

EXHIBIT 2

NOTICE OF CLASS ACTION, PROPOSED SETTLEMENT, AND FAIRNESS HEARING

A Federal Court authorized this notice. This is not a solicitation from a lawyer.

YOU ARE NOT BEING SUED.

If you purchased any of Skechers' footwear called Shape-ups, Resistance Runner, Shape-ups Toners/Trainers, and Tone-ups between August 1, 2008 and [DATE], inclusive, the proposed settlement of a class action lawsuit may affect your rights.

Your legal rights may be affected whether you act or don't act. **Read this notice carefully because it explains decisions you must make and actions you must take now.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:		
DO NOTHING	You get no payment. You give up your rights.	
SUBMIT A CLAIM FORM	This is the only way to get a payment.	The Claim Form, which is attached to this notice as Appendix B, must be completed and electronically submitted no later than [DATE] or postmarked no later than [DATE], subject to the qualifications and requirements addressed below.
EXCLUDE YOURSELF	You get no payment under the settlement. This is the only choice that will allow you to sue <i>Skechers</i> on your own about the claims discussed in this notice.	An exclusion request must be in writing and postmarked on or before [DATE].
OBJECT TO THE SETTLEMENT	You can write to the Court about why you do not agree with any aspect of the settlement.	An objection must be in writing and filed and served on or before [DATE].
GO TO A HEARING	You can ask to speak to the Court about the "fairness" of the settlement, after you submit your objection.	A Notice of Intention to Appear must be in writing, filed and received on or before [DATE] in addition to submitting a timely objection.

- These rights and options – **and the deadlines to exercise them** – are explained in this notice.
- The Court still has to decide whether to approve the settlement. Payments will be distributed if the Court approves the settlement and after appeals, if any, are resolved in favor of the settlement. Please be patient.
- If you do not exclude yourself from the Class, the proposed settlement (if finally approved) will release certain claims, which are reprinted in full in Appendix A to this notice, and will affect your right to start or continue any other lawsuit or proceeding involving Eligible Shoes.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

WHAT THIS NOTICE CONTAINS

PART I: WHY YOU HAVE RECEIVED THIS NOTICE..... 3

 1. WHY DID I RECEIVE THIS NOTICE?..... 3

 2. WHAT IS THIS LAWSUIT ABOUT AND WHY DID IT SETTLE? 3

 3. WHAT DOES THE SETTLEMENT PROVIDE?..... 5

PART II: DESCRIPTION OF THE CLASS..... 6

 4. WHY IS THIS A “CLASS ACTION”?..... 6

 5. AM I A MEMBER OF THE CLASS?..... 6

 6. ARE THERE EXCEPTIONS TO BEING INCLUDED?..... 6

 7. WHAT ARE “ELIGIBLE SHOES”?..... 6

 8. I’M STILL NOT SURE IF I’M INCLUDED..... 7

PART III: DECISIONS YOU MUST MAKE NOW..... 7

 9. WHAT DO I NEED TO DO NOW?..... 7

 10. WHAT DO I GIVE UP IF I CHOOSE TO STAY IN THE CLASS? 7

 11. DO I HAVE TO SIGN A RELEASE?..... 8

 12. WHAT IF I DO NOTHING? 8

PART IV: SETTLEMENT BENEFITS – WHAT YOU CAN GET 8

 13. WHAT CAN I GET FROM THE SETTLEMENT?..... 8

 14. HOW CAN I MAKE A CLAIM? 9

 15. WHAT IS THE CLAIM PROCESS? 9

 16. HOW MUCH IS THE CLAIM PROCESS WORTH TO THE CLASS?..... 10

 17. WHAT HAPPENS AFTER ALL CLAIMS ARE PROCESSED AND THERE ARE FUNDS REMAINING? 11

 18. WHEN WILL I GET MY PAYMENT, IF ANY?..... 11

PART V: CAN I FILE A LATER LAWSUIT MAKING SIMILAR CLAIMS?..... 11

PART VI: THE LAWYERS REPRESENTING THE CLASS 12

 19. DO I HAVE A LAWYER IN THIS CASE? 12

 20. HOW WILL THE LAWYERS AND CLASS REPRESENTATIVES IN THESE ACTIONS BE PAID? 12

PART VII: EXCLUDING YOURSELF FROM THE SETTLEMENT 13

 21. HOW DO I GET OUT OF OR EXCLUDE MYSELF FROM THE SETTLEMENT? 13

 22. WHAT HAPPENS IF I EXCLUDE MYSELF FROM THE CLASS? 13

 23. IF I DON’T EXCLUDE MYSELF, CAN I SUE SKECHERS LATER?..... 14

PART VIII: OBJECTING TO THE SETTLEMENT 14

 24. HOW CAN I OBJECT TO THE PROPOSED SETTLEMENT?..... 14

 25. WHAT IS THE DIFFERENCE BETWEEN “OBJECTING” AND “EXCLUDING”? 15

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

PART IX: THE COURT’S FAIRNESS HEARING..... 15

 26. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE
 THE SETTLEMENT? 15

 27. DO I HAVE TO COME TO THE HEARING?..... 16

 28. MAY I SPEAK AT THE FAIRNESS HEARING?..... 16

 29. WHAT DO I HAVE TO DO TO SPEAK AT THE FAIRNESS HEARING?..... 16

PART X: GETTING ADDITIONAL INFORMATION 16

PART I: WHY YOU HAVE RECEIVED THIS NOTICE

1. WHY DID I RECEIVE THIS NOTICE?

You received this notice because you may be a Class Member eligible to receive payment from the proposed settlement of a class action lawsuit that was brought on behalf of persons or entities who, during the Class Period August 1, 2008 to [DATE], purchased, in the United States, Eligible Shoes (more fully described below) from Skechers U.S.A., Inc. (“Skechers”), a footwear manufacturer, and/or its authorized retailers and wholesalers, including, Skechers.com.

