Section 1: 10-Q (DECK 9.30/17 10-Q)

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

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

For The Quarterly Period Ended September 30, 2017

Commission File Number: 001-36436

DECKERS OUTDOOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**95-3015862**
(State of incorporation)	(I.R.S. Employer Identification No.)

250 Coromar Drive, Goleta, California 93117
(Address of principal executive offices)

(805) 967-7611
(Registrant's telephone number, including area code)

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** ☒ **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** ☒ **No** ☐

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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	(Do not check if a smaller reporting company)
	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of the close of business on November 3, 2017, the number of outstanding shares of the registrant's common stock, par value $0.01 per share, was 31,961,417.

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
For the Three and Six Months Ended September 30, 2017
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*Not applicable.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission (SEC) on November 9, 2017 (Quarterly Report on Form 10-Q), and the information and documents incorporated by reference in this Quarterly Report on Form 10-Q, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements are subject to considerable risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements other than statements of historical fact contained in, or incorporated by reference into, this Quarterly Report on Form 10-Q, including statements regarding our future or assumed condition, results of operations, business plans and strategies, competitive position and market opportunities. We have attempted to identify forward-looking statements by using words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "should", "will", or "would", and similar expressions or the negative of these expressions. Specifically, this Quarterly Report on Form 10-Q, and the information and documents incorporated by reference in this Quarterly Report on Form 10-Q, contains forward-looking statements relating to, among other things:

- the results of and costs associated with our Savings Plan (as defined herein) and ongoing restructuring plan, including our brand realignment, retail store fleet optimization and office consolidations;
- our global business, growth, operating, investing, and financing strategies;
- our product offerings, distribution channels, and geographic mix;
- consumer preferences with respect to new brands and products;
- the purchasing behavior and buying patterns of retail consumers;
- the impact of seasonality and weather on our results of operations;
- expectations regarding our net sales and earnings growth and other financial metrics;
- our development of worldwide distribution channels;
- purchasing behavior of wholesale customers, including timing of orders and management of inventory;
- trends affecting our financial condition and results, capital expenditures, liquidity or cash flows;
- expectations for expansion of Direct-to-Consumer capabilities, primarily in our E-Commerce business;
- overall global economic trends, including foreign currency exchange rate fluctuations;
- reliability of overseas factory production and storage and availability and cost of raw materials;
- the value of goodwill and other intangible assets, and future write-downs or impairment charges;
- changes impacting our tax liability and effective tax rates, including as a result of changes in tax laws or treaties, foreign income or loss, and the realization of net deferred tax assets;
- potential impacts of our ongoing operational systems upgrades and costs associated with our business transformation project implementation;
- commitments and contingencies, including purchase obligations for product and sheepskin; and
- the impact of recent accounting pronouncements.

Forward-looking statements represent our management's current expectations and predictions about trends affecting our business and industry and are based on information available at the time such statements are made. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy or completeness. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements predicted, assumed or implied by the forward-looking statements. Some of the risks and uncertainties that may cause our actual results to materially differ from those expressed or implied by these forward-looking statements are described in Part II, Item 1A, "Risk Factors", and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations", in this Quarterly Report on Form 10-Q, as well as in our other filings with the SEC. You should read this Quarterly Report on Form 10-Q, including the information and documents incorporated by reference herein, in its entirety and with the understanding that our actual future results may be materially different from the results expressed or implied by these forward-looking statements. Moreover, we operate in an evolving environment. New risks and uncertainties emerge from time to time and it is not possible for management to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual future results to be materially different from any results expressed or implied by any forward-looking statements. Except as required by applicable law or the listing rules of the New York Stock Exchange, we expressly disclaim any intent or obligation to update any forward-looking statements. We qualify all of our forward-looking statements with these cautionary statements.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except par value)

	September 30, 2017	March 31, 2017
ASSETS	**(UNAUDITED)**	
Current assets:		
Cash and cash equivalents	$ 230,586	$ 291,764
Trade accounts receivable, net of allowances ($37,802 and $32,354 as of September 30, 2017 and March 31, 2017, respectively)	306,573	158,643
Inventories, net of reserves ($9,656 and $7,638 as of September 30, 2017 and March 31, 2017, respectively)	555,560	298,851
Prepaid expenses	19,102	15,996
Other current assets	28,914	30,781
Income tax receivable	12,176	24,786
Total current assets	1,152,911	820,821
Property and equipment, net of accumulated depreciation ($200,591 and $190,758 as of September 30, 2017 and March 31, 2017, respectively)	216,980	225,531
Goodwill	13,990	13,990
Other intangible assets, net of accumulated amortization ($59,072 and $54,361 as of September 30, 2017 and March 31, 2017, respectively)	61,679	65,138
Deferred tax assets	52,470	44,708
Other assets	22,258	21,592
Total assets	$ 1,520,288	$ 1,191,780
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 133,474	$ 549
Trade accounts payable	244,846	95,893
Accrued payroll	31,529	22,608
Other accrued expenses	33,796	31,816
Income taxes payable	18,105	2,719
Value added tax payable	12,297	5,466
Total current liabilities	474,047	159,051
Long-term liabilities:		
Mortgage payable	31,803	32,082
Income tax liability	8,059	13,216
Deferred rent obligations	22,259	18,433
Other long-term liabilities	15,294	14,743
Total long-term liabilities	77,415	78,474
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock ($0.01 par value; 125,000 shares authorized; shares issued and outstanding of 32,037 and 31,987 as of September 30, 2017 and March 31, 2017, respectively)	320	320
Additional paid-in capital	166,730	160,797
Retained earnings	828,392	819,589
Accumulated other comprehensive loss	(26,616)	(26,451)

Total stockholders' equity	968,826	954,255
Total liabilities and stockholders' equity	$ 1,520,288	$ 1,191,780

See accompanying notes to the condensed consolidated financial statements.

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(amounts in thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net sales	$ 482,460	$ 485,944	$ 692,177	$ 660,337
Cost of sales	257,343	269,519	376,435	367,660
Gross profit	225,117	216,425	315,742	292,677
Selling, general and administrative expenses	157,762	162,402	304,643	316,973
Income (loss) from operations	67,355	54,023	11,099	(24,296)
Other expense (income), net:				
Interest income	(509)	(103)	(961)	(307)
Interest expense	1,531	1,943	2,538	3,378
Other expense (income), net	12	(289)	(212)	(958)
Total other expense, net	1,034	1,551	1,365	2,113
Income (loss) before income taxes	66,321	52,472	9,734	(26,409)
Income tax expense (benefit)	16,762	13,167	2,296	(6,796)
Net income (loss)	49,559	39,305	7,438	(19,613)
Other comprehensive income (loss), net of tax:				
Unrealized (loss) gain on foreign currency exchange rate hedges	(911)	(890)	(4,683)	2,019
Foreign currency translation adjustment	2,968	(856)	4,518	2,843
Total other comprehensive income (loss)	2,057	(1,746)	(165)	4,862
Comprehensive income (loss)	$ 51,616	$ 37,559	$ 7,273	$ (14,751)
Net income (loss) per share:				
Basic	$ 1.55	$ 1.23	$ 0.23	$ (0.61)
Diluted	$ 1.54	$ 1.21	$ 0.23	$ (0.61)
Weighted-average common shares outstanding:				
Basic	32,015	32,057	32,003	32,041
Diluted	32,272	32,422	32,256	32,041

See accompanying notes to the condensed consolidated financial statements.

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DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(amounts in thousands)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2016
Cash flows from operating activities:		
Net income (loss)	$ 7,438	$ (19,613)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	24,453	25,885
Provision for doubtful accounts	4,678	610
Deferred tax benefit	(3,449)	(2,147)
Stock-based compensation	6,866	4,661
Excess tax benefits from stock compensation	76	1,084
Loss on sale of assets	273	534
Impairment of long-lived assets	393	—
Restructuring charges	1,518	2,632
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(152,607)	(140,615)
Inventories, net	(256,709)	(278,117)
Prepaid expenses and other current assets	(2,096)	(10,090)
Income tax receivable	16,999	6,665
Other assets	(667)	858
Trade accounts payable	148,894	102,324
Accrued expenses	11,132	21,845
Income taxes payable	5,208	(2,678)
Long-term liabilities	4,810	(2,370)
Net cash used in operating activities	(182,790)	(288,532)
Cash flows from investing activities:		
Purchases of property and equipment, net	(10,151)	(31,626)
Net cash used in investing activities	(10,151)	(31,626)
Cash flows from financing activities:		
Proceeds from short-term borrowings	156,751	302,801
Repayments of short-term borrowings	(24,000)	(91,900)
Proceeds from issuance of stock under the employee stock purchase plan	353	412
Cash paid for shares withheld for taxes	(1,871)	(4,037)
Contingent consideration paid	—	(19,784)
Repayment of mortgage principal	(265)	(252)
Net cash provided by financing activities	130,968	187,240
Effect of foreign currency exchange rates on cash	795	(2,991)
Net change in cash and cash equivalents	(61,178)	(135,909)
Cash and cash equivalents at beginning of period	291,764	245,956
Cash and cash equivalents at end of period	$ 230,586	$ 110,047

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(amounts in thousands)
(Continued)

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2016
Supplemental disclosure of cash flow information:		
Cash paid (refunded) during the period for:		
Income taxes refunded, net of payments ($4,111 and $6,592 as of September 30, 2017 and 2016, respectively)	$ (14,397)	$ (9,407)
Interest	1,607	2,289
Non-cash investing and financing activities:		
Accrued for purchases of property and equipment	2,757	1,875
Accrued for asset retirement obligations	540	517

See accompanying notes to the condensed consolidated financial statements.

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the Three and Six Months Ended September 30, 2017 and 2016
(amounts in thousands, except per share or share data)

Note 1. General

The Company and Basis of Presentation

Deckers Outdoor Corporation, together with its consolidated subsidiaries (the Company), is a global leader in designing, marketing and distributing innovative footwear, apparel, and accessories developed for both everyday casual lifestyle use and high performance activities. As part of its Omni-Channel platform, the Company's brands are aligned across its Fashion Lifestyle group, including the UGG® (UGG) and Koolaburra® by UGG (Koolaburra) brands, and Performance Lifestyle group, including the Teva® (Teva), Sanuk® (Sanuk) and Hoka One One® (Hoka) brands.

The Company sells its products through quality domestic and international retailers, international distributors, and directly to its end-user consumers both domestically and internationally through its Direct-to-Consumer (DTC) business, which is comprised of its retail stores and E-Commerce websites. Independent third party contractors manufacture all of the Company's products.

The Company has five reportable operating segments consisting of the strategic business units for the worldwide wholesale operations for each of the UGG brand, Teva brand, Sanuk brand and other brands, as well as DTC. The Company's other brands currently consist of the Hoka and Koolaburra brands.

The Company's business is seasonal, with the highest percentage of UGG brand net sales occurring in the quarters ending September 30th and December 31st and the highest percentage of Teva and Sanuk brand net sales occurring during the quarters ending March 31st and June 30th of each year. Net sales of other brands do not have significant seasonal impact on the Company.

The unaudited condensed consolidated financial statements and the accompanying notes thereto (referred to herein as the condensed consolidated financial statements) as of September 30, 2017 and for the three and six months ended September 30, 2017 and 2016, have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP) for interim financial information and pursuant to Rule 10-01 Regulation S-X issued by the Securities and Exchange Commission (SEC). Accordingly, they do not include all the information and disclosures required by US GAAP for annual financial statements and the accompanying notes thereto. In the opinion of management, the condensed consolidated financial statements include all adjustments consisting of all normal and recurring entries considered necessary for a fair presentation of the results of interim periods presented. The results of operations for interim periods are not necessarily indicative of results to be achieved for full fiscal years or other interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes thereto in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on May 30, 2017 (2017 Annual Report).

All intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications were made for all prior periods presented, including the three and six months ended September 30, 2017 and 2016, to conform to the current period presentation.

