make other satisfactory arrangements with Employee to satisfy such withholding obligations.

3. DUTIES, TIME AND EFFORTS. Employee shall serve as President of Employer, as such, shall report to the Board of Directors or any Executive Committee of

the Board of Directors of Employer and his duties shall include generally, but without limitation, all powers and duties consistent with such position subject to the direction of the Board of Directors or any Executive Committee; and he shall also undertake such other reasonable duties of a similar managerial nature as the Board of Directors or Executive Committee of Employer may at any time, or from time to time, direct him to perform. It is understood that Employee may be required to provide services to other corporations owned by or, affiliated with Employer, without additional compensation. Other than providing services to affiliates, Employee shall devote his full productive time, energies, and abilities to the proper and efficient performance of Employer's business pursuant to the employment hereunder. Employee shall at all times during the term hereof be furnished with such office, stenographic and other necessary secretarial assistance, and such other facilities, amenities and services as are suitable to Employee's position as President of Employer and adequate for the performance of Employee's duties hereunder. Unless otherwise agreed to by Employee, Employee's offices shall be maintained at the premises of the principal office of the Employer in Manhattan Beach, California; provided, however, that in connection with the performance of his duties and responsibilities, Employee acknowledges that he may be required to undertake significant business traveling. Employee may not, without the prior express authorization of Employer's Board of Directors, directly or indirectly, during the term of this Agreement engage in any activity competitive with Employer's business or practice, whether acting alone, as a partner, or as an officer, director or employee of any other corporation, whether professional or otherwise; provided, however that nothing herein contained shall prevent Employee from purchasing and/or holding less than five percent (5%) of the issued and outstanding stock of a publicly-held corporation which competes with Employer.

4. VACATION. Employee shall be entitled to a paid vacation of four (4) weeks during each twelve (12) month period of the term of this Agreement. The date or dates of said vacation shall be determined by Employee and the Board of Directors of Employer. If for any reason Employee does not take his full four (4) weeks of vacation as provided above, he may carry over a maximum of one (1) week into the following year, but if he does not use the carried over vacation week in that year it shall expire. Therefore, under no circumstances, regardless of Employee's failure to take vacations, would he be entitled to more than five (5) weeks vacation during any twelve (12) month period.

5. TERM. The term of employment shall commence upon the date of this Agreement and terminate on the 13th day of June 2002 unless sooner terminated upon the happening of any of the following events:

5.1 Upon Mutual Agreement. Whenever Employer and Employee shall otherwise mutually agree to termination.

5.2 Death. Death of Employee.

5.3 Disability. Disability of Employee, either physically or mentally, not arising out of an injury sustained while on Employer's business

extending beyond One Hundred and Fifty (150) consecutive days, or totaling more than one hundred eighty (180) days in any period of three hundred sixty-five (365) days (not limited to any calendar or fiscal year). Such determination to be based upon a certificate as to such physical or mental disability employed by Employer.

5.4 Termination for Cause After Notice and Failure to Cure. Employer may at any time during the term of this Agreement, terminate Employee's employment with Employer for cause ("Cause"), by written notice to Employee by complying with the notice requirements and restrictions in Section 5.8. Cause shall be limited to the following reasons:

(a) Conviction of Employee for, or Employee pleads guilty or nolo contendere on, any crime involving a dishonest act or involving any behavior not expected of a President of a public corporation, which would make the continuance of his employment by Employer detrimental to Employer.

(b) Knowing and intentional commission of a material dishonest act by Employee in the scope of his employment, including, but not limited to theft, embezzlement, falsification of records, misappropriation of funds or property, or fraud against, or with respect to the business of, Employer or any affiliate, which would make the continuance of his employment by Employer detrimental to Employer.

(c) Persistent malfeasance, misfeasance or non-feasance in connection with the performance of his duties.

(d) Employee commits any act that causes, or knowingly fails to take reasonable and appropriate action to prevent, any material injury to the financial condition or business reputation of Employer or any of its affiliates; however, this shall not apply to (i) any act of Employer or its affiliates by any other employee thereof except to the extent that such act is committed at the direction, or with the knowledge, of Employee or (ii) any action in which Employee acted in good faith and in a manner reasonably to be in or not opposed to the best interests of Employer, as determined by Employer's Board of Directors.

(e) Breach of any material provision of this Agreement.

5.5 Good Reason (by Employee). Employee's employment may be

terminated by Employee at any time for any of the following reasons (each of which is referred to herein as "Good Reason") by giving the Employer effective date of such termination (which effective date may be the date of such notice):

(a) Employer commits a breach of any material term of this Agreement and, if such breach is capable of being cured, fails to cure such breach within 15 days of receipt of written notice of such breach; or

(b) Employer removes Employee from the position of President of Employer other than for Cause, or Employer effects any diminution of the powers, duties or authority of Employee, in each case, without the prior written consent of the Employee.

5.6 Executive's Rights to Terminate. Employee may, at his option, terminate his employment hereunder for any reason upon 60 days' prior written notice to Employer.

5.7 Without Cause. Employer may, at its option, terminate Employee's employment without Cause at any time upon written notice to Employee.

5.8 Notice Requirements and Restrictions. Provided however, and by restriction to the right of Employer set forth in Section 5.4, in the event Employer contends that Employee is not performing the services required by

this Agreement or that it has Cause to terminate this Agreement pursuant to Section 5.4 of this Agreement, Employer shall provide Employee with a written notice specifying in reasonable detail the services or matters in which it contends Employee has not been adequately performing and why Employer has Cause to terminate this Agreement, and what Employee should do to adequately perform his obligations hereunder. If Employee performs the required services within fifteen (15) days of receipt of the notice or modified his performance to correct the matters complained of, Employee's breach will be deemed cured and he shall not be terminated; provided, however, if the nature of the service not performed by Employee or the matters complained of are such that more than fifteen (15) days are reasonably required to perform the required service or to correct the matters complained of, then Employee's breach will be deemed cured if Employee commences to perform such service or to correct such matters within said fifteen (15) day period and thereafter diligently prosecutes such performance or correction to completion. If Employee does not perform the required services or modify his performance to correct the matters complained of within said period Employer shall have the right to terminate this Agreement at the end of said fifteen (15) day period. It is understood that Employee's performance hereunder will not be deemed unsatisfactory solely on the basis of any economic performance of Employer, though the Board of Directors of Employer may consider economic performance as a factor. For purpose of this Agreement, the "Date of Termination" shall mean the later of

the date that any party gives written notice that it intends to terminate this Agreement pursuant to the terms hereof, or the date, if any, specified by the terminating party in such notice as the effective date of termination.

6. OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

6.1 Cause or Voluntary. If Employee's employment shall be terminated under Sections 5.1, 5.2, 5.4, or 5.6, Employer's obligations to Employee shall terminate, other than the obligation (i) to pay to Employee his Salary through the Date of Termination at the rate in effect on the day preceding the Date of Termination, (ii) any bonus due as of the Date of Termination, and (iii) to continue to provide Employee with benefits of the type described in Section 9 through the Date of Termination.