The Court authorized this notice because if you, during the Class Period August 1, 2008 to [DATE], purchased, in the United States, Eligible Shoes, you have a right to know about the proposed settlement of this class action lawsuit, and about your rights and options, before the Court decides whether to approve the settlement. If the Court approves the class action settlement, and after any appeals are resolved in favor of the settlement, unless Skechers authorizes an earlier payment, the Class Action Settlement Administrator appointed by the Court will make the payments that the settlement allows. If you are a Class Member and the settlement is approved and you submit an acceptable Claim, you will receive a payment.

This package explains: (1) this lawsuit, (2) the proposed settlement, (3) your legal rights, (4) what payments are available, (5) who is eligible for what payments under the settlement, (6) how to get a payment, and (7) other important information.

The essential terms of the settlement are summarized below. The Settlement Agreement sets forth in greater detail the rights and obligation of the parties. A copy of the full Settlement Agreement is available at www.SkechersSettlement.com. If there is any conflict between this notice and the Settlement Agreement, the Settlement Agreement governs.

2. WHAT IS THIS LAWSUIT ABOUT AND WHY DID IT SETTLE?

The lawsuit, *Grabowski v. Skechers U.S.A., Inc.*, No. 3:12-cv-00204 (W.D. Ky.) (hereinafter referred to as the “*Grabowski Action*”), concerns claims that Skechers violated certain state laws and consumer protection statutes in connection with the marketing and sale of Eligible Shoes since August 1, 2008. Plaintiff alleges that Skechers, in connection with the marketing and sale of Eligible Shoes, misrepresented the benefits of wearing Eligible Shoes to consumers. Plaintiff further alleges that Eligible Shoes did not provide the benefits to consumers claimed by Skechers. Skechers denies any and all allegations of wrongdoing and does not admit or concede any actual or

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

potential fault, wrongdoing or liability in connection with any facts or claims that have been or could have been alleged in this lawsuit or in any similar action. Skechers contends that fitness benefits of Shape-ups and other rocker bottom shoes have been extensively studied and confirmed in numerous well-designed clinical studies, many of which have been published in peer-reviewed journals. Skechers contends that this body of scientific literature and experts in the field of biomechanics confirm that competent and reliable scientific evidence supports fitness benefits of those shoes.

The parties negotiated the proposed settlement with an understanding of the factual and legal issues that would affect the outcome of this class action. A related lawsuit *Morga v. Skechers U.S.A., Inc.*, No. 3:12-cv-00205 (W.D. Ky.) ("*Morga*"), is also being settled as part of the Settlement Agreement.

On May 16, 2012, working in conjunction with Class Counsel, the Federal Trade Commission ("FTC") entered into a Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief ("Stipulated Order") with Skechers concerning its Skechers Toning Shoes. Pursuant to the Stipulated Order, the FTC filed a Complaint for Permanent Injunction and Other Equitable Relief against Skechers and its Skechers Toning Shoes alleging violations of the Federal Trade Commission Act and specifically 15 U.S.C. § 45(a), which prohibits "unfair or deceptive acts or practices in or affecting commerce," and 15 U.S.C. § 52, which prohibits the dissemination of any false advertisement in or affecting commerce. Actions by the Attorneys General in 44 states and the District of Columbia (the "AG Actions") were filed against Skechers. Consent Judgments and Agreed Final Judgments ("Consent and Agreed Final Judgments") were or will be entered in the AG Actions, settling all claims. This Settlement between Plaintiff and Skechers and the Stipulated Order entered into between the FTC and Skechers, and the Consent and Agreed Final Judgments entered into between Skechers and the state Attorneys General, are the products of work performed by Class Counsel, the FTC, and the state Attorneys General in conjunction, and the foregoing have coordinated these resolutions to maximize the settlement consideration available to the Class under this Settlement, including the monetary relief available to Class Members.

Skechers has also agreed to pay counsel for plaintiffs not more than a total of \$5 million in attorneys' fees and expenses, which shall be the sole aggregate compensation for all attorneys representing the plaintiffs in the litigation. Skechers has also agreed to pay \$2,500 for Plaintiff Grabowski and \$2,500 for Plaintiff Morga in recognition of the services they provided for the Class. These payments will occur within thirty (30) days after the Final Settlement Date (as defined in the response to Question 18 below).

Plaintiff Grabowski, through her attorneys, has conducted a thorough examination and evaluation of the relevant law and facts relating to the issues in these cases. In total, Plaintiff's counsel was given access to approximately 6,574 documents encompassing over 24,500 pages and over 13.5 GB of data, as well as access to key personnel at Skechers to interview. The parties believe that the settlement is fair, reasonable and adequate and will provide substantial benefit to the Class, based on their knowledge of the litigation, and their experience.

The Court has not decided whether the plaintiff's claims or Skechers' defenses have any merit, and

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

it will not do so if the proposed settlement is approved. The proposed settlement does not suggest that Skechers has or has not done anything wrong, or that the plaintiff and the Class would or would not win their case if it were to go to trial.

3. WHAT DOES THE SETTLEMENT PROVIDE?

The settlement relief shall provide two primary components: (1) refunds to Class Members who submit valid Claims; and (2) Skechers conduct changes relating to its marketing and advertising of its toning shoes.

As part of the Stipulated Order entered into between Skechers and the FTC, Skechers shall be depositing \$40 million (the “Escrowed Funds”) in escrow. The Escrowed Funds will be used for the payment of: (a) the costs and expenses associated with disseminating notice to the Class; (b) the costs and expenses associated with claims administration or other costs of administration agreed to by the parties; and (c) timely, valid, and approved Claims submitted by Class Members. In addition to the \$40 million fund, Skechers has separately agreed to pay attorneys’ fees and expenses of up to \$5 million and awards to the two named class representatives not to exceed \$2,500 each, as such fees and expenses or awards may be awarded by the Court.