Unless otherwise specifically indicated, all amounts herein are expressed in thousands, except for defined periods and share or per share data.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements is done in accordance with US GAAP, which requires management to make estimates and assumptions that affect the amounts reported in these condensed consolidated financial statements. Management bases these estimates and assumptions upon historical experience, existing and known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable. Significant areas requiring the use of management estimates relate to inventory write-downs, accounts receivable allowances, sales returns liabilities, stock-based compensation, impairment assessments, depreciation and amortization, income tax liabilities and receivables, uncertain tax positions, the fair value of financial instruments and other assets and liabilities, including goodwill and other intangible assets. These estimates are based on information available to management as of the date of the condensed consolidated financial statements, and actual results could differ materially from the results assumed or implied based upon these estimates.

Recent Accounting Pronouncements

Recently Adopted

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-11, *Simplifying the Measurement of Inventory.* The Company adopted this ASU on April 1, 2017 on a prospective basis and the Company changed its accounting policy to measure inventory at the lower of cost or market or net realizable value less an approximate normal profit margin at each financial statement date. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting*. The Company adopted this ASU on April 1, 2017 on a prospective basis and the Company changed its accounting policy for certain aspects of share-based payment awards to employees, including the accounting for income taxes and statutory tax withholding requirements, as well as classification of cash flows. Beginning April 1, 2017, the adoption of this ASU had the following impact on the condensed consolidated financial statements and related disclosures:

- The calculation of diluted weighted-average shares outstanding no longer includes excess tax benefits as assumed proceeds, which did not have a material impact on the Company’s calculation of diluted earnings per share.
- Excess tax benefits and deficiencies were recorded as income tax benefits or expenses in the condensed consolidated statements of comprehensive income (loss) for the three and six months ended September 30, 2017, rather than to additional paid-in capital in the condensed consolidated balance sheets for settlements of share-based payment awards occurring on or after April 1, 2017. The Company's income tax benefit or expense will continue to be impacted by fluctuations in the stock price between grant and vesting dates of its share-based payment awards.
- A cumulative adjustment to retained earnings and non-current deferred tax assets for unrecognized excess tax benefits of $1,365 was recognized on April 1, 2017 in the condensed consolidated balance sheet as of September 30, 2017.
- The Company has made current and prior period reclassifications in the condensed consolidated statements of cash flows to present cash flows from excess tax benefits as cash flows provided by operating activities instead of the historical presentation as cash flows provided by financing activities.
- The Company elected to continue to estimate forfeitures as a component of determining grant date fair value.

Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance under US GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers*, which provides for a one-year deferral of the effective date of ASU No. 2014-09, as well as early application, which will be effective for the Company's annual and interim reporting periods beginning April 1, 2018. In March 2016, the FASB issued ASU No. 2016-08, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies how to apply the implementation guidance related to principal versus agent considerations within ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Identifying Performance Obligations and Licensing*, which clarifies two components of ASU No. 2014-09: (1) identifying performance obligations and (2) licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients*, which is intended to improve the operability and understandability of the implementation guidance by providing clarifications and practical expedients. The Company is currently evaluating its business and contracts to determine any changes to accounting policies, processes or systems necessary to adopt the requirements of the new standard. The Company believes the adoption of this ASU will not have a material impact on its consolidated financial statements and the Company elected the cumulative effect transition method. However, the adoption of this ASU will result in expanded disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU requires the recognition of lease assets and lease liabilities by lessees on the balance sheet for those leases classified as operating leases under previous US GAAP. A lessee should recognize a liability in the balance sheet to make lease payments (the lease liability) at fair value and an offsetting "right-of-use" asset representing its right to use the underlying asset for the lease term. This ASU requires a modified retrospective transition method for leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. This ASU will be effective for the Company's annual and interim reporting periods beginning April 1, 2019. The Company has completed an initial assessment of the effect that the adoption of this ASU will have on its consolidated financial statements and related disclosures, and currently expects an increase in assets and liabilities due to the recognition of the required right-of-use asset and corresponding liability for all lease commitments that are currently classified as operating leases, such as retail stores, showrooms, and distribution facilities, as well as expanded disclosures on existing and new lease commitments. The recognition of lease expenses is not expected to materially change from the current methodology. The Company has developed an implementation team to evaluate its business operations and related contracts and determine any necessary changes to accounting policies, processes or systems in order to adopt this ASU.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows, Classification of Certain Cash Receipts and Cash Payments*. This ASU eliminates the diversity in practice related to the classification of certain cash receipts and payments. This ASU will be effective for the Company’s annual and interim reporting periods beginning April 1, 2018, with early adoption permitted. The guidance should be applied retrospectively, requiring adjustment to all comparative periods presented, unless it is impractical to do so, in which case, the guidance should be applied prospectively as of the earliest date practicable. The Company is evaluating the effect the adoption of this ASU will have on its consolidated financial statements and related disclosures and currently does not expect adoption to have a material impact.

In October 2016, the FASB issued ASU No. 2016-16, *Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory*. This ASU requires that the income tax impact of intra-entity sales and transfers of property, except for inventory, be recognized when the transfer occurs. This ASU will be effective for the Company’s annual and interim reporting periods beginning April 1, 2018 and will require any deferred taxes not yet recognized on intra-entity transfers to be recorded to retained earnings under a modified retrospective approach, with early adoption permitted. The Company is evaluating its business policies and processes around intra-entity transfers of assets other than inventory to determine the effect the adoption of this ASU will have on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Goodwill and Other: Simplifying the Test for Goodwill Impairment,* which eliminates step two from the goodwill impairment test. In computing the implied fair value of goodwill under current step two guidance, an entity previously had to perform procedures to determine the fair value of its assets and liabilities at the impairment testing date following the procedure required to determine the fair value of assets acquired and liabilities assumed in a business combination. Under this ASU, an entity is required to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. This ASU will be effective for the Company’s annual and interim reporting periods beginning April 1, 2020, with early adoption permitted on or after January 1, 2017. The Company is evaluating the timing and effect that adoption of this ASU will have on its consolidated financial statements and related disclosures.

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
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(amounts in thousands, except per share or share data)

In May 2017, the FASB issued ASU No. 2017-09, *Compensation - Stock Compensation: Scope of Modification Accounting*, which updates the guidance for changes to the terms or conditions of a share-based payment award which would require the Company to apply modification accounting for share-based payment awards unless all of the following conditions are met: (1) the fair value, (2) vesting conditions, and (3) classification of the modified awards are the same as the fair value, vesting conditions, or classification of the original award immediately before the original award is modified. This ASU will be effective for the Company's annual and interim reporting periods beginning April 1, 2018. The Company is evaluating the effect that the adoption of this ASU will have on its consolidated financial statements and related disclosures, and currently does not expect adoption to have a material impact.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*, which amends the hedge accounting guidance to better align an entity's risk management activities and financial reporting for hedge relationships through changes to both the designation and measurement accounting guidance for qualifying hedge relationships. Amendments include changes to align the financial statement presentation of the effects of the hedging instrument and the hedged item in the consolidated financial statements. This ASU will be effective for the Company's annual and interim reporting periods beginning April 1, 2019, with early adoption permitted. The Company is evaluating the effect that the adoption of this ASU will have on its consolidated financial statements and related disclosures.

Note 2. Restructuring

In connection with the Company's restructuring plan beginning in the fourth quarter of fiscal year 2016, the Company closed 26 retail stores as of September 30, 2017, and consolidated its brand operations and corporate headquarters. In connection with these restructuring efforts, the Company has incurred total restructuring charges of $55,308 through September 30, 2017. No restructuring charges were incurred during the three months ended September 30, 2017. During the six months ended September 30, 2017, the Company incurred $1,518 of restructuring charges. Of the total amount, $5,850 remained accrued as of September 30, 2017, with $1,638 in short-term liabilities and $4,212 in long-term liabilities.

The remaining accrued liability for restructuring charges as of September 30, 2017 is as follows:

	Lease termination costs	Severance costs	Termination of various contracts and other services	Total
Balance as of March 31, 2017	**$ 4,572**	**$ 2,555**	**$ 3,953**	**$ 11,080**
Additional charges	—	—	1,518	1,518
Paid in cash	(649)	(2,295)	(3,804)	(6,748)
Balance as of September 30, 2017	**$ 3,923**	**$ 260**	**$ 1,667**	**$ 5,850**

The following table summarizes restructuring charges by reportable operating segment and unallocated charges:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
UGG brand wholesale	$ —	$ 513	$ —	$ 574
Direct-to-Consumer	—	160	—	1,395
Unallocated overhead costs	—	227	1,518	663
Total restructuring charges	$ —	$ 900	$ 1,518	$ 2,632

DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the Three and Six Months Ended September 30, 2017 and 2016
(amounts in thousands, except per share or share data)

It is anticipated that the Company may incur restructuring charges in future periods which are generally expected to be similar in nature to those incurred in prior periods and which are expected to relate to the closing of the Company's retail stores or the conversion of its stores to partner retail stores.

Note 3. Goodwill and Other Intangible Assets

The Company's goodwill and other intangible assets are as follows:

	September 30, 2017	March 31, 2017
Goodwill:		
UGG brand	$ 6,101	$ 6,101
Other brands	7,889	7,889
Total Goodwill	**13,990**	**13,990**
Other Intangible Assets:		
Indefinite-lived Intangible Assets		
Trademarks	15,454	15,454
Definite-lived Intangible Assets		
Trademarks	55,245	55,245
Other	50,052	48,800
Total gross carrying amount	105,297	104,045
Accumulated amortization	(59,072)	(54,361)
Net Definite-lived Intangible Assets	46,225	49,684
Total Other Intangible Assets	**61,679**	**65,138**
Total Goodwill and Other Intangible Assets	**$ 75,669**	**$ 79,128**

Aggregate amortization expense for amortizable intangible assets during the six months ended September 30, 2017 was $3,866 compared to $4,135 during the six months ended September 30, 2016. A reconciliation of charges incurred in the condensed consolidated statements of comprehensive income (loss) relevant to the Company's other intangible assets during the six months ended September 30, 2017 is as follows:

Balance as of March 31, 2017	**$ 65,138**
Amortization expense	(3,866)
Foreign currency exchange rate fluctuations	407
Balance as of September 30, 2017	**$ 61,679**

Note 4. Fair Value Measurements

The fair value of the Company's cash and cash equivalents, trade accounts receivable, inventories, net, prepaid expenses, income taxes receivable, other current assets, short-term borrowings, trade accounts payable, accrued payroll, other accrued expenses, income taxes payable and value added tax payable approximate the carrying values due to the relatively short maturities of these assets and liabilities. The fair values of the Company's long-term liabilities do not significantly differ from the carrying values.

The inputs used in measuring fair value are prioritized into the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities.

(amounts in thousands, except per share or share data)

- Level 3: Unobservable inputs in which little or no market activity exists, therefore requiring the reporting entity to develop its own assumptions.

The assets and liabilities that are measured on a recurring basis at fair value are summarized as follows:

	Fair Value as of September 30, 2017	Measured Using Level 1	Measured Using Level 2	Measured Using Level 3
Assets (liabilities) at fair value:				
Non-qualified deferred compensation asset	$ 6,984	$ 6,984	$ —	$ —
Non-qualified deferred compensation liability	(4,128)	(4,128)	—	—
Designated Derivative Contracts liability	(5,583)	—	(5,583)	—
Non-Designated Derivative Contracts asset	509	—	509	—
Non-Designated Derivative Contracts liability	(3,177)	—	(3,177)	—

	Fair Value as of March 31, 2017	Measured Using Level 1	Measured Using Level 2	Measured Using Level 3
Assets (liabilities) at fair value:				
Non-qualified deferred compensation asset	$ 6,662	$ 6,662	$ —	$ —
Non-qualified deferred compensation liability	(4,140)	(4,140)	—	—
Designated Derivative Contracts asset	1,365	—	1,365	—

The Level 2 inputs consist of forward spot rates at the end of the applicable reporting period. The Company records the fair value of assets or liabilities associated with derivative instruments and hedging activities in other current assets or other accrued expenses, respectively, in the condensed consolidated balance sheets. Refer to Note 9, "Foreign Currency Exchange Rate Contracts and Hedging" for more information about these derivative instruments.

