SKECHERS USA INC
Form 4
October 30, 2014

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
GREENBERG MICHAEL

(Last) (First) (Middle)

228 MANHATTAN BEACH BLVD.

(Street)

MANHATTAN BEACH, CA 90266

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SKECHERS USA INC [SKX]

3. Date of Earliest Transaction (Month/Day/Year)
10/03/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8 I S

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	13,450
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	13,450
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	13,450
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	3,650
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	3,650
Class B Common Stock (1)	(2)						(2)	(2)	Class A Common Stock	3,650
Class B Common Stock (1)	(2)	10/03/2014	G	V		100,000	(2)	(2)	Class A Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GREENBERG MICHAEL 228 MANHATTAN BEACH BLVD. MANHATTAN BEACH, CA 90266	X		President	

Signatures

Michael Greenberg	10/30/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Holders of Class A Common Stock and Class B Common Stock generally have identical rights, except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to ten votes per share on matters to be voted on by shareholders.

(2) Shares of Class B Common Stock are convertible into Class A Common Stock on a one-for-one basis for no additional consideration at any time, with no expiration date, upon voluntary conversion by the holder of such shares or immediately prior to any sale or transfer of such shares with certain exceptions.

(3) The reporting person disclaims beneficial ownership of these securities and this report shall not be deemed an admission that the reporting person is the beneficial owner of the securities for purposes of Section 16 or for any other purposes.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. RIGHT: 0pt" align="center">2011

142

-2%

2012

119

-16%

2013

105

-12%

2014

95

-9%

We do not believe that shareholders approve of steadily declining targets that are unlikely to result in maximizing shareholder value.

MISLEADING STATEMENTS TO DIVERT ATTENTION AWAY FROM THE BOARD'S POOR TRACK RECORD

To divert shareholder attention away from the Company's poor track record, The Children's Place appears to have embarked on an aggressive campaign funded by shareholder resources. We believe The Children's Place has made misleading statements about the Company and our nominees. We urge you to not be misled and to consider the facts and then decide for yourself which nominees will act in your best interests.

COMPANY CLAIM: Many aspects of the Company were in disarray when Jane joined.

THE FACTS: The Company that Jane Elfers inherited had just completed three consecutive years of sales growth along with increasing EBITDA margins. In 2010, the Company generated $204 million in EBITDA with $318 in sales per square foot. In 2014, the fifth year of Ms. Elfers's leadership, the Company generated $152 million in EBITDA with $280 in sales per square foot. These significantly deteriorating results do not reflect a Company that has been rescued from a state of disarray.

	2010	2014	CHANGE
Average Sales Per Store	$1,587,000	$1,316,000	17% DECLINE
Sales per Sq. Ft	$318	$280	12% DECLINE
Gross Margin	39.4%	35.3%	410 bps DECLINE
Inventory Turns	4.9x	3.7x	WORSE BY 1.2x
EBITDA (millions)	$204	$152	$52 million DECLINE
ROIC	13.8%	9.4%	440 bps DECLINE

2

COMPANY CLAIM: Company operational performance compares positively to "toddler-to-teen" apparel peers.

THE FACTS: We believe that the addressable markets and business models of teen retailers are significantly different than that of The Children's Place. We believe the most relevant public peer for The Children's Place is Carter's. Carter's serves a similar customer segment and has seen its EBITDA increase by 52% from $275 million in 2010 to $419 million in 2014. The Carter's branded retail segment grew its sales by 99% and its operating income by 86% over this period. During this same period, the EBITDA of The Children's Place declined by 26%. We believe that the Board is now trying to conceal this underperformance by comparing the Company to less relevant peers.

COMPANY CLAIM: Stock is up over 100% and has outperformed specialty retail peers and the S&P 500 since Jane Elfers joined the Company.

