SKECHERS USA INC
Form 10-K/A
July 31, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

AMENDMENT NO. 1

(Mark One)

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from _________ to _________

Commission File Number 001-14429

SKECHERS U.S.A., INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**95-4376145**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**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**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K(§229.405) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

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

As of June 30, 2012, the aggregate market value of the voting and non-voting Class A and Class B Common Stock held by non-affiliates of the Registrant was approximately $777.0 million based upon the closing price of $20.37 of the Class A Common Stock on the New York Stock Exchange on such date.

The number of shares of Class A Common Stock outstanding as of February 15, 2013: 39,320,598.

The number of shares of Class B Common Stock outstanding as of February 15, 2013: 11,274,090.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s Definitive Proxy Statement issued in connection with the 2013 Annual Meeting of the Stockholders of the Registrant are incorporated by reference into Part III.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

EXPLANATORY NOTE TO ANNUAL REPORT ON FORM 10-K/A

AMENDMENT NO. 1 FOR THE YEAR ENDED DECEMBER 31, 2012

This Amendment No. 1 to the Annual Report on Form 10-K (the Amendment) of Skechers U.S.A., Inc. (the Company) for the fiscal year ended December 31, 2012, originally filed with the Securities and Exchange Commission (the SEC) on March 1, 2013 (the Form 10-K), is being filed to amend Item 3 of Part I, Items 8 and 9A of Part II, Item 14 of Part III and Item 15 of Part IV of the Form 10-K following the re-audit of the Company s consolidated financial statements and related financial statement schedule for the fiscal years ended December 31, 2012 and 2011, and the attestation of the effectiveness of the Company s internal control over financial reporting as of December 31, 2012 under Section 404 of the Sarbanes-Oxley Act of 2002, as amended (collectively, the Re-audit), by our current independent registered public accounting firm, BDO USA, LLP (BDO). The Company appointed BDO as its new independent registered public accounting firm on April 24, 2013, following the resignation on April 8, 2013 of the Company s predecessor independent registered public accounting firm, KPMG LLP (KPMG). The resignation of KPMG was due solely to the impairment of its independence resulting from its former partner s alleged unlawful activities. The resignation of KPMG was not related to the Company s financial statements, its accounting practices, the integrity of the Company s management, or for any other reason. The Re-audit by BDO did not result in any adjustments or changes to the Company s consolidated financial statements or related notes except for an update related to litigation in notes 11(b) and 14, or the related financial statement schedule, for the fiscal years ended December 31, 2012 and 2011.

Item 3 of Part I of the Form 10-K has been amended to update all previously disclosed legal proceedings and disclose one new legal proceeding as of July 31, 2013. The only amendments to Item 8 of Part II of the Form 10-K are the inclusion of BDO s audit reports relating to the consolidated financial statements as of and for the fiscal years ended December 31, 2012 and 2011 and related financial statement schedule, and the effectiveness of internal control over financial reporting of the Company as of December 31, 2012, which replace the corresponding reports of KPMG in the Form 10-K that were withdrawn upon their resignation subsequent to the filing of the Form 10-K, and an update related to litigation in notes 11(b) and 14 to the consolidated financial statements. The only amendment to Item 9A of Part II of the Form 10-K is disclosure under Management s Report On Internal Control Over Financial Reporting that BDO, and not KPMG, audited the consolidated financial statements included in the Amendment and issued an attestation report on the effectiveness of the Company s internal control over financial reporting as of December 31, 2012, which is included in the Amendment. Item 14 of Part III of the Form 10-K has been amended to include disclosure regarding BDO s fees billed for the Re-Audit. Item 15 of Part IV of the Form 10-K has been amended to include new certifications as reflected in Exhibits 31.1, 31.2 and 32.1, a new consent from the Company s current independent registered public accounting firm, BDO, as reflected in Exhibit 23.1, and a new consent from the Company s predecessor independent registered public accounting firm, KMPG LLP, as reflected in Exhibit 23.2. No other changes have been made to the Form 10-K as originally filed.

Item 3 of Part I, Items 8 and 9A of Part II, Item 14 of Part III and Item 15 of Part IV of the Form 10-K are the only portions of the Form 10-K being supplemented or amended by this Amendment. Except as specifically set forth herein, this Amendment does not reflect any event occurring after the original file date of the Form 10-K. This Amendment does not update any exhibits as originally filed other than Exhibits 23.1, 31.1, 31.2 and 32.1. Accordingly, this Amendment should be read in conjunction with the Form 10-K and the Company s filings with the SEC subsequent to the filing of the Form 10-K.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

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AMENDMENT NO. 1 FOR THE YEAR ENDED DECEMBER 31, 2012

This annual report includes our trademarks, including Skechers®, the S in Shield Design, the Performance-S Shifted Design, Shape-ups®, Twinkle Toes®, Bella Ballerina , Skechers GOrun®, Skechers GOwalk , Resalyte®, Resagrip , Resamax®, each of which is our property. This report contains additional trademarks of other companies. We do not intend our use or display of other companies trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

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ITEM 3. LEGAL PROCEEDINGS

Our claims and advertising for our toning products including for our Shape-ups are subject to the requirements of, and routinely come under review by regulators including the U.S. Federal Trade Commission (FTC), states Attorneys General and government and quasi-government regulators in foreign countries. We are currently responding to requests for information regarding our claims and advertising from regulatory and quasi-regulatory agencies in several countries and are fully cooperating with those requests. While we believe that our claims and advertising with respect to our core toning products are supported by scientific tests, expert opinions and other relevant data, and while we have been successful in defending our claims and advertising in several different countries, we have discontinued using certain test results and we periodically review and update our claims and advertising. The regulatory inquiries may conclude in a variety of outcomes, including the closing of the inquiry with no further regulatory action, settlement of any issues through changes in its claims and advertising, settlement of any issues through payment to the regulatory entity, or litigation.

As we disclosed in previous periodic SEC filings, the FTC and Attorneys General for 44 states and the District of Columbia (SAGs) had been reviewing the claims and advertising for Shape-ups and our other toning shoe products. We also disclosed that we had been named as a defendant in multiple consumer class actions challenging our claims and advertising for our toning shoe products, including Shape-ups, actions which are described below. As we disclosed in our annual report on Form 10-K for the year ended December 31, 2011 and in our subsequent quarterly reports on Form 10-Q, we recorded a charge of $50 million during the fourth quarter ended December 31, 2011 to reserve for costs and potential other exposures relating to the existing litigation and regulatory matters.

On May 16, 2012, we announced that we had settled all domestic legal proceedings relating to advertising claims made in connection with the marketing of our toning shoe products. Under the terms of the global settlement without admitting any fault or liability, with no findings being made that our company had violated any law, and with no fines or penalties being imposed we have made payments in the aggregate amount of $50 million to settle and finally resolve the domestic advertising class action lawsuits and related claims brought by the FTC and the SAGs. The FTC Stipulated Final Judgment was approved by the United States District Court for the Northern District of Ohio on July 12, 2012. Consent judgments in the 45 SAG actions have been approved and entered by courts in those jurisdictions. On May 13, 2013, the United States District Court for the Western District of Kentucky entered an order finally approving the nationwide consumer class action settlement.

On November 8, 2012, we were served with a Grand Jury Subpoena (Subpoena) for documents and information relating to our past advertising claims for our toning footwear, including Shape-ups and Resistance Runners. The Subpoena was issued by a Grand Jury of the United States District Court for the Northern District of Ohio, in Cleveland, Ohio. The Subpoena seeks documents and information related to outside studies conducted on the Company s toning footwear. This Subpoena appears to grow out of the FTC s inquiry into our claims and advertising for Shape-ups and our other toning shoe products, which we settled with the FTC, State Attorneys General and consumer class as part of a global settlement, as set forth above. We are fully cooperating and are in the process of producing documents and other information requested in the Subpoena. The Assistant United States Attorney has informed the Company that neither the Company nor its employees are targets at the present time. Although we do not believe this matter will have a material adverse impact on our results of operations or financial position, it is too early to predict the timing and outcome of this matter or reasonably estimate a range of potential losses, if any.

The toning footwear category, including our Shape-ups products, has also been the subject of some media attention arising from a number of consumer complaints and lawsuits alleging injury while wearing Shape-ups. We believe our products are safe and are defending ourselves from these media stories and injury lawsuits. It is too early to predict the outcome of any case or inquiry, whether there will be future personal injury cases filed, whether adverse results in any single case or in the aggregate would have a material adverse impact on our results of operations or financial position, and whether insurance coverage will be adequate to cover any losses.

Tamara Grabowski v. Skechers U.S.A., Inc. On June 18, 2010, Tamara Grabowski filed an action against our company in the United States District Court for the Southern District of California, Case No. 10 CV 1300 JM (MDD), on her behalf and on behalf of all others similarly situated. The complaint, as subsequently amended, alleges that our advertising for Shape-ups violates California s Unfair Competition Law and the California Consumers Legal Remedies Act, and constitutes a breach of express warranty (the *Grabowski* action). The complaint seeks certification of a nationwide class, damages, restitution and disgorgement of profits, declaratory and injunctive relief, corrective advertising, and attorneys fees and costs. On March 7, 2011, the Court stayed the action on the ground that the outcomes in pending appeals in two unrelated actions will significantly affect

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whether a class should be certified. On April 16, 2012, this action was transferred to the multidistrict litigation proceeding pending in the United States District Court for the Western District of Kentucky, entitled *In re Skechers Toning Shoe Products Liability Litigation*, MDL No. 2308. On May 15, 2012, as part of the global settlement discussed above that also resolved inquiries by the FTC and the SAGs, the parties entered into a Settlement Agreement in this action and the *Morga v. Skechers U.S.A., Inc.* action discussed below. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement, and the time for any appeals therefrom has expired.

Sonia Stalker v. Skechers U.S.A., Inc. On July 2, 2010, Sonia Stalker filed an action against our company in the Superior Court of the State of California for the County of Los Angeles, on her behalf and on behalf of all others similarly situated, alleging that our advertising for Shape-ups violates California s Unfair Competition Law and the California Consumer Legal Remedies Act. The complaint seeks certification of a nationwide class, actual and punitive damages, restitution, declaratory and injunctive relief, corrective advertising, and attorneys fees and costs. On July 23, 2010, we removed the case to the United States District Court for the Central District of California, and it is now pending as *Sonia Stalker v. Skechers USA, Inc.*, CV 10-5460 JAK (JEM). On January 21, 2011, the District Court stayed this case pending resolution of the *Grabowski* action discussed above. On May 16, 2012, this action was ordered transferred to the multidistrict litigation proceeding pending in the United States District Court for the Western District of Kentucky, entitled *In re Skechers Toning Shoe Products Liability Litigation*, MDL No. 2308. On August 13, 2012, the Court granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions, and issued a preliminary injunction further enjoining prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions (described above and below) is expected entirely to resolve the class claims brought by the plaintiff in *Stalker*.

Venus Morga v. Skechers U.S.A., Inc. On August 25, 2010, Venus Morga filed an action against our company in the United States District Court for the Southern District of California, Case No. 10 CV 1780 JM (MDD), on her behalf and on behalf of all others similarly situated. The complaint, as subsequently amended, alleges that our advertising for Shape-ups violates California s Unfair Competition Law and the California Consumer Legal Remedies Act, and constitutes a breach of express warranty. The complaint seeks certification of a nationwide class, damages, restitution and disgorgement of profits, declaratory and injunctive relief, corrective advertising, and attorneys fees and costs. On March 7, 2011, the Court stayed the action on the ground that the outcomes in pending appeals in two unrelated actions will significantly affect whether a class should be certified. On April 16, 2012, this action was transferred to the multidistrict litigation proceeding pending in the Western District of Kentucky, entitled *In re Skechers Toning Shoe Products Liability Litigation*, MDL No. 2308. On May 15, 2012, as part of the global settlement discussed above that also resolved inquiries by the FTC and the SAGs, the parties entered into a Settlement Agreement in this action and the *Grabowski v. Skechers U.S.A., Inc.* action discussed above. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement, and the time for any appeals therefrom has expired.