In 2010, the Company established a non-qualified deferred compensation program that permits a select group of management employees to defer earnings to a future date on a non-qualified basis. For each plan year, the Company's Board of Directors may, but is not required to, contribute any amount it desires to any participant under this program. The Company's contribution is determined by the Board of Directors annually. In March 2015, the Board of Directors approved a Company contribution feature for future plan years beginning in calendar year 2016 and gave management the authority to approve actual contributions. During the six months ended September 30, 2017 and fiscal year ended March 31, 2017, no payments were made under this program. Deferred compensation is recognized based on the fair value of the participants' accounts. The Company has established a rabbi trust for the purpose of supporting the benefits payable under this program, with the assets invested in company-owned life insurance policies.

The non-qualified deferred compensation asset of $6,984 is recorded in other assets in the condensed consolidated balance sheets. The non-qualified deferred compensation liability of $4,128 is recorded in the condensed consolidated balance sheets as of September 30, 2017, with $639 recorded in other accrued expenses and $3,489 in other long-term liabilities.

Note 5. Income Taxes

The Company has on-going income tax examinations in various state and foreign tax jurisdictions and regularly assesses tax positions taken in years open to examination. The Company had $12,872 of net unrecognized tax benefits and associated interest and penalties as of September 30, 2017 in the condensed consolidated balance sheets. It is reasonably possible that $3,053 of net unrecognized tax benefits will be settled within the next 12 months.

Refer to the section entitled "Recent Accounting Pronouncements" under Note 1, "General", for more information regarding recording previously unrecognized excess tax benefits for share-based awards as a cumulative adjustment to retained earnings in response to the adoption of ASU No. 2016-09.

Note 6. Revolving Credit Facilities and Mortgage Payable

Domestic Credit Facility

In November 2014, the Company amended its revolving credit facility agreement with JPMorgan Chase Bank, National Association as the administrative agent, Comerica and HSBC as co-syndication agents, and the lenders party thereto (as amended, the Second Amended and Restated Credit Agreement, or the Domestic Credit Facility). The Domestic Credit Facility is a five-year, $400,000 secured revolving credit facility which matures on November 13, 2019.

At the Company's election, interest under the Domestic Credit Facility is tied to the adjusted London Interbank Offered Rate (LIBOR) or the Alternative Base Rate (ABR), and is variable based on the Company's total adjusted leverage ratio each quarter. As of September 30, 2017, the adjusted LIBOR and ABR rates were 2.48% and 4.50%, respectively.

During the six months ended September 30, 2017, the Company made borrowings of $127,000 and repayments of $24,000 under the Domestic Credit Facility. As of September 30, 2017, the Company had an outstanding balance of $103,000 under the Domestic Credit Facility. As a result, the available borrowings under the Domestic Credit Facility as of September 30, 2017 were $296,451, including outstanding letters of credit of $549.

Subsequent to September 30, 2017, the Company borrowed $58,000 and made repayments of $5,000 under the Domestic Credit Facility. At November 9, 2017, the Company had an outstanding balance of $156,000 and available borrowings of $243,451 under the Domestic Credit Facility.

China Credit Facility

In August 2013, Deckers (Beijing) Trading Co., LTD (DBTC), a wholly-owned subsidiary of the Company, entered into a revolving credit facility agreement in China (as amended, the China Credit Facility) that provided for an uncommitted revolving line of credit. In October 2016, the China Credit Facility was amended to include an increase in the uncommitted revolving line of credit of up to CNY 300,000, or $45,054, and to remove the sublimit of CNY 50,000, or $7,509, for the Company's wholly-owned subsidiary, Deckers Footwear (Shanghai) Co., LTD (DFSC). In March 2017, the China Credit Facility was amended to remove DFSC, leaving DBTC as the only remaining borrower, and to add an overdraft facility sublimit of CNY 100,000, or $15,018.

The China Credit Facility is payable on demand and subject to annual review and renewal. The obligations under the China Credit Facility are guaranteed by the Company for 108.5% of the facility amount in US dollars. Interest is based on 115.0% multiplied by the People’s Bank of China market rate, which was 4.35%. As of September 30, 2017 the total effective interest rate was 5.0%.

During the six months ended September 30, 2017, the Company borrowed $21,027 and made no repayments under the China Credit Facility. As of September 30, 2017, the Company had an outstanding balance of $21,027 and available borrowings of $24,027 under the China Credit Facility.

Subsequent to September 30, 2017, the Company made no borrowings or repayments. At November 9, 2017, the Company had an outstanding balance of $21,027 and available borrowings of $24,027 under the China Credit Facility.

Japan Credit Facility

In March 2016, Deckers Japan, G.K., a wholly-owned subsidiary of the Company, entered into a revolving credit facility agreement in Japan (the Japan Credit Facility) that provides for an uncommitted revolving line of credit of up to JPY 5,500,000, or $48,864, for a maximum term of six months for each draw on the facility.

The Japan Credit Facility renews annually, and is guaranteed by the Company. The Company has renewed the Japan Credit Facility through January 31, 2018. Interest is based on the Tokyo Interbank Offered Rate (TIBOR) plus 0.40%. As of September 30, 2017, TIBOR was 0.03% and the total effective interest rate was 0.43%.

During the six months ended September 30, 2017, the Company made borrowings of $8,884 and no repayments under the Japan Credit Facility. As of September 30, 2017, the Company had an outstanding balance of $8,884 under the Japan Credit Facility and available borrowings of $39,980.

Subsequent to September 30, 2017, the Company made no borrowings but did make repayments of $2,664. At November 9, 2017, the Company had an outstanding balance of $6,220 and available borrowings of $42,644 under the Japan Credit Facility.

Mortgage

In July 2014, the Company obtained a mortgage secured by the property on which its corporate headquarters is located for approximately $33,900. As of September 30, 2017, the outstanding principal balance under the mortgage was $32,366, which includes $563 in short-term borrowings and $31,803 in mortgage payable in the condensed consolidated balance sheets.

As of September 30, 2017, the Company was in compliance with all debt covenants under its borrowing arrangements and remains in compliance at November 9, 2017.

Note 7. Commitments and Contingencies

Operating Lease Commitments

In June 2017, the Company entered into an addendum to the original lease agreement relating to its warehouse and distribution center located in Moreno Valley, California. Pursuant to the addendum, the Company exercised its option to lease additional square footage and extended the expiration date of the lease to June 2028. The total future minimum lease commitment through the expiration date as a result of the option being exercised is approximately $77,200. Except as noted above, during the six months ended September 30, 2017, there were no material changes to operating lease commitments other than those that occurred in the ordinary course of business.

Purchase Obligations

Product and Sheepskin

During the six months ended September 30, 2017, there were no material changes to purchase obligations for product, sheepskin and various other service and promotional agreements, other than those that occurred in the ordinary course of business.

Other

The Company had approximately $16,100 of material commitments for future capital expenditures as of September 30, 2017, which primarily related to the build-out and expansion of the warehouse and distribution center located in Moreno Valley, California. Except as noted above, during the six months ended September 30, 2017, there were no material changes to commitments for capital expenditures, other than those that occurred in the ordinary course of business.

Litigation

From time to time, the Company is involved in various legal proceedings and claims arising in the ordinary course of business. Although the results of legal proceedings and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not, individually or in the aggregate, have a material adverse effect on its business, operating results, financial condition or cash flows. However, regardless of the outcome, litigation can have an adverse impact on the Company because of legal costs, diversion of management time and resources, and other factors.

Note 8. Stockholders' Equity

Equity Incentive Plans

From time to time, the Company awards various types of stock-based compensation under the 2006 Plan and 2015 SIP (as defined in the 2017 Annual Report), including time-based restricted stock units (RSUs), performance-based restricted stock units (PSUs), stock appreciation rights (SARs) and non-qualified stock options (NQSOs). These awards may be issued to eligible employees and other plan participants, including the Company's executive officers.

Annual Awards

During fiscal year 2018, the Company elected to grant Annual RSUs and Annual PSUs to key employees, including certain executive officers of the Company. These grants entitle the recipients to receive shares of the Company's common stock upon vesting. The vesting of Annual PSUs is subject to the achievement of pre-established Company performance criteria measured over the fiscal year during which they are granted and, once the performance criteria has been met, vest in equal installments over three years thereafter. The Annual RSUs are subject only to time-based vesting criteria and vest in equal installments over three years following the date of grant. During the three months ended September 30, 2017, the Company granted no Annual PSUs and 7,683 Annual RSUs at a weighted-average grant date fair value of $63.80 per share. During the six months ended September 30, 2017, the Company granted 54,090 Annual PSUs at a weighted-average grant date fair value of $68.44 per share and 131,520 Annual RSUs at a weighted-average grant date fair value of $67.60 per share. At September 30, 2017, the Company believes that the achievement of the performance criteria for the fiscal year 2018 Annual PSUs is probable. The Company recorded aggregate stock compensation expense of $2,870 and $4,702 for the fiscal year 2018 Annual RSUs and Annual PSUs during the three and six months ended September 30, 2017, respectively.

As of September 30, 2017, future unrecognized stock compensation expense for all Annual RSUs and Annual PSUs granted to date, excluding estimated forfeitures, is $15,385.

Long-Term Incentive Options (LTIP)

During fiscal year 2017, the Company approved the issuance of LTIP NQSOs under the 2015 SIP to the Company’s executive officers. If the Company achieves the minimum threshold performance criteria and the recipient provides continuous service the LTIP NQSOs will vest in equal installments over three years from the date of grant. Each option grants the recipient the right to purchase a specified number of shares of the Company's common stock at a fixed exercise price per share based on the closing price of the common stock on the date of grant. The Company measures stock compensation expense for LTIP NQSOs at the date of grant using the Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility, as well as dividend yield of the Company’s common stock.

In June 2017, the Company approved the grant of the FY 2018 LTIP NQSOs to the Company's executive officers, which will vest on March 31, 2020 if the recipient provides continuous service through that date and the Company achieves the minimum threshold performance criteria. The fair value of the FY 2018 LTIP NQSOs granted, less estimated forfeitures, was $4,544, with $410 and $489 expensed during the three and six months ended September 30, 2017, respectively.

(amounts in thousands, except per share or share data)

The following table presents the weighted-average valuation assumptions used for the recognition of stock-based compensation expense for the FY 2018 LTIP NQSOs granted:

Expected life (in years)		4.9
Expected volatility		38.73%
Risk free interest rate		1.78%
Dividend yield		—%
Weighted-average exercise price	$	69.29
Weighted-average option value	$	25.03

As of September 30, 2017, future unrecognized stock compensation expense for all LTIP NQSOs granted to date, excluding estimated forfeitures, was $7,989.

Stock Repurchase Programs

In January 2015, the Board of Directors approved a stock repurchase program authorizing the repurchase of up to $200,000 of the Company's common stock in the open market or in privately-negotiated transactions, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate the Company to acquire any particular amount of common stock and the program may be suspended at any time at the Board of Director's discretion. Since inception through September 30, 2017, the Company has repurchased approximately 2,020,000 shares under this program for approximately $135,000, representing an average price of $66.69 per share, leaving the remaining approved amount at approximately $65,000. During the six months ended September 30, 2017, the Company made no stock repurchases under this program.

Subsequent to September 30, 2017, the Board of Directors authorized a new $335,000 stock repurchase program. Combined with the approximately $65,000 remaining approved amount under the previously approved stock repurchase program, the Company has the authority to repurchase up to a total of approximately $400,000 of the Company's common stock.

Retained Earnings

The following is a reconciliation of the Company's retained earnings as of September 30, 2017:

Balance as of March 31, 2017	**$**	**819,589**
Net income		7,438
Cumulative unrecognized excess tax benefit*		1,365
Balance as of September 30, 2017	**$**	**828,392**

*Refer to the section entitled "Recent Accounting Pronouncements" under Note 1, "General", for more information regarding recording previously unrecognized excess tax benefits for share-based awards as a cumulative adjustment to retained earnings in response to the adoption of ASU No. 2016-09.