6.2 Without Cause or for Good Reason. If Employer shall terminate Employee's employment without Cause pursuant to Section 5.7, or if Employee shall terminate his employment for Good Reason pursuant to Section 5.5, Employer shall (i) continue, in accordance with Employer's normal payroll procedures, to pay the Employee his Salary through the Expiration Date of this Agreement, (ii) continue to pay the Employee his Performance - Based Annual Bonus pursuant to Section 2.2 through the Expiration Date of this Agreement at the rate in effect on the day preceding the Date of Termination, and (iii) continue to provide the Executive with benefits of the type described in Section 9 through the Expiration Date of this Agreement.

6.3 Disability. During any period of total disability, Employee shall be entitled to his full compensation as provided for hereunder for a period of three (3) months. Thereafter during such period of total disability, Employee shall be entitled to compensation for the balance of the term of this Agreement equal to the Base Salary otherwise payable to the Employee under Section 2.1 hereof, during such period of total disability, less amounts received by the Employee under a policy provided pursuant to Section 9.4.

7. EMPLOYER'S AUTHORITY. To the extent that the following is not inconsistent with the other provisions of this Agreement, Employee agrees to observe and comply with the rules and regulations of Employer as adopted by Employer's Board of Directors respecting performance of this duties and to carry out and perform orders, directions and policies of Employer as they may be, from time to time, stated to him either orally or in writing.

8. EFFECTIVE DATE. The effective date of this Agreement shall be the date of execution as indicated above.

9. EXPENSES AND FRINGE BENEFITS.

9.1 Employer shall also pay or reimburse all expenses reasonably incurred by Employee in discharge or Employee's duties hereunder. Such expenses shall include, without limitation, the following:

(a) Automobile lease expenses of Employee;

(b) Education expenses incurred for the purpose of maintaining or improving Employee's skills;

(c) Expenses for travel, lodging, and related expenses in connection with conventions or meetings, attendance at which is necessary or appropriate in connection with the performance by Employee of his duties required hereunder;

(d) Expenses for meals, entertainment and similar items reasonably incurred by Employee in connection with the business of Employer; and

(e) Such other expenses incurred by the Employee reasonably related to the discharge by Employee of his duties as set forth herein.

9.2 Employer reserves the right to require, as a condition of payment or reimbursement for any item pursuant to Section 9.1, Employee to furnish Employer with reasonable documentation evidencing that the expense has been incurred and the relationship of such item to the business of Employer or the duties of Employee.

9.3 Employer shall provide, for the benefit of Employee and his spouse, standard coverage medical insurance, with additional coverage for dental expenses.

9.4 Notwithstanding any provision herein to the contrary, Employer shall provide the Employee all other Employee fringe benefits which are generally provided for or made available to the employees of Employer.

10. CONFIDENTIAL DISCLOSURE. Except to the extent that the proper performance of Employee's duties pursuant to this Agreement may require disclosure, Employee agrees that he will not for any reason or at any time during the term of this Agreement disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm or association or company other than Employer, any secret or confidential information relating to the customer lists, policies, processes, prospects, products, operations or services of Employer or any other secret or confidential information relating to Employer or its affiliates or the products or services and the accounting, marketing,

selling, financing and other business methods and techniques of Employer. However, confidential information shall not include (A) at the time of disclosure to Employee such information that was in the public domain or later entered the public domain other than as a result of a breach of an obligation herein; or (B) subsequent to disclosure to Employee, Employee received such information from a third party under no obligation to maintain such information in confidence, and the third party came into possession of such information other than as a result of a breach of an obligation herein. All documents, materials or articles of information of any kind furnished to Employee by Employer or developed by Employee in the course of his employment hereunder are and shall remain the sole property of Employer; and if Employer requests the return of such information at any time during, upon or after the termination of Employee's employment hereunder, Employee shall immediately deliver the same to

Employer. Employee agrees that the remedy at law for any breach of the foregoing may be inadequate, and that Employer shall be entitled to any type of injunctive relief for any such breach in addition to any other rights or remedies in law or equity to which Employer may be entitled.

11. MISCELLANEOUS.

11.1 Assignability of Agreement. The provisions of this Agreement shall inure to the benefit of the parties hereto, and their respective permitted heirs, legal representatives, successors and assigns. Employer shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation or otherwise) to all or a significant portion of its assets, by agreement in form and substance satisfactory to Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform this Agreement if no such succession had taken place. The obligations of Employee under this Agreement shall be personal and not delegable by him in any manner whatsoever.

11.2 Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other shall be in writing and delivered personally or sent by certified or registered mail, postage prepaid, and if mailed to any addressed in a state other than the state of mailing, by air mail, addressed as follows:

(a) If to Employee, to:
Michael Greenberg
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266

(b) If to Employer, to:
Skechers U.S.A., Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266
Attn: David Weinberg, Chief
Financial Officer

Any notice so given shall be deemed received when delivered personally, or (if mailed) when dispatched. Any party may change the address to which notices are to be sent by giving written notice of such change of address to the other party in the manner herein provided for giving notice.

11.3 Waiver. No waiver of any breach of any warranty, representation, covenant or other term or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other warranty, representation, covenant, term or provision. No extension of the time for performance of any obligation or other act shall be deemed to be an extension of the time for the performance of any other obligation of any other act.

11.4 Amendment to Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein, and may not be amended, supplemented or discharged except by an instrument in writing signed by both parties hereto. This Agreement supersedes any and all previous Employment Agreements between the parties which are hereby revoked.

11.5 Disputes/Attorneys Fees. Should any dispute arise concerning the terms or the interpretations of this Agreement, and such dispute results in arbitration and/or litigation then, unless otherwise directed by the court, the prevailing party shall be entitled to and be awarded reasonable attorneys' fees and costs in addition to any other relief to which it may be entitled.

11.6 Time of the Essence. Time is of the essence of each provision of this Agreement in which time is an element.

11.7 Arbitration. The parties agree if any controversy or claim shall arise out of this Agreement or the breach hereof and either party shall request that the matter be settled by arbitration the matter shall be settled exclusively by arbitration in accordance with the rules then in effect of the American Arbitration Association in the City of Los Angeles, California, as the same may be modified by the statutes of California then in effect, by a single arbitrator, if the parties shall agree upon one, or by one arbitrator appointee by each party and a third arbitrator appointed by the other arbitrators. In case of any failure of a party to make an appointment referred to above within two (2) weeks

after written notice of controversy, such appointment shall be made by the Association. All arbitration proceedings shall be held in the City of Los Angeles, California, and each party agrees to comply in all respects with any award made in such proceeding and to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding. All costs and expenses of arbitration (including costs of preparation therefor and reasonable attorneys' fees incurred in connection therewith) of the party prevailing in such arbitration shall be borne by the losing party to such arbitration, unless otherwise directed by the arbitrators. Notwithstanding any provision of this section herein set forth, no party may make a request for arbitration hereunder with respect to any matter at any time following the expiration of thirty days after notice of the filing of a legal action with respect to such matters in a court of competent jurisdiction.