In addition to the above monetary relief, as part of the Settlement Agreement, Skechers will agree to implement conduct changes, including, among other things, the following conduct changes related to the Eligible Shoes and to any other footwear that purports to improve or increase muscle tone, muscle strength, muscle activation, overall circulation, or aerobic conditioning, and/or that purports to result in increased calorie burn, weight loss, loss of body fat or improvement or reduction in body composition (collectively, the “Covered Products”), Skechers is permanently enjoined from: (i) making or assisting others in making any claims that the Covered Products are effective in strengthening muscles, cause weight loss, or increase caloric expenditure, calorie burn, blood circulation, aerobic conditioning, muscle tone, and muscle activation, unless these representations are non-misleading and, at the time of making such representation, Skechers possesses and relies upon competent and reliable scientific evidence that substantiates that the representation is true, which evidence is specifically defined in relation to each type of claim; and (ii) misrepresenting or assisting others in misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study or research relating to Skechers’ toning footwear including misrepresenting that wearing any Covered Product will result in a quantified percentage or amount of muscle activation, toning, or strengthening. Skechers is also subject to compliance monitoring and reporting, as detailed further in the Stipulated Order, including, but not limited to, having to: (i) submit additional reports within 14 days of receipt of written notice from the FTC; (ii) produce discovery upon request; (iii) permit the interview of requested persons; (iv) notify, for a period of three years of the date of entry of the Stipulated Order, the FTC of any changes in the corporate structure of Skechers that would result in the emergence of a successor corporation; (v) submit a report to the FTC within 180 days of the entry of the Stipulated Order stating compliance with the Stipulated Order; (vi) keep certain specified records for five years from the date of the entry of the Stipulated Order; (vii) deliver, for a period of three years from the date of entry of the Stipulated Order, the Stipulated Order to certain enumerated persons; (viii) notify not later than 15 days after entry of the Stipulated Order certain enumerated parties of the notice attached to the Stipulated Order; (ix) acknowledge receipt of the Stipulated Order within seven business days of the receipt of

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

the Stipulated Order; and (x) notify the FTC of the filing for bankruptcy within 15 days of filing.

If you are a Class Member who purchased any of the Eligible Shoes in the United States from August 1, 2008, up to and including [DATE], as further described below, you may be eligible for payment if you complete and submit a Claim Form electronically submitted no later than [DATE] or postmarked no later than [DATE], subject to certain conditions and limitations. In return for the benefits in this settlement, and if the settlement is implemented, all Class Members will release Skechers and others from the “Released Claims” as that term is defined in Appendix A, and this litigation will be dismissed with prejudice.

PART II: DESCRIPTION OF THE CLASS

4. WHY IS THIS A “CLASS ACTION”?

The Court in charge of the *Grabowski Action* is the United District Court for the Western District of Kentucky. The named person who sued is the Plaintiff, and the company she sued, Skechers U.S.A., Inc., is the Defendant.

In a class action, one or more people, called Class Representatives (in this case, Tamara Grabowski), sue on behalf of people who have similar claims. All these people are a Class or are Class Members. One Court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

5. AM I A MEMBER OF THE CLASS?

With some limited exceptions, described below, the Class encompasses all persons or entities that purchased Skechers Eligible Shoes in the United States from August 1, 2008, up to and including [DATE].

6. ARE THERE EXCEPTIONS TO BEING INCLUDED?

The Class does not include the following persons or entities:

- Skechers U.S.A., Inc., its Board members or executive-level officers, including its attorneys;
- Persons or entities who purchased the Eligible Shoes primarily for purposes of resale;
- Retailers or re-sellers of Eligible Shoes;
- Governmental entities;
- Persons or entities who or which timely and properly exclude themselves from the Class as provided in the Settlement Agreement; and
- Persons or entities who purchased the Eligible Shoes via the Internet or other remote means while not residing in the United States.

7. WHAT ARE “ELIGIBLE SHOES”?

“Eligible Shoes” means the Skechers’ footwear in the following toning footwear lines: Shape-ups

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

rocker bottom shoes (“Shape-ups”), the Resistance Runner rocker bottom shoes (“Resistance Runner”), Shape-ups Toners/Trainers, and Tone-ups with podded outsoles (“Podded Sole Shoes”) and Tone-ups non-podded sandals, boots, clogs, trainers (“Tone-ups (Non-Podded Sole)”) purchased as new by Class Members from August 1, 2008, up to and including [DATE]. The complete list of Eligible Shoes is attached to this notice.

8. I’M STILL NOT SURE IF I’M INCLUDED.

If you do not understand whether or not you are a Class Member, you can visit our web site, www.Skecherssettlement.com, or you can contact Class Counsel.

PART III: DECISIONS YOU MUST MAKE NOW

9. WHAT DO I NEED TO DO NOW?

FIRST, you must decide now whether you wish to remain in the Class or to exclude yourself from the Class. If you want to be excluded from the Class, you must notify the Notice Administrator as described below in Part VII **no later than [DATE]**. **If you exclude yourself:**

- You will **not** be eligible for payment under the settlement.
- You will **not** be able to object to the proposed settlement and to appear at the Fairness Hearing.
- You will **not** be bound by any orders or judgments entered in this case, if the proposed settlement is approved.

SECOND, if you remain in the Class, you may object to any part of the proposed settlement by filing a written objection with the Court and providing a copy to Class Counsel and Skechers’ Counsel, as described below in Part VIII. The Court and the parties must **receive** your written objection **no later than [DATE]**.