Note 9. Foreign Currency Exchange Rate Contracts and Hedging

Certain of the Company's foreign currency exchange rate forward contracts are designated cash flow hedges of forecasted sales (Designated Derivative Contracts) and are subject to foreign currency exchange rate risk. These contracts allow the Company to sell Euros and British Pounds in exchange for US dollars at specified contract rates. Forward contracts are used to hedge forecasted sales over specific quarters.

(amounts in thousands, except per share or share data)

The Company may also enter into foreign currency exchange rate contracts that are not designated as hedging instruments (Non-Designated Derivative Contracts), and these contracts are generally entered into to offset the anticipated gains and losses on certain intercompany balances until the expected time of repayment.

The fair value of the notional amount of both the Designated and Non-Designated Derivative Contracts are recorded in other current assets or other accrued expenses in the condensed consolidated balance sheets. Changes in the fair value of Designated Derivative Contracts are recognized as a component of accumulated other comprehensive income (loss) (AOCI) within stockholders' equity, and are recognized in earnings in the condensed consolidated statements of comprehensive income (loss) during the period which approximates the time the corresponding third-party sales occur.

As of September 30, 2017, the Company had total notional value of $165,504 for foreign currency exchange rate forward contracts, which included the following:

	Designated Derivative Contracts	Non-Designated Derivative Contracts
Notional amount	$88,815	$76,689
Fair value recorded in other current assets	—	509
Fair value recorded in other current liabilities	(5,583)	(3,177)

As of September 30, 2017, the Company had Designated Derivative Contracts with four counterparties and Non-Designated Derivative Contracts with six counterparties. As of September 30, 2017, the Company had Designated Derivative and Non-Designated Contracts with various maturity dates within the next three to six months. During the three months ended September 30, 2017, the Company settled Designated Derivative Contracts with total notional amounts of approximately $32,810.

The non-performance risk of the Company and the counterparties did not have a material impact on the fair value of the derivative instruments. During the three and six months ended September 30, 2017, the designated hedges remained effective. The effective portion of the gain or loss on the derivative instrument is recognized in AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. As of September 30, 2017, the amount of unrealized losses on foreign currency exchange rate hedges recognized in AOCI (see Note 10, "Accumulated Other Comprehensive Loss", for additional information) is expected to be reclassified into income within the next nine months.

The following table summarizes the effect of Designated Derivative Contracts:

	Three Months Ended September 30,	
	2017	2016
Amount of (loss) gain recognized in other comprehensive income (loss) on derivative instruments (effective portion)	$(3,900)	$439
Location of amount reclassified from accumulated other comprehensive loss into income (effective portion)	Net Sales	Net Sales
Amount of (loss) gain reclassified from accumulated other comprehensive loss into income (effective portion)	$(2,283)	$1,851
Location of amount excluded from effectiveness testing	Selling, general and administrative expenses	Selling, general and administrative expenses
Amount of gain excluded from effectiveness testing	$439	$163

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	Six Months Ended September 30,	
	2017	2016
Amount of (loss) gain recognized in other comprehensive income (loss) on derivative instruments (effective portion)	$(9,790)	$4,903
Location of amount reclassified from accumulated other comprehensive loss into income (effective portion)	Net Sales	Net Sales
Amount of (loss) gain reclassified from accumulated other comprehensive loss into income (effective portion)	$(2,283)	$1,676
Location of amount excluded from effectiveness testing	Selling, general and administrative expenses	Selling, general and administrative expenses
Amount of gain excluded from effectiveness testing	$772	$355

The following table summarizes the effect of Non-Designated Derivative Contracts:

	Three Months Ended September 30,	
	2017	2016
Location of amount recognized in income on derivative instruments	Selling, general and administrative expenses	Selling, general and administrative expenses
Amount of loss recognized in income on derivative instruments	$(1,065)	$(290)

	Six Months Ended September 30,	
	2017	2016
Location of amount recognized in income on derivative instruments	Selling, general and administrative expenses	Selling, general and administrative expenses
Amount of loss recognized in income on derivative instruments	$(2,668)	$(881)

The Company entered into Non-Designated Derivative Contracts with notional amounts totaling $3,112, which are expected to mature over the next four months and no Designated Derivative Contracts were entered into subsequent to September 30, 2017. All hedging contracts at November 9, 2017 were held by a total of six counterparties.

Note 10. Accumulated Other Comprehensive Loss

The components within accumulated other comprehensive loss is as follows:

	September 30, 2017	March 31, 2017
Unrealized (loss) gain on foreign currency exchange rate hedges, net of tax	$ (3,827)	$ 856
Cumulative foreign currency translation adjustment	(22,789)	(27,307)
Accumulated other comprehensive loss	$ (26,616)	$ (26,451)

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Note 11. Net Income (Loss) per Share

Basic net income per share represents net income (loss) divided by the weighted-average number of common shares outstanding for the period. Diluted net income per share represents net income divided by the weighted-average number of common shares outstanding, including the dilutive impact of potential issuances of common stock. The reconciliation of basic to diluted weighted-average common shares outstanding is as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Weighted-average shares used in basic computation	32,015,000	32,057,000	32,003,000	32,041,000
Dilutive effect of stock-based awards and options	257,000	365,000	253,000	—
Weighted-average shares used for diluted computation	32,272,000	32,422,000	32,256,000	32,041,000
Excluded*:				
Annual RSUs and Annual PSUs	92,000	131,000	132,000	420,000
SARs	—	90,000	—	480,000
LTIP PSUs	269,000	396,000	269,000	396,000
LTIP NQSOs	397,000	—	397,000	—
Deferred non-employee director restricted stock awards	3,000	—	3,000	10,000
Employee Stock Purchase Plan	—	—	—	9,000

*The stock-based awards and options excluded from the dilutive effect were excluded either because the shares were anti-dilutive or because the necessary conditions had not been satisfied for the shares to be issuable based on the Company's performance for the three and six months ended September 30, 2017 and 2016. The number of shares reflected for each of these excluded awards is the maximum number of shares issuable pursuant to these awards. Refer to Note 8, "Stockholders' Equity", for more information on the nature of these awards.

Note 12. Reportable Operating Segments

The Company has five reportable operating segments consisting of the strategic business units for the worldwide wholesale operations for each of the UGG brand, Teva brand, Sanuk brand and other brands, as well as DTC. The Company's other brands currently consist of the Hoka and Koolaburra brands.

The wholesale operations of each brand are managed separately because each requires different marketing, research and development, design, sourcing, and sales strategies. The income (loss) from operations for each of the reportable operating segments includes only those costs which are specifically related to each reportable operating segment, which consist primarily of cost of sales, costs for research and development, design, sales and marketing, depreciation, amortization, and the costs of employees and their respective expenses that are directly related to each reportable operating segment. The unallocated corporate overhead costs include: un-allocable costs associated with the distribution centers, certain executive and stock-based compensation expenses, accounting, finance and legal costs, information technology costs, human resources costs, and facilities costs, among others.

During calendar year 2017, the Company began to leverage elements, including particular styles, of the Ahnu® (Ahnu) brand under the Teva brand. Effective April 1, 2017, operations for the Ahnu brand have been discontinued and all styles are sold under the Teva brand and are now reported in the Teva brand wholesale reportable operating segment instead of the other brands wholesale reportable operating segment, as presented in the comparative prior period.

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Reportable operating segment information with reconciliation to the condensed consolidated statements of comprehensive income (loss) is summarized as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net sales to external customers:				
UGG brand wholesale	$ 322,050	$ 337,852	$ 385,323	$ 383,753
Teva brand wholesale	16,494	12,246	48,617	41,771
Sanuk brand wholesale	12,087	15,030	34,307	37,333
Other brands wholesale	40,521	34,830	67,486	53,241
Direct-to-Consumer	91,308	85,986	156,444	144,239
	$ 482,460	$ 485,944	$ 692,177	$ 660,337
Income (loss) from operations:				
UGG brand wholesale	$ 117,218	$ 112,510	$ 116,197	$ 102,298
Teva brand wholesale	1,916	(2,121)	6,859	(259)
Sanuk brand wholesale	1,228	(211)	5,645	3,970
Other brands wholesale	8,043	2,362	9,069	732
Direct-to-Consumer	(3,403)	(6,092)	(15,505)	(25,511)
Unallocated overhead costs	(57,647)	(52,425)	(111,166)	(105,526)
	$ 67,355	$ 54,023	$ 11,099	$ (24,296)

Inter-segment sales from the Company’s wholesale reportable operating segments to the DTC reportable operating segment are at the Company’s cost, and there is no inter-segment profit on these inter-segment sales, nor are they reflected in income (loss) from operations of the wholesale reportable operating segments.

Assets allocable to each reportable operating segment with reconciliation to the condensed consolidated balance sheets are as follows:

	September 30, 2017	March 31, 2017
Total assets from reportable operating segments:		
UGG brand wholesale	$ 712,746	$ 259,444
Teva brand wholesale	49,411	82,505
Sanuk brand wholesale	59,583	80,102
Other brands wholesale	70,413	70,607
Direct-to-Consumer	118,834	113,400
	$ 1,010,987	$ 606,058

The assets allocable to each reportable operating segment include accounts receivable, inventory, fixed assets, goodwill, other intangible assets, and certain other assets that are specifically identifiable with one of the Company's reportable operating segments. Unallocated assets are the assets not directly related to a specific reportable operating segment, and generally include cash and cash equivalents, deferred tax assets, and various other corporate assets shared by the Company's reportable operating segments.

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Reconciliations of total assets from reportable operating segments to the condensed consolidated balance sheets are as follows:

	September 30, 2017	March 31, 2017
Total assets from reportable operating segments	$ 1,010,987	$ 606,058
Unallocated cash and cash equivalents	230,586	291,764
Unallocated deferred tax assets	52,470	44,708
Other unallocated corporate assets	226,245	249,250
Consolidated total assets	$ 1,520,288	$ 1,191,780

Note 13. Concentration of Business, Significant Customers and Credit Risk

Concentration of Business

Customers

The Company sells its products to customers throughout the US and to foreign customers located in Europe, Asia, Canada, Australia, and Latin America, among other regions. Approximately $160,200, or 33.2%, and $137,000, or 28.2%, of total net sales were denominated in foreign currencies during the three months ended September 30, 2017 and 2016, respectively. Approximately $209,400, or 30.3%, and $181,000, or 27.3%, of total net sales were denominated in foreign currencies during the six months ended September 30, 2017 and 2016, respectively. International sales were 37.3% and 35.7% of the Company's total net sales during the three months ended September 30, 2017 and 2016, respectively, compared to 38.8% and 36.1% during the six months ended September 30, 2017 and 2016, respectively. During the three and six months ended September 30, 2017 and 2016, no single foreign country comprised more than 10% of the Company's total net sales.

Suppliers

The Company's production is concentrated at a limited number of independent manufacturing factories in Asia. Sheepskin is the principal raw material for certain UGG products and the majority of sheepskin is purchased from two tanneries in China and is sourced primarily from Australia and the UK. Beginning in 2013, in an effort to partially reduce its dependency on sheepskin, the Company began using a proprietary raw material, UGGpure™ (UGGpure), which is a wool woven into a durable backing, in some of its UGG brand products. The Company currently purchases UGGpure from two suppliers. The other production materials used by the Company are sourced primarily in Asia. The Company's operations are subject to the customary risks of doing business abroad, including, but not limited to, foreign currency exchange rate fluctuations, customs duties and related fees, various import controls and other nontariff barriers, restrictions on the transfer of funds, labor unrest and strikes, and, in certain parts of the world, political instability. The supply of sheepskin can be adversely impacted by weather conditions, disease, and harvesting decisions that are completely outside the Company's control. Furthermore, the price of sheepskin is impacted by demand, industry, and competitors.

Property and equipment, net

Property and equipment, net, in the US and all other countries combined were as follows:

	September 30, 2017	March 31, 2017
US	$ 198,287	$ 206,077
All other countries*	18,693	19,454
Total	$ 216,980	$ 225,531

*No other country's property and equipment, net, comprised more than 10% of the Company's total property and equipment, net, as of September 30, 2017 and March 31, 2017.