11.8 Indemnification. Employer agrees to indemnify Employee for any and all liabilities to which he may be subject as a result of his service as an officer, director or other corporate agent of Employer, or of any other enterprise at the request of the Employer, or otherwise as a result of his employment hereunder, as well as the expense (including, without limitation, reasonable counsel fees) of any proceeding brought or threatened against Employee as a result of such service or employment, to the fullest extent permitted by law. Such counsel fees shall, to the fullest extent permitted by law, be paid by Employer in advance of the final disposition of the proceeding upon receipt of an undertaking of Employee satisfactory to counsel for Employer to repay such fees unless it shall ultimately be determined that he is not entitled to be indemnified with respect thereto.

11.9 Execution in Counterparts. This Agreement may be executed by the parties hereto in two counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart

11.10 Severability. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable for any reason, such judgment shall not affect, impair or invalidate the remainder of this Agreement

11.11 Headings Descriptive. The headings of the several paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any of this Agreement.

11.12 Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

"EMPLOYER"

Skechers, U.S.A., Inc.

By:/s/ DAVID WEINBERG

Name: David Weinberg

Title: Executive Vice President and Chief Financial Officer

"EMPLOYEE"

/s/ MICHAEL GREENBERG

Michael Greenberg

EXHIBIT 10.4

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the 14th day of June, 1999 (the "Effective Date") by and between Skechers U.S.A., Inc., a Delaware corporation, hereinafter referred to as "Employer" and David Weinberg hereinafter referred to as "Employee."

The parties contract with reference to the following facts:

A. Employer desires to employ Employee as its Executive Vice President and Chief Financial Officer and Employee desires to accept employment with Employer in such capacity.

B. The parties are willing to enter into an Agreement providing for such employment upon the terms and conditions hereinafter set forth.

THEREFORE, the parties agree as follows:

1. EMPLOYMENT. Employer hereby agrees to employ, and does hereby employ, Employee and Employee agrees to accept and hereby accepts employment by Employer, on the terms and subject to the conditions set forth in this Agreement.

2. COMPENSATION.

2.1 Salary. Employer shall pay to Employee a gross annual salary, as determined from time to time by the Board of Directors of Employer, provided; however, that in no event shall Employee's salary hereunder be at an annual rate less than Two Hundred Fifty Thousand Dollars ($250,000) ("Salary"). Said Salary to be paid bi-weekly or in accordance with Employer's regular payroll practices.

2.2 Performance-Based Annual Bonus. For each full year during Employee's term as set forth in Section 5, commencing on the Effective Date, Employee shall be eligible to receive a cash bonus based on Employer's achievement of certain financial goals ("Performance-Based Annual Bonus"). For calendar year 1999, and until changed by the Board's Compensation Committee, the annual cash bonus award shall be determined on the basis of Employer's annual return on average equity ("ROE").

(a) if ROE for the calendar year is between 20.0% and 24.9%, the cash bonus shall be equal to 50% of Employee's annual salary for the subject calendar year pursuant to Section 2.1;

(b) if ROE for the calendar year is at least equal to or greater than 25.0%, the cash bonus shall be equal to 100% of Employee's annual salary for the subject calendar year pursuant to Section 2.1; and

(c) The Performance-Based Annual Bonus payable for any calendar year shall be paid to Employee no later than the 15th day of April of the following year. Nothing herein shall preclude Employee from participating in any equity or equity-based compensation program of Employer and the bonus program set forth in this Section 2.2 herein may be replaced with a different program approved by the Board's Compensation Committee and agreed with by Employee.

2.3 Tax Withholding. Employer shall provide for the withholding of any taxes required to be withheld by Federal, state and local law with respect to any payment in cash, shares of capital stock or other property made by or on behalf of Employer to or for the benefit of Employee under this Agreement or otherwise. Employer may, at its option: (i) withhold such taxes from any cash payments owing from Employer to Employee, including any payments

owing under any other provision of the Agreement, (ii) require Employee to pay to Employer in cash such amount as may be required to satisfy such withholding or (iii) make other satisfactory arrangements with Employee to satisfy such withholding obligations.

3. DUTIES, TIME AND EFFORTS. Employee shall serve as Executive Vice President and Chief Financial Officer of Employer, as such, shall report to

the Board of Directors or any Executive Committee of the Board of Directors of Employer and his duties shall include generally, but without limitation, all powers and duties consistent with such positions subject to the direction of the Board of Directors or any Executive Committee; and he shall also undertake such other reasonable duties of a similar managerial nature as the Board of Directors or Executive Committee of Employer may at any time, or from time to time, direct him to perform. It is understood that Employee may be required to provide services to other corporations owned by or, affiliated with Employer, without additional compensation. Other than providing services to affiliates, Employee shall devote his full productive time, energies, and abilities to the proper and efficient performance of Employer's business pursuant to the employment hereunder. Employee shall at all times during the term hereof be furnished with such office, stenographic and other necessary secretarial assistance, and such other facilities, amenities and services as are suitable to Employee's position as Executive Vice President and Chief Financial Officer of Employer and adequate for the performance of Employee's duties hereunder. Unless otherwise agreed to by Employee, Employee's offices shall be maintained at the premises of the principal office of the Employer in Manhattan Beach, California; provided, however, that in connection with the performance of his duties and responsibilities, Employee acknowledges that he may be required to undertake significant business traveling. Employee may not, without the prior express authorization of Employer's Board of Directors, directly or indirectly, during the term of this Agreement engage in any activity competitive with Employer's business or practice, whether acting alone, as a partner, or as an officer, director or employee of any other corporation, whether professional or otherwise; provided, however that nothing herein contained shall prevent Employee from purchasing and/or holding less than five percent (5%) of the issued and outstanding stock of a publicly-held corporation which competes with Employer.

4. VACATION. Employee shall be entitled to a paid vacation of four (4) weeks during each twelve (12) month period of the term of this Agreement. The date or dates of said vacation shall be determined by Employee and the Board of Directors of Employer. If for any reason Employee does not take his full four (4) weeks of vacation as provided above, he may carry over a maximum of one (1) week into the following year, but if he does not use the carried over vacation week in that year it shall expire. Therefore, under no circumstances, regardless of Employee's failure to take vacations, would he be entitled to more than five (5) weeks vacation during any twelve (12) month period.

5. TERM. The term of employment shall commence upon the date of this Agreement and terminate on the 13th day of June, 2002 unless sooner terminated upon the happening of any of the following events:

5.1 Upon Mutual Agreement. Whenever Employer and Employee shall otherwise mutually agree to termination.

5.2 Death. Death of Employee.

5.3 Disability. Disability of Employee, either physically or mentally, not arising out of an injury sustained while on Employer's business extending beyond One Hundred and Fifty (150) consecutive days, or totaling more than one hundred eighty (180) days in any period of three hundred sixty-five (365) days (not limited to any calendar or fiscal year). Such determination to be based upon a certificate as to such physical or mental disability employed by Employer.

5.4 Termination for Cause After Notice and Failure to Cure. Employer may at any time during the term of this Agreement, terminate Employee's employment with Employer for cause ("Cause"), by written notice to Employee by complying with the notice requirements and restrictions in Section 5.8. Cause shall be limited to the following reasons:

(a) Conviction of Employee for, or Employee pleads guilty or nolo contendere on, any crime involving a dishonest act or involving any behavior not expected of an Executive Vice President and Chief Financial Officer of a public corporation, which would make the continuance of his employment by Employer detrimental to Employer.