Patty Tomlinson v. Skechers U.S.A., Inc. On January 13, 2011, Patty Tomlinson filed a lawsuit against our company in Circuit Court in Washington County, Arkansas, Case No. CV11-121-7. The complaint alleges, on her behalf and on behalf of all others similarly situated, that our advertising for Shape-ups violates Arkansas Deceptive Trade Practices Act, constitutes a breach of certain express and implied warranties, and is resulting in unjust enrichment (the *Tomlinson* action). The complaint seeks certification of a statewide class, compensatory damages, prejudgment interest, and attorneys fees and costs. On February 18, 2011, we removed the case to the United States District Court for the Western District of Arkansas, where it was pending as *Patty Tomlinson v. Skechers U.S.A., Inc.*, CV 11-05042 JLH. On March 21, 2011, Ms. Tomlinson moved to remand the action back to Arkansas state court, which motion we opposed. On May 25, 2011, the Court ordered the case remanded to Arkansas state court and denied our motion to dismiss or transfer as moot, but stayed the remand pending completion of appellate review. On September 11, 2012, the District Court lifted its stay and remanded this case to the Circuit Court of Washington County, Arkansas. On October 11, 2012, by stipulation of the parties, the state Circuit Court issued an order staying the case. On August 13, 2012, the United States District Court for the Western District of Kentucky granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions (discussed above), and issued a preliminary injunction enjoining the continued prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions is expected entirely to resolve the class claims brought by the plaintiff in *Tomlinson*.

Terena Lovston v. Skechers U.S.A., Inc. On May 13, 2011, Terena Lovston filed a lawsuit against our company in Circuit Court in Lonoke County, Arkansas, Case No. CV-11-321. The complaint alleges, on her behalf and on behalf of all others similarly situated, that our advertising for our toning footwear products violates Arkansas Deceptive Trade Practices Act, and is resulting in unjust enrichment. The complaint seeks certification of a statewide class and compensatory damages. On June 3,

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2011, we removed the case to the United States District Court for the Eastern District of Arkansas, where it was pending as *Terena Lovston v. Skechers U.S.A., Inc.,* 4:11-cv-0460. On August 5, 2011, the District Court issued an order staying the case pending completion of the appellate process in the *Tomlinson* action described above. On July 12, 2012, the district court ordered the *Lovston* case remanded to Arkansas state court, and on or about July 26, 2012, the plaintiff filed a renewed motion in the State Circuit Court for certification of a class of Arkansas residents who purchased our toning footwear products. On August 10, 2012, the Circuit Court issued an order staying the *Lovston* case in light of the class action settlement in the *Grabowski/Moraga* actions (discussed above). On November 8, 2012, as allowed under the Circuit Court s stay order, the plaintiff gave notice that she intended to lift the stay and to proceed with the action by an amended complaint. On November 27, 2012, an amended complaint was filed in which Ms. Lovston abandoned her class action allegations, asserted a new personal injury claim, and added eight new plaintiffs with personal injury claims. On December 20, 2012, the Company filed a motion to dismiss the new plaintiffs claims for improper venue, to strike the amended complaint, or to sever and transfer the new plaintiffs claims to their home counties in Arkansas. On February 11, 2013, the state Circuit Court took that motion and several discovery motions under submission and ordered the parties to mediation. On or about May 17, 2013, the parties reached a settlement in principle that is expected to finally resolve this matter.

Wendie Hochberg and Brenda Baum v. Skechers U.S.A., Inc. On November 23, 2011, Wendie Hochberg and Brenda Baum filed a lawsuit against our company in the United States District Court for the Eastern District of New York, Case No. CV11-5751. The complaint alleges, on their behalf and on behalf of all others similarly situated, that our advertising for Shape-ups violates the New York Consumer Protection Act, and is resulting in unjust enrichment. The complaint seeks certification of a statewide class, damages, restitution, disgorgement, injunctive relief, and attorneys fees and costs. On May 16, 2012, this action was ordered transferred to the multidistrict litigation proceeding pending in the United States District Court for the Western District of Kentucky, entitled *In re Skechers Toning Shoe Products Liability Litigation*, MDL No. 2308. On August 13, 2012, the United States District Court for the Western District of Kentucky granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions (discussed above), and issued a preliminary injunction enjoining the continued prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions is expected entirely to resolve the class claims brought by the plaintiff in *Hochberg*.

Shannon Loss, Kayla Hedges and Donald Horner v. Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers Fitness Group On February 12, 2012, Shannon Loss, Kayla Hedges and Donald Horner filed a lawsuit against our company in the United States District Court for the Western District of Kentucky, Case No. 3:12-cv-78-H. The complaint alleges, on behalf of the named plaintiffs and all others similarly situated, that our advertising for Shape-ups is false and misleading, thereby constituting a breach of contract, breach of implied and express warranties, and resulting in unjust enrichment. The complaint seeks certification of a nationwide class, compensatory damages, and attorneys fees and costs. On March 9, 2012, the named plaintiffs filed a motion to consolidate this action with *In re Skechers Toning Shoe Products Liability Litigation,* case no. 11-md-02308-TBR. On August 13, 2012, the United States District Court for the Western District of Kentucky granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions (discussed above), and issued a preliminary injunction enjoining the continued prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions is expected entirely to resolve the class claims brought by the plaintiff in *Loss*.

Elma Boatright and Sharon White v. Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers Fitness Group On February 15, 2012, Elma Boatright and Sharon White filed a lawsuit against our company in the United States District Court for the Western District of Kentucky, Case No. 3:12-cv-87-S. The complaint alleges, on behalf of the named plaintiffs and all others similarly situated, that our advertising for Shape-ups is false and misleading, thereby constituting a breach of contract, breach of implied and express warranties, fraud, and resulting in unjust enrichment. The complaint seeks certification of a nationwide class, compensatory damages, and attorneys fees and costs. On March 6, 2012, the named plaintiffs filed a motion to consolidate this action with *In re Skechers Toning Shoe Products Liability Litigation,* case no. 11-md-02308-TBR. On August 13, 2012, the United States District Court for the Western District of Kentucky granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions (discussed above), and issued a preliminary injunction enjoining the continued prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions is expected entirely to resolve the class claims brought by the plaintiff in *Boatright*.

Jason Angell v. Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers U.S.A. Canada, Inc. On April 12, 2012, Jason Angell filed a motion to authorize the bringing of a class action in the Superior Court of Québec, District of Montréal. Petitioner

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Angell seeks to bring a class action on behalf of all residents of Canada (or in the alternative, all residents of Québec) who purchased Skechers Shape-ups footwear. Petitioner s motion alleges that we have marketed Shape-ups through the use of false and misleading advertisements and representations about the products ability to provide health benefits to users. The motion requests the Court s authorization to institute a class action seeking damages (including damages for bodily injury), punitive damages, and injunctive relief. Petitioner s motion was formally presented to the Court on June 29, 2012. At a mediation held on February 28, 2013, the parties reached an agreement in principle to settle the *Angell* action (as well as the *Niras* and *Dedato* actions discussed below) through authorization by the Québec Superior Court of a nationwide settlement class. The parties are currently negotiating the terms of the settlement agreement. If the motion for approval of the class action settlement is denied or approval is reversed on appeal, we cannot predict the outcome of the *Angell* action or a reasonable range of potential losses or whether the outcome of the *Angell* action would have a material adverse impact on our results of operations or financial position in excess of the settlement.

Brenda Davies v. Skechers U.S.A, Inc., Skechers U.S.A., Inc. II, and Skechers U.S.A. Canada Inc. On September 5, 2012, Brenda Davies filed a Statement of Claim in the Court of Queen s Bench in Edmonton, Alberta, on behalf of all residents of Canada who purchased Skechers Shape-ups footwear. The Statement of Claim alleges that Skechers marketed Shape-ups through the use of false and misleading advertisements and representations about the products ability to provide fitness benefits to users. The Statement of Claim seeks damages (including damages for bodily injury), restitution, punitive damages, and injunctive relief. Skechers has not yet responded to the Statement of Claim. The settlement in the *Angell*, *Niras*, and *Dedato* class actions (described above and below), if finally approved by the Court and affirmed on appeal in the event an appeal is taken, is expected entirely to resolve the class claims brought by the plaintiff in *Davies*. If the motion for approval of the class action settlement is denied or approval is reversed on appeal, we cannot predict the outcome of the *Davies* action or a reasonable range of potential losses or whether the outcome of the *Davies* action would have a material adverse impact on our results of operations or financial position in excess of the settlement.

George Niras v. Skechers U.S.A., Inc., Skechers U.S.A., Inc. II, and Skechers U.S.A. Canada Inc. On September 21, 2012, George Niras filed a Statement of Claim in the Ontario Superior Court of Justice on behalf of all residents of Canada who purchased Shape-ups, Resistance Runner, Shape-ups Toners/Trainers, or Tone-ups. The Statement of Claim alleges that Skechers marketed these toning shoes through the use of false and misleading advertisements and representations about the products ability to provide health benefits to users. The Statement seeks damages, restitution, punitive damages, and injunctive relief. Skechers has not yet responded to the Statement. At a mediation held on February 28, 2013, the parties reached an agreement in principle to settle the *Niras* action (as well as the *Angell* action discussed above and the *Dedato* action discussed below) through authorization by the Québec Superior Court of a nationwide settlement class. The parties are currently negotiating the terms of the settlement agreement. It is anticipated that the agreement will provide for the voluntary discontinuance (dismissal) of the *Niras* action upon approval of the settlement by the Québec Superior Court. If the motion for approval of the class action settlement is denied or approval is reversed on appeal, we cannot predict the outcome of the *Niras* action or a reasonable range of potential losses or whether the outcome of the *Niras* action would have a material adverse impact on our results of operations or financial position in excess of the settlement.

Frank Dedato v. Skechers U.S.A., Inc. and Skechers U.S.A. Canada, Inc. On or about November 5, 2012, Frank Dedato filed a Statement of Claim in Ontario Superior Court of Justice on behalf of all residents of Canada who purchased Shape-ups, Tone-ups or Resistance Runner footwear. The Statement of Claim alleges that Skechers has allegedly made misleading statements about its footwear products ability to provide fitness benefits to users. The Statement of Claim seeks damages, restitution, punitive damages, and injunctive relief. Skechers has not yet responded to the Statement of Claim. At a mediation held on February 28, 2013, the parties reached an agreement in principle to settle the *Dedato* action (as well as the *Angell* and *Niras* actions discussed above) through authorization by the Québec Superior Court of a nationwide settlement class. The parties are currently negotiating the terms of the settlement agreement. It is anticipated that the agreement will provide for the voluntary discontinuance (dismissal) of the *Dedato* action upon approval of the settlement by the Québec Superior Court. If the motion for approval of the class action settlement is denied or approval is reversed on appeal, we cannot predict the outcome of the *Dedato* action or a reasonable range of potential losses or whether the outcome of the *Dedato* action would have a material adverse impact on our results of operations or financial position in excess of the settlement.

Michele Scovil v. Skechers U.S.A., Inc. On April 25, 2012, Michele Scovil filed a lawsuit against our company in the District Court for Clark County, Nevada, Case No. A-12660756-C. Plaintiff alleges that she suffered physical injuries that she attributes to the allegedly defective design of Shape-ups, and plaintiff asserts, in her individual capacity, claims for negligence, products liability, strict liability, and breach of warranty. In addition, plaintiff also purports to bring a class action on behalf of all persons in Nevada who purchased Shape-ups shoes at retail, and seeks class certification on her claims for alleged violations of

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the Nevada Unfair and Deceptive Trade Practices Act. Plaintiff s complaint seeks damages, restitution, punitive damages, and attorneys fees and costs. On July 12, 2012, this action was transferred to the multidistrict litigation proceeding pending in the United States District Court for the Western District of Kentucky, entitled *In re Skechers Toning Shoe Products Liability Litigation*, MDL No. 2308. On August 13, 2012, the United States District Court for the Western District of Kentucky granted preliminary approval of the consumer class action settlement agreement in the *Grabowski/Morga* actions (discussed above), and issued a preliminary injunction that enjoins the continued prosecution of this action. On May 13, 2013, the Court entered an order finally approving the nationwide consumer class action settlement. The settlement in the *Grabowski/Morga* class actions is expected entirely to resolve the class claims brought by the plaintiff in *Scovil*.

Esteban Chavez v. Skechers U.S.A., Inc. On September 18, 2012, Esteban Chavez filed a class action lawsuit against our company in the Superior Court of the State of California for the County of Los Angeles, Case No. BC492357, alleging violations of the California Labor Code, including unpaid overtime, unpaid minimum wages, non-compliant wage statements, and wages not timely paid upon termination. The complaint seeks actual, consequential and incidental losses and damages; general and special damages; civil, statutory and waiting time penalties; restitution of unpaid wages; injunctive relief; attorneys fees and costs; pre-judgment interest on unpaid compensation; and appointment of a receiver. On September 25, 2012, the Court issued an order staying the action until an initial status conference that was held on December 19, 2012. While it is too early to predict the outcome of the litigation or a reasonable range of potential losses and whether an adverse result would have a material adverse impact on our results of operations or financial position, we believe we have meritorious defenses, vehemently deny the allegations, and intend to defend the case vigorously.