(amounts in thousands, except per share or share data)

Significant Customers

Management performs regular evaluations concerning the ability of its customers to satisfy their obligations to the Company and records an allowance for doubtful accounts based upon these evaluations. There was one customer that accounted for 10% or more of the Company's net sales during the three and six months ended September 30, 2017 compared to no customers that accounted for more than 10% of the Company's net sales during the three and six months ended September 30, 2016. At September 30, 2017, the Company had two customers representing 11.9% and 10.4% of trade accounts receivable, net, respectively. At March 31, 2017, the Company had one customer representing 11.2% of trade accounts receivable, net.

Credit Risk

A portion of the Company's cash and cash equivalents is held as cash in operating accounts with third-party financial institutions. These balances, at times, exceed the Federal Deposit Insurance Corporation insurance limits. While the Company regularly monitors the cash balances in its operating accounts and adjusts the balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets.

The remainder of the Company's cash equivalents is invested in interest-bearing funds managed by third-party investment management institutions. These investments can include US treasury bonds and securities, money market funds, and municipal bonds, among other investments. Certain of these investments are subject to general credit, liquidity, and market and interest rate risks. As of September 30, 2017, the Company has experienced no significant loss on its money market funds or lack of access to cash in its operating accounts.

The Company's cash and cash equivalents are as follows:

	September 30, 2017	March 31, 2017
Money market fund accounts	$ 166,866	$ 198,992
Cash	63,720	92,772
Total cash and cash equivalents	$ 230,586	$ 291,764

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read together with our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and together with our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the Securities and Exchange Commission (SEC) on May 30, 2017 (2017 Annual Report).

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements that are based on our current expectations and reflect our plans, estimates and anticipated future financial performance. These statements involve numerous risks and uncertainties. Our actual results may differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including those set forth in the sections entitled “Risk Factors” in Part II, Item 1A and “Cautionary Note Regarding Forward-Looking Statements” of this Quarterly Report on Form 10-Q.

References within Part I, Items 2, 3 and 4, to "Deckers", "we", "our", "us", or the "Company" refer to Deckers Outdoor Corporation, together with its consolidated subsidiaries. UGG® (UGG), Teva® (Teva), Sanuk® (Sanuk), Hoka One One® (Hoka), Koolaburra® by UGG (Koolaburra), Ahnu® (Ahnu) and UGGpure™ are some of our trademarks. Other trademarks or trade names appearing elsewhere in this section are the property of their respective owners. Solely for convenience, the trademarks and trade names herein are referred to without the ® and™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

Unless otherwise specifically indicated, all amounts in Items 2, 3 and 4 herein are expressed in thousands, except for store and country counts, defined periods, ratios and share data.

Overview

We are a global leader in designing, marketing and distributing innovative footwear, apparel and accessories developed for both everyday casual lifestyle use and high performance activities. We market our products primarily under five proprietary brands: UGG, Koolaburra, Hoka, Teva, and Sanuk.

We sell our products through quality domestic and international retailers, international distributors and directly to our end-user consumers both domestically and internationally through our Direct-to-Consumer (DTC) business, which is comprised of our retail stores and E-Commerce websites. Independent third parties manufacture all of our products.

Recent Developments

Restructuring Plan. In February 2016, we announced the implementation of a multi-year restructuring plan, which includes brand realignment, a retail store fleet optimization and office consolidations. In general, this restructuring plan is intended to streamline brand operations, reduce overhead costs, create operating efficiencies and improve collaboration.

As part of this restructuring plan, and in furtherance of our Omni-Channel strategy, we realigned our brands across two groups: Fashion Lifestyle and Performance Lifestyle. The Fashion Lifestyle group includes the UGG and Koolaburra brands. The Performance Lifestyle group includes the Teva, Sanuk and Hoka brands.

As part of this realignment, during fiscal year 2016, we relocated our Sanuk brand operations in Irvine, California, to our corporate headquarters in Goleta, California, and closed our Ahnu brand operations office in Richmond, California, as well as consolidated our European offices. During calendar year 2017, we began to leverage elements, including particular styles, of the Ahnu brand under the Teva brand. Effective as of the beginning of fiscal year 2018, operations for the Ahnu brand have been discontinued and all styles are sold under the Teva brand and are now reported in the Teva brand wholesale reportable operating segment instead of the other brands wholesale reportable operating segment, as presented in the comparative prior period.

We believe our retail stores remain an important component of our Omni-Channel strategy; however, in light of the recent and continuing changes in the retail environment, we also believe it is prudent to further reduce our global brick and mortar footprint. We expect to continue to reduce our footprint through a combination of store closures and the conversion of owned stores to partner retail stores, and, accordingly, we anticipate generating future cost savings associated with our retail presence. We are continually evolving our retail store strategy to align with our long-term objectives, and we currently believe that the optimal target worldwide retail store count is approximately 125 owned stores. However, this is only an estimate and the actual number of owned stores as of any particular date is subject to uncertainty as a result of numerous factors, including, but not limited to, the actual and projected costs associated with closing or converting stores, the actual and estimated results of operations of each store and our DTC business generally, and continuing changes in consumer buying behaviors and the retail environment.

In connection with our restructuring plan beginning in the fourth quarter of fiscal year 2016, we have incurred total restructuring charges of $55,308 through September 30, 2017. No restructuring charges were incurred during the three months ended September 30, 2017. During the six months ended September 30, 2017, we incurred $1,518 of restructuring charges. Refer to Note 2, "Restructuring", to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on the remaining accrued liability related to these restructuring charges as of September 30, 2017.

It is anticipated that we may incur restructuring charges in future periods which are generally expected to be similar in nature to those incurred in prior periods and which are expected to relate to the closing of our retail stores or the conversion of our stores to partner retail stores.

Savings Plan. In February 2017, we announced implementation of a significant cost savings plan, which also takes into account certain anticipated reinvestments (Savings Plan). The Savings Plan includes a combination of both cost of sales improvements and selling, general and administrative (SG&A) expense savings. Cost of sales improvements are expected to come from reducing product development cycle times, optimizing material yields, consolidating our factory base and continuing to move product manufacturing outside of China. SG&A expense savings are expected to come from further retail store consolidations, reductions in our corporate infrastructure to account for the smaller number of retail stores, process improvement efficiencies and lower unallocated indirect spend. In May 2017, we determined that the target for the Savings Plan is to drive approximately $100,000 in annual operating profit improvement from fiscal year 2017 to the end of fiscal year 2020.

Strategic Alternatives. Subsequent to September 30, 2017, we announced the completion of our formal review of strategic alternatives for Deckers. Our Board of Directors undertook a thorough process to consider potential interest in an acquisition of Deckers. While our Board of Directors remains open to considering strategic and financial alternatives as part of its ongoing efforts to enhance stockholder value, it is not actively pursuing a sale of Deckers at this time.

***Stock Repurchase Program*.** Subsequent to September 30, 2017, our Board of Directors authorized a new $335,000 stock repurchase program. Combined with the approximately $65,000 remaining approved amount under our previously announced stock repurchase program, we now have the authority to repurchase up to a total of approximately $400,000 of our common stock.

Trends Impacting our Overall Business

Our business, and the industry in which we operate, continues to be impacted by several important trends:

- Sales of our products are highly seasonal and are sensitive to weather conditions, which are beyond our control. Even though we continue to expand our product lines and create more year-round styles for our brands, the effect of favorable or unfavorable weather on our aggregate sales and operating results may continue to be significant.

- We believe there has been a meaningful shift in the way consumers shop for products and make purchasing decisions. In particular, brick and mortar retail stores are experiencing significant and prolonged decreases in consumer traffic as customers continue to migrate to shopping online. This shift is impacting the performance of both our DTC business and of our wholesale customers.

- In light of the shift in consumer shopping behavior, we are seeking to optimize our brick and mortar retail footprint. In connection with store closures, we have been impacted by costs to exit lease agreements, employee termination costs, retail store fixed asset impairments and other closure costs. We expect this trend to continue as we further evaluate and optimize our retail fleet.

- We expect that our E-Commerce business will be a driver of long-term growth, although we expect that the year-over-year growth rate will decline over time as the size of our E-Commerce business increases.

- We believe that the continued enhancement of our Omni-Channel capabilities will enable us to increasingly engage existing and prospective consumers in a more connected environment and expose them to our brands. In particular, we are working towards a segmented channel and product distribution approach with the goal of continuing to reduce the number of distribution points within the domestic markets to allow us to elevate distribution among select customers, and enhancing our distribution footprint with the European and Asian markets, including through the use of partner retail stores in China.

- We believe consumers are buying product closer to the particular wearing occasion (buy now, wear now), which tends to shorten the purchasing windows for weather-dependent product. Not only does this trend impact our DTC business, we believe it is also impacting the purchasing behavior of our large wholesale customers. In particular, these customers appear to be shortening their purchasing windows as a way to address the evolving behavior of retail consumers and to manage their own product inventory.

- Foreign currency exchange rate fluctuations have significantly increased the value of the US dollar compared to most major foreign currencies over the past couple of years. While we seek to hedge some of the risks associated with foreign currency exchange rate fluctuations, these changes are largely outside of our control. We expect these changes will continue to impact the demand for our products and our operating results.

Segment Overview

UGG Brand

The UGG brand has been one of the most iconic and recognized brands in the global footwear industry, which highlights our successful track record of building niche brands into lifestyle market leaders. With loyal consumers around the world, the UGG brand has proven to be a highly resilient line of premium footwear, with expanded product offerings and a growing global audience that attracts women, men and children.

We believe demand for UGG brand products will continue to be driven by the following:

- High consumer brand loyalty, due to delivering quality and luxuriously comfortable UGG footwear.

- Evolution of our Classics business through the introduction of products such as the Classic Slim, the Classic Luxe, the Classic Street, and the Classic II.

- Diversification of our UGG product lines, including women's spring and summer, men's, and lifestyle offerings. We believe that the evolution of the UGG brand and our strategy of product diversification will help decrease our reliance on sheepskin and mitigate the impacts of seasonality.

- Continued enhancement of our Omni-Channel and digital capabilities to enable us to better engage existing and prospective consumers and expose them to our brands.

Teva Brand

For over 30 years, the Teva brand has fueled the expression of freedom. The Teva brand pioneered the sport sandal category in 1984, and now is a leader within the sport sandal and modern outdoor lifestyle categories.

Sanuk Brand

The Sanuk brand was founded almost 20 years ago, and from its origins in the Southern California surf culture, has emerged into a brand with an expanding fan base and presence in the relaxed casual shoe and sandal categories. The Sanuk brand’s use of unexpected materials and unconventional constructions, combined with its fun and playful branding, has contributed to the brand’s identity and growth since its inception, and led to successful products such as the Yoga Mat sandal collection and the SIDEWALK SURFERS.

Other Brands

Our other brands consist of the Hoka and Koolaburra brands. The Hoka brand is a line of running footwear that offers maximal cushioning with minimal weight and is designed for runners of all capacities. The Hoka brand is quickly becoming a top brand in the domestic run specialty channel and has received strong word-of-mouth marketing that has fueled both domestic and international sales growth. The Koolaburra brand is a line of fashion casual footwear using sheepskin and other plush materials.

Direct-to-Consumer

Our DTC business is comprised of our retail stores and E-Commerce websites. As a result of our evolving Omni-Channel strategy, we believe that our retail stores and websites are largely intertwined and dependent on one another. We believe that in many cases consumers interact with both our brick and mortar stores and our websites, before making purchase decisions. In addition, we recently introduced UGG Closet, our limited E-Commerce outlet channel offering.

Our retail stores are predominantly UGG brand concept stores and UGG brand outlet stores. Through our outlet stores, we sell some of our discontinued styles from prior seasons, full price in-line products, as well as products made specifically for the outlet stores. At September 30, 2017, we had a total of 163 retail stores worldwide, which includes 96 concept stores and 67 outlet stores. During the six months ended September 30, 2017, we opened one concept store and four outlet stores, closed one concept store and converted one owned outlet store to a partner retail store. Included in the total count of retail stores worldwide are concession stores, which are concept stores that are operated by us within a department or other store, which we lease from the store owner by paying a percentage of concession store sales. In certain countries, such as China, we rely on partner retail stores, which are branded stores that are wholly-owned and operated by third parties and not included in the total count of retail stores worldwide. Upon conversion to, or the opening of, partner retail stores, each of these stores become wholly-owned and operated by third parties. Sales made through partner retail stores are included in our UGG brand wholesale reportable operating segment.