(b) Knowing and intentional commission of a material dishonest act by Employee in the scope of his employment, including, but not limited to theft, embezzlement, falsification of records, misappropriation of funds or property, or fraud against, or with respect to the business of, Employer or any affiliate, which would make the continuance of his employment by Employer detrimental to Employer.

(c) Persistent malfeasance, misfeasance or non-feasance in connection with the performance of his duties.

(d) Employee commits any act that causes, or knowingly fails to take reasonable and appropriate action to prevent, any material injury to the financial condition or business reputation of Employer or any of its affiliates; however, this shall not apply to (i) any act of Employer or its affiliates by any other employee thereof except to the extent that such act is committed at the direction, or with the knowledge, of Employee or (ii) any action in which Employee acted in good faith and in a manner reasonably to be in or not opposed to the best interests of Employer, as determined by Employer's Board of Directors.

(e) Breach of any material provision of this Agreement.

5.5 Good Reason (by Employee). Employee's employment may be

terminated by Employee at any time for any of the following reasons (each of which is referred to herein as "Good Reason") by giving the Employer effective date of such termination (which effective date may be the date of such notice):

(a) Employer commits a breach of any material term of this Agreement and, if such breach is capable of being cured, fails to cure such breach within 15 days of receipt of written notice of such breach; or

(b) Employer removes Employee from the position of Executive Vice President and Chief Financial Officer of Employer other than for Cause, or Employer effects any diminution of the powers, duties or authority of Employee, in each case, without the prior written consent of the Employee.

5.6 Executive's Rights to Terminate. Employee may, at his option, terminate his employment hereunder for any reason upon 60 days' prior written notice to Employer.

5.7 Without Cause. Employer may, at its option, terminate Employee's employment without Cause at any time upon written notice to Employee.

5.8 Notice Requirements and Restrictions. Provided however, and by restriction to the right of Employer set forth in Section 5.4, in the event Employer contends that Employee is not performing the services required by this Agreement or that it has Cause to terminate this Agreement pursuant to Section 5.4 of this Agreement, Employer shall provide Employee with a written notice specifying in reasonable detail the services or matters in which it contends Employee has not been adequately performing and why Employer has Cause to terminate this Agreement, and what Employee should do to adequately perform his obligations hereunder. If Employee performs the required services within

fifteen (15) days of receipt of the notice or modified his performance to correct the matters complained of, Employee's breach will be deemed cured and he shall not be terminated; provided, however, if the nature of the service not performed by Employee or the matters complained of are such that more than fifteen (15) days are reasonably required to perform the required service or to correct the matters complained of, then Employee's breach will be deemed cured if Employee commences to perform such service or to correct such matters within said fifteen (15) day period and thereafter diligently prosecutes such performance or correction to completion. If Employee does not perform the required services or modify his performance to correct the matters complained of within said period Employer shall have the right to terminate this Agreement at the end of said fifteen (15) day period. It is understood that Employee's performance hereunder will not be deemed unsatisfactory solely on the basis of any economic performance of Employer, though the Board of Directors of Employer may consider economic performance as a

factor. For purpose of this Agreement, the "Date of Termination" shall mean the later of the date that any party gives written notice that it intends to terminate this Agreement pursuant to the terms hereof, or the date, if any, specified by the terminating party in such notice as the effective date of termination.

6. OBLIGATIONS OF THE CORPORATION UPON TERMINATION.

6.1 Cause or Voluntary. If Employee's employment shall be terminated under Sections 5.1, 5.2, 5.4 or 5.6, Employer's obligations to Employee shall terminate, other than the obligation (i) to pay to Employee his Salary through the Date of Termination at the rate in effect on the day preceding the Date of Termination, (ii) any bonus due as of the Date of Termination, and (iii) to continue to provide Employee with benefits of the type described in Section 9 through the Date of Termination.

6.2 Without Cause or for Good Reason. If Employer shall terminate Employee's employment without Cause pursuant to Section 5.7, or if Employee shall terminate his employment for Good Reason pursuant to Section 5.5, Employer shall (i) continue, in accordance with Employer's normal payroll procedures, to pay the Employee his Salary through the Expiration Date of this Agreement, (ii) continue to pay the Employee his Performance - Based Annual Bonus pursuant to Section 2.2 through the Expiration Date of this Agreement at the rate in effect on the day preceding the Date of Termination, and (iii) continue to provide the Executive with benefits of the type described in Section 9 through the Expiration Date of this Agreement.

6.3 Disability. During any period of total disability, Employee shall be entitled to his full compensation as provided for hereunder for a period of three (3) months. Thereafter during such period of total disability, Employee shall be entitled to compensation for the balance of the term of this Agreement equal to the Base Salary otherwise payable to the Employee under Section 2.1 hereof, during such period of total disability, less amounts received by the Employee under a policy provided pursuant to Section 9.4.

7. EMPLOYER'S AUTHORITY. To the extent that the following is not inconsistent with the other provisions of this Agreement, Employee agrees to observe and comply with the rules and regulations of Employer as adopted by Employer's Board of Directors respecting performance of this duties and to carry out and perform orders, directions and policies of Employer as they may be, from time to time, stated to him either orally or in writing.

8. EFFECTIVE DATE. The effective date of this Agreement shall be the date of execution as indicated above.

9. EXPENSES AND FRINGE BENEFITS.

9.1 Employer shall also pay or reimburse all expenses reasonably incurred by Employee in discharge or Employee's duties hereunder. Such expenses shall include, without limitation, the following:

(a) Automobile lease expenses of Employee;

(b) Education expenses incurred for the purpose of maintaining or improving Employee's skills;

(c) Expenses for travel, lodging, and related expenses in connection with conventions or meetings, attendance at which is necessary or appropriate in connection with the performance by Employee of his duties required hereunder;

(d) Expenses for meals, entertainment and similar items reasonably incurred by Employee in connection with the business of Employer; and

(e) Such other expenses incurred by the Employee reasonably related to the discharge by Employee of his duties as set forth herein.

9.2 Employer reserves the right to require, as a condition of payment or reimbursement for any item pursuant to Section 9.1, Employee to furnish Employer with reasonable documentation evidencing that the expense has been incurred and the relationship of such item to the business of Employer or the duties of Employee.

9.3 Employer shall provide, for the benefit of Employee and his spouse, standard coverage medical insurance, with additional coverage for dental expenses.

9.4 Notwithstanding any provision herein to the contrary, Employer shall provide the Employee all other Employee fringe benefits which are generally provided for or made available to the employees of Employer.