Roneshia Sayles v. Skechers U.S.A., Inc. On October 2, 2012, Roneshia Sayles filed a class action lawsuit against our company in the Superior Court of the State of California for the County of Los Angeles, Case No. BC473067. The complaint involves a wage and hour claim, alleging violations of the California Labor Code, including unpaid time for certain breaks and when retail employees bags are checked upon leaving the store at the ends of their shifts. The complaint seeks actual, consequential and incidental losses and damages; general and special damages; civil, statutory and waiting time penalties; restitution of unpaid wages; injunctive relief; attorneys fees and costs; pre-judgment interest on unpaid compensation. On September 25, 2012, the Court issued an order staying the action until an initial status conference that was held on December 19, 2012. While it is too early to predict the outcome of the litigation or a reasonable range of potential losses and whether an adverse result would have a material adverse impact on our results of operations or financial position, we believe we have meritorious defenses, vehemently deny the allegations, and intend to defend the case vigorously.

Personal Injury Lawsuits Involving Shape-ups As previously reported, on February 20, 2011, Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers Fitness Group were named as defendants in a lawsuit that alleged, among other things, that Shape-ups are defective and unreasonably dangerous, negligently designed and/or manufactured, and do not conform to representations made by our company, and that we failed to provide adequate warnings of alleged risks associated with Shape-ups. In total, we have been named as a defendant in 460 currently pending cases that assert further varying injuries but employ similar legal theories and assert similar claims to the first case, as well as claims for breach of express and implied warranties, loss of consortium, and fraud. Although there are some variations in the relief sought, the plaintiffs generally seek compensatory and/or economic damages, exemplary and/or punitive damages, and attorneys fees and costs. On December 19, 2011, the Judicial Panel on Multidistrict Litigation issued an order establishing a multidistrict litigation (MDL) proceeding in the United States District Court for the Western District of Kentucky entitled *In re Skechers Toning Shoe Products Liability Litigation,* case no. 11-md-02308-TBR, that currently encompasses 461 personal injury cases that were initiated as individual lawsuits in various federal courts and 390 additional claims submitted by plaintiff fact sheets. Skechers U.S.A., Inc., Skechers U.S.A., Inc. II and Skechers Fitness Group are also named defendants in 34 personal injury actions filed in the Superior Court of California in Los Angeles (LASC) that have been brought on behalf of a total of 400 individual plaintiffs. Finally, there are currently seven other personal injury actions pending in various state courts. Since 2011, the Company has resolved 60 personal injury claims in the MDL proceedings that were either filed as formal actions or submitted by plaintiff fact sheets, as well as seven actions filed in various state courts (including the *Lovston* action described above). Two cases in the MDL proceeding have been dismissed either voluntarily or on motions by Skechers, and the claims of 25 persons involved in the LASC proceedings have been dismissed in whole or in part on motions by Skechers. In addition, Skechers has reached settlements in principle with an additional 355 claimants in the MDL proceeding, and anticipates that those settlements will finalized in the near term. The personal injury cases in the MDL and LASC proceedings are in many instances solicited and handled by the same plaintiff s law firms. It is too early to predict the outcome of any case, whether there will be future personal injury cases filed, whether adverse results in any single case or in the aggregate would have a material adverse impact on our operations or financial position, and whether insurance coverage will be adequate to cover any losses. Notwithstanding, we believe we have meritorious defenses, vehemently deny the allegations and intend to defend each of these cases vigorously.

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Gloria Basaraba v. Robert Greenberg, et al. On July 10, 2013, a stockholder derivative complaint was filed against Skechers, nine individual members of its Board of Directors and a former employee in the United States District Court for the Central District of California, Case No. CV13-5061. The complaint includes allegations of breach of fiduciary duties, gross mismanagement, waste of corporate assets and unjust enrichment based on the development of Skechers toning footwear products, advertising and marketing activities relating thereto, and subsequent litigation involving those issues. The complaint seeks compensatory damages, a court order directing Skechers to reform and improve their corporate governance and internal procedures, and attorneys fees, costs and expenses. Discovery has not yet commenced. While it is too early to predict the outcome of litigation or a reasonable range of potential losses and whether an adverse result would have a material adverse impact on our results of operations or financial position, Skechers believes this lawsuit is without merit and intends to vigorously defend against the allegations.

In addition to the matters included in its reserve for loss contingencies, we occasionally become involved in litigation arising from the normal course of business, and we are unable to determine the extent of any liability that may arise from any such unanticipated future litigation. We have no reason to believe that there is a reasonable possibility or a probability that we may incur a material loss, or a material loss in excess of a recorded accrual, with respect to any other such loss contingencies. However, the outcome of litigation is inherently uncertain and assessments and decisions on defense and settlement can change significantly in a short period of time. Therefore, although we consider the likelihood of such an outcome to be remote with respect to those matters for which we have not reserved an amount for loss contingencies, if one or more of these legal matters were resolved against our company in the same reporting period for amounts in excess of our expectations, our consolidated financial statements of a particular reporting period could be materially adversely affected.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Skechers U.S.A., Inc.

Manhattan Beach, CA

We have audited the accompanying consolidated balance sheets of Skechers U.S.A., Inc. and subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for the years then ended. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in the accompanying index. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skechers U.S.A., Inc. and subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Skechers U.S.A., Inc. and subsidiaries internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated July 31, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, CA

July 31, 2013

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Skechers U.S.A., Inc.:

We have audited the accompanying consolidated statements of operations, comprehensive income, equity, and cash flows of Skechers U.S.A., Inc. and subsidiaries (the Company) for the year ended December 31, 2010. In connection with our audit of the consolidated financial statements, we also have audited the related financial statement schedule of valuation and qualifying accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Skechers U.S.A., Inc. and subsidiaries for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Los Angeles, California

March 1, 2011

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except par values)

	December 31, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 325,826	$ 351,144
Trade accounts receivable, less allowances of $16,922 in 2012 and $20,423 in 2011	213,697	176,018
Other receivables	7,491	6,636
Total receivables	221,188	182,654
Inventories	339,012	226,407
Prepaid expenses and other current assets	27,755	88,005
Deferred tax assets	26,531	39,141
Total current assets	940,312	887,351
Property, plant and equipment, at cost, less accumulated depreciation and amortization	362,446	376,446
Goodwill and other intangible assets, less accumulated amortization	3,242	4,148
Deferred tax assets	16,387	530
Other assets, at cost	17,833	13,413
Total non-current assets	399,908	394,537
TOTAL ASSETS	$ 1,340,220	$ 1,281,888
LIABILITIES AND EQUITY		
Current Liabilities:		
Current installments of long-term borrowings	$ 11,668	$ 10,059
Short-term borrowings	2,425	50,413
Accounts payable	241,525	231,000
Accrued expenses	36,923	16,994
Total current liabilities	292,541	308,466
Long-term borrowings, excluding current installments	128,517	76,531
Deferred tax liabilities	73	4,364
Total non-current liabilities	128,590	80,895
Total liabilities	421,131	389,361
Commitments and contingencies		
Stockholders equity:		
Preferred Stock, $.001 par value; 10,000 authorized; none issued and outstanding	0	0
Class A Common Stock, $.001 par value; 100,000 shares authorized; 39,021 and 37,959 shares issued and outstanding at December 31, 2012 and 2011, respectively	39	38
Class B Common Stock, $.001 par value; 60,000 shares authorized; 11,274 and 11,297 shares issued and outstanding at December 31, 2012 and 2011, respectively	11	11
Additional paid-in capital	336,278	320,877
Accumulated other comprehensive loss	(2,400)	(894)

Retained earnings	542,041	532,529
Skechers U.S.A., Inc. equity	875,969	852,561
Noncontrolling interests	43,120	39,966
Total equity	919,089	892,527
TOTAL LIABILITIES AND EQUITY	$ 1,340,220	$ 1,281,888

See accompanying notes to consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Years Ended December 31, 2012	2011	2010
Net sales	$ 1,560,321	$ 1,606,016	$ 2,006,868
Cost of sales	876,995	982,268	1,094,962
Gross profit	683,326	623,748	911,906
Royalty income, net	7,104	7,558	4,568
	690,430	631,306	916,474
Operating expenses:			
Selling	134,920	152,000	186,738
General and administrative	532,373	569,164	532,996
Legal settlements	818	43,935	1,172
	668,111	765,099	720,906
Earnings (loss) from operations	22,319	(133,793)	195,568
Other income (expense):			
Interest income	559	1,851	2,802
Interest expense	(13,324)	(7,853)	(3,022)
Gain (loss) on disposal of assets	(216)	9,632	44
Gain (loss) on foreign currency transactions	1,135	(884)	1,211
	(11,846)	2,746	1,035
Earnings (loss) before income taxes (benefit)	10,473	(131,047)	196,603
Income tax expense (benefit)	(39)	(63,467)	60,198
Net earnings (loss)	10,512	(67,580)	136,405
Less: Net earnings (loss) attributable to noncontrolling interests	1,000	(96)	257
Net earnings (loss) attributable to Skechers U.S.A., Inc.	$ 9,512	$ (67,484)	$ 136,148
Net earnings (loss) per share attributable to Skechers U.S.A., Inc.:			
Basic	$ 0.19	$ (1.39)	$ 2.87
Diluted	$ 0.19	$ (1.39)	$ 2.78
Weighted average shares used in calculating earnings (loss) per share attributable to Skechers U.S.A., Inc.:			
Basic	49,495	48,491	47,433

Diluted	49,942	48,491	49,050

See accompanying notes to consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Years Ended December 31,		
	2012	**2011**	**2010**
Net earnings (loss)	$ 10,512	$ (67,580)	$ 136,405
Other comprehensive income (loss), net of tax:			
Loss on foreign currency translation adjustment, net of tax	(1,251)	(4,843)	(4,657)
Comprehensive income (loss)	9,261	(72,423)	131,748
Less: Comprehensive income attributable to noncontrolling interests.	1,255	220	683
Comprehensive income (loss) attributable to Skechers U.S.A., Inc.	$ 8,006	$ (72,643)	$ 131,065

See accompanying notes to consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)

	SHARES CLASS A COMMON STOCK	SHARES CLASS B COMMON STOCK	AMOUNT CLASS A COMMON STOCK	AMOUNT CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	SKECHERS U.S.A., INC. EQUITY	NON CONTROLLING INTERESTS	TOTAL STOCKHOLDERS EQUITY
Balance at December 31, 2009	34,229	12,360	$ 34	$ 13	$ 272,662	$ 9,348	$ 463,865	$ 745,922	$ 3,448	$ 749,370
Net earnings							136,148	136,148	257	136,405
Foreign currency translation adjustment						(5,083)		(5,083)	426	(4,657)
Capital contribution									33,500	33,500
Stock compensation expense					13,739			13,739		13,739
Proceeds from issuance of common stock under the employee stock purchase plan	103				2,143			2,143		2,143
Proceeds from issuance of common stock under the employee stock option plan	1,513		2		11,895			11,897		11,897
Tax benefit of stock options exercised					9,042			9,042		9,042
Shares redeemed for employee tax withholdings					(5,604)			(5,604)		(5,604)
Conversion of Class B Common Stock into Class A Common Stock	1,049	(1,049)	1	(2)				(1)		(1)
Balance at December 31, 2010	36,894	11,311	$ 37	$ 11	$ 303,877	$ 4,265	$ 600,013	$ 908,203	$ 37,631	$ 945,834
Net loss							(67,484)	(67,484)	(96)	(67,580)
Foreign currency translation adjustment						(5,159)		(5,159)	316	(4,843)
Capital contribution									2,115	2,115
Stock compensation expense					14,320			14,320		14,320
Proceeds from issuance of common stock under the employee stock purchase plan	178				2,023			2,023		2,023
Proceeds from issuance of common stock under the employee stock option plan	873		1		1,297			1,298		1,298
Tax benefit of stock options exercised					(640)			(640)		(640)
Conversion of Class B Common Stock into Class A Common Stock	14	(14)								
Balance at December 31, 2011	37,959	11,297	$ 38	$ 11	$ 320,877	$ (894)	$ 532,529	$ 852,561	$ 39,966	$ 892,527
Net earnings							9,512	9,512	1,000	10,512
Foreign currency translation adjustment						(1,506)		(1,506)	255	(1,251)
Contribution from noncontrolling interest of consolidated entity									3,501	3,501
Distribution to noncontrolling interest of consolidated entity									(1,602)	(1,602)
Stock compensation expense					11,527			11,527		11,527
Proceeds from issuance of common stock under the employee stock purchase plan	186				2,374			2,374		2,374

Proceeds from issuance of common stock under the employee stock option plan	853		1		1,050			1,051		1,051
Tax benefit of stock options exercised					450			450		450
Conversion of Class B Common Stock into Class A Common Stock	23	(23)								
Balance at December 31, 2012	39,021	11,274	$ 39	$ 11	$ 336,278	$ (2,400)	$ 542,041	$ 875,969	$ 43,120	$ 919,089