Our E-Commerce business provides us with an opportunity to communicate a consistent brand message to customers that is in line with our brands' promises, drives awareness of key brand initiatives, offers targeted information to specific consumer demographics, and drives consumers to our retail stores. As of September 30, 2017, we operate our E-Commerce business through an aggregate of 22 Company-owned websites in nine different countries.

Use of Non-GAAP Measures

In order to provide a framework for assessing how our underlying businesses performed during the relevant periods, excluding the effect of foreign currency exchange rate fluctuations, throughout this Quarterly Report on Form 10-Q we provide certain financial information on a “constant currency basis”, which is in addition to the financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (US GAAP). In order to calculate our constant currency information, we calculate the current period financial information using the foreign currency exchange rates that were in effect during the previous comparable period, excluding the effects of foreign currency exchange rate hedges and re-measurements. We believe that evaluating certain financial and operating measures on a constant currency basis is important as it facilitates comparison of our current financial performance to our historical financial performance, excluding the impact of foreign currency exchange rate fluctuations that are not indicative of our core operating results and are largely outside of our control.

We report comparable DTC sales on a constant currency basis for combined retail stores and E-Commerce businesses that were open throughout the reporting period in both the current year and prior year. There may be variations in the way that we calculate comparable DTC sales as compared to some of our competitors and other retailers. As a result, information included in this Quarterly Report on Form 10-Q regarding our comparable DTC sales may not be directly comparable to similar data made available by our competitors or other retailers.

Constant currency measures should not be considered in isolation as an alternative to US dollar measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with US GAAP.

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Results of Operations

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

The following table summarizes our results of operations:

	Three Months Ended September 30,					
	2017		2016		Change	
	Amount	%	Amount	%	Amount	%
Net sales	$ 482,460	100.0%	$ 485,944	100.0%	$ (3,484)	(0.7)%
Cost of sales	257,343	53.3	269,519	55.5	12,176	4.5
Gross profit	225,117	46.7	216,425	44.5	8,692	4.0
Selling, general and administrative expenses	157,762	32.7	162,402	33.4	4,640	2.9
Income from operations	67,355	14.0	54,023	11.1	13,332	24.7
Other expense, net	1,034	0.2	1,551	0.3	517	33.3
Income before income taxes	66,321	13.8	52,472	10.8	13,849	26.4
Income tax expense	16,762	3.5	13,167	2.7	(3,595)	(27.3)
Net income	$ 49,559	10.3%	$ 39,305	8.1%	$ 10,254	26.1 %

Net Sales. The following table summarizes our net sales by location and our net sales by brand and channel:

	Three Months Ended September 30,			
	2017	2016	Change	
	Amount	Amount	Amount	%
Net sales by location:				
US	$ 302,677	$ 312,261	$ (9,584)	(3.1)%
International	179,783	173,683	6,100	3.5
Total	$ 482,460	$ 485,944	$ (3,484)	(0.7)%
Net sales by brand and channel:				
UGG brand:				
Wholesale	$ 322,050	$ 337,852	$ (15,802)	(4.7)%
Direct-to-Consumer	78,317	74,314	4,003	5.4
Total	400,367	412,166	(11,799)	(2.9)
Teva brand:				
Wholesale	16,494	12,246	4,248	34.7
Direct-to-Consumer	4,933	4,914	19	0.4
Total	21,427	17,160	4,267	24.9
Sanuk brand:				
Wholesale	12,087	15,030	(2,943)	(19.6)
Direct-to-Consumer	3,136	3,841	(705)	(18.4)
Total	15,223	18,871	(3,648)	(19.3)
Other brands:				
Wholesale	40,521	34,830	5,691	16.3
Direct-to-Consumer	4,922	2,917	2,005	68.7
Total	45,443	37,747	7,696	20.4
Total	$ 482,460	$ 485,944	$ (3,484)	(0.7)%
Total Wholesale	$ 391,152	$ 399,958	$ (8,806)	(2.2)%
Total Direct-to-Consumer	91,308	85,986	5,322	6.2
Total	$ 482,460	$ 485,944	$ (3,484)	(0.7)%

The slight decrease in net sales was largely due to lower domestic UGG brand wholesale sales; mostly offset by higher other brand and Teva wholesale sales, as well as higher UGG and Hoka brand DTC sales. During the three months ended September 30, 2017, we experienced a slight decrease in pairs sold to 7,800 compared to 8,100 during the prior period. On a constant currency basis, net sales decreased 0.3% during the three months ended September 30, 2017 compared to the prior period.

Wholesale net sales of our UGG brand decreased due to a lower volume of pairs sold, partially offset by an increase in the weighted-average selling price per pair (WASPP). The decrease in the volume of pairs sold was approximately $22,000, partially offset by an increase in WASPP of approximately $5,000. The changes in volume of pairs sold and WASPP were mostly attributable to higher prices on fewer domestic closeout sales and higher international sales prices. Further, we experienced $2,000 in additional apparel and home goods sales compared to the prior period. On a constant currency basis, wholesale net sales of our UGG brand decreased 4.3% during the three months ended September 30, 2017 compared to the prior period.

Wholesale net sales of our Teva brand increased due to an increase in WASPP of approximately $4,200, which was primarily attributable to higher prices due to changes in product mix as well as fewer domestic closeout sales.

Wholesale net sales of our Sanuk brand decreased due to a lower volume of pairs sold, partially offset by an increase in WASPP. The decrease in the volume of pairs sold was approximately $4,400, primarily due to a reduction of international distribution. The increase in WASPP was approximately $1,700 mostly due to fewer domestic closeout sales.

Wholesale net sales of our other brands increased primarily due to a higher volume of pairs sold, slightly offset by a decrease in WASPP. The increase in the volume of pairs sold was approximately $6,000, driven by the growth of the Hoka brand. The decrease in WASPP was approximately $800, primarily attributable to changes in product mix offset by fewer closeout sales.

DTC net sales increased 6.2% compared to the prior period, primarily due to an increase in net sales from our E-Commerce business. The increase in total DTC net sales was largely due to an increase in the volume of pairs sold of approximately $7,400. The increase in volume of pairs sold was offset by a decrease in WASPP of approximately $4,500 due to changes in product mix. In addition, there was an increase in UGG brand apparel and home good sales of approximately $2,500 compared to the prior period. On a constant currency basis, DTC net sales increased 6.8% during the three months ended September 30, 2017 compared to the prior period.

Comparable DTC net sales for the 13 weeks ended October 1, 2017 increased 3.7% on a constant currency basis compared to the same period in fiscal year 2017. The increase in comparable DTC net sales was due to growth in E-Commerce, partially offset by a decline in sales at our retail stores.

International sales, which are included in the reportable operating segment sales presented above, increased by 3.5%. International sales represented 37.3% and 35.7% of total net sales for the three months ended September 30, 2017 and 2016, respectively. The increase in international sales was due to higher sales for the Hoka brand in Europe and Asia and for the UGG brand in Europe and Latin America. On a constant currency basis, international sales increased 2.4% during the three months ended September 30, 2017 compared to the prior period.

Gross Profit. Gross margin was 46.7% for the three months ended September 30, 2017 compared to 44.5% for the three months ended September 30, 2016. The increase in gross margin was driven by fewer closeout sales, lower input costs as we execute our supply chain initiatives and a higher mix of DTC sales compared to the prior period.

Selling, General and Administrative Expenses. The decrease in SG&A expenses during the three months ended September 30, 2017 compared to the three months ended September 30, 2016 was primarily due to:

- decreased commission expenses of approximately $5,600, largely driven by the conversion of sales agent agreements to in-house sales agreements in the prior period;
- increased payroll costs of approximately $5,100, primarily due to higher costs for the converted sales agents discussed above, as well as increased long-term incentive compensation costs;
- decreased advertising and promotion and other operating expenses of approximately $5,600, primarily driven by the timing of expenses compared to the prior period;

- increased bad debt expense of approximately $1,600, primarily attributable to the recent payment history on an unsettled customer account in the current period;
- decreased other professional and consulting service costs of approximately $900, primarily driven by the timing of expenses compared to the prior period;
- increased warehouse related expenses of approximately $1,200 due to new North American third party logistic provider costs and higher warehouse costs in Asia in the current period; and
- decreased depreciation expenses for retail stores and IT-related assets of approximately $600.

Income from Operations. The following table summarizes operating income from operations by reportable operating segment with a reconciliation to the condensed consolidated statements of comprehensive income (loss):

	Three Months Ended September 30,			
	2017	2016	Change	
	Amount	Amount	Amount	%
UGG brand wholesale	$ 117,218	$ 112,510	$ 4,708	4.2 %
Teva brand wholesale	1,916	(2,121)	4,037	190.3
Sanuk brand wholesale	1,228	(211)	1,439	682.0
Other brands wholesale	8,043	2,362	5,681	240.5
Direct-to-Consumer	(3,403)	(6,092)	2,689	44.1
Unallocated overhead costs	(57,647)	(52,425)	(5,222)	(10.0)
Total	$ 67,355	$ 54,023	$ 13,332	24.7 %

The increase in total income from operations primarily resulted from lower sales at higher gross margins, as well as lower overall SG&A expenses.

The increase in income from operations of UGG brand wholesale was primarily the result of sales at higher gross margins as well as lower SG&A expenses, driven by lower selling and marketing costs.

The increase in income from operations of Teva brand wholesale was primarily due to sales at higher gross margins.

The increase in income from operations of Sanuk brand wholesale was primarily due to sales at higher gross margins as well as lower SG&A expenses driven by lower selling and marketing costs.

The increase in income from operations of other brands wholesale was due to higher Hoka brand sales.

The decrease in loss from operations of DTC was primarily due to higher sales in our E-Commerce business and higher gross margins, partially offset by higher SG&A expenses driven by higher selling and marketing costs.

The increase in unallocated overhead costs was due to higher performance-based compensation expense, and higher warehouse and third party logistic provider costs, partially offset by lower professional and consulting services costs, marketing and other operating expenses, primarily driven by cost savings initiatives. The increase in performance-based compensation reflects a non-cash expense driven by management's determination that it was probable that the performance criteria associated with certain compensatory awards would be achieved as compared to the prior period. The increase in warehouse costs compared to the prior period was driven by the re-allocation of European warehouse costs from the wholesale channel to unallocated costs based on a determination that the warehouse supports multiple reportable operating segments.

Refer to Note 12, "Reportable Operating Segments", to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of our reportable operating segments.

Other Expense, Net. The decrease in total other expense, net, was primarily due to a decrease in interest expense as a result of lower average balances outstanding under our revolving credit facilities during the three months ended September 30, 2017 compared to the prior period.

Income Taxes. Income taxes for interim periods are computed using an estimated effective tax rate that is expected to be applicable for the full fiscal year. The estimated tax rate is subject to ongoing review and evaluation by management and can vary from quarter to quarter. The income tax expense and the effective income tax rates were as follows:

	Three Months Ended September 30,	
	2017	2016
Income tax expense	$ 16,762	$ 13,167
Effective income tax rate	25.3%	25.1%

The change in the effective tax rate was primarily due to the change in the jurisdictional mix of expected worldwide income before income taxes, driven by the continued impact of changes to our global product sourcing organization and our anticipated foreign income before income taxes.

Foreign income before income taxes was $42,371 and $37,512 and worldwide income before income taxes was $66,321 and $52,472 during the three months ended September 30, 2017 and 2016, respectively. The increase in foreign income before income taxes was primarily due to an increase in foreign sales and the reduction of foreign operating expenses during the three months ended September 30, 2017 compared to the prior period. The decrease in foreign income before income taxes as a percentage of worldwide income before taxes was primarily due to an increase in domestic income before income taxes driven by higher gross margins during the three months ended September 30, 2017 compared to the prior period.

Net Income. Our net income increased primarily due to higher gross margins as well as lower SG&A expenses. Our net income per share increased primarily due to higher net income.

Other Comprehensive Income. Other comprehensive income increased as a result of higher net income and increased foreign currency translation gains driven by changes in European exchange rates during the three months ended September 30, 2017 compared to the prior period.

Results of Operations

Six Months Ended September 30, 2017 Compared to Six Months Ended September 30, 2016

The following table summarizes our results of operations:

	Six Months Ended September 30,					
	2017		2016		Change	
	Amount	%	Amount	%	Amount	%
Net sales	$ 692,177	100.0%	$ 660,337	100.0 %	$ 31,840	4.8 %
Cost of sales	376,435	54.4	367,660	55.7	(8,775)	(2.4)
Gross profit	315,742	45.6	292,677	44.3	23,065	7.9
Selling, general and administrative expenses	304,643	44.0	316,973	48.0	12,330	3.9
Income (loss) from operations	11,099	1.6	(24,296)	(3.7)	35,395	145.7
Other expense, net	1,365	0.2	2,113	0.3	748	35.4
Income (loss) before income taxes	9,734	1.4	(26,409)	(4.0)	36,143	136.9
Income tax expense (benefit)	2,296	0.3	(6,796)	(1.0)	(9,092)	(133.8)
Net income (loss)	$ 7,438	1.1%	$ (19,613)	(3.0)%	$ 27,051	137.9 %

Net Sales. The following table summarizes our net sales by location and our net sales by brand and channel:

	Six Months Ended September 30,			
	2017	2016	Change	
	Amount	Amount	Amount	%
Net sales by location:				
US	$ 423,390	$ 421,769	$ 1,621	0.4 %
International	268,787	238,568	30,219	12.7
Total	$ 692,177	$ 660,337	$ 31,840	4.8 %
Net sales by brand and channel:				
UGG brand:				
Wholesale	$ 385,323	$ 383,753	$ 1,570	0.4 %
Direct-to-Consumer	129,776	120,267	9,509	7.9
Total	515,099	504,020	11,079	2.2
Teva brand:				
Wholesale	48,617	41,771	6,846	16.4
Direct-to-Consumer	10,472	10,077	395	3.9
Total	59,089	51,848	7,241	14.0
Sanuk brand:				
Wholesale	34,307	37,333	(3,026)	(8.1)
Direct-to-Consumer	7,091	8,243	(1,152)	(14.0)
Total	41,398	45,576	(4,178)	(9.2)
Other brands:				
Wholesale	67,486	53,241	14,245	26.8
Direct-to-Consumer	9,105	5,652	3,453	61.1
Total	76,591	58,893	17,698	30.1
Total	$ 692,177	$ 660,337	$ 31,840	4.8 %
Total Wholesale	$ 535,733	$ 516,098	$ 19,635	3.8 %
Total Direct-to-Consumer	156,444	144,239	12,205	8.5
Total	$ 692,177	$ 660,337	$ 31,840	4.8 %

The increase in net sales was due to higher UGG, Teva and other brands wholesale and DTC sales, partially offset by lower Sanuk brand wholesale sales. During the six months ended September 30, 2017, we experienced an increase in pairs sold to 13,000 from 12,600 during the prior period. On a constant currency basis, net sales increased 5.5% during the six months ended September 30, 2017 compared to the prior period.

Wholesale net sales of our UGG brand increased due to a higher volume of pairs sold, offset by a decrease in WASPP. The increase in the volume of pairs sold was approximately $8,000, mostly attributable to higher international sales. The decrease in WASPP was approximately $9,000, which was primarily attributable to lower domestic sales prices, partially offset by fewer domestic closeout sales. Further, we experienced $2,500 in additional apparel and home goods sales compared to the prior period. On a constant currency basis, wholesale net sales of our UGG brand slightly increased 0.8% during the six months ended September 30, 2017 compared to the prior period.

Wholesale net sales of our Teva brand increased due to an increase in WASPP of approximately $6,300, attributable to higher full price sales due to changes in product mix as well as an increase in the volume of pairs sold of approximately $600.

Wholesale net sales of our Sanuk brand decreased due to a lower volume of pairs sold, offset by an increase in WASPP. The decrease in the volume of pairs sold was approximately $5,000, primarily due to a reduction of international distribution. The increase in WASPP was approximately $1,800, which was primarily due to fewer domestic closeout sales.

Wholesale net sales of our other brands increased primarily due to a higher volume of pairs sold, slightly offset by a decrease in WASPP. The increase in the volume of pairs sold was approximately $16,900, primarily driven by the growth of the Hoka brand. The decrease in WASPP was approximately $2,300, primarily attributable to changes in product mix.

DTC net sales increased 8.5% compared to the prior period, primarily due to an increase in net sales from our E-Commerce business. The increase in total DTC net sales was largely due to an increase in the volume of pairs sold of approximately $20,000, partially offset by a decrease in WASPP of approximately $11,300. The decrease in WASPP was due to changes in product mix. In addition, there was an increase in UGG brand apparel and home good sales of approximately $3,400 compared to the prior period. On a constant currency basis, DTC net sales increased 9.8% during the six months ended September 30, 2017 compared to the prior period.

Comparable DTC net sales for the 26 weeks ended October 1, 2017 increased 7.8% on a constant currency basis compared to the same period in fiscal year 2017. The increase in comparable DTC net sales was primarily due to growth in E-Commerce, partially offset by a decline in sales at our retail stores.

International sales, which are included in the reportable operating segment sales presented above, increased by 12.7%. International sales represented 38.8% and 36.1% of worldwide net sales for the six months ended September 30, 2017 and 2016, respectively. The increase in international sales was due to higher sales for the UGG and Hoka brands in Europe and Asia. On a constant currency basis, international sales increased 12.9% during the six months ended September 30, 2017 compared to the prior period.

Gross Profit. Gross margin was 45.6% for the six months ended September 30, 2017 compared to 44.3% for the six months ended September 30, 2016. The increase in gross margin was driven by fewer closeout sales, lower input costs as we execute our supply chain initiatives and a higher mix of DTC sales, partially offset by a 20 basis point impact from foreign currency fluctuations compared to the prior period.

Selling, General and Administrative Expenses. The decrease in SG&A expenses during the six months ended September 30, 2017 compared to the six months ended September 30, 2016 was primarily due to:

- decreased advertising and marketing expenses and other operating expenses of approximately $10,200, primarily driven by more efficient marketing and the timing of expenses compared to prior period;
- decreased commission expenses of approximately $6,200, largely driven by the conversion of sales agent agreements to in-house sales agreements in the prior period;
- increased bad debt expense of approximately $4,100, primarily attributable to the recent payment history on an unsettled customer account in the current period;
- increased payroll costs of approximately $4,100, primarily due to higher costs for the converted sales agents discussed above, as well as increased long-term incentive compensation costs;
- decreased rent and occupancy expenses of approximately $2,300, primarily due to fewer retail stores and related costs, including restructuring charges for lease termination costs included in the prior period;
- decreased other operating expenses of approximately $1,900, primarily driven by increased unrealized foreign currency remeasurement gains due to changes in exchange rates for Canadian and European currencies;
- decreased materials and supplies expenses of approximately $1,400, related to shipping supplies, driven by achieving warehouse operating efficiencies and completing warehouse transitions in the prior period;
- increased warehouse related expenses of approximately $1,200 due to new North American third party logistic provider costs and higher warehouse costs in Asia in the current period;
- decreased depreciation expenses for retail stores and IT-related assets of approximately $1,300; and

- increased professional and consulting service costs of approximately $1,300, including restructuring charges for consulting services.

Income (Loss) from Operations. The following table summarizes operating income (loss) from operations by reportable operating segment with a reconciliation to the condensed consolidated statements of comprehensive income (loss):

	Six Months Ended September 30,			
	2017	2016	Change	
	Amount	Amount	Amount	%
UGG brand wholesale	$ 116,197	$ 102,298	$ 13,899	13.6 %
Teva brand wholesale	6,859	(259)	7,118	2,748.3
Sanuk brand wholesale	5,645	3,970	1,675	42.2
Other brands wholesale	9,069	732	8,337	1,138.9
Direct-to-Consumer	(15,505)	(25,511)	10,006	39.2
Unallocated overhead costs	(111,166)	(105,526)	(5,640)	(5.3)
Total	$ 11,099	$ (24,296)	$ 35,395	145.7 %

The increase in total income from operations primarily resulted from higher sales at higher gross margins, as well as lower overall SG&A expenses.

The increase in income from operations of UGG brand wholesale was primarily the result of sales at higher gross margins as well as lower SG&A expenses driven by lower selling and marketing costs.

The increase in income from operations of Teva brand wholesale was primarily due to higher sales at higher gross margins.

The increase in income from operations of Sanuk brand wholesale was primarily due to sales at higher gross margins as well as lower SG&A expenses driven by lower selling and marketing costs.

The increase in income from operations of other brands wholesale was primarily due to higher Hoka brand sales at higher gross margins, offset by higher SG&A expenses driven by higher selling and marketing costs.

The decrease in loss from operations of DTC was primarily due to higher sales in our E-Commerce business and lower overall SG&A expenses, partially offset lower gross margins as well as higher selling and marketing costs.

The increase in unallocated overhead costs was due to higher performance-based compensation, warehouse and third party logistic provider costs, partially offset by lower professional and consulting services costs, marketing and other operating expenses, primarily driven by cost savings initiatives, as well as fluctuations in various foreign currencies. The increase in performance-based compensation reflects a non-cash expense driven by management's determination that it was probable that the performance criteria associated with certain compensatory awards would be achieved as compared to the prior period. The increase in warehouse costs compared to the prior period was driven by the re-allocation of European warehouse costs from the wholesale channel to unallocated costs based on a determination that the warehouse supports multiple reportable operating segments.

Refer to Note 12, "Reportable Operating Segments", to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of our reportable operating segments.

Other Expense, Net. The decrease in total other expense, net, was primarily due to a decrease in interest expense as a result of lower average balances outstanding under our revolving credit facilities, as well as higher interest income on higher average cash balances during the six months ended September 30, 2017 compared to the prior period.

Income Taxes. Income taxes for interim periods are computed using an estimated effective tax rate that is expected to be applicable for the full fiscal year. The estimated tax rate is subject to ongoing review and evaluation by management and can vary from quarter to quarter. The income tax expense (benefit) and the effective income tax rates were as follows:

	Six Months Ended September 30,	
	2017	2016
Income tax expense (benefit)	$ 2,296	$ (6,796)
Effective income tax rate	23.6%	25.7%

The change in the effective tax rate was primarily due to the change in the jurisdictional mix of expected worldwide income before income taxes, driven by the continued impact of changes to our global product sourcing organization and our anticipated foreign income before income taxes.

Foreign income (loss) before income taxes was $38,773 and $(734) and worldwide income (loss) before income taxes was $9,734 and $(26,409) during the six months ended September 30, 2017 and 2016, respectively. The increase in foreign income before income taxes, as a percentage of worldwide income before taxes, was primarily due to an increase in foreign sales and lower foreign operating expenses during the six months ended September 30, 2017 compared to the prior period.

Net Income (Loss). Our net income increased primarily due to higher sales and higher gross margins as well as lower SG&A expenses. Our net income per share increased due to higher net income.

Other Comprehensive Income (Loss). Other comprehensive loss increased due to higher unrealized hedging losses on foreign currency forward contracts, offset by increased foreign currency translation gains due to changes in European exchange rates during the six months ended September 30, 2017 compared to the prior period.

Liquidity and Capital Resources

Liquidity

We finance our working capital and operating needs using a combination of our cash and cash equivalents balances, cash generated from operations, and as needed, the borrowing capacity available under our credit agreements.