10. CONFIDENTIAL DISCLOSURE. Except to the extent that the proper performance of Employee's duties pursuant to this Agreement may require disclosure, Employee agrees that he will not for any reason or at any time during the term of this Agreement disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm or association or company other than Employer, any secret or confidential information relating to the customer lists, policies, processes, prospects, products,

operations or services of Employer or any other secret or confidential information relating to Employer or its affiliates or the products or services and the accounting, marketing, selling, financing and other business methods and techniques of Employer. However, confidential information shall not include (A) at the time of disclosure to Employee such information that was in the public domain or later entered the public domain other than as a result of a breach of an obligation herein; or (B) subsequent to disclosure to Employee, Employee received such information from a third party under no obligation to maintain such information in confidence, and the third party came into possession of such information other than as a result of a breach of an obligation herein. All documents, materials or articles of information of any kind furnished to Employee by Employer or developed by Employee in the course of his employment hereunder are and shall remain the sole property of Employer; and if Employer requests the return of such information at any time during, upon or after the termination of Employee's employment hereunder, Employee shall immediately deliver the same to Employer. Employee agrees that the remedy at law for any breach of the foregoing may be inadequate, and that Employer shall be entitled to any type of injunctive relief for any such breach in addition to any other rights or remedies in law or equity to which Employer may be entitled.

11. MISCELLANEOUS.

11.1 Assignability of Agreement. The provisions of this Agreement shall inure to the benefit of the parties hereto, and their respective permitted heirs, legal representatives, successors and assigns. Employer shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation or otherwise) to all or a significant portion of its assets, by agreement in form and substance satisfactory to Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform this Agreement if no such succession had taken place. The obligations of Employee under this Agreement shall be personal and not delegable by him in any manner whatsoever.

11.2 Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other shall be in writing and delivered personally or sent by certified or registered mail, postage prepaid, and if mailed to any addressed in a state other than the state of mailing, by air mail, addressed as follows:

(a) If to Employee, to:
David Weinberg
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266

(b) If to Employer, to:
Skechers U.S.A., Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266
Attn: Michael Greenberg, President

Any notice so given shall be deemed received when delivered personally, or (if mailed) when dispatched. Any party may change the address to which notices are to be sent by giving written notice of such change of address to the other party in the manner herein provided for giving notice.

11.3 Waiver. No waiver of any breach of any warranty, representation, covenant or other term or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other warranty, representation, covenant, term or provision. No extension of the time for performance of any obligation or other act shall be deemed to be an extension of the time for the performance of any other obligation of any other act.

11.4 Amendment to Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein, and may not be amended, supplemented or discharged except by an instrument in writing signed by both parties hereto. This Agreement supersedes any and all previous Employment Agreements between the parties which are hereby revoked.

11.5 Disputes/Attorneys Fees. Should any dispute arise concerning the terms or the interpretations of this Agreement, and such dispute results in arbitration and/or litigation then, unless otherwise directed by the court, the prevailing party shall be entitled to and be awarded reasonable attorneys' fees and costs in addition to any other relief to which it may be entitled.

11.6 Time of the Essence. Time is of the essence of each provision of this Agreement in which time is an element.

11.7 Arbitration. The parties agree if any controversy or claim shall arise out of this Agreement or the breach hereof and either party shall request that the matter be settled by arbitration the matter shall be settled exclusively by arbitration in accordance with the rules then in effect of the American Arbitration Association in the City of Los Angeles, California, as the same may be modified by the statutes of California then in effect, by a single arbitrator, if the parties shall agree upon one, or by one arbitrator appointee by each party and a third arbitrator appointed by the other

arbitrators. In case of any failure of a party to make an appointment referred to above within two (2) weeks

after written notice of controversy, such appointment shall be made by the Association. All arbitration proceedings shall be held in the City of Los Angeles, California, and each party agrees to comply in all respects with any award made in such proceeding and to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding. All costs and expenses of arbitration (including costs of preparation therefor and reasonable attorneys' fees incurred in connection therewith) of the party prevailing in such arbitration shall be borne by the losing party to such arbitration, unless otherwise directed by the arbitrators. Notwithstanding any provision of this section herein set forth, no party may make a request for arbitration hereunder with respect to any matter at any time following the expiration of thirty days after notice of the filing of a legal action with respect to such matters in a court of competent jurisdiction.

11.8 Indemnification. Employer agrees to indemnify Employee for any and all liabilities to which he may be subject as a result of his service as an officer, director or other corporate agent of Employer, or of any other enterprise at the request of the Employer, or otherwise as a result of his employment hereunder, as well as the expense (including, without limitation, reasonable counsel fees) of any proceeding brought or threatened against Employee as a result of such service or employment, to the fullest extent permitted by law. Such counsel fees shall, to the fullest extent permitted by law, be paid by Employer in advance of the final disposition of the proceeding upon receipt of an undertaking of Employee satisfactory to counsel for Employer to repay such fees unless it shall ultimately be determined that he is not entitled to be indemnified with respect thereto.

11.9 Execution in Counterparts. This Agreement may be executed by the parties hereto in two counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart

11.10 Severability. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable for any reason, such judgment shall not affect, impair or invalidate the remainder of this Agreement

11.11 Headings Descriptive. The headings of the several paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any of this Agreement.

11.12 Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

"EMPLOYER"

Skechers, U.S.A., Inc.

By: /s/ MICHAEL GREENBERG

Name: Michael Greenberg
Title: President

"EMPLOYEE"

/s/ DAVID WEINBERG

David Weinberg

EXHIBIT 10.5

SKECHERS U.S.A., INC.

REGISTRATION RIGHTS AGREEMENT

June 9, 1999

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of the 9th day of June, 1999 by and among Skechers U.S.A., Inc., a Delaware corporation (the "Company"), the Greenberg Family Trust and Michael Greenberg, each of which is herein referred to as an "Investor."

WHEREAS, the Holders (as defined below) hold shares of the Company's Class B Common Stock, $0.001 par value (the "Class B Common Stock") which is convertible at any time at the Holder's option into shares of the Company's Class A Common Stock, $0.001 par value (the "Class A Common Stock" and together with the Class B Common Stock, the "Common Stock") on a share-for-share basis;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended (the "Act"), and the declaration or ordering of effectiveness of such registration statement or document.

(b) The term "Registrable Securities" means the Class A Common Stock issuable upon conversion of the shares of Class B Common Stock owned by each of the Holders as of the effective date of the Company's initial public offering and any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such Common Stock, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights

under this Section 1 are not assigned.

(c) The number of shares of "Registrable Securities then outstanding" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(d) The term "Holders" means any holder or holders of the Registrable Securities.

1.2 Request for Registration.

(a) If the Company shall receive at any time after the expiration of 180 days from the effective date of the registration statement for the initial public offering of securities of the Company, a written request from the Holders of at least 10% of the Registrable Securities then outstanding that the Company

file a registration statement under the Act covering the registration of the Holders' Registrable Securities as limited in amount pursuant to Section 1.1(b) and Section 1.2(d), then the Company shall, subject to the limitations of subsection 1.2(b), effect as soon as practicable, and in any event shall use its best efforts to effect within 90 days of the receipt of such request, the registration under the Act of all Registrable Securities which the Holders request to be registered.

(b) If the Holders initiating the registration request hereunder ("Initiating Holders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.2 and the Company shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by a majority in interest of the Initiating Holders and shall be reasonably acceptable to the Company. In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; provided, however, that the number of shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(c) The Company is obligated to effect pursuant to this Section 1.2. only two (2) such registrations per year, per Holder.

