

CtW Investment Group

February 5, 2014

Board of Directors
Skechers U.S.A., Inc.
228 Manhattan Beach Boulevard
Manhattan Beach, California 90266

Dear Skechers Board Member:

The CtW Investment Group urges a complete and immediate overhaul of Skechers U.S.A., Inc.'s board of directors in light of several serious governance risks. Several directors have potential conflicts of interest that raise serious questions as to whether they are truly independent in spirit or only in resume. The poor track record of one director, in particular, raises doubts about the merits of his board membership. In addition, the board suffers from lengthy tenures and a lack of gender diversity, pointing to a possible flawed approach to recruitment.

Shareholders place a particularly high premium on independent and competent directors at Skechers given that it is a controlled company that structures its shares into two classes, combines the role of CEO and chair, allows a high number board seats to be held by insiders, and staggers director elections. Please explain why the current board set up is beneficial to all shareholders. Absent a convincing justification, we request that you hire an outside search firm to find qualified, independent nominees to refresh board membership in time for the 2014 annual meeting.

The recent Shape-Up debacle and current bribery investigation amplify the need for strong independent oversight. Not only did the false advertizing of the Shape-Up shoe line cost our company through fines, inventory write-downs, and legal expenses, but it drove a 25% fall in revenue, ground which the company has yet to fully regain. Most significantly, it damaged the company's brand just as the athletic shoe market as a whole went on to enjoy several years of outsized growth. Moreover, the FBI's ongoing investigation into the alleged bribery of San Moreno's Mayor and four city council members by Highland Fairview Developers to sweeten the land deal for Skechers' distribution center is worrisome. The fact that the California Fair Political Practices Commission just levied a fine on Skechers for late disclosures of political contributions to these same council members only heightens our concerns of a possible lax attitude towards compliance.

The CtW Investment Group works with pension and benefit funds sponsored by unions affiliated with Change to Win – a federation of unions representing over six million workers – to enhance long-term shareholder value through active ownership. These funds have over \$250 billion in assets under management and are substantial Skechers shareholders.

Skechers board's independent oversight is compromised.

According to the most recent proxy statement, only five of our nine board members are deemed independent by the board: Richard Rappaport, Richard Siskind, Morton Erlich, Thomas Walsh, and Geyer Kosinski. Not only do we find this insufficient, but we fear that the objectivity of directors Rappaport, Siskind, and Erlich has been tainted by possible conflicts of interest. In particular, Mr. Rappaport's background makes him a poor choice for our company's board.