See accompanying notes to consolidated financial statements

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31, 2012	2011	2010
Cash flows from operating activities:			
Net earnings (loss) attributable to Skechers, U.S.A., Inc.	$ 9,512	$ (67,484)	$ 136,148
Adjustments to reconcile net earnings (loss) to net cash (used in) provided by operating activities:			
provided by (used in) operating activities:			
Noncontrolling interests in subsidiaries	1,000	(96)	257
Depreciation of property, plant and equipment	41,542	33,652	24,707
Amortization of deferred financing costs	1,195	1,128	1,482
Amortization of intangible assets	906	1,580	1,683
Provision for bad debts and returns	1,112	5,882	6,212
Tax benefits from share-based compensation	(78)	(640)	0
Non-cash share-based compensation	11,527	14,320	13,739
Deferred income taxes	(7,538)	(7,863)	(5,170)
Inventory write-down	0	9,971	0
Loss (gain) on disposal of property, plant and equipment	216	(9,632)	36
Impairment of property, plant and equipment	0	1,481	0
Impairment of intangible assets	0	1,649	0
(Increase) decrease in assets:			
Receivables	(36,989)	86,114	(50,040)
Inventories	(111,813)	160,241	(172,417)
Prepaid expenses and other current assets	60,266	(38,247)	(21,402)
Other assets	(4,955)	3,291	(7,571)
Increase (decrease) in liabilities:			
Accounts payable	9,958	(18,074)	32,829
Accrued expenses	20,692	(12,354)	(7,872)
Net cash (used in) provided by operating activities	(3,447)	164,919	(47,379)
Cash flows from investing activities:			
Capital expenditures	(52,452)	(122,238)	(82,269)
Maturities of investments	0	0	30,000
Proceeds from the sale of property, plant and equipment	0	17,100	0
Intangible additions	0	(10)	(41)
Net cash (used in) investing activities	(52,452)	(105,148)	(52,310)
Cash flows from financing activities:			
Net proceeds from the issuances of stock through employee stock purchase plan and the exercise of stock options	3,425	3,321	14,040
Shares redeemed for employee tax withholdings	0	0	(5,604)
Contributions from noncontrolling interest of consolidated entity	3,501	2,115	3,500
Distribution to noncontrolling interest of consolidated entity	(1,602)	0	0
Excess tax benefits from share-based compensation	528	0	9,042
(Decrease) increase in short-term borrowings	(47,998)	31,958	16,271
Proceeds from long-term debt	82,143	37,326	39,293
Payments on long-term debt	(10,243)	(14,287)	(9,121)

Net cash provided by financing activities	29,754	60,433	67,421
Net (decrease) increase in cash and cash equivalents	(26,145)	120,204	(32,268)
Effect of exchange rates on cash and cash equivalents	827	(2,618)	151
Cash and cash equivalents at beginning of year	351,144	233,558	265,675
Cash and cash equivalents at end of year	$ 325,826	$ 351,144	$ 233,558
Supplemental disclosures of cash flow information:			
Cash paid (received) during the year for:			
Interest	$ 11,812	$ 7,692	$ 3,438
Income taxes paid (recovered)	(48,706)	15,772	87,063
Non-cash transactions:			
Land contribution from noncontrolling interest	0	0	30,000
Note payable contribution from noncontrolling interest	0	0	17,358

See accompanying notes to consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012, 2011 and 2010

(1) THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Company and Basis of Presentation

Skechers U.S.A., Inc. and subsidiaries (the Company) designs, develops, markets and distributes footwear. The Company also operates 354 retail stores and an e-commerce business as of December 31, 2012.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. During the year ended December 31, 2012, the Company recorded an adjustment to increase rent expense by $1.9 million, or $1.1 million net of tax relating to percentage and deferred rent for the periods ending December 31, 2008 through December 31, 2011. These adjustments were immaterial both in the current year and in prior years.

(b) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with accounting principles generally accepted in the United States. Significant areas requiring the use of management estimates relate primarily to revenue recognition, allowance for bad debts, returns, sales allowances and customer chargebacks, inventory write-downs, valuation of long-lived assets, litigation reserves and valuation of deferred income taxes. Actual results could differ from those estimates.

(c) Noncontrolling interests

The Company has equity interests in several joint ventures that were established either to distribute the Company s products throughout Asia or to construct the Company s domestic distribution facility. These joint ventures are variable interest entities (VIE) s under Accounting Standards Codification (ASC) 810-10-15-14. The Company s determination of the primary beneficiary of a VIE considers all relationships between the Company and the VIE, including management agreements, governance documents and other contractual arrangements. The Company has determined for its VIE s the Company is the primary beneficiary because it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the entity s economic performance, and (b) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Accordingly, the Company includes the assets and liabilities and results of operations of these entities in its consolidated financial statements, even though the Company may not hold a majority equity interest. There have been no changes during 2012 in the accounting treatment or characterization of any previously identified VIE. The Company continues to reassess these relationships quarterly. The assets of these joint ventures are restricted in that they are not available for general business use outside the context of such joint ventures. The holders of the liabilities of each joint venture have no recourse to the Company. The Company does not have a variable interest in any unconsolidated VIEs.

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The following VIEs are consolidated into the Company s consolidated financial statements and the carrying amounts and classification of assets and liabilities were as follows (in thousands):

HF Logistics-SKX, LLC	**December 31, 2012**	**December 31, 2011**
Current assets	$ 5,239	$ 11,400
Noncurrent assets	133,235	132,925
Total assets	$ 138,474	$ 144,325
Current liabilities	$ 1,958	$ 62,076
Noncurrent liabilities	80,678	18,297
Total liabilities	$ 82,636	$ 80,373

Distribution joint ventures (1)	**December 31, 2012**	**December 31, 2011**
Current assets	$ 34,781	$ 28,028
Noncurrent assets	7,978	7,225
Total assets	$ 42,759	$ 35,253
Current liabilities	$ 13,222	$ 12,495
Noncurrent liabilities	34	73
Total liabilities	$ 13,256	$ 12,568

(1) Distribution joint ventures include Skechers China Limited, Skechers Southeast Asia Limited, Skechers Thailand Limited and Skechers South Asia Private Limited.

Noncontrolling interest income (loss) was $1.0 million, ($0.1) million and $0.3 million for the years ended December 31, 2012, 2011 and 2010, respectively, which represents the share of net earnings or loss that is attributable to the Company s joint venture partners. HF Logistics-SKX, LLC made a cash capital distribution of $1.6 million during the year ended December 31, 2012. Our distribution joint venture partners made cash capital contributions of $3.5 and $2.1 million during the year ended December 31, 2012 and 2011, respectively.

(d) Business Segment Information

Skechers operations and segments are organized along its distribution channels and consist of the following: domestic wholesale, international wholesale, retail and e-commerce sales. Information regarding these segments is summarized in Note 12.

(e) Revenue Recognition

The Company recognizes revenue on wholesale sales when products are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. This generally occurs at the time of shipment. Wholesale and e-commerce sales are recognized on a net sales basis, which reflects allowances for estimated returns, sales allowances, discounts, chargebacks and amounts billed for shipping and handling costs. Shipping and handling costs paid by the Company are included in cost of sales. The Company recognizes revenue from retail sales at the point of sale. The Company currently presents sales tax collected from customers on a net basis.

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

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(f) Allowance for Bad Debts, Returns, Sales Allowances and Customer Chargebacks

The Company provides a reserve charged against revenue against its receivables for estimated losses that may result from its customers inability to pay. To minimize the likelihood of uncollectibility, customers credit-worthiness is reviewed periodically based on external credit reporting services, financial statements issued by the customer and the Company s experience with the account, and it is adjusted accordingly. When a customer s account becomes significantly past due, the Company generally places a hold on the account and discontinues further shipments to that customer, minimizing further risk of loss. The Company determines the amount of the reserve by analyzing known uncollectible accounts, aged receivables, economic conditions in the customers countries or industries, historical losses and its customers credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this reserve.

The Company also reserves for potential disputed amounts or chargebacks from its customers. The Company s chargeback reserve is based on a collectibility percentage based on factors such as historical trends, current economic conditions, and nature of the chargeback receivables. The Company also reserves for potential sales returns and allowances based on historical trends.

The likelihood of a material loss on an uncollectible account would be mainly dependent on deterioration in the overall economic conditions in a particular country or environment. Reserves are fully provided for all probable losses of this nature. For receivables that are not specifically identified as high risk, the Company provides a reserve based upon our historical loss rate as a percentage of sales.

(g) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of certificates of deposit with an initial term of less than three months. For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(h) Foreign Currency Translation

In accordance with ASC 830-30, certain international operations use the respective local currencies as their functional currency, while other international operations use the U.S. Dollar as their functional currency. The Company considers the U.S. dollar as its functional currency. The Company operates internationally through several foreign subsidiaries. Translation adjustments for these subsidiaries are included in other comprehensive income (loss). Additionally, one international subsidiary, Skechers S.a.r.l. located in Switzerland, operates with a functional currency of the U.S. dollar. Resulting re-measurement gains and losses from this subsidiary are included in the determination of net earnings (loss). Assets and liabilities of the foreign operations denominated in local currencies are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange during the period. Translations of intercompany loans of a long-term investment nature are included as a component of translation adjustment in other comprehensive income (loss).

(i) Inventories

Inventories, principally finished goods, are stated at the lower of cost (based on the first-in, first-out method) or market (net realizable value). Cost includes shipping and handling fees and costs, which are subsequently expensed to cost of sales. The Company provides for estimated losses from obsolete or slow-moving inventories and writes down the cost of inventory at the time such determinations are made. Reserves are estimated based upon inventory on hand, historical sales activity, industry trends, the retail environment, and the expected net realizable value. The net realizable value is determined based upon estimated sales prices of such inventory through off-price or discount store channels.

(j) Income Taxes

The Company accounts for income taxes in accordance with ASC 740-10, which requires that the Company recognize deferred tax liabilities for taxable temporary differences and deferred tax assets for deductible temporary differences and operating loss carry-forwards using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit or expense is recognized as a result of changes in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all of any deferred tax assets will not be realized.

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(k) Depreciation and Amortization

Depreciation and amortization of property, plant and equipment is computed using the straight-line method based on the following estimated useful lives:

Buildings	20 years
Building improvements	10 years
Furniture, fixtures and equipment	5 to 20 years
Leasehold improvements	Useful life or remaining lease term, whichever is shorter

(l) Goodwill and Intangible assets

Goodwill and intangible assets are measured for impairment at least annually and more often when events indicate that impairment exists. Intellectual property, which include purchased intellectual property, artwork and design, trade name and trademark are amortized over their useful lives ranging from 1 10 years, generally on a straight-line basis. Intangible assets, which were primarily allocated to the domestic wholesale segment, as of December 31, 2012 and 2011 are as follows (in thousands):

	2012	2011
Intellectual property	$ 7,840	$ 7,840
Goodwill	1,575	1,575
Less accumulated amortization	(6,173)	(5,267)
Total Intangible Assets	$ 3,242	$ 4,148

We recorded amortization expense of $2.1 million, $2.7 million and $3.2 million for the years ended December 31, 2012, 2011 and 2010, respectively, in general and administrative expenses. The Company did not record impairment charges during the years ended December 31, 2012 or December 31, 2010. The Company recorded $1.6 million in impairment charges during the year ended December 31, 2011.

(m) Long-Lived Assets

Long-lived assets such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews both quantitative and qualitative factors to assess if a triggering event occurred. The Company prepares a summary of store cash flows from our retail stores to assess potential impairment of the fixed assets and leasehold improvements. Stores with negative cash flows opened in excess of twenty-four months are then reviewed in detail to determine if impairment exists. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. The Company did not record impairment charges during the year ended December 31, 2012 or December 31, 2010. The Company recorded $1.5 million in impairment charges during the year ended December 31, 2011.

(n) Advertising Costs

Advertising costs are expensed in the period in which the advertisements are first run or over the life of the endorsement contract. Advertising expense for the years ended December 31, 2012, 2011 and 2010 was approximately $103.9 million, $119.3 million and $154.6 million, respectively. Prepaid advertising costs were $3.8 million and $4.7 million at December 31, 2012 and 2011, respectively. Prepaid amounts outstanding at December 31, 2012 and 2011, represent the unamortized portion of endorsement contracts, advertising in trade publications and media productions created which had not run as of December 31, 2012 and 2011, respectively.

(o) Net Earnings (loss) Per Share Attributable to Skechers U.S.A., Inc.