THE FACTS: The Children's Place stock has significantly underperformed the S&P 500 Retailing Index, the S&P 500 Index, the Russell 2000 Index and Carter's over the past one, three and five-year periods and during Ms. Elfers's tenure as shown below prior to the publication of our March 11, 2015 letter to the Board:

	1 Year (3/10/14 - 3/9/15)	3 Years (3/12/12 - 3/9/15)	5 Years (3/10/10 - 3/9/15)	CEO Tenure (1/4/10 - 3/9/15)
The Children's Place4	12.0%	13.0%	35.2%	80.7%
S&P 500 Retailing Index4	18.7%	86.3%	155.4%	171.7%
S&P 500 Index4	13.1%	61.7%	101.7%	104.7%
Russell 2000 Index4	3.3%	56.5%	93.8%	104.7%
Carter's, Inc.4	16.1%	86.5%	198.6%	242.9%

COMPANY CLAIM: The Board has instituted a performance-based executive compensation program. In 2014, 84% of CEO's total compensation was performance based.

THE FACTS: The Board did institute a performance-based executive compensation program, but unfortunately, it was based on declining operating targets. In fact, the Company's 2014 Operating Income target was 35% lower than it was in 2010. We feel that setting declining operating targets contradicts the essence of a performance-based compensation program. By consistently reducing targets from 2010 to 2014, we believe the Board has rewarded poor performance rather than holding management accountable for the Company's underperformance.

COMPANY CLAIM: Strong product offerings have been consistently well received by customers.

THE FACTS: The Company's sales per square foot have declined by 12% and average sales per store have declined by 17% since 2010. If the Company's strong product offerings were indeed consistently well received by customers, then why are these operating metrics deteriorating?

	2010	2014	CHANGE
Average Sales Per Store	$1,587,000	$1,316,000	17% DECLINE
Sales per Sq. Ft	$318	$280	12% DECLINE
Gross Margin	39.4%	35.3%	410 bps DECLINE

3

COMPANY CLAIM: On track with investments and delivered on all major milestones on schedule.

THE FACTS: When Ms. Elfers embarked on revamping the Company's planning and allocation processes in March 2010, she promised an immediate payback:

"I think if you look at the many, many companies that have come before us and have forged ground on merchandise planning and allocation, you will also see that payback is almost immediate. So we're excited about the opportunity."

Five years later, Ms. Elfers is still promising the future benefits of a new planning and allocation system. While the Company claims that its investments are on schedule, this schedule appears to be every bit as lacking as the Company's steadily declining operating targets.

COMPANY CLAIM: The Company has made progress in its inventory management.

THE FACTS: Between 2010 and 2014, the Company's inventory turnover declined from 4.9x to 3.7x, a substantial deterioration that we believe is linked to the Company's poor sales and gross margin performance. We are hoping that the Company's modest inventory improvement in the latest quarter will finally mark an end to the deterioration in this metric, but we question management's ability to make sustained improvements after five years of deterioration.

COMPANY CLAIM: Ms. Elfers and her team have led a transformation which required a significant upgrade of personnel throughout the organization.

THE FACTS: There has been significant turnover of executives that were recruited directly by Jane Elfers during her tenure. On the March 7, 2012 investor conference call Ms. Elfers reported that since she joined the Company, "…we have replaced and upgraded over half of our headquarter staff including key roles such as Chief Operating Officer, Head Merchant, Head of Design, Chief Marketing Officer, and Head of International." Four of the five key positions Ms. Elfers highlighted three years ago are no longer held by the same executives.

Ms. Susan Riley, who was serving as the CFO when Ms. Elfers joined the Company, continued in her role until February 2011, more than a year after Ms. Elfers became CEO. These facts are contrary to the Company's claim that she was replaced upon Ms. Elfers's appointment as CEO, announced in December 2009.

Since 2010, the Company is on its fourth CFO, third Head of Design, second Head of Planning and Allocation, third Head of Sourcing, second Head of Merchandising and second Chief Operating Officer. Furthermore, the Chief Marketing Officer and Chief Information Officer, both hired during Ms. Elfers's tenure, have also left and have not been replaced.

We believe this type of turnover is debilitating to any organization. We are concerned by Ms. Elfers's apparent inability to retain executives whom she directly recruited and therefore question her managerial expertise and capability in identifying and retaining the appropriate talent to improve the Company's performance.