(d) (1) The maximum amount of Registrable Securities which may be registered by any Holder pursuant to this Section 1.2 in any twelve-month period is an amount equal to one third of the shares of Common Stock held by each of the Investors, respectively, on the effective date of the Company's initial public offering of its Class A Common Stock (i.e. if the Greenberg Family Trust owns 3,000,000 shares on the effective date and Michael Greenberg owns 1,500,000 shares on the effective date, then the Greenberg Family Trust, or transferees of the Greenberg Family Trust would be entitled to register up to a maximum of 1,000,000 shares in any twelve-month period, as adjusted pursuant to Section 1.1(b), Section 1.3 and this Section 1.2, and Michael Greenberg or his transferees would be able to register up to a maximum of 500,000 shares in any

twelve-month period as adjusted pursuant to Section 1.1(b), Section 1.3 and this Section 1.2), such amounts may be reduced by any sales made by an Investor during the subject twelve-month period pursuant to (i) Rule 144, (ii) any private transactions, or (iii) an effective registration statement; excluded

from such amounts are any sales of securities made pursuant to a registration statement which was filed in any previous twelve-month period.

(2) The twelve-month period immediately following the Company's initial public offering will exclude any shares sold by an Investor pursuant to the Company's initial public offering.

(3) During the first twelve-month period commencing upon the transfer of shares from an Investor to a transferee, any transferees of the Investors are entitled to register a maximum amount of shares equal to the lesser of (i) the amount the respective Investor is entitled to register for the twelve-month period immediately preceding the transfer or (ii) the number of Registrable Securities that are actually transferred to the transferee.

(e) Notwithstanding the foregoing, if the Company shall furnish to each Holder requesting a registration statement pursuant to this Section 1.2, a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer taking action with respect to such filing for a period of not more than 90 days after receipt of the request of the Initiating Holders; provided, however, that the Company shall only be permitted to exercise its right of deferral once in any twelve-month period.

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register any of its stock or other securities, including for this purpose a registration effected by the Company for stockholders other than the Holders, under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, or a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of a Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

(b) (1) The maximum amount of Registrable Securities which may be registered by any Holder pursuant to this Section 1.3 in any twelve-month period is an amount equal to one third of the shares of Common Stock held by each of the respective Investors, respectively, on the effective date of the Company's initial public offering of its Common Stock (i.e. if the Greenberg Family Trust owns 3,000,000 shares on the effective date and Michael Greenberg owns 1,500,000 shares on the effective date, then the Greenberg Family Trust, or transferees of the Greenberg Family Trust would be entitled to register up to a maximum of 1,000,000 shares in any twelve-month period, as adjusted pursuant to Section 1.1(b), Section 1.2 and this Section 1.3, and Michael Greenberg or his transferees would be able to register up to a maximum of 500,000 shares in any twelve-month period as adjusted pursuant to Section 1.1(b), Section 1.2 and this

Section 1.3, such amounts may be reduced by any sales made by an Investor during the subject twelve-month period pursuant to (i) Rule 144, (ii) any private

transactions, or (iii) an effective registration statement; excluded from such amounts are any sales of securities made pursuant to a registration statement which was filed in any previous twelve-month period.

(2) The maximum amount of Registrable Securities which may be sold during the twelve-month period immediately following the Company's initial public offering will exclude any shares sold by the Investors pursuant to the Company's initial public offering.

(3) Any Holder requesting to register shares pursuant to this Section 1.3 that owns outstanding shares which are the subject of a registration statement filed pursuant to Section 1.2, that is requested by an underwriter engaged by the Company in connection with the registration statement filed pursuant to this Section 1.3 in which such Holder intends to participate, to withdraw the registration statement filed pursuant to Section 1.2 as a condition precedent to such Holder's participation in any registration statement filed pursuant to this Section 1.3 shall not be deemed to have made such demand if such Holder requests the Company to withdraw such registration statement.

(4) During the first twelve-month period commencing upon the transfer of shares from an Investor to a transferee, any transferees of the Investors are entitled to register a maximum amount of shares equal to the lesser of (i) the amount the respective Investor is entitled to register for the twelve-month period immediately preceding the transfer or (ii) the number of Registrable Securities that are actually transferred to the transferee.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to one hundred twenty (120) days.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light

of the circumstances then existing.

(g) Use its best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

1.5 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

1.6 Expenses of Demand Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of one counsel for the Holders shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if

the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all Participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2.

1.7 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder (which right may be assigned as provided in Section 1.13), including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements of one counsel for the Holder selected by them, but excluding underwriting discounts and commissions relating to Registrable Securities.

1.8 Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock the Company shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be

included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the Holders according to the total amount of securities entitled to be included therein owned by each Holder or in such other proportions as shall mutually be agreed to by the Holders) but in no event shall (i) the amount of securities of the Holders included in the offering be reduced below twenty-five percent (25%) of the total amount of securities included in such offering.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the

meaning of the Act or the Securities Exchange Act of 1934, as amended (the "1934 Act"), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, or the 1934 Act, or any rule or regulation promulgated under the Act, or the 1934 Act; and the Company will pay to each Holder, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall no be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, or the 1934 Act insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained

in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 1.10(b) exceed the gross proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually

satisfactory to the parties; provided, however, that an indemnified party (together with other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Class A Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken when the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder, provided the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; and provided, further, that such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders, so long as they own any outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the date set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 "Market Stand-Off" Agreement. Each Holder hereby agrees that, during the period of duration, not to exceed 180 days, specified by the Company and an underwriter of the Common Stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell

(including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except Class A Common Stock included in such registration; provided, however, that:

(a) such agreement shall be applicable only to the first such registration statement of the Company which covers Class A Common Stock (or other securities) to be sold on its behalf to the public in an underwritten offering; and

(b) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Holder, as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholders' equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants of nationally recognized standing selected by the Company.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware.

3.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or three (3) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Amendments and Waivers. Except as otherwise provided herein, any

term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and the Company.

3.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first above written.

SKECHERS U.S.A., INC.

By: /s/ DAVID WEINBERG

Name: David Weinberg
Title: Executive Vice President and
Chief Financial Officer

THE GREENBERG FAMILY TRUST

By: /s/ ROBERT Y. GREENBERG

Name: Robert Y. Greenberg
Title: Trustee

By: /s/ M. SUSAN GREENBERG

Name: M. Susan Greenberg
Title: Trustee

MICHAEL GREENBERG

By: /s/ MICHAEL GREENBERG

Michael Greenberg

EXHIBIT 10.6

TAX INDEMNIFICATION AGREEMENT

This Tax Indemnification Agreement ("Agreement") is made this 8th day of June, 1999, by and among Skechers U.S.A., Inc., a Delaware Corporation ("Skechers" or the "Corporation"), Michael Greenberg, Jeffrey Greenberg, Jason Greenberg, Joshua Greenberg, Jennifer Greenberg, Robert and Susan Greenberg, Trustees of the Greenberg Family Trust u/d/t May 3, 1998, David Schwartzberg, Julie Schwartzberg, Gil Schwartzberg, and Debbie Schwartzberg (each such individual a "Shareholder," and all such individuals collectively the "Shareholders"), such Shareholders owning all of the capital stock of the Corporation. Skechers and the Shareholders are hereinafter referred to individually as a "party" and collectively as the "parties".

WHEREAS, the Corporation is and has been an "S corporation" (within the meaning of section 1361 of the Internal Revenue Code of 1986, as amended (the "Code")) since May 29, 1992;

WHEREAS, Corporation contemplates a public offering (the "Offering") of its stock;

WHEREAS, it is anticipated that Corporation's election to be an S corporation will terminate as a result of revocation of such status in accordance with Section 1361(d)(1) of the Code, upon the effective date of the Offering; and

WHEREAS, in connection with the Offering, Corporation and Shareholders wish to provide for certain indemnifications with respect to Corporation's prior status as an S corporation.

NOW, THEREFORE, the parties agree as follows:

1. Tax Returns and Reporting.

(a) Consistent Reporting by Corporation. For all taxable years ended on or before the day before Corporation's S corporation election terminates, Corporation shall not (except as required by law), without the unanimous consent of Shareholders (which consent shall not be unreasonably withheld), file any amended income tax return or change any election or accounting method with respect to Corporation, if such filing or change would increase any federal, state, local (including but not limited to city or county) or foreign income tax liability (including interest and penalties, if any) (collectively "Tax Liability") of any Shareholder for any period. The limitation of liability contained in section 2(a)(v) hereinbelow does not apply in the event Corporation breaches the prohibition contained in this section 1(a).

(b) Responsibility for Tax Returns. Corporation shall file all tax returns required to be filed by it with respect to all periods for which returns shall become due after the closing of Corporation's initial public offering, including all returns for the short taxable year which concludes upon the termination of Corporation's S election.

(c) Responsibility for Taxes. Each Shareholder shall file all required tax returns reporting his/her allocable share of Corporation's taxable income for all years prior to the termination of the S election, subject only to the indemnities set forth in paragraph 2 hereinbelow.

(d) Allocation Election. Corporation shall terminate its S corporation status by a revocation of such status pursuant to section 1361(d)(1) of the Code by filing the form attached hereto and marked "Exhibit A." The Shareholders shall consent to the revocation of the S corporation election by filing the form, attached hereto and marked "Exhibit B"no later than one day before the closing of the Offering (the "Termination Date"). Further, Corporation shall elect to allocate items between its two taxable years ending and beginning, respectively, on the date of termination and the date after the

termination of the S election, "under normal tax accounting rules," that is, the "closing of the books method," as provided in section 1362(e)(3)(A) of the Code by filing the form attached hereto as "Exhibit C." The Shareholders shall each consent to the "closing of the books method" election, by filing the forms attached hereto and marked "Exhibit D" pursuant to section 1362(e)(3)(B)of the Code.

2. Indemnification.

(a) Indemnification of Shareholders.

(i) Indemnification for Tax Liability. Corporation hereby agrees to indemnify and hold Shareholders harmless from, against and in respect of any Tax Liability incurred by them resulting from a final judicial or administrative adjustment (by reason of an amended return, claim for refund, audit or otherwise) to Corporation's taxable income which is the result of an increase or change in character of Corporation's income during the period it was treated as an S corporation.

(ii) Tax Adjustment. In the event that an indemnification payment pursuant to section 2(a)(i) exceeds the amount of the increase in the Corporation's accumulated adjustments account (as defined in IRC section 1368(e)(1)) resulting from the adjustment (or to the extent such payment to Shareholders does not qualify as a distribution during the post-termination transition period as defined in IRC section 1377(b)) such amount shall be increased by an amount calculated pursuant to section 2(a)(iv) hereinbelow.

(iii) Fees and Costs. Corporation hereby agrees to reimburse Shareholders for such professional fees or other costs as are reasonably necessary to defend Shareholders in the event of an audit or review of a Shareholder's income tax return during a

year in which the Shareholders were reporting corporate income by virtue of the S corporation election.

(iv) Gross Up for Additional Tax. In all events, and to the extent not otherwise reimbursed, Corporation hereby agrees that if any payment pursuant to this section 2(a) is deemed to be taxable income to a Shareholder, the amount of such payment to the Shareholder shall be increased by an amount necessary to equal the Shareholder's additional Tax Liability related to such amount (including, without limitation any taxes on such additional amounts) so that the net amount received and retained by a Shareholder after payment by the Shareholder of all taxes associated with the payment is equal to the payment otherwise required to be made.

(v) Indemnification Limited to Tax Benefit. Notwithstanding anything to the contrary in this Agreement, the Company's obligation to indemnify pursuant to section 2(a) of this Agreement shall be limited to the amount of the Company's actual tax savings, if any, attributable to the circumstances giving rise to the increase in the Tax Liability of a Shareholder.

(b) Indemnification of Corporation.

(i) Indemnification for Failure to Qualify as an S Corporation. Each of the shareholders, severally and jointly agrees (according to the percentage of the outstanding shares of Skechers' common stock owned by such shareholder for the year in question), to indemnify and hold Corporation harmless from, against, and in respect for any U.S. federal or state income tax liability (including interest and penalties), if any, resulting from Corporation failing to qualify as an S corporation under Section 1361(a)(1) of the IRC (as enacted and in effect prior to the date of termination), pursuant to a final determination by an applicable taxing authority, for any taxable year on or before the Termination Date as to which Corporation filed or files tax returns claiming status as an S corporation.

(ii) Indemnification for Tax Liability. In addition to the indemnification obligation provided in section 2(b)(i) Shareholders

hereby agree to indemnify and hold harmless Corporation against any increase in Corporation's Tax Liability, and costs relating thereto, with respect to any tax year to the extent such increase results in a related decrease in the Tax Liability of Shareholders for any period prior to the termination of the Corporation's S status.

(c) Payment. Any payment required to be made pursuant to this Agreement shall be paid within seven days after receipt of written notice from the indemnified person that a payment is due hereunder.

3. Waiver of Invalid Election or Termination of S Status. If the Internal Revenue Service determines that Corporation failed validly to elect to be an S corporation or that Corporation's status as an S corporation was terminated inadvertently, and if Corporation wishes to obtain a ruling pursuant to section 1362(f) of the Code, each Shareholder agrees to make any adjustments

required pursuant to section 1362(f)(4) of the Code and approved by Corporation's board of directors. Any such adjustments shall be subject to the indemnification provisions of section 2(a).

4. Miscellaneous. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which counterparts collectively shall constitute an instrument representing the Agreement between the parties hereto. This Agreement shall be governed by California law, without regard to choice of law rules applied by California courts. This Agreement shall be binding on and shall inure to the benefit of successors and assigns of the parties, including all persons to whom any Shareholder transfers stock of Corporation. Section headings shall not affect the interpretation of this Agreement. This Agreement embodies the entire agreement of the parties with respect to the subject matter contained herein. The parties hereto agree to take all further actions necessary to effect the agreements contained herein.

WHEREFORE this Agreement was executed on the date first aforesaid.