Additionally, if you file an objection, you may also decide to appear and speak at the Court’s Fairness Hearing regarding the settlement of this lawsuit. If you wish to appear and speak at the Court’s Fairness Hearing, you must have first submitted an objection (as described in Part VIII) and, in addition, file and serve **by [DATE]** a Notice of Intention to Appear at the Fairness Hearing, as described in response to Question 29, below.

THIRD, if you remain a Class Member, in order to receive a payment, you must complete and submit a Claim Form electronically submitted no later than [DATE] or postmarked no later than [DATE].

10. WHAT DO I GIVE UP IF I CHOOSE TO STAY IN THE CLASS?

If you choose to remain in the Class, you should submit a Claim Form and, if you qualify, you will receive payment under the settlement, but you and all other Class Members will be deemed to release Skechers and the Released Parties from any and all “Released Claims,” as that term is defined in Appendix A, below, and you will also be bound by all orders, injunctions, and judgments

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

entered in this Action, whether favorable or unfavorable. You will not be able to start, continue or otherwise participate in any other claim, lawsuit or other proceeding against Skechers if those claims were (or reasonably could have been) alleged in this lawsuit.

11. DO I HAVE TO SIGN A RELEASE?

No. If you remain in the Class, you will automatically release Skechers and the Released Parties from any and all Released Claims, as set forth in Appendix A and will give up your rights to pursue or continue any action against Skechers relating to your Eligible Shoes and the claims at issue in this lawsuit. Class Members will release a wide range of claims in order to receive the benefits in the Settlement Agreement.

12. WHAT IF I DO NOTHING?

If you do nothing, you will not get benefits from the settlement, but, if you are a Class Member, you will be bound by the settlement's release of the Released Claims You must complete and submit a Claim Form on or before the deadline, which is [DATE], in order to be considered for payment under the settlement.

Unless you exclude yourself from the Class, if the settlement is approved all of the Court's orders will apply to you and you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Skechers about the claims in this lawsuit, ever again, regardless of whether you submit a Claim Form.

PART IV: SETTLEMENT BENEFITS – WHAT YOU CAN GET

13. WHAT CAN I GET FROM THE SETTLEMENT?

The amount of the cash payment you may be entitled to under the proposed settlement depends upon the number and type of Eligible Shoes that you purchased from **August 1, 2008**, up to and including [DATE], as well as the total of the timely, valid and approved Claims submitted by all other Class Members and other factors specified in the Settlement Agreement and in this Class Notice. As a result, the amount of relief available to eligible Class Members may vary, as follows:

Shoes	Initial Amount	Maximum
Shape-ups	\$40.00	\$80.00
Podded Sole Shoes	\$27.00	\$54.00
Tone-ups (Non-Podded Sole)	\$20.00	\$40.00
Resistance Runners	\$42.00	\$84.00

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

If the total of the timely, valid and approved Claims submitted by Class Members exceeds the available relief, minus any covered fees and costs, each eligible Class Member's award shall be reduced on a pro rata basis. If the total of the timely, valid, and approved claims submitted by Class Members is less than the available relief, minus any covered fees and costs, each eligible Class Member's award shall be increased on a pro rata basis in accordance with the amounts set forth above.

14. HOW CAN I MAKE A CLAIM?

To receive a payment under the settlement, you must send in a Claim Form. A Claim Form and directions are attached as **Appendix B** to this Class Notice. You may also obtain and print a Claim Form and other relevant documents by visiting www.Skecherssettlement.com. Please read the instructions and certification carefully, fill out the form completely and accurately. Claim forms must be **electronically submitted** no later than [DATE] or **postmarked** no later than [DATE].

15. WHAT IS THE CLAIM PROCESS?

You will be eligible for payment provided that you are a Class Member and you complete and timely submit the Claim Form to the Court-appointed Class Action Settlement Administrator demonstrating the purchase of Eligible Shoes from August 1, 2008, up to and including [DATE]. **Claim Forms must be electronically submitted no later than [DATE] or postmarked no later than [DATE].** The Class Action Settlement Administrator may request verification of your purchase of Eligible Shoes, including, but not limited to, receipt(s) or other documentation demonstrating your purchase in the United States of any and all of the Eligible Shoes from August 1, 2008, up to and including [DATE], following the submission of a Claim Form. Failure and/or inability to timely comply with such request shall result in the disqualification of the Claim.

Shortly after receiving your Claim Form, the Class Action Settlement Administrator will review and assess the Claim Form. If a Claim is not contested and the settlement is approved, the Class Action Settlement Administrator will pay that Claim in accordance with the terms of the Settlement Agreement. If the Claim exceeds \$200.00 for the relief sought, the Class Action Settlement Administrator may request proof to validate the claim. In addition or alternatively, if the total amount of Claims submitted by all Class Members exceeds available relief, subject to any adjustments and deductions discussed in this Part, then the Class Action Settlement Administrator may request proof of purchase for the Claim. Finally, the Class Action Settlement Administrator shall exercise, in its discretion, all usual and customary steps to prevent fraud and abuse and take any reasonable steps to prevent fraud and abuse in the Claim Process, including, among others, denying claims in whole or in part to prevent actual or possible fraud or abuse.