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

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

	Years Ended December 31,		
Basic earnings (loss) per share	**2012**	**2011**	**2010**
Net earnings (loss)	$ 9,512	$ (67,484)	$ 136,148
Weighted average common shares outstanding	49,495	48,491	47,433
Basic earnings (loss) per share	$ 0.19	$ (1.39)	$ 2.87

	Years Ended December 31,		
Diluted earnings (loss) per share	**2012**	**2011**	**2010**
Net earnings (loss)	$ 9,512	$ (67,484)	$ 136,148
Weighted average common shares outstanding	49,495	48,491	47,433
Dilutive stock options	447	0	1,617
Weighted average common shares outstanding	49,942	48,491	49,050
Diluted earnings (loss) per share	$ 0.19	$ (1.39)	$ 2.78

There were no options excluded from the computation of diluted earnings per share for the year ended December 31, 2012, or 2010, respectively.

(p) Product Design and Development Costs

The Company charges all product design and development costs to general and administrative expenses when incurred. Product design and development costs aggregated approximately $9.5 million, $15.9 million and $12.6 million during the years ended December 31, 2012, 2011 and 2010, respectively.

(q) Fair Value of Financial Instruments

The carrying amount of the Company s financial instruments, which principally include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The carrying amount of the Company s long-term borrowings approximates the fair value based upon current rates and terms available to the Company for similar debt.

(r) Comprehensive Income

Comprehensive income consists of net earnings (loss), foreign currency translation adjustments. Comprehensive income is presented in the consolidated statements comprehensive income (loss). Components of accumulated other comprehensive income (loss) consist of foreign currency translation adjustments and income (loss) attributable to non-controlling interests. The Company operates internationally through several foreign subsidiaries. Assets and liabilities of the foreign operations denominated in local currencies are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange during the period of translation. The resulting translation adjustments along with translation adjustments related to intercompany loans of a long-term nature are included in the translation adjustment in other comprehensive income (loss).

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(2) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2012 and 2011 is summarized as follows (in thousands):

	2012	2011
Land	$ 59,113	$ 59,113
Buildings and improvements	173,691	172,959
Furniture, fixtures and equipment	184,722	177,443
Leasehold improvements	154,828	139,051
Total property, plant and equipment	572,354	548,566
Less accumulated depreciation and amortization	209,908	172,120
Property, plant and equipment, net	$ 362,446	$ 376,446

The Company capitalized $4.2 million and $2.1 million of interest expense during 2011 and 2010, respectively, relating to the construction of our corporate headquarters and equipment for our domestic distribution facility, which was completed in 2011.

(3) ACCRUED EXPENSES

Accrued expenses at December 31, 2012 and 2011 are summarized as follows (in thousands):

	2012	2011
Accrued inventory purchases	$ 18,368	$ 1,518
Accrued payroll and related taxes	18,425	15,399
Accrued interest	130	77
Accrued expenses	$ 36,923	$ 16,994

(4) LINE OF CREDIT AND SHORT-TERM BORROWINGS

On June 30, 2009, we entered into a $250.0 million secured credit agreement, (the Credit Agreement) with a syndicate of seven banks that replaced the previous $150 million credit agreement. On November 5, 2009, March 4, 2010 and May 3, 2011, we entered into three successive amendments to the Credit Agreement (collectively, the Amended Credit Agreement). The Amended Credit Agreement matures in June 2015. The Amended Credit Agreement permits us and certain of our subsidiaries to borrow up to $250.0 million based upon a borrowing base of eligible accounts receivable and inventory, which amount can be increased to $300.0 million at our request and upon satisfaction of certain conditions including obtaining the commitment of existing or prospective lenders willing to provide the incremental amount. Borrowings bear interest at our election based on LIBOR or a Base Rate (defined as the greatest of the base LIBOR plus 1.00%, the Federal Funds Rate plus 0.5% or one of the lenders prime rate), in each case, plus an applicable margin based on the average daily principal balance of revolving loans under the credit agreement (1.00%, 1.25% or 1.50% for Base Rate loans and 2.00%, 2.25% or 2.50% for LIBOR loans). We pay a monthly unused line of credit fee of 0.375% or 0.5% per annum, which varies based on the average daily principal balance of outstanding revolving loans and undrawn amounts of letters of credit outstanding during such month. The Amended Credit Agreement further provides for a limit on the issuance of letters of credit to a maximum of $50.0 million. The Amended Credit Agreement contains customary affirmative and negative covenants for secured credit facilities of this type, including a fixed charge coverage ratio that applies when excess availability is less than $40.0 million. In addition, the Amended Credit Agreement places limits on additional indebtedness that we are permitted to incur as well as other restrictions on certain transactions. We paid syndication and commitment fees of $6.7 million on this facility, which are being amortized to interest expense over the life of the facility.

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(5) LONG-TERM BORROWINGS

Long-term debt at December 31, 2012 and 2011 is as follows (in thousands):

	2012	2011
Note payable to bank, due in monthly installments of $357.0 (includes principal and interest), variable rate interest at 3.96%, secured by property, balloon payment of $76,976 due November 2015	$ 79,916	$ 0
Note payable to bank, due in monthly installments of $531.4 (includes principal and interest), fixed rate interest at 3.54%, secured by property, balloon payment of $12,635 due December 2015	29,010	34,259
Note payable to bank, due in monthly installments of $483.9 (includes principal and interest), fixed rate interest at 3.19%, secured by property, balloon payment of $11,670 due June 2016	29,213	34,005
Loan from HF Logistics I, LLC	0	18,297
Note payable to TCF Equipment Finance, Inc., due in monthly installments of $30.5, (includes principal and interest) fixed rate interest at 5.24%, maturity date of July 2019	2,036	0
Capital lease obligations	10	29
Subtotal	140,185	86,590
Less current installments	11,668	10,059
Total long-term debt	$ 128,517	$ 76,531

The aggregate maturities of long-term borrowings at December 31, 2012 are as follows:

2013	$ 11,668
2014	12,028
2015	101,407
2016	14,198
2017	328
Thereafter	556
	$ 140,185

The Company s long-term debt obligations contain both financial and non-financial covenants, including cross-default provisions. The Company is in compliance with its non-financial covenants, including any cross default provisions, and financial covenants of our long-term debt as of December 31, 2012.

On April 30, 2010, we entered into a construction loan agreement (the Loan Agreement), by and among HF Logistics-SKX T1, LLC, a wholly-owned subsidiary of the JV (HF-T1), Bank of America, N.A. and Raymond James Bank, FSB. Borrowings made pursuant to the Loan Agreement were up to a maximum limit of $55.0 million (the Loan), which were used to construct our domestic distribution facility in Rancho Belago, California. Borrowings bore interest based on LIBOR, and the Loan Agreement s original maturity date was April 30, 2012, which was extended to November 30, 2012. On November 16, 2012, HF-T1 executed a modification to the Loan Agreement (the Modification), which increased the borrowings under the Loan to $80.0 million and extended the maturity date of the Loan to November 16, 2015. The $80.0 million was used to (i) repay $54.7 million in outstanding borrowings under the original Loan, (ii) repay a loan of $18.3 million including accrued interest from HF to the JV, (iii) repay a loan to the JV of $2.5 million including accrued interest from Skechers RB, LLC, a wholly-owned subsidiary of our company (iv) pay a deferred management fee of $1.9 million to HF, and (iv) pay distributions of $0.9 million to each of HF and Skechers RB, LLC, with (v) $0.8 million used for loan fees and other closing costs. Under the Modification, OneWest Bank, FSB is an additional lender that funded in part the increase to the Loan, and the interest rate on the Loan is the daily British Bankers Association LIBOR rate plus a margin of 3.75%, which is no longer subject to a minimum rate. The Loan Agreement and the Modification are subject to customary covenants and events of default. We had $79.9 million outstanding under the Loan Agreement and the Modification, which is included in long-term borrowings on December 31, 2012. We paid commitment fees of $0.6 million on the Loan, which are being amortized to interest expense over the life of the Loan.

On December 29, 2010, the Company entered into a master loan and security agreement (the Master Agreement), by and between us and Banc of America Leasing & Capital, LLC, and an Equipment Security Note (together with the Master Agreement, the

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Loan Documents), by and among us, Banc of America Leasing & Capital, LLC, and Bank of Utah, as agent (Agent). We used the proceeds to refinance certain equipment already purchased and to purchase new equipment for use in our Rancho Belago distribution facility. Borrowings made pursuant to the Master Agreement may be in the form of one or more equipment security notes (each a Note, and, collectively, the Notes) up to a maximum limit of $80.0 million and each for a term of 60 months. The Note entered into on the same date as the Master Agreement represents a borrowing of approximately $39.3 million. Interest will accrue at a fixed rate of 3.54% per annum. On June 30, 2011, we entered into another Note agreement for approximately $36.3 million. Interest will accrue at a fixed rate of 3.19% per annum. As of December 31, 2012, the total outstanding amount on these notes was $58.2 million. We paid commitment fees of $825,000 on this loan, which are being amortized to interest expense over the five-year life of the facility.

(6) STOCK COMPENSATION

(a) Equity Incentive Plans

In January 1998, the Company s Board of Directors adopted the Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan for the grant of incentive stock options (ISOs), non-qualified stock options and deferred and restricted stock (the Equity Incentive Plan). In June 2001, the stockholders approved an amendment to the plan to increase the number of shares of Class A Common Stock authorized for issuance under the plan to 8,215,154. In May 2003, stockholders approved an amendment to the plan to increase the number of shares of Class A Common Stock authorized for issuance under the plan to 11,215,154. Stock option awards are generally granted with an exercise price per share equal to the market price of a share of Class A Common Stock on the date of grant. Stock option awards generally become exercisable over a three-year graded vesting period and expire ten years from the date of grant.

On April 16, 2007, the Company s Board of Directors adopted the 2007 Plan, which became effective upon approval by the Company s stockholders on May 24, 2007. The Company s Board of Directors terminated the Equity Incentive Plan as of May 24, 2007, with no granting of awards being permitted thereafter, although any awards then outstanding under the Equity Incentive Plan remain in force according to the terms of such terminated plan and the applicable award agreements. A total of 7,500,000 shares of Class A Common Stock are reserved for issuance under the 2007 Plan, which provides for grants of ISOs, non-qualified stock options, restricted stock and various other types of equity awards as described in the plan to the employees, consultants and directors of the Company and its subsidiaries. The 2007 Plan is administered by the Compensation Committee of the Company s Board of Directors.

(b) Valuation Assumptions

There were no stock options granted under the Equity Incentive Plan or the 2007 Plan during 2012, 2011 or 2010. The total intrinsic value of options exercised during 2012, 2011 and 2010 was $1.9 million, $1.2 million and $20.9 million, respectively.

(c) Stock-Based Payment Awards

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

	SHARES	WEIGHTED AVERAGE OPTION EXERCISE PRICE
Outstanding at December 31, 2009	1,505,694	$ 12.01
Granted	0	0
Exercised	(1,030,516)	12.53
Cancelled	(23,870)	4.10
Outstanding at December 31, 2010	451,308	11.26

Granted	0		0
Exercised	(137,197)		9.46
Cancelled	(107,711)		20.55
Outstanding at December 31, 2011	206,400		7.62
Granted	0		0
Exercised	(149,489)		7.03
Cancelled	(4,215)		6.95
Outstanding at December 31, 2012	52,696	$	9.34

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There was no unrecognized compensation cost related to stock option shares as of December 31, 2012 and 2011, respectively.

A summary of the status and changes of our nonvested shares related to our Equity Incentive Plans as of and for the period ended December 31, 2012 is presented below:

	SHARES	WEIGHTED AVERAGE GRANT-DATE FAIR VALUE
Nonvested at December 31, 2009	2,158,644	$ 17.86
Granted	139,000	30.38
Vested	(804,315)	17.96
Cancelled	0	0
Nonvested at December 31, 2010	1,493,329	18.97
Granted	10,000	21.00
Vested	(735,337)	18.95
Cancelled	(27,499)	18.74
Nonvested at December 31, 2011	740,493	19.02
Granted	281,000	17.58
Vested	(704,160)	18.58
Cancelled	(33,000)	27.60
Nonvested at December 31, 2012	284,333	$ 17.69

As of December 31, 2012, a total of 4,868,881 shares remain available for grant as equity awards under the 2007 Plan.

There was $4.7 million and $11.3 million of unrecognized compensation cost related to nonvested common shares as of December 31, 2012 and 2011, respectively. That cost is expected to be recognized over a weighted average period of 3.7 years and 0.9 years, respectively. The total fair value of shares vested during the period ended December 31, 2012 and 2011 was $13.1 million and $13.9 million, respectively.

(d) Stock Purchase Plans

Effective July 1, 1998, the Company s Board of Directors adopted the 1998 Employee Stock Purchase Plan (the 1998 ESPP). The 1998 ESPP provides that a total of 2,781,415 shares of Class A Common Stock are reserved for issuance under the plan. The 1998 ESPP, which is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended, was implemented utilizing six-month offerings with purchases occurring at six-month intervals. The 1998 ESPP administration was overseen by the Board of Directors. Employees were eligible to participate if they are employed by the Company for at least 20 hours per week and more than five months in any calendar year. The 1998 ESPP permitted eligible employees to purchase Class A Common Stock through payroll deductions, which may not exceed 15% of an employee s compensation. The price of Class A Common Stock purchased under the 1998 ESPP was 85% of the lower of the fair market value of the Class A Common Stock at the beginning of each six-month offering period or on the applicable purchase date.

On April 16, 2007, the Company s Board of Directors adopted the 2008 Employee Stock Purchase Plan (the 2008 ESPP), and the Company s stockholders approved the 2008 ESPP on May 24, 2007. The 2008 ESPP became effective on January 1, 2008, and the Company s Board of Directors terminated the 1998 ESPP as of such date, with no additional granting of rights being permitted under the 1998 ESPP. The 2008 ESPP provides that a total of 3,000,000 shares of Class A Common Stock are reserved for issuance under the plan. This number of shares that may be made available for sale is subject to automatic increases on the first day of each fiscal year during the term of the 2008 ESPP as provided in the plan. The 2008 ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended. The terms of the 2008 ESPP, which are substantially similar to those of the 1998 ESPP, permit eligible employees to purchase Class A Common Stock at six-month intervals through payroll deductions, which may not exceed 15% of an employee s compensation. The price of Class A Common Stock purchased under the 2008 ESPP is 85% of the lower of the fair market value of the Class A Common Stock at the beginning of each six-month offering period or on the applicable purchase date. Employees may end their participation in an offering at any time during the offering period. The 2008 ESPP is administered by the Company s Board of Directors.

During 2012, 2011 and 2010, 186,199 shares, 178,189 shares and 103,430 shares were issued under the 2008 ESPP for which the Company received approximately $2.4 million, $2.0 million and $2.1 million, respectively.

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(7) STOCKHOLDERS EQUITY

The authorized capital stock of the Company consists of 100,000,000 shares of Class A Common Stock, par value $.001 per share, 60,000,000 shares of Class B Common Stock, par value $.001 per share, and 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.

During 2012, 2011 and 2010, certain Class B stockholders converted 22,880 shares, 13,640 shares and 1,049,005 shares, respectively, of Class B Common Stock to Class A Common Stock.

(8) INCOME TAXES

The provisions for income tax expense (benefit) were as follows (in thousands):

	2012	2011	2010
Federal:			
Current	$ (67)	$ (53,696)	$ 45,304
Deferred	(6,381)	(1,896)	(2,090)
Total federal	(6,448)	(55,592)	43,214
State:			
Current	1,796	(241)	8,535
Deferred	(307)	(10,522)	473
Total state	1,489	(10,763)	9,008
Foreign:			
Current	5,325	(1,027)	11,529
Deferred	(405)	3,915	(3,553)
Total foreign	4,920	2,888	7,976
Total income taxes (benefit)	$ (39)	$ (63,467)	$ 60,198

Income taxes differ from the statutory tax rates as applied to earnings (loss) before income taxes as follows (in thousands):

	2012	2011	2010
Expected income tax expense (benefit)	$ 3,666	$ (45,866)	$ 68,811
State income tax, net of federal benefit	1,406	(7,320)	6,590
Rate differential on foreign income	(8,752)	(11,808)	(16,398)
Change in unrecognized tax benefits	(149)	2,906	(160)
Non-deductible expenses	194	168	569
Prior year R&D credit claims	0	(6,253)	0
Other	79	304	(197)

Change in valuation allowance	3,517	4,402	983
Total provision (benefit) for income taxes	$ (39)	$ (63,467)	$ 60,198

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The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities at December 31, 2012 and 2011 are presented below (in thousands):

DEFERRED TAX ASSETS:	**2012**	**2011**
Deferred tax assets - current:		
Inventory adjustments	$ 8,184	$ 8,741
Accrued legal settlement	0	19,344
Accrued expenses	16,082	13,664
Allowances for bad debts and chargebacks	6,751	5,867
Total current assets	31,017	47,616
Deferred tax assets - long term:		
Loss carryforwards	50,399	37,177
Business credit carryforward	5,034	5,452
Share-based compensation	191	1,131
Valuation allowance	(14,599)	(11,082)
Total long term assets	41,025	32,678
Total deferred tax assets	72,042	80,294
Deferred tax liabilities - current:		
Prepaid expenses	4,486	8,475
Deferred tax liabilities - long term:		
Depreciation on property, plant and equipment	24,711	36,512
Total deferred tax liabilities	29,197	44,987
Net deferred tax assets	$ 42,845	$ 35,307

Management believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets.

Consolidated U.S. income (loss) before income taxes was $(27.4) million, $(162.0) million and $127.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The corresponding income before income taxes for non-U.S. based operations was $37.9 million, $31.0 million and $68.9 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The U.S. net operating loss for the year ended December 31, 2011 was carried back to offset federal taxable income for 2009 and 2010, generating tax refunds of approximately $52.0 million in the first quarter of 2012. The U.S. net operating loss for the year ended December 31, 2012, along with the remaining unused net operating loss carryback from December 31, 2011, can be carried forward to reduce future taxable income. These net operating losses can be carried forward for 20 years and do not begin to expire until 2032. As of December 31, 2012 and 2011, no valuation allowance against the related deferred tax asset has been set up for these loss carry-forwards as it is believed the loss carry-forwards will be fully utilized in reducing future taxable income.

As of December 31, 2012 and 2011, the Company had combined foreign operating loss carry-forwards available to reduce future taxable income of approximately $52.1 million and $38.9 million, respectively. Some of these net operating losses expire beginning in 2014; however others can be carried forward indefinitely. As of December 31, 2012 and 2011, a valuation allowance against deferred tax assets of $14.6 million and $11.1 million, respectively, had been set up for those loss carry-forwards that are not more likely than not to be fully utilized in reducing future taxable income.

As of December 31, 2012, withholding and U.S. taxes have not been provided on approximately $171.2 million of cumulative undistributed earnings of the Company s non-U.S. subsidiaries because the Company intends to indefinitely reinvest these earnings in its non-U.S. subsidiaries.

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The balance of unrecognized tax benefits included in net prepaid expenses in the consolidated balance sheets decreased by $0.7 million during the year. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2012	2011
Beginning balance	$ 10,948	$ 9,325
Additions for current year tax positions	464	595
Additions for prior year tax positions	24	2,206
Reductions for prior year tax positions	(6)	(177)
Settlement of uncertain tax positions	(301)	(1,001)
Reductions related to lapse of statute of limitations	(908)	0
Ending balance	$ 10,221	$ 10,948

If recognized, $9.9 million of unrecognized tax benefits would be recorded as a reduction in income tax expense.

Estimated interest and penalties related to the underpayment of income taxes are classified as a component of income tax expense and totaled $0.2 million for the year ended December 31, 2012, $0.6 million for the year ended December 31, 2011, and less than $0.1 million for year ended December 31, 2010. Accrued interest and penalties were $1.6 million and $1.6 million as of December 31, 2012 and 2011, respectively.

The amount of income taxes the Company pays is subject to ongoing audits by taxing jurisdictions around the world. The Company s estimate of the potential outcome of any uncertain tax position is subject to management s assessment of relevant risks, facts, and circumstances existing at that time. The Company believes that it has adequately provided for these matters. However, the Company s future results may include favorable or unfavorable adjustments to its estimates in the period the audits are resolved, which may impact the Company s effective tax rate.

As of December 31, 2012, the Company s tax filings are generally subject to examination in the U.S. and several Asian and European tax jurisdictions for years ending on or after December 31, 2007. During the year, the Company reduced the balance of 2012 and prior year unrecognized tax benefits by $0.9 million as a result of expiring statutes. It is reasonably possible that the statute of limitations will lapse for federal and state jurisdictions during 2013, which would reduce the balance of 2012 and prior year unrecognized tax benefits by $1.0 million.

The Company is currently under examination by the IRS for the 2008 and 2009 tax years. The Company is also under examination by a number of states. During the year ended December 31, 2012, settlements were reached with certain state tax jurisdictions which reduced the balance of 2012 and prior year unrecognized tax benefits by $0.3 million. It is reasonably possible that certain federal and state examinations could be settled during the next twelve months which would reduce the balance of 2012 and prior year unrecognized tax benefits by $2.8 million.

(9) BUSINESS AND CREDIT CONCENTRATIONS

The Company generates the majority of its sales in the United States; however, several of its products are sold into various foreign countries, which subject the Company to the risks of doing business abroad. In addition, the Company operates in the footwear industry, which is impacted by the general economy, and its business depends on the general economic environment and levels of consumer spending. Changes in the marketplace may significantly affect management s estimates and the Company s performance. Management performs regular evaluations concerning the ability of customers to satisfy their obligations and provides for estimated doubtful accounts. Domestic accounts receivable, which generally do not require collateral from customers, amounted to $111.8 million and $90.9 million before allowances for bad debts and sales returns, and chargebacks at December 31, 2012 and 2011, respectively. Foreign accounts receivable, which generally are collateralized by letters of credit, amounted to $118.8 million and $105.5 million before allowance for bad debts, sales returns, and chargebacks at December 31, 2012 and 2011, respectively. International net sales amounted to $496.0 million, $546.0 million and $484.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The Company s credit losses due to write-offs for the years ended December 31, 2012, 2011 and 2010 were $1.5 million, $7.0 million and $4.8 million, respectively.

Assets located outside the United States consist primarily of cash, accounts receivable, inventory, property, plant and equipment, and other assets. Net assets held outside the United States were $387.2 million and $325.3 million at December 31, 2012 and 2011, respectively.

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During 2012, 2011 and 2010, no customer accounted for 10.0% or more of net sales. No customer accounted for more than 10% of net trade receivables at December 31, 2012 or December 31, 2010, respectively. One customer accounted for 12.5% and another accounted for 10.0% of net trade receivables at December 31, 2011. During 2012, 2011 and 2010, net sales to our five largest customers were approximately 18.1%, 17.8% and 24.9%, respectively.

The Company s top five manufacturers produced the following for the years ended December 31, 2012, 2011 and 2010, respectively:

	Years Ended December 31,		
	2012	2011	2010
Manufacturer #1	33.5%	30.8%	34.7%
Manufacturer #2	9.2%	11.5%	13.0%
Manufacturer #3	6.7%	7.7%	9.4%
Manufacturer #4	6.6%	6.6%	8.7%
Manufacturer #5	5.6%	5.9%	4.8%
	61.6%	62.5%	70.6%

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

(10) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) profit sharing plan covering all employees who are 21 years of age and have completed six months of service. Employees may contribute up to 15.0% of annual compensation. Company contributions to the plan are discretionary and vest over a six year period.

The Company did not make a contribution to the plan for the years ended December 31, 2012 and 2011, respectively. The Company s cash contributions to the plan amounted to $1.3 million during the year ended December 31, 2010.

(11) COMMITMENTS AND CONTINGENCIES

(a) Leases

The Company leases facilities under operating lease agreements expiring through November 2031. The Company pays taxes, maintenance and insurance in addition to the lease obligations. The Company also leases certain equipment and automobiles under operating lease agreements expiring at various dates through September 2016. Rent expense for the years ended December 31, 2012, 2011 and 2010 approximated $88.7 million, $85.0 million and $74.5 million, respectively.

The Company also leases certain property, plant and equipment under capital lease agreements requiring monthly installment payments through June 2013.

Minimum lease payments, which takes into account escalation clauses, are recognized on a straight-line basis over the minimum lease term. Subsequent adjustments to our lease payments due to changes in an existing index, usually the consumer price index, are typically included in our calculation of the minimum lease payments when the adjustment is known. Reimbursements for leasehold improvements are recorded as liabilities and are amortized over the lease term. Lease concessions, in our case, usually a free rent period, are considered in the calculation of our minimum lease payments for the minimum lease term.

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Future minimum lease payments under noncancellable leases at December 31, 2012 are as follows (in thousands):

	CAPITAL LEASES	OPERATING LEASES
Year ending December 31:		
2013	$ 10	$ 109,608
2014	0	100,654
2015	0	93,697
2016	0	83,613
2017	0	68,432
Thereafter	0	345,039
	$ 10	$ 801,043

(b) Litigation

The Company recognizes legal expense in connection with loss contingencies as incurred.