CORPORATION: Skechers U.S.A., Inc., a Delaware Corporation

By: /s/ DAVID WIENBERG

Name: David Weinberg
Title: Executive Vice President
and Chief Financial Officer

SHAREHOLDERS:

/s/ MICHAEL GREENBERG
- ----------------------------------
Michael Greenberg

/s/ ROBERT AND SUSAN GREENBERG

Robert and Susan Greenberg,
Trustees of the Greenberg Family Trust
u/d/t May 3, 1988

/s/ JEFFREY GREENBERG
- ----------------------------------
Jeffrey Greenberg

/s/ DAVID SCHWARTZBERG

David Schwartzberg

/s/ JASON GREENBERG
- ----------------------------------
Jason Greenberg

/s/ JULIE SCHWARTZBERG

Julie Schwartzberg

/s/ JOSHUA GREENBERG
- ----------------------------------
Joshua Greenberg

/s/ GIL SCHWARTZBERG

Gil Schwartzberg

/s/ JENNIFER GREENBERG
- ----------------------------------

/s/ DEBBIE SCHWARTZBERG

Jennifer Greenberg Debbie Schwartzberg

EXHIBIT A

STATEMENT OF REVOCATION OF ELECTION

Internal Revenue Service Center
Fresno, California 93888

RE: Skechers U.S.A., Inc., a Delaware corporation
EIN 95-4376145

Revocation of S Corporation Election

The S corporation election under section 1362(a) of the Internal Revenue Code of Skechers U.S.A., Inc., a Delaware corporation, with its principal office located at 228 Manhattan Beach Boulevard, Manhattan Beach, CA 90266, is hereby revoked as of ______________, 1999. At the time of revocation, the number of shareholders (issued and outstanding) of Skechers U.S.A., Inc. stock, including nonvoting stock, is 27,814,155.

Attached are the consents to the revocation by shareholders owning more than one-half of the issued and outstanding shares.

Skechers U.S.A., Inc., a Delaware corporation

By:____________________________

Title:_________________________

Date:__________________________

Attachment

{All revocations and consents should be mailed to the IRS certified mail return receipt requested.}

EXHIBIT B

SHAREHOLDERS' STATEMENT OF CONSENT TO REVOCATION OF ELECTION

We, the undersigned, being shareholders of Skechers, U.S.A., Inc., a Delaware corporation ("Skechers"), holding all of Skechers' issued and outstanding shares (including nonvoting stock), do hereby consent to the revocation by Skechers of its S corporation election under section 1362(a) of the Internal Revenue Code. The revocation is to be effective as of ______________ 1999.

Under penalties of perjury, the undersigned declare that the facts presented in the accompanying statement are, to the best of our knowledge and belief, true, correct, and complete.

<TABLE>
<CAPTION>

Name and Address	Social Security or Employer Identification Number	Number of Shares Owned	Date Acquired Per Regs. 1.1362-6(b)(1)	Tax Year End (Month & Day)
<S>	<C>	<C>	<C>	<C>
Michael Greenberg		2,781,415		
Jeffrey Greenberg		1,390,708		

Jason Greenberg	1,390,708
Joshua Greenberg	1,390,708
Jennifer Greenberg	1,390,708
Robert and Susan Greenberg, Trustees of the Greenberg Family Trust, u/d/t 5/3/88	18,079,198
David Schwartzberg	278,142
Julie Schwartzberg	278,142
Gil Schwartzberg	417,213
Debbie Schwartzberg	417,213

</TABLE>

________________________________ ____________________________________
Michael Greenberg Robert and Susan Greenberg,
Trustees of the Greenberg Family Trust
u/d/t May 3, 1998

________________________________ ____________________________________
Jeffrey Greenberg David Schwartzberg

________________________________ ____________________________________
Jason Greenberg Julie Schwartzberg

________________________________ ____________________________________
Joshua Greenberg Gil Schwartzberg

________________________________ ____________________________________
Jennifer Greenberg Debbie Schwartzberg

Dated:________________, 1999

{All election and consents should be mailed to the IRS certified mail return receipt requested.}

EXHIBIT C

ELECTION TO CLOSE BOOKS UPON S CORPORATION TERMINATION

(Attach to Form 1120)

Skechers U.S.A., Inc., a Delaware corporation ("Skechers"), EIN 95-4376145, with the consent of all the shareholders of the short S year and all the shareholders on the first day of the short C year (attached), elects under section 1362(e)(3) of the Internal Revenue Code not to have the pro rata allocation of S corporation items under section 1362(e)(2) of the Internal Revenue Code apply to the S termination year ending ________________, 1999. The date of Skechers' termination was _________, 1999 and the cause of termination was an election to revoke its status as an S corporation.

Skechers U.S.A., Inc. a Delaware corporation

By:________________________________
Name:
Title:

Date:_____________________________

Attachment

EXHIBIT D

SHAREHOLDER CONSENT

RE: Skechers U.S.A., Inc., a Delaware corporation
EIN 95-4376145

SHAREHOLDER NAME: ____

SHAREHOLDER ADDRESS: ____

TAXPAYER IDENTIFICATION NUMBER: _________________________________

NUMBER OF SHARES: ____

DATE OR DATES SHARES ACQUIRED: _________________________________

____

DATE SHAREHOLDER'S TAX YEAR ENDS: _________________________________

THE UNDERSIGNED HEREBY CONSENTS TO THE ELECTION OF SKECHERS U.S.A., INC., A CALIFORNIA CORPORATION TO ALLOCATE THE TAXABLE INCOME OF THE CORPORATION FOR THE S TERMINATION YEAR AS PROVIDED BY SECTION 1362(e)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

This consent is executed by the undersigned under penalties of perjury.

Date:______________________ Signature:__________________________

Date:______________________ Signature:__________________________

Note: Each person owning a community property, tenancy in common, joint tenancy, or tenancy by the entirety interest must sign. Consent of minor must be by legal representative or parent if no legal representative. Consent of qualifying trust must be the person treated as shareholder under Section 1361(b)(1) of the Code.

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	State of Incorporation
Skechers By Mail, Inc.	Delaware
Skechers U.S.A., Inc. II	Delaware

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-START>	JAN-01-1999
<PERIOD-END>	JUN-30-1999
<CASH>	221
<SECURITIES>	0
<RECEIVABLES>	80,047
<ALLOWANCES>	2,843
<INVENTORY>	58,733
<CURRENT-ASSETS>	140,745
<PP&E>	24,310
<DEPRECIATION>	7,415
<TOTAL-ASSETS>	160,245
<CURRENT-LIABILITIES>	82,423
<BONDS>	3,418
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	69,722
<OTHER-SE>	4,682
<TOTAL-LIABILITY-AND-EQUITY>	160,245
<SALES>	200,318
<TOTAL-REVENUES>	200,525
<CGS>	120,888
<TOTAL-COSTS>	62,350
<OTHER-EXPENSES>	(504)
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	3,869
<INCOME-PRETAX>	13,922
<INCOME-TAX>	1,200
<INCOME-CONTINUING>	12,722
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	12,722
<EPS-BASIC>	0
<EPS-DILUTED>	0

</TABLE>