COMPANY CLAIM: Macellum and Barington failed to engage in any substantive manner prior to March 11, 2015 and provided no evidence of their attempt to work constructively with the Company.

THE FACTS: Both Macellum and Barington had a number of meetings and conversations with Company representatives prior to March 11, 2015, as clearly set forth in the background section of our definitive proxy statement. In fact, according to the Company's own proxy statement, Jonathan Duskin of Macellum expressed his concerns to Kenneth Reiss, a Company director, in late 2014. Furthermore, after waiting several weeks subsequent to releasing our initial letter to Chairman Norman Matthews on March 11, 2015, Macellum and Barington had to initiate contact with Mr. Matthews, which eventually resulted in a phone call that took place on April 6, 2015. On another call on April 9, 2015, James Mitarotonda of Barington and Mr. Duskin requested an opportunity to meet with Mr. Matthews as soon as possible in hopes of further discussing the Company's strategic plans and potentially reaching a mutually agreeable arrangement with the Company. We were informed that we would have to wait until Mr. Matthews returned from vacation. We informed Mr. Matthews that in order to preserve our rights, we would deliver a nomination letter to the Company by the April 10, 2015 nomination deadline. The Company then immediately publicly rejected our nominees on April 13, 2015 and thereafter refused to have any further discussion about the Company unless we withdrew our nominees. We remain eager to work constructively with the Company, as are our nominees.

COMPANY CLAIM: Macellum and Barington's analysis that the Company can more than double EPS within the next three years is misleading and wholly unsubstantiated.

THE FACTS: Our definitive proxy statement shows the assumptions that result in EPS more than doubling to $6.19 per share by 2017. These assumptions include modest sales growth, improvement of gross margins to 37.6%, containment of operating expenses, and ongoing share repurchases. We can understand that the Company might view these targets as "misleading" given its history of setting declining operating targets, but we believe the Company should target this level of performance or better given the numerous levers available to improve performance.

COMPANY CLAIM: Macellum and Barington stated that the Company is accelerating store growth.

THE FACTS: This statement is false. We correctly stated the Company was accelerating store growth during Ms. Elfers's tenure at a time when other best-in-class retailers were shrinking their store counts. The Company then reversed its store footprint expansion plan by announcing store closures which have increased in number since we wrote a letter to the Company in March.

COMPANY CLAIM: Jane Elfers holds 76% of shares granted, net of any sales to cover taxes.

THE FACTS: From 2010 to 2015, Ms. Elfers has been awarded 702,340 restricted shares as part of her total compensation. During this period, our analysis of available public filings shows that Ms. Elfers has already sold 413,544 shares or 55% of her original awards. We believe these awards have been grossly excessive, yielding Ms. Elfers an inflated ownership stake in the Company.

5

COMPANY CLAIM: Macellum & Barington seek to remove strong leaders with critical skills.

THE FACTS: The Company ignores the significant deterioration in the performance of The Children's Place under Chairman Matthews and does not mention that he has sat on the boards of several other companies that have filed for bankruptcy: Levitz, Lechters, Finlay Enterprises, Loehmann's, Reader's Digest and NAMCO. Further, Stanley Reynolds has never served as a public company director, and his professional experience has been focused on finance with no experience in apparel retailing.

COMPANY CLAIM: Macellum & Barington's nominees offer no differentiated value to The Children's Place Board.

THE FACTS: Our nominees are highly experienced retail professionals with successful track records serving on the boards of public companies. Mr. Mettler has previously held managerial positions for children's divisions at Sears and Macy's. Mr. Johnson served as the COO and board member of Abercrombie & Fitch when it was one of the most successful vertically integrated specialty retailers, achieving twelve consecutive years of quarterly earnings growth. Pacific Sunwear had the highest net income of its history during his tenure. Mr. Johnson's service on the board of Tilly's is clearly not a conflict of interest given its focus on teen apparel which is outside of the scope of business of The Children's Place.