The Company s claims and advertising for its toning products including for its Shape-ups are subject to the requirements of, and routinely come under review by regulators including the U.S. Federal Trade Commission (FTC), states Attorneys General and government and quasi-government regulators in foreign countries. The Company is currently responding to requests for information regarding its claims and advertising from regulatory and quasi-regulatory agencies in several countries and is fully cooperating with those requests. While the Company believes that its claims and advertising with respect to its core toning shoe products are supported by scientific tests, expert opinions and other relevant data, and while the Company has been successful in defending its claims and advertising in several different countries, it has discontinued using certain test results and periodically reviews and updates its claims and advertising. The regulatory inquiries may conclude in a variety of outcomes, including the closing of the inquiry with no further regulatory action, settlement of any issues through changes in our claims and advertising, settlement of any issues through payment to the regulatory entity, or litigation.

In accordance with U.S. generally accepted accounting principles, the Company records a liability in its consolidated financial statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and timing of a loss to be recorded. Estimates of probable losses resulting from litigation and governmental proceedings are inherently difficult to predict, particularly when the matters are in the procedural stages or with unspecified or indeterminate claims for damages, potential penalties, or fines. During the fourth quarter ended December 31, 2011, the Company reserved $45 million for costs and potential exposure relating to existing litigation and regulatory matters. Additionally, the Company recorded a pre-tax expense of $5 million in legal and professional fees related to the aforementioned matters, which was included in general and administrative expense in our consolidated statement of operations for the year ended December 31, 2011. On May 16, 2012, the Company announced that it had settled all domestic legal proceedings relating to advertising claims made in connection with marketing its toning shoe products, including Shape-ups. Under the terms of the global settlement without admitting any fault or liability, with no findings being made that the Company had violated any law, and with no fines or penalties being imposed it made payments in the aggregate amount of $50 million to settle and finally resolve the domestic advertising class action lawsuits and related claims brought by the FTC and states Attorneys General for 44 states and the District of Columbia (SAG). The FTC Stipulated Final Judgment was approved by the United States District Court for the Northern District of Ohio on July 12, 2012, and consent judgments have been approved and entered in the 45 SAG actions. On May 13, 2013, the United States District Court for the Western District of Kentucky entered an order finally approving the nationwide consumer class action settlement.

On July 10, 2013, a stockholder derivative complaint entitled *Gloria Basaraba v. Robert Greenberg, et al.* was filed against the Company, nine individual members of its Board of Directors and a former employee in the United States District Court for the Central District of California, Case No. CV13-5061. The complaint includes allegations of breach of fiduciary duties, gross mismanagement, waste of corporate assets and unjust enrichment based on the development of the Company s toning footwear products, advertising and marketing activities relating thereto, and subsequent litigation involving those issues. The complaint seeks compensatory damages, a court order directing the Company to reform and improve their corporate governance and internal procedures, and attorneys fees, costs and expenses. Discovery has not yet commenced. While it is too early to predict the outcome of litigation or a reasonable range of potential losses and whether an adverse result would have a material adverse impact on our results of operations or financial position, the Company believes this lawsuit is without merit and intends to vigorously defend against the allegations.

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(c) Product and Other Financing

The Company finances production activities in part through the use of interest-bearing open purchase arrangements with certain of its international manufacturers. These arrangements currently bear interest at rates between 0% and 1.0% for 30- to 60- day financing. The amounts outstanding under these arrangements at December 31, 2012 and 2011 were $87.7 million and $71.8 million, respectively, which are included in accounts payable in the accompanying consolidated balance sheets. Interest expense incurred by the Company under these arrangements amounted to $3.8 million in 2012, $3.2 million in 2011, and $2.1 million in 2010. The Company has open purchase commitments with our foreign manufacturers of $229.5 million, which are not included in the accompanying consolidated balance sheets.

(12) SEGMENT INFORMATION

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

	2012	2011	2010
Net sales			
Domestic wholesale	$ 652,651	$ 688,194	$ 1,131,929
International wholesale	432,163	487,296	436,637
Retail	453,600	410,458	410,695
E-commerce	21,907	20,068	27,607
Total	$ 1,560,321	$ 1,606,016	$ 2,006,868

	2012	2011	2010
Gross profit			
Domestic wholesale	$ 242,931	$ 186,010	$ 460,355
International wholesale	166,454	196,248	181,528
Retail	264,010	231,835	255,894
E-commerce	9,931	9,655	14,129
Total	$ 683,326	$ 623,748	$ 911,906

	2012	2011
Identifiable assets		
Domestic wholesale	$ 820,253	$ 844,383
International wholesale	367,005	304,025
Retail	152,795	133,081
E-commerce	167	399
Total	$ 1,340,220	$ 1,281,888

	2012	2011	2010
Additions to property, plant and equipment			
Domestic wholesale	$ 33,488	$ 92,496	$ 57,375

International wholesale	2,939	2,236	4,241
Retail	16,025	27,506	20,653
Total	$ 52,452	$ 122,238	$ 82,269

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Geographic Information

The following summarizes our operations in different geographic areas for the year indicated:

	2012	2011	2010
Net Sales (1)			
United States	$ 1,064,298	$ 1,059,990	$ 1,522,187
Canada	49,460	48,057	54,476
Other International (2)	446,563	497,969	430,205
Total	$ 1,560,321	$ 1,606,016	$ 2,006,868

	2012	2011
Property, plant and equipment		
United States	$ 345,202	$ 358,405
Canada	1,252	1,179
Other International (2)	15,992	16,862
Total	$ 362,446	$ 376,446

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

(2) Other international consists of Switzerland, United Kingdom, Germany, Austria, France, Spain, Portugal, Italy, Netherlands, China, Hong Kong, Malaysia, Singapore, Thailand, Brazil, Chile, Vietnam and Japan.

(13) RELATED PARTY TRANSACTIONS

The Company paid approximately $162,000, $188,000, and $319,000 during 2012, 2011 and 2010, respectively, to the Manhattan Inn Operating Company, LLC (MIOC) for lodging, food and events including the Company s holiday party at the Shade Hotel, which is owned and operated by MIOC. Michael Greenberg, President and a director of the Company, owns a 12% beneficial ownership interest in MIOC, and four other officers, directors and senior vice presidents of the Company own in aggregate an additional 5% beneficial ownership in MIOC. The Company had no outstanding accounts receivable or payable with MIOC or the Shade Hotel at December 31, 2012.

On July 29, 2010, the Company formed the Skechers Foundation (the Foundation), which is a 501(c)(3) non-profit entity that does not have any shareholders or members. The Foundation is not a subsidiary of and is not otherwise affiliated with the Company, and the Company does not have a financial interest in the Foundation. However, two officers and directors of the Company, Michael Greenberg, the Company s President, and David Weinberg, the Company s Chief Operating Officer and Chief Financial Officer, are also officers and directors of the Foundation. During the years ended December 31, 2012 and 2011, respectively, the Company contributed $1.0 million and $1.3 million, respectively, to the Foundation to use for various charitable causes.

The Company had receivables from officers and employees of $0.4 million and $0.3 million at December 31, 2012 and 2011, respectively. These amounts primarily relate to travel advances and incidental personal purchases on Company-issued credit cards. These receivables are short-term and are expected to be repaid within a reasonable period of time. We had no other significant transactions with or payables to officers, directors or significant shareholders of the Company.

(14) SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2012, to assess the need for potential recognition or disclosure in this filing. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition in the consolidated financial statements, except for the update related to litigation in note 11(b) above.

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(15) SUMMARY OF QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized unaudited financial data are as follows (in thousands):

2012	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Net sales	$ 351,274	$ 384,001	$ 429,429	$ 395,617
Gross profit	155,696	171,342	187,824	168,464
Net earnings (loss)	(3,666)	(1,782)	11,004	3,956
Net earnings (loss) per share:				
Basic	$ (0.07)	$ (0.04)	$ 0.22	$ 0.08
Diluted	(0.07)	(0.04)	0.22	0.08

2011	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
Net sales	$ 476,234	$ 434,351	$ 412,183	$ 283,248
Gross profit	192,610	143,330	175,195	112,613
Net earnings (loss)*	11,808	(29,916)	8,285	(57,661)
Net earnings (loss) per share:				
Basic	$ 0.24	$ (0.62)	$ 0.17	$ (1.18)
Diluted	0.24	(0.62)	0.17	(1.18)

* Included in the quarter ended December 31, 2011 is an impairment of property, plant and equipment of $1.5 million and an impairment of intangible assets of $1.6 million (see note 1).

ITEM 9A. CONTROLS AND PROCEDURES

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

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods and that such information is accumulated and communicated to allow timely decisions regarding required disclosures. As of the end of the period covered by the Amendment to this annual report on Form 10-K/A, we carried out an evaluation under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective, at the reasonable assurance level as of such time.

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in *Internal Control Integrated Framework,* our management has concluded that as of December 31, 2012, our internal control over financial reporting is effective.

Our independent registered public accountants, BDO USA, LLP, audited the consolidated financial statements included in this Amendment to the annual report on Form 10-K/A as of and for the years ended December 31, 2012 and 2011, and have issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2012, which is set forth below.

INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant changes to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting during the fourth quarter of 2012. The results of our evaluation are discussed above in Management s Report on Internal Control Over Financial Reporting.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Skechers U.S.A., Inc.

Manhattan Beach, CA

We have audited Skechers U.S.A., Inc. and subsidiaries internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Skechers U.S.A., Inc. and subsidiaries management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Skechers U.S.A., Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Skechers U.S.A., Inc. and subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of operations, comprehensive income (loss), equity, cash flows, and schedule for the years then ended and our report dated July 31, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Los Angeles, CA

July 31, 2013

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PART III

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fees to Independent Registered Public Accounting Firm for Fiscal Years 2012 and 2011

Following the resignation of KPMG as our independent registered public accounting firm on April 8, 2013, we appointed BDO as our new independent registered public accounting firm on April 24, 2013, to perform independent audit services for the fiscal year ending December 31, 2013 and the Re-audit for the fiscal years ended December 31, 2012 and 2011. BDO has provided services for the fiscal years ended December 31, 2012 and 2011 in the categories and amounts as follows:

Service	2012	2011
Audit fees[1]	$ 861,900	$ 686,300
Audit-related fees		
Tax fees		
All other fees		
Total audit and non-audit fees	$ 861,900	$ 686,300

(1) These are fees for the services provided in 2013 in connection with the Re-audit and the review of quarterly financial statements for 2012 and 2011.

Prior to the resignation of KPMG as our independent registered public accounting firm, KPMG provided services for the fiscal years ended December 31, 2012 and 2011 in the categories and amounts as follows:

Service	2012	2011
Audit fees[1]	$ 1,750,000[3]	$ 1,705,000
Audit-related fees		
Tax fees[2]	686,000	403,000
All other fees		
Total audit and non-audit fees	$ 2,436,000	$ 2,108,000

(1) These are fees for the audit of our annual financial statements and the review of our annual report on Form 10-K, the review of financial statements included in our quarterly reports on Form 10-Q, the attestation of the effectiveness of internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and consultations regarding financial accounting and reporting, as well as for services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) These are fees for U.S. federal, state and international tax compliance and tax consulting.

(3) Of this amount, $490,000 remains unpaid as of July 31, 2013.

Pre-Approval Policy

The Audit Committee s Pre-Approval Policy provides for pre-approval of specifically described audit, audit-related, tax and all other services by the Audit Committee in order to ensure that the provision of such services does not impair the independent registered public accounting firm s independence. The Pre-Approval Policy also provides a list of prohibited non-audit services. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, the requested service will require specific pre-approval by the Audit Committee. The term of any pre-approved services is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will periodically review and may revise the list of pre-approved services, based on subsequent determinations. Pre-approval fee levels for all services to be provided by the independent registered public accounting firm are established annually by the Audit Committee after the independent registered public accounting firm s appointment for the then current fiscal year has been approved by the Audit Committee. Any fees for proposed services exceeding these levels will also require specific pre-approval by the Audit Committee. All services provided by BDO and KPMG for 2012 and 2011 were pre-approved in accordance with the Audit Committee s pre-approval requirements.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements: See Index to Consolidated Financial Statements and Financial Statement Schedule in Part II, Item 8 on page 7 of the Amendment to this annual report on Form 10-K/A.

2. Financial Statement Schedule: See Schedule II Valuation and Qualifying Accounts on page 36 of the Amendment to this annual report on Form 10-K/A.

3. Exhibits: The exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of the Amendment to this annual report on Form 10-K/A.