If a Claim is contested, including but not limited to, requesting supporting documentation, the Class Action Settlement Administrator will mail a letter that advises the claimant of the reason(s) why the Claim Form was contested and request, if applicable, any and all additional information and/or documentation to validate the Claim and have it submitted for payment. Persons whose claims are contested will have thirty-five (35) days from the date of the **postmarked** letter sent by the Class Action Settlement Administrator to respond to the Class Action Settlement Administrator's request.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

If your Claim is contested, and you timely provide the requested information and/or documentation that validates your Claim, the Claim will be deemed validated and shall be paid by the Class Action Settlement Administrator. If you do not timely and completely provide the requested information and/or documentation, the Class Action Settlement Administrator will send you a letter stating that the Claim has been reduced or denied unless Class Counsel and Skechers otherwise agree. The Class Action Settlement Administrator's determination of a Claim is final and may not be appealed by anyone. However, if your Claim is reduced or denied because the Class Action Settlement Administrator determined that the documentation submitted to support your Claim was not sufficient to prove up all or part of the Claim, the Class Action Settlement Administrator shall provide a report to Class Counsel and Skechers' Counsel who shall meet and confer in an attempt to resolve these deficient Claims. If Class Counsel reasonably recommends payment of the Claim or payment of a reduced claim amount and Skechers agrees (and Skechers' agreement shall not be unreasonably withheld), then Class Counsel and Skechers shall instruct the Class Action Settlement Administrator to pay those Claims.

The Class Action Settlement Administrator may begin to pay timely, valid, and approved Claims no earlier than ten (10) days after the close of the Claim Period, if and only if: (a) this period is after the issuance of the Court's Final Order and Final Judgment approving the Settlement; and (b) if the Final Settlement Date has not yet occurred, Skechers has approved in writing the commencement of such payment. Not later than sixty (60) days after either (i) the occurrence of the Final Settlement Date, or (ii) the date that Skechers, in its sole discretion, approves the payment of Claims prior to the occurrence of the Final Settlement Date, whichever is earlier, the Class Action Settlement Administrator shall have completed the payment to Class Members who have submitted timely, valid and approved Claims pursuant to the Claim Process.

16. HOW MUCH IS THE CLAIM PROCESS WORTH TO THE CLASS?

The settlement will provide a fund of \$40 million that will be used to pay:

- (1) The costs and expenses associated with disseminating the notice, including, but not limited to, the Class Notice and the Summary Settlement Notice, to the Class;
- (2) The costs and expenses associated with claims administration or other costs of administration agreed to by the parties; and
- (3) Timely, valid, and approved Claims submitted by Class Members pursuant to the Claim Process.

The fund will not be used to pay Skechers' attorneys' fees and costs, Class Counsels' attorneys' fees and expenses, or awards made to named class representatives, as may be ordered by the Court.

Additionally, if the total amount of timely, valid and approved Claims exceeds the amount of available relief, minus any covered fees and costs, each eligible Class Member's award shall be reduced on a *pro rata* basis. If the total amount of timely, valid and approved Claims is less than the amount of available relief, minus any covered fees and costs, however, each eligible Class Member's award shall be increased on a *pro rata* basis, with a maximum increase of up to, but not more than, double the initial amount set forth in the chart in question number 13 above, not

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

including any applicable sales taxes.

17. WHAT HAPPENS AFTER ALL CLAIMS ARE PROCESSED AND THERE ARE FUNDS REMAINING?

If there are any funds remaining after all claims are processed, those remaining funds shall be transferred to the Federal Trade Commission. No remaining funds will be returned to Skechers.

18. WHEN WILL I GET MY PAYMENT, IF ANY?

The Court will hold a Fairness Hearing on [DATE] at [TIME] to decide whether or not to approve the proposed settlement. The Court must finally approve the proposed settlement before any payments can be made. The Court will grant its approval only if it finds that the proposed settlement is fair, reasonable and adequate. In addition, the Court's order may be subject to appeals. It is always uncertain whether these appeals can be resolved, and resolving them takes time, sometimes more than a year. Finally, there remains a possibility that this settlement may be terminated for other reasons. Please be patient. The website www.skecherssettlement.com will be updated from time to time to reflect the progress of the settlement.

No payments will be made prior to the "Final Settlement Date," which is fully defined in the Agreement but generally means the date on which the Final Order and Final Judgment approving the Agreement becomes final and not subject to any appeal or other review.

PART V: CAN I FILE A LATER LAWSUIT MAKING SIMILAR CLAIMS?

No. If you remain a member of the Class and the settlement is finally approved, you will be automatically enjoined and barred from initiating or continuing any lawsuit or other proceeding against Skechers if those claims have been (or could have been) asserted in this lawsuit.

As part of this settlement, the Court has preliminarily enjoined all Class Members and/or their representatives (who do not timely exclude themselves from the Class) from filing, commencing, prosecuting, maintaining, intervening in, participating in, conducting, or continuing litigation as Class Members or otherwise against Skechers (or against any of its related parties or affiliates), and/or from receiving any benefits from, any lawsuit, administrative, or regulatory proceeding or order in any jurisdiction, based on or relating to the claims or causes of actions or the facts, and circumstances relating thereto, in the class action.

The Court has also preliminary enjoined all persons from filing, commencing, or prosecuting a lawsuit against Skechers (or against any of its related parties or affiliates) as a class action, a separate class, or group for purposes of pursuing a putative class action (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) on behalf of Class Members who do not timely exclude themselves from the Class, arising out of, based on or relating to the claims, causes of action, facts and/or circumstances relating thereto, in the class action.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

Upon final approval of the settlement, plaintiffs and Skechers will ask the Court to enter a permanent injunction enjoining all Class Members and/or their representatives and/or personnel from engaging in the activities described above. All Class Members will be bound by this permanent injunction.

PART VI: THE LAWYERS REPRESENTING THE CLASS

19. DO I HAVE A LAWYER IN THIS CASE?

The Court has designated attorneys Timothy G. Blood, of Blood Hurst & O'Reardon, LLP and Janine L. Pollack, of Milberg LLP to represent you and the other Class Members in this lawsuit. The lawyers representing you and the Class Members are called "Class Counsel." In addition a number of law firms have acted on behalf of plaintiffs or the Class in connection with this litigation and they may share in the fees and expenses awarded to Class Counsel. These firms are called "Plaintiffs' Counsel," which means Blood Hurst & O'Reardon, LLP; Milberg LLP; Bonnett, Fairbourn, Friedman & Balint, P.C.; Shepherd, Finkelman, Miller & Shah, LLP; Edgar Law Firm, LLC; and Cuneo, Gilbert & LaDuca, LLP. **You will not be charged for the services of the Class Counsel. No later than 14 days prior to the objection deadline (see Part VIII), Class Counsel shall submit a request to the Court for payment of attorneys' fees and expenses not to exceed \$5 million. Any fees and costs awarded by the Court will be paid by Skechers.**

You may contact Class Counsel about this lawsuit and proposed settlement at the following addresses:

Timothy G. Blood, Esq.
Blood Hurst & O'Reardon LLP
701 B Street, Suite 1700
San Diego, CA 92101

Janine L. Pollack, Esq.
Milberg LLP
One Penn Plaza
New York, NY 10119

You have the right to retain your own lawyer to represent you in this case, but you are not obligated to do so. If you do hire your own lawyer, you will be responsible for any of his or her fees and expenses. You also have the right to represent yourself before the Court without a lawyer.

20. HOW WILL THE LAWYERS AND CLASS REPRESENTATIVES IN THESE ACTIONS BE PAID?

Class Counsel have prosecuted this case on a contingent-fee basis and have not been paid anything to date for their services. Class Counsel will make an application to the Court for an award of attorneys' fees and expenses that will not exceed \$5 million, which shall be the sole aggregate compensation from Skechers for all attorneys representing the Class in this action. Skechers has agreed to pay up to these amounts in fees and expenses as may be awarded to Plaintiffs' Counsel.

Class Counsel will petition the Court for incentive awards of up to \$2,500.00 for each of the named plaintiffs, Tamara Grabowski and Venus Morga. The purpose of such awards, if any, shall be to compensate the named plaintiffs/class representatives for efforts and risks taken by them on behalf

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

of the Class. Skechers shall pay any incentive awards made by the Court in accordance with the Settlement Agreement.

Skechers shall make payment of the attorneys' fees and expenses awarded by the Court to Class Counsel as set forth in the Settlement Agreement. Skechers shall not be liable for or obligated to pay any fees, expenses, costs, or disbursements to, or incur any expense on behalf of, any person or entity, either directly or indirectly, in connection with any of the filed class actions or the Settlement Agreement, other than the amount or amounts expressly provided for in the Settlement Agreement.

PART VII: EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this settlement, but you want to keep the right to sue or continue to sue Skechers on your own about the legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or "opting out" of the Class.

21. HOW DO I GET OUT OF OR EXCLUDE MYSELF FROM THE SETTLEMENT?

If you want to be excluded from the Class, you must notify the Class Action Settlement Administrator. To exclude yourself from the settlement, you must send a letter by mail. Your exclusion request letter must be **postmarked** no later than **[DATE]**. Send your letter to:

Skechers Toning Shoes
P.O. Box 2008
Chanhasen, MN 55317-2008

Your letter requesting exclusion does not need to be in any particular form, but it shall include the following information in order to be effective:

- (1) your name;
- (2) your address;
- (3) your telephone number;
- (4) a statement that you purchased Eligible Shoes during the period August 1, 2008 to [DATE];
- (5) a statement that you wish to be excluded from the Class;
- (6) your signature; and
- (7) the case name and number: *Grabowski v. Skechers U.S.A., Inc.*, No. 3:12-cv-00204 (W.D. Ky.).

Please write "EXCLUSION REQUEST" on the lower left-hand corner of the *front* of the envelope.

22. WHAT HAPPENS IF I EXCLUDE MYSELF FROM THE CLASS?

If you request exclusion from the Class, then:

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

- You will **not** be eligible for payment under the proposed settlement;
- You will **not** be allowed to object to the terms of the proposed settlement; and
- You will **not** be bound by any subsequent rulings entered in this case if the proposed settlement is finally approved.

However, if your request for exclusion is late or deficient, you will still be a part of the Class, you will be bound by the settlement and by all other orders and judgments in this lawsuit, and you will not be able to participate in any other lawsuits based on the claims in this case.

23. IF I DON'T EXCLUDE MYSELF, CAN I SUE SKECHERS LATER?

No. If the Court approves the proposed settlement and you do not exclude yourself from the Class, you release (give up) all claims that were or reasonable could have been alleged in this lawsuit.

PART VIII: OBJECTING TO THE SETTLEMENT

You have the right to tell the Court that you do not agree with the settlement or any or all of its terms.

24. HOW CAN I OBJECT TO THE PROPOSED SETTLEMENT?

If you choose to remain a Class Member, you have a right to object to any parts of the proposed settlement. The Court will consider your views.

To object, you must send a letter saying that you object to the proposed settlement in the *Grabowski Action*. Your written objection must include:

- (1) your name;
- (2) your address;
- (3) your telephone number;
- (4) proof of purchase of Eligible Shoes, such as an itemized cash register receipt, a credit card receipt or a credit card statement that sufficiently indicates the purchase of the Eligible Shoes;
- (5) a written statement of your objection(s), including any legal support and/or any supporting evidence you wish to introduce;
- (6) a statement of whether you intend to appear and argue at the Fairness Hearing;
- (7) your signature; and
- (8) the case name and number: *Grabowski v. Skechers U.S.A., Inc.*, No. 3:12-cv-00204 (W.D. Ky.).

If you choose to object, in order to be considered by the Court, your written objections must be **filed with the Court, and copies must be received by all of the following recipients no later than [DATE]:**

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court Western District of Kentucky 601 West Broadway Room 202 Louisville, KY 40202	Timothy G. Blood, Esq. Blood Hurst & O'Reardon LLP 701 B Street, Suite 1700 San Diego, CA 92101	Jeffrey A. Barker O'Melveny & Meyers LLP 1999 Avenue of the Stars 7th Floor Los Angeles, CA 90067

You (and/or your attorney) may, at your own expense, review materials applicable to this Action. Those documents will be made available by appointment with Class Counsel during regular business hours at a place designated by Class Counsel. To obtain access to certain materials you (and/or your attorney) must first sign a Confidentiality Agreement, which Class Counsel will provide.

If you file objections, but the Court approves the settlement as proposed, you can still complete a Claim Form to be eligible for payment under the settlement, subject to the terms and conditions discussed in this Notice and in the Settlement Agreement.

25. WHAT IS THE DIFFERENCE BETWEEN “OBJECTING” AND “EXCLUDING”?

Objecting is simply a way of telling the Court that you don't like something about the settlement. You can only object if you stay in the Class.

If you object to the settlement, you still remain a member of the Class and you will still be eligible to submit a Claim Form. You will also be bound by any subsequent rulings in this case and you will not be able to file or participate in any other lawsuit or proceeding based upon or relating to the claims, causes of action, facts or circumstances of this case.

Excluding yourself is telling the Court that you don't want to be a part of the Class. If you exclude yourself, you have no basis to object to the settlement and appear at the Fairness Hearing because it no longer affects you.

PART IX: THE COURT'S FAIRNESS HEARING

The Court will hold a final hearing (called a Fairness Hearing) to decide whether to finally approve the settlement. You may attend and you may ask to speak, but you don't have to.

26. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

On [DATE], at [TIME], the Court will hold a Fairness Hearing at the United States District Court for the Western District of Kentucky, before the Honorable Thomas B. Russell, in Courtroom 202, 601 West Broadway, Louisville, Kentucky 40202-2227.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

At the hearing, the Court will consider whether to grant final certification to the Class for settlement purposes, whether to approve the proposed settlement as fair, reasonable and adequate, whether to award attorneys' fees and costs, whether to award the Class Representatives an award for their help, whether to issue a permanent injunction, and consider related settlement issues.

27. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have at the Fairness Hearing. But you are welcome to come at your own expense. Please note that the Court has the right to change the date and/or time of the Fairness Hearing without further notice. If you are planning to attend the hearing, you should confirm the date and time before going to the Court.

28. MAY I SPEAK AT THE FAIRNESS HEARING?

Yes, if you have filed an objection, you may ask the Court for permission to speak at the hearing. To do so, you must submit an objection and also file a document called a "Notice of Intention to Appear."

29. WHAT DO I HAVE TO DO TO SPEAK AT THE FAIRNESS HEARING?

If you are a member of the Class, and you (or your attorney) wants to appear and speak at the Fairness Hearing, you (or your attorney) must have submitted an objection and must file a **Notice of Intention to Appear at the Fairness Hearing** with the Clerk of the Court, and deliver that Notice to the attorneys for both sides, at the addresses listed above. **Your Notice of Intention to Appear at the Fairness Hearing must be filed and received by the Court, Skechers' Counsel and one of the Class Counsel, at the addresses specified in Part VIII, question number 25 no later than [DATE].**

If you file objections and appear at the Fairness Hearing, but the Court approves the settlement as proposed, you can still complete a Claim Form to be eligible for payment under the settlement, subject to the terms and conditions discussed in this Notice and in the Settlement Agreement.

PART X: GETTING ADDITIONAL INFORMATION

This Notice and the accompanying documents summarize the proposed settlement. More details are contained in the Settlement Agreement. The full Settlement Agreement is on file with the Clerk of the Court. For a more detailed statement of the matters involved in this case, you may review the complaint and the other papers and Court orders on file in the Clerk's office at any time during normal business hours, Monday through Friday, 8:30 a.m. to 5:00 p.m. Eastern.

If you have questions after reading this notice, you can visit www.Skecherssettlement.com to obtain additional information about the proposed settlement and the Claim Form or you can call, toll-free, 1(866) 325-4186 to obtain additional information about the settlement. You may also direct your questions about the settlement to Class Counsel, whose names and addresses are listed in Part VI, question number 20 of this Notice.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1(866) 325-4186

PLEASE DO NOT CALL THE COURT OR THE CLERK OF THE COURT

Dated: [DATE], 2012

Clerk of the Court for the United States
District Court for the Western District of Kentucky

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR
CALL, TOLL-FREE, 1(866) 325-4186

APPENDIX A

Release And Waiver of Claims

On the Effective Date of the Settlement, Plaintiffs and the other members of the Class, on behalf of themselves, their heirs, guardians, assigns, executors, administrators, predecessors, and/or successors, will fully, finally and forever release, relinquish, acquit, and discharge the “Released Parties” from all “Released Claims,” and shall not thereafter institute, maintain, or assert on their own behalf, on behalf of the Class or on behalf of any other person or entity, any “Released Claims” against any “Released Parties.”

1. “Released Parties” means Skechers, its past and present officers, directors, employees, stockholders, agents, attorneys, administrators, successors, subsidiaries, suppliers, distributors, assigns, affiliates, joint-ventures, partners, members, divisions, predecessors, authorized retailers, resellers, and wholesalers of Eligible Shoes for resale, including without limitation, Skechers concept stores, Skechers factory outlet stores, Skechers warehouse outlets, Skechers.com, myshapeups.com, soholab.com, and Skechers’ Outlets.