A LEADING PROXY ADVISOR ISS CONCLUDES THAT BOARD CHANGE IS WARRANTED

ISS agrees that there is "a compelling need for change at the board level" at The Children's Place, stating:

"There are several aspects of board oversight which could be improved, particularly the willingness to hold management accountable for performance outcomes – including through compensation practices. Given that much of the performance issues appear to be in the blocking-and-tackling of operations – particularly merchandizing, inventory control, and supply chain management – adding additional expertise in these issues at the board level might be advisable."

Commenting on the recent quarter, ISS further stated:

"Unfortunately for shareholders, however, this is as yet a single quarter, and it comes in the midst of a very public discussion about whether the company has been performing as well as it should – raising the question of whether, without an activist pressing these questions, these results would have been as strong. Turnarounds take time, but even still the quarterly results would have been more unequivocally compelling had they come earlier than 5 years into the 'turnaround' the company touts."

We believe our nominees, Messrs. Mettler and Johnson can bring a sense of urgency that appears to be lacking on the Board. Absent shareholder pressure and the fresh perspective from new Board members, we are afraid that The Children's Place may fall back into complacency and fail to maintain its recent short-lived positive momentum.

6

IT'S TIME TO ELECT SHAREHOLDER-FOCUSED DIRECTORS WITH SUBSTANTIAL EXPERIENCE IMPROVING LONG-TERM SHAREHOLDER VALUE

We are soliciting your support to elect our two highly qualified nominees, Robert Mettler and Seth Johnson, to the Board at the Annual Meeting. Each of Messrs. Mettler and Johnson is truly independent and has the boardroom experience, business and leadership skills that we believe is necessary to help the Company maximize its value and ensure that shareholder interests are appropriately represented in the boardroom.

We believe that Messrs. Mettler and Johnson are qualified to serve as directors of the Company based upon, among other things, their executive leadership experience in the retail industry, their public company board experience, and their experience in marketing and merchandising apparel products, which would enable them to contribute important operational, financial and strategic planning insights to the Board. If elected, our nominees intend to work constructively with management and the Board to maximize value for the benefit of all shareholders of The Children's Place.

THE CHOICE IS CLEAR: VOTE THE BLUE PROXY CARD TODAY
TO PROTECT THE VALUE OF YOUR INVESTMENT!

We believe the choice in this proxy contest is clear. Robert Mettler and Seth Johnson are highly experienced directors who are committed to improving shareholder value and protecting shareholder interests at The Children's Place. We are highly confident that if elected at the Annual Meeting, our nominees can help maximize shareholder value at The Children's Place.

We urge you to support our efforts to elect Messrs. Mettler and Johnson to the Board at the Annual Meeting by signing, dating and returning the enclosed BLUE proxy card TODAY. If you have any questions on how to vote the BLUE proxy card, please contact our proxy solicitor, D.F. King & Co., Inc., at 800-515-4507.

Thank you for your support,

Macellum Advisors GP, LLC Barington Capital Group, L.P.

7

REMEMBER:
You can vote your shares by telephone or via the Internet.
Please follow the easy instructions on the enclosed BLUE proxy card.

If you have any questions or need assistance in voting
your shares, please call our proxy solicitor,

D.F. KING & CO., INC.
TOLL-FREE at, 800-515-4507.

---

1 Dates used by the Company in its May 2015 Presentation.
2 Peers identified in the Company's May 2015 Presentation include: Abercrombie, Aeropostale, American Eagle, Ann, Ascena, Buckle, Carter's, Chico's and GAP. Excludes DSW, Kate Spade, G-III Apparel, Men's Wearhouse, Stage Stores, Finish Line and Express.
3 Peers identified in the 2015 Proxy include: Aeropostale, American Eagle, Ann, Ascena, Buckle, Carter's, Chico's, DSW, Kate Spade, G-III Apparel, Men's Wearhouse, Stage Stores, Finish Line and Express.
4 Source: S&P Capital IQ. Returns are calculated assuming the reinvestment of dividends. Carters, Inc. is the only comparable publicly traded peer that focuses on selling children's apparel.

Item 3: The following materials were posted by Shareholders for Change at The Children's Place to http://www.changeplce.com: