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# **SKECHERS Footwear Enters into a Lease Agreement for a 1.8 Million Square Foot Distribution Facility**

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)--

SKECHERS USA, Inc. (NYSE:SKX), a global leader in lifestyle footwear, announced that the Company has entered into a lease agreement with HF Logistics I, LLC, an affiliate of Highland Fairview, for an approximately 1.8 million square foot distribution facility in Rancho Belago, a new community in California's Inland Empire.

The new facility, which is expected to be completed in the first quarter of 2009, will be highly automated, allowing the Company to receive, store, retrieve, pack and ship product through a high-tech material handling system. The Rancho Belago center will also allow the Company to centralize its operations from its existing five buildings in Ontario, California.

"SKECHERS has been growing steadily over the last few years due to a greater acceptance of our product in the marketplace," stated Paul Galliher, SKECHERS' Senior Vice President of Distribution. "This growth - from \$920 million in annual sales in 2004 to \$1.2 billion at the close of 2006 - has necessitated growth in our infrastructure and logistics - including our shipping and warehousing capabilities. With our planned highly automated single facility in Rancho Belago, we believe we can improve the efficiency of our logistics operations necessary to leverage our distribution center costs while meeting the increased demand for our product."

Galliher continued: "We are very pleased we were able to secure an agreement with HF Logistics at their Rancho Belago development. The location is ideal and we were very impressed with the management team in the City of Moreno Valley. The city manager and his team have been extremely helpful and supportive." Rancho Belago is managed by the City of Moreno Valley.

The lease agreement with HF Logistics/Highland Fairview, which was brokered by CB Richard Ellis, will be for 11 years, will commence on the date of completion of the facility, and includes options to extend by an aggregate of 14 years. Highland Fairview is a privately held real estate development firm specializing in large scale commercial and residential development.

## **ABOUT SKECHERS**

A billion dollar-plus brand, SKECHERS designs, develops and markets a diverse range of footwear for men, women and children under the SKECHERS name, as well as under the Company's uniquely branded lines. SKECHERS footwear is available in the United States via department and specialty stores, Company-owned SKECHERS retail stores and its e-commerce website, as well as in over 100 countries and territories through the Company's global network of distributors and subsidiaries in Canada, Brazil and across Europe. For

more information, please visit [www.skechers.com](http://www.skechers.com).

This announcement may contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or simply state future results, performance or achievements of the Company, and can be identified by the use of forward looking language such as "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "will be," "will continue," "will result," "could," "may," "might," or any variations of such words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those projected in forward-looking statements. Factors that might cause or contribute to such differences include international, national and local general economic, political and market conditions; intense competition among sellers of footwear for consumers; changes in fashion trends and consumer demands; popularity of particular designs and categories of products; the level of sales during the spring, back-to-school and holiday selling seasons; the ability to anticipate, identify, interpret or forecast changes in fashion trends, consumer demand for the Company's products and the various market factors described above; the ability of the Company to maintain its brand image; the ability to sustain, manage and forecast the Company's growth and inventories; the ability to secure and protect trademarks, patents and other intellectual property; the loss of any significant customers, decreased demand by industry retailers and cancellation of order commitments; potential disruptions in manufacturing related to overseas sourcing and concentration of production in China, including, without limitation, difficulties associated with political instability in China, the occurrence of a natural disaster or outbreak of a pandemic disease in China, or electrical shortages, labor shortages or work stoppages that may lead to higher production costs and/or production delays; changes in monetary controls and valuations of the Yuan by the Chinese government; increased costs of freight and transportation to meet delivery deadlines; violation of labor or other laws by the Company's independent contract manufacturers, suppliers or licensees; potential imposition of additional duties, tariffs or other trade restrictions; business disruptions resulting from natural disasters such as an earthquake due to the location of the Company's domestic warehouse, headquarters and a substantial number of retail stores in California; changes in business strategy or development plans; the ability to attract and retain qualified personnel; the disruption, expense and potential liability associated with existing or unanticipated future litigation; and other factors referenced or incorporated by reference in the Company's Form 10-K for the year ended December 31, 2006 and the Company's Form 10-Q for the quarter ended June 30, 2007. The risks included here are not exhaustive. We operate in a very competitive and rapidly changing environment. New risks emerge from time to time and we cannot predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Moreover, reported results should not be considered an indication of the Company's future performance.

Source: SKECHERS USA, Inc.