2. “Released Claims” means any and all manner of claims, actions, causes of action, suits, rights, debts, sums of money, payments, obligations, reckonings, contracts, agreements, executions, promises, damages, liens, judgments and demands of whatever kind, type or nature whatsoever, both at law and in equity, whether past, present or future, mature or not yet mature, known or unknown, suspected or unsuspected, contingent or non-contingent, whether based on federal, state or local law, statute, ordinance, regulation, code, contract, common law, or any other source, or any claim that Plaintiff Grabowski or Class Members ever had, now have, may have, or hereafter can, shall or may ever have against the Released Parties that were or reasonably could have been alleged in the Action or in any other court, tribunal, arbitration panel, commission, agency, or before any governmental and/or administrative body, or any other adjudicatory body, on the basis of, connected with, arising from or in any way whatsoever relating to claims that were or reasonably could have been alleged in the Action, including, but without in any way limiting the generality of the foregoing, arising from, directly or indirectly, or in any way whatsoever pertaining or relating to (1) the claims alleged in the complaints in the Action; (2) any communications, disclosures, nondisclosures, representations, statements, claims, omissions, warnings, messaging, design, testing, marketing, advertising, promotion, packaging, displays, brochures, studies, manufacture, distribution, operation, performance, functionality, notification, providing, offering, dissemination, replacement, sale and/or resale by the Released Parties of the Eligible Shoes; (3) any claims for rescission, restitution or unjust enrichment for all damages of any kind; (4) violations of any state’s deceptive, unlawful and/or unfair business and/or trade practices, false, misleading or fraudulent advertising, consumer fraud and/or consumer protection statutes; (5) any violation of the Uniform Commercial Code, any breaches of express, implied and/or any other warranties, any similar federal, state or local statutes, codes; or (6) damages, costs, expenses, extra-contractual damages, compensatory damages, exemplary damages, special damages, penalties, punitive damages and/or damage multipliers, disgorgement, declaratory relief, expenses, interest, and/or attorneys’ fees and costs.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1-(866) 325-4186

3. Notwithstanding the language in this section and/or this Agreement, the members of the Class, other than Plaintiffs, are not releasing any claims of or relating to personal injury.

4. Without in any way limiting its scope, and, except to the extent otherwise specified in the Agreement, this Release covers by example and without limitation, any and all claims for attorneys' fees, costs, expert fees, or consultant fees, interest, or litigation fees, costs or any other fees, costs, and/or disbursements incurred by Plaintiffs' Counsel, or by Plaintiff Grabowski or the Class Members for which the Released Parties may be liable.

5. Plaintiff Grabowski expressly understands and acknowledges, and all Class Members will be deemed by the Final Order and Final Judgment to acknowledge, that certain principles of law, including, but not limited to, **Section 1542 of the Civil Code of the State of California, provide that "a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** To the extent that anyone might argue that these principles of law are applicable, Plaintiff Grabowski hereby agrees that the provisions of all such principles of law or similar federal or state laws, rights, rules, or legal principles, to the extent they are found to be applicable herein, are hereby knowingly and voluntarily waived, relinquished and released by Plaintiff Grabowski and all Class Members.

6. Nothing in this Release shall preclude any action to enforce the terms of the Agreement, including participation in any of the processes detailed therein.

7. Plaintiff Grabowski and Defendant hereby agree and acknowledge that the provisions of this Release together constitute an essential and material term of the Agreement and shall be included in any Final Order and Final Judgment entered by the Court.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1-(866) 325-4186

APPENDIX B

Claim Form

Skechers Class Action Settlement

Claim Form

Use this claim form only if you bought eligible Skechers shoes between August 1, 2008 and [DATE 2012].
The eligible Skechers shoes are listed below.

All claim forms must be electronically submitted no later than [DATE] or postmarked no later than [DATE] to:

Skechers Toning Shoes
P.O. Box 2008
Chanhausen, MN 55317-2008

CLAIM INFORMATION
CLASS MEMBER INFORMATION

Name:

Mailing Address:

Number and Street

City: State: Zip Code:

Daytime Telephone Number: () - E-mail Address:

Evening Telephone Number ()

<i>PURCHASE INFORMATION – SKECHERS SHOES</i>	
---	--

<i>Eligible Skechers Shoe Types</i>	<i>Number of Pairs Purchased</i>
Shape-ups	
Podded Sole Shoes	

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1-(866) 325-4186

Tone-ups (Non-Podded Sole)	
Resistance Runner	

Payment amounts to eligible Class Members will vary depending upon, among other factors, the product(s) purchased, the number and amounts claimed by all Class Members and other adjustments and deductions as specified in the Settlement Agreement. The amount could be more (up to double), the same, or less than \$40.00 for Shape-ups, \$42.00 for Resistance Runner, \$27.00 for Podded-Sole Shoes, and \$20.00 for Tone-ups (Non-Podded Sole).

Please note: If you submit a claim where the amount sought exceeds \$200, the Class Action Settlement Administrator may request proof of purchase to validate your claim. If the total amount of all claims submitted by all class members exceeds the total available relief, subject to any and all applicable deductions, the Class Action Settlement Administrator may request proof of purchase to validate your claim. If requested, you must provide proof of purchase or your claim will be reduced or denied and you may not appeal the reduction or denial. Any information you provide in connection with this claim form may be submitted to a federal or state agency in the administration of this settlement.

AFFIRMATION

I declare or affirm, under penalty of perjury, that the information in this claim form is true and correct to the best of my knowledge and that I purchased the applicable product(s) claimed above between August 1, 2008 to [DATE 2012]. I understand that the decision of the Class Action Settlement Administrator is final and binding. I understand that my claim form may be subject to audit, verification and Court review.

Signature: _____

Date: _____

Claim Forms must be electronically submitted no later than [DATE] or postmarked no later than [DATE], 2012.

Questions? Visit www.Skecherssettlement.com or call, toll-free, (866)-325-4186.

QUESTIONS? VISIT WWW.SKECHERSSETTLEMENT.COM OR

CALL, TOLL-FREE, 1-(866) 325-4186