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SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

Years Ended December 31, 2012, 2011, and 2010

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO REVENUE COSTS AND EXPENSES	DEDUCTIONS AND WRITE-OFFS	BALANCE AT END OF PERIOD
Year-ended December 31, 2010:				
Allowance for chargebacks	$ 1,943	$ 2,993	$ (1,909)	$ 3,027
Allowance for doubtful accounts	4,328	1,782	(465)	5,645
Reserve for sales returns and allowances	8,090	1,437	1,498	11,025
Reserve for shrinkage	200	1,100	(1,100)	200
Reserve for obsolescence	3,455	0	(17)	3,438
Year-ended December 31, 2011:				
Allowance for chargebacks	$ 3,027	$ 1,463	$ (2,150)	$ 2,340
Allowance for doubtful accounts	5,645	5,560	(874)	10,331
Reserve for sales returns and allowances	11,025	(1,141)	(2,132)	7,752
Reserve for shrinkage	200	1,100	(1,000)	300
Reserve for obsolescence	3,438	9,971	(1,450)	11,959
Year-ended December 31, 2012:				
Allowance for chargebacks	$ 2,340	$ 1,357	$ (896)	$ 2,801
Allowance for doubtful accounts	10,331	186	(3,350)	7,167
Reserve for sales returns and allowances	7,752	(431)	(367)	6,954
Reserve for shrinkage	300	1,300	(1,300)	300
Reserve for obsolescence	11,959	931	(4,041)	8,849

See accompanying reports of independent registered public accounting firms

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
3.1	Amended and Restated Certificate of Incorporation dated April 29, 1999 (incorporated by reference to exhibit number 3.1 of the Registrant s Registration Statement on Form S-1, as amended (File No. 333-60065), filed with the Securities and Exchange Commission on May 12, 1999).
3.2	Bylaws dated May 28, 1998 (incorporated by reference to exhibit number 3.2 of the Registrant s Registration Statement on Form S-1 (File No. 333-60065) filed with the Securities and Exchange Commission on July 29, 1998).
3.2(a)	Amendment to Bylaws dated as of April 8, 1999 (incorporated by reference to exhibit number 3.2(a) of the Registrant s Form 10-K for the year ended December 31, 2005).
3.2(b)	Second Amendment to Bylaws dated as of December 18, 2007 (incorporated by reference to exhibit number 3.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on December 20, 2007).
4.1	Form of Specimen Class A Common Stock Certificate (incorporated by reference to exhibit number 4.1 of the Registrant s Registration Statement on Form S-1, as amended (File No. 333-60065), filed with the Securities and Exchange Commission on May 12, 1999).
10.1**	Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan (incorporated by reference to exhibit number 10.1 of the Registrant s Registration Statement on Form S-1 (File No. 333-60065) filed with the Securities and Exchange Commission on July 29, 1998).
10.1(a)**	Amendment No. 1 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan (incorporated by reference to exhibit number 4.4 of the Registrant s Registration Statement on Form S-8 (File No. 333-71114), filed with the Securities and Exchange Commission on October 5, 2001).
10.1(b)**	Amendment No. 2 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan (incorporated by reference to exhibit number 4.5 of the Registrant s Registration Statement on Form S-8 (File No. 333-135049), filed with the Securities and Exchange Commission on June 15, 2006).
10.1(c)**	Amendment No. 3 to Amended and Restated 1998 Stock Option, Deferred Stock and Restricted Stock Plan (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 23, 2007).
10.2**	2006 Annual Incentive Compensation Plan (incorporated by reference to Appendix A of the Registrant s Definitive Proxy Statement filed with the Securities and Exchange Commission on May 1, 2006).
10.3**	2007 Incentive Award Plan (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on May 24, 2007).
10.4**	Form of Restricted Stock Agreement under 2007 Incentive Award Plan (incorporated by reference to exhibit number 10.3 of the Registrant s Form 10-K for the year ended December 31, 2007).
10.5**	2008 Employee Stock Purchase Plan (incorporated by reference to exhibit number 10.2 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on May 24, 2007).
10.5(a)**	Amendment No. 1 to 2008 Employee Stock Purchase Plan (incorporated by reference to exhibit number 10.5 of the Registrant s Form 10-Q for the quarter ended June 30, 2010).
10.6**	Indemnification Agreement dated June 7, 1999 between the Registrant and its directors and executive officers (incorporated by reference to exhibit number 10.6 of the Registrant s Form 10-K for the year ended December 31, 1999).

10.6(a)**	List of Registrant s directors and executive officers who entered into Indemnification Agreement referenced in Exhibit 10.6 with the Registrant (incorporated by reference to exhibit number 10.6(a) of the Registrant s Form 10-K for the year ended December 31, 2005).
10.7	Registration Rights Agreement dated June 9, 1999, between the Registrant, the Greenberg Family Trust and Michael Greenberg (incorporated by reference to exhibit number 10.7 of the Registrant s Form 10-Q for the quarter ended June 30, 1999).
10.8	Tax Indemnification Agreement dated June 8, 1999, between the Registrant and certain shareholders (incorporated by reference to exhibit number 10.8 of the Registrant s Form 10-Q for the quarter ended June 30, 1999).
10.9 +	Credit Agreement dated June 30, 2009, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Foothill, LLC, as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger (incorporated by reference to exhibit number 10.1 of the Registrant s Form 10-Q/A filed with the Securities and Exchange Commission on November 16, 2010).
10.9(a)	Amendment Number One to Credit Agreement dated November 5, 2009, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Foothill, LLC, as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger (incorporated by reference to exhibit number 10.2 of the Registrant s Form 10-Q/A filed with the Securities and Exchange Commission on November 16, 2010).
10.9(b)	Amendment Number Two to Credit Agreement dated March 4, 2010, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Capital Finance, LLC (formerly known as Wells Fargo Foothill, LLC), as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger (incorporated by reference to exhibit number 10.3 of the Registrant s Form 10-Q for the quarter ended March 31, 2010).
10.9(c) +	Amendment Number Three to Credit Agreement dated May 3, 2011, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Capital Finance, LLC (formerly known as Wells Fargo Foothill, LLC), as co-lead arranger and administrative agent, Bank of America, N.A., as syndication agent, and Banc of America Securities LLC, as the other co-lead arranger (incorporated by reference to exhibit number 10.1 of the Registrant s Form 10-Q for the quarter ended March 31, 2011).
10.10	Schedule 1.1 of Defined Terms to the Credit Agreement dated June 30, 2009, by and among the Registrant, certain of its subsidiaries that are also borrowers under the Agreement, and certain lenders including Wells Fargo Foothill, LLC, Bank of America, N.A., and Banc of America Securities LLC (incorporated by reference to exhibit number 10.2 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on July 7, 2009).
10.11	Amended and Restated Limited Liability Company Agreement dated April 12, 2010 between Skechers R.B., LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, and HF Logistics I, LLC, regarding the ownership and management of the joint venture, HF Logistics-SKX, LLC, a Delaware limited liability company (incorporated by reference to exhibit number 10.11 of the Registrant s Form 10-K for the year ended December 31, 2011).
10.12	Construction Loan Agreement dated as of April 30, 2010, by and among HF Logistics-SKX T1, LLC, which is a wholly owned subsidiary of a joint venture entered into between HF Logistics I, LLC and a wholly owned subsidiary of the Registrant, Bank of America, N.A., as administrative agent and as a lender, and Raymond James Bank FSB, as a lender (incorporated by reference to exhibit number 10.12 of the Registrant s Form 10-K for the year ended December 31, 2011).
10.12(a)	Modification to Construction Loan Agreement And Other Loan Documents dated November 16, 2012, by and among HF Logistics-SKX T1, LLC, which is a wholly owned subsidiary of a joint venture

	entered into between HF Logistics I, LLC and a wholly owned subsidiary of the Registrant, Bank of America, N.A., as administrative agent and as a lender, Raymond James Bank, N.A., as a lender, and Onewest Bank, FSB, as a lender (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on November 21, 2012).
10.13	Master Loan and Security Agreement, dated December 29, 2010, by and between the Registrant and Banc of America Leasing & Capital, LLC (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 4, 2011).
10.14	Equipment Security Note, dated December 29, 2010, by and among the Registrant, Banc of America Leasing & Capital, LLC, and Bank of Utah, as agent (incorporated by reference to exhibit number 10.2 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 4, 2011).
10.15	Equipment Security Note, dated June 30, 2011, by and among the Registrant, Banc of America Leasing & Capital, LLC, and Bank of Utah, as agent (incorporated by reference to exhibit number 10.3 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on July 1, 2011).
10.16	Lease Agreement, dated February 8, 2002, between Skechers International, a subsidiary of the Registrant, and ProLogis Belgium II SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium (incorporated by reference to exhibit number 10.29 of the Registrant s Form 10-K for the year ended December 31, 2002).
10.17	Lease Agreement dated September 25, 2007 between the Registrant and HF Logistics I, LLC, regarding distribution facility in Rancho Belago, California (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on September 27, 2007).
10.17(a)	First Amendment to Lease Agreement, dated December 18, 2009, between the Registrant and HF Logistics I, LLC, regarding distribution facility in Rancho Belago, California (incorporated by reference to exhibit number 10.6 of the Registrant s Form 10-Q for the quarter ended March 31, 2010).
10.17(b)	Second Amendment to Lease Agreement, dated April 12, 2010, between the Registrant and HF Logistics I, LLC, regarding distribution facility in Rancho Belago, California (incorporated by reference to exhibit number 10.4 of the Registrant s Form 10-Q for the quarter ended September 30, 2010).
10.17(c)	Assignment of Lease Agreement, dated April 12, 2010, between HF Logistics I, LLC and HF Logistics-SKX T1, LLC, regarding distribution facility in Rancho Belago, California (incorporated by reference to exhibit number 10.5 of the Registrant s Form 10-Q for the quarter ended September 30, 2010).
10.17(d)	Third Amendment to Lease Agreement, dated August 18, 2010, between the Registrant and HF Logistics-SKX T1, LLC, regarding distribution facility in Rancho Belago, California (incorporated by reference to exhibit number 10.6 of the Registrant s Form 10-Q for the quarter ended September 30, 2010).
10.18	Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of the Registrant, and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center II in Liege, Belgium (incorporated by reference to exhibit number 10.3 of the Registrant s Form 10-Q for the quarter ended June 30, 2010).
10.19	Addendum to Lease Agreement dated May 20, 2008 between Skechers EDC SPRL, a subsidiary of the Registrant, and ProLogis Belgium III SPRL, regarding ProLogis Park Liege Distribution Center I in Liege, Belgium (incorporated by reference to exhibit number 10.4 of the Registrant s Form 10-Q for the quarter ended June 30, 2010).
10.20	Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief dated July 12, 2012, between the Registrant and the Federal Trade Commission (incorporated by reference to exhibit number 10.1 of the Registrant s Form 10-Q for the quarter ended June 30, 2012).
10.21	Agreed Final Consent Judgment dated May 16, 2012, between the Registrant and the State of Tennessee, with a schedule of the additional states, including the District of Columbia, in which such consent judgments have been approved that are substantially identical in all material respects, except as noted on the schedule (incorporated by reference to exhibit number 10.2 of the Registrant s Form 10-Q for the quarter ended June 30, 2012).

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10.22	Skechers U.S.A., Inc. Deferred Compensation Plan (incorporated by reference to exhibit number 10.1 of the Registrant s Form 8-K filed with the Securities and Exchange Commission on May 3, 2013).
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer pursuant Securities Exchange Act Rule 13a-14(a).
31.2	Certification of the Chief Financial Officer pursuant Securities Exchange Act Rule 13a-14(a).
32.1***	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS****	XBRL Instance Document.
101.SCH****	XBRL Taxonomy Extension Schema Document.
101.CAL****	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB****	Taxonomy Extension Label Linkbase Document.
101.PRE****	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF****	XBRL Taxonomy Extension Definition Linkbase Document.

Previously filed.

+ Confidential treatment has been granted by the SEC with respect to certain information in the exhibit pursuant to Rule 24b-2 of the Exchange Act. Such information was omitted from the filing and filed separately with the Secretary of the SEC.

** Management contract or compensatory plan or arrangement required to be filed as an exhibit.

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

**** Previously furnished.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused the Amendment to this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Manhattan Beach, State of California on the 31st day of July 2013.

SKECHERS U.S.A., INC.

By: /s/ Robert Greenberg
Robert Greenberg
Chairman of the Board and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, the Amendment to this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Robert Greenberg Robert Greenberg	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	July 31, 2013
/s/ Michael Greenberg Michael Greenberg	President and Director	July 31, 2013
/s/ David Weinberg David Weinberg	Executive Vice President, Chief Operating Officer, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	July 31, 2013
/s/ Jeffrey Greenberg Jeffrey Greenberg	Director	July 31, 2013
/s/ Geyer Kosinski Geyer Kosinski	Director	July 31, 2013
/s/ Morton D. Erlich Morton D. Erlich	Director	July 31, 2013
/s/ Richard Siskind Richard Siskind	Director	July 31, 2013
/s/ Thomas Walsh Thomas Walsh	Director	July 31, 2013
/s/ Rick Rappaport Rick Rappaport	Director	July 31, 2013