Our cash flow cycle includes the purchase of or deposits for raw materials, the purchase of inventories, the subsequent sale of the inventories, and the eventual collection of the resulting accounts receivable. As a result, our working capital requirements begin when we purchase, or make deposits on, raw materials and inventories and continue until we ultimately collect the resulting receivables. The seasonality of our UGG brand business requires us to build fall and winter inventories in the quarters ending June 30th and September 30th to support sales for the UGG brand's major selling seasons, which historically occur during the quarters ending September 30th and December 31st; whereas, the Teva and Sanuk brands build inventory levels beginning in the quarters ending December 31st and March 31st in anticipation of the spring selling season that occurs in the quarters ending March 31st and June 30th. Given the seasonality of our business, our working capital requirements fluctuate significantly throughout the year. The cash required to fund these working capital fluctuations has historically been provided using our cash balances, cash from ongoing operating activities and borrowings under our credit agreements.

We believe that our cash and cash equivalents balances, cash generated from operations, and available borrowings under our revolving credit facilities, as governed by our Second Amended and Restated Credit Agreement with JPMorgan Chase Bank, National Association (as amended, Domestic Credit Facility), our revolving credit facility in China (as amended, China Credit Facility), and our revolving credit facility in Japan (Japan Credit Facility) will provide sufficient liquidity to enable us to meet our working capital requirements for at least the next 12 months. However, risks and uncertainties that could impact our liquidity include our worldwide sales, our profit margin, the perception of our brands among retail consumers and wholesale customers, our ability to respond to changes in consumer preferences, our ability to collect our receivables in a timely manner, our ability to effectively manage our inventories, our ability to respond to ongoing changes in the retail environment, unexpected changes in weather conditions, and the timing and extent of restructuring charges, among others. Furthermore, we may require additional cash resources due to changed business conditions, an economic recession or other future developments, including any investments or acquisitions we may decide to pursue. If our existing sources of liquidity are insufficient to satisfy our cash requirements, we may seek to borrow under our existing borrowing arrangements, seek new borrowing arrangements, or sell additional debt or equity securities. The sale of convertible debt or equity securities could result in additional dilution to our stockholders, and equity securities may have rights or preferences that are superior to those of our existing stockholders. The incurrence of additional indebtedness would result in additional debt service obligations, could result in operating and financial covenants that would restrict our operations, and could cause us to further encumber our assets. In addition, there can be no assurance that any additional financing will be available on acceptable terms, if at all. Although there are no other material present understandings, commitments or agreements with respect to the acquisition of any other businesses, we may evaluate acquisitions of other businesses or brands.

Capital Resources

Domestic Credit Facility. As of September 30, 2017, we had an outstanding balance of $103,000 under our Domestic Credit Facility. The Domestic Credit Facility is a five-year, $400,000 secured revolving credit facility. At November 9, 2017, we had an outstanding balance of $156,000 and available borrowings of $243,451 under our Domestic Credit Facility.

China Credit Facility. As of September 30, 2017, we had an outstanding balance of $21,027 and available borrowings of $24,027 under our China Credit Facility. At November 9, 2017, we had an outstanding balance of $21,027 and available borrowings of $24,027 under our China Credit Facility.

Japan Credit Facility. As of September 30, 2017, we had an outstanding balance of $8,884 and available borrowings of approximately $39,980 under our Japan Credit Facility. At November 9, 2017, we had an outstanding balance of $6,220 and available borrowings of $42,644 under our Japan Credit Facility.

Mortgage. As of September 30, 2017, we had an outstanding principal balance under the mortgage secured by our corporate headquarters property of $32,366. The loan will mature and have a balloon payment due on July 1, 2029 of $23,700, in addition to any then-outstanding balance.

At September 30, 2017, we were in compliance with all debt covenants under our borrowing arrangements and we remain in compliance at November 9, 2017.

Refer to Note 6, "Revolving Credit Facilities and Mortgage Payable", to our condensed consolidated financial statements in Part I, Item 1 in this Quarterly Report on Form 10-Q for further information about our borrowing arrangements.

Cash Flows

The following table summarizes our cash flows:

	Six Months Ended September 30,			
	2017	2016	Change	
	Amount	Amount	Amount	%
Net cash used in operating activities	$ (182,790)	$ (288,532)	$ 105,742	36.6 %
Net cash used in investing activities	(10,151)	(31,626)	21,475	67.9
Net cash provided by financing activities	130,968	187,240	(56,272)	(30.1)

Operating Activities. Our primary source of liquidity is net cash provided by operating activities, which is driven by the level of net income (loss), other cash receipts and expenditure adjustments and changes in working capital.

The decrease in net cash used in operating activities during the six months ended September 30, 2017 compared to the prior period, was primarily due to higher net income and positive changes in working capital. The working capital changes resulted primarily from net inventories, accrued expenses and trade accounts payable, offset by changes in accounts receivable balances due to timing of customer payments. The change in net inventories relates to lower inventory levels driven by effective management of purchase activities and order fulfillment. The change in trade accounts payable and accrued expenses relates to changes in the timing of payments and lower SG&A expenses compared to the prior period.

Inventory turnover remained flat at 2.2 times during the trailing twelve months ended September 30, 2017 and 2016 due to relatively flat average inventory levels and costs of sales for the trailing twelve month comparative periods. Wholesale accounts receivable turnover increased to 5.9 times during the trailing twelve months ended September

30, 2017 compared to 5.7 times during the trailing twelve months ended September 30, 2016 due to higher wholesale sales compared to the prior period.

Investing Activities. The decrease in net cash used in investing activities during the six months ended September 30, 2017 compared to the prior period was primarily due to lower capital expenditures for property and equipment.

At September 30, 2017, we had approximately $16,100 of material commitments for future capital expenditures, primarily related to the build out and expansion of the warehouse and distribution center located in Moreno Valley, California. We estimate that the remaining capital expenditures for fiscal year 2018 will range from approximately $33,000 to $35,000. We anticipate these expenditures will primarily relate to the build-out of our global warehouse and distribution center facilities, and purchases for IT infrastructure and system improvements. However, the actual amount of our future capital expenditures may differ significantly from this estimate depending on the timing of facility build-outs, as well as unforeseen needs to replace existing assets and the timing of other expenditures.

Financing Activities. The decrease in net cash provided by financing activities during the six months ended September 30, 2017 compared to the prior period, was primarily due to lower net borrowings and repayments of short-term borrowings, less cash paid for shares withheld for taxes, as well as the final Sanuk brand contingent consideration payment made in the prior period.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Contractual Obligations

Refer to Note 7, "Commitments and Contingencies", to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for information relating to our operating leases, purchase obligations, capital expenditures, and other contractual obligations and commitments.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies since those reported in our 2017 Annual Report. Management must make certain estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes thereto, based upon historical experience, existing and known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable, but actual results could differ materially from these estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk. We purchase certain materials that are affected by commodity prices, the most significant of which is sheepskin. The supply of sheepskin used in certain UGG brand products is in high demand and there are a limited number of suppliers able to meet our expectations for the quantity and quality of sheepskin required. While there had been significant changes in the price of sheepskin in the years leading up to 2013, the price of sheepskin has stabilized. We use purchasing contracts, pricing arrangements, and refundable deposits to attempt to manage price volatility as an alternative to hedging commodity prices. The purchasing contracts and pricing arrangements we use may result in purchase obligations, which are not reflected in our condensed consolidated balance sheets. In the event of significant commodity cost increases, we will likely not be able to adjust our selling prices sufficiently to eliminate the impact of such increases on our margins.

Foreign Currency Exchange Rate Risk. We face market risk to the extent that foreign currency exchange rate fluctuations affect our foreign assets, liabilities, revenues and expenses. We hedge certain foreign currency exchange rate risk from existing assets and liabilities. Other than changes in the amount of sales, expenses, and financial positions denominated in foreign currencies, we do not believe that there has been a material change in the nature of our primary market risk exposures, including the categories of market risk to which we are exposed and the particular markets that present the primary risk of loss. There has been recent increased volatility with respect to the exchange rates between US dollars and both British Pounds and Euros. This increased volatility may be due in part to tax, importation and other policies being contemplated by the US government, the withdrawal by the UK from the European Union (commonly referred to as Brexit) and the recent events in Spain. We do not know whether this level of volatility will continue or increase in the near or long term. At November 9, 2017, we do not know of or expect there to be any material change in the general nature of our primary market risk exposure in the near or long term.

As of September 30, 2017, the notional amount of foreign currency exchange rate forward contracts was $165,504 and the fair values of these financial instruments of $509 and $8,760 were recorded in other current assets and other current liabilities, respectively, in the condensed consolidated balance sheets. As of September 30, 2017, a hypothetical 10.0% foreign currency exchange rate fluctuation would cause the fair value of our financial instruments to increase or decrease by approximately $6,000. Sensitivity analyses do not consider the actions we may take to mitigate our exposure to changes, nor do they consider the effect such hypothetical changes may have on overall economic activity. As our international operations grow and we increase purchases and sales in foreign currencies, we will continue to evaluate our hedging policy and may utilize additional derivative instruments, as needed, to hedge our foreign currency exchange rate risk. We do not use foreign currency exchange rate forward contracts for trading purposes. We entered into Non-Designated Derivative Contracts with notional amounts totaling $3,112, which are expected to mature over the next four months and no Designated Derivative Contracts were entered into subsequent to September 30, 2017. Refer to Note 9, "Foreign Currency Exchange Rate Contracts and Hedging", to our condensed consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for further information on and definitions for our foreign currency exchange rate forward contracts.

Although the majority of our sales and inventory purchases are denominated in US currency, these sales and inventory purchases may be impacted by fluctuations in the exchange rates between the US dollar and local currencies in the international markets where our products are sold and manufactured. Our foreign currency exchange rate risk is generated primarily from our European and Asian operations. Approximately $160,200 or 33.2% and $209,400 or 30.3% of our total net sales during the three and six months ended September 30, 2017, respectively, and $137,000 or 28.2% and $181,000 or 27.3% during the three and six months ended September 30, 2016, respectively, were denominated in foreign currencies. As we hold more cash and other monetary assets and liabilities in foreign currencies, we are exposed to financial statement transaction gains and losses as a result of remeasuring the financial positions held in foreign currencies into US dollars for subsidiaries that are US-dollar functional and also from remeasuring the financial positions held in US dollars and foreign currencies into the functional currency of subsidiaries that are non-US-dollar functional. We remeasure monetary assets and liabilities denominated in foreign currencies into US dollars using the exchange rate as of the end of the reporting period. In addition, certain of our foreign subsidiaries' local currencies are their designated functional currencies, and we translate those subsidiaries' assets and liabilities into US dollars using the exchange rates as of the end of the reporting period, which results in financial statement translation gains and losses recognized in other comprehensive income (loss). Foreign currency exchange rate fluctuations affect our reported profits and can distort comparisons from year to year. In addition, if the US dollar strengthens, it may result in increased pricing pressure on our foreign distributors.

Interest Rate Risk. Our market risk exposure with respect to financial instruments is tied to changes in the prime rate, the federal funds effective rate, and the London Interbank Offered Rate (LIBOR). Our Domestic Credit Facility, at our election, provides for interest on outstanding borrowings at interest rates tied to adjusted LIBOR or the Alternative Base Rate (ABR), and is variable based on our total adjusted leverage ratio each quarter. The ABR is defined as the rate per annum equal to the greater of (1) the prime rate, (2) the federal funds effective rate plus 0.25%, and (3) adjusted LIBOR for a one-month interest period plus 1.00%. As of September 30, 2017, the effective LIBOR and ABR rates were 2.48% and 4.50%, respectively. Our China Credit Facility provides for interest on outstanding borrowings at 115.0% multiplied by the People's Bank of China market rate, which was 4.35%, and the total effective interest rate was 5.0% as of September 30, 2017. Our Japan Credit Facility provides for interest on outstanding borrowings at an interest rate based on the Tokyo Interbank Offered Rate for three months plus 0.40%, and the total interest rate was 0.43% as of September 30, 2017. A hypothetical 1.0% increase in interest rates under each of the three revolving credit facility agreements would result in an aggregate increase to interest expense of approximately $300 during the six months ended September 30, 2017. Refer to Note 6, "Revolving Credit Facilities and Mortgage Payable", to our condensed consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for further information.

Item 4. Controls and Procedures

a) Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (as amended, Exchange Act)) which are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. In designing and evaluating our disclosure controls and procedures, our management recognized that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours is designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls is also based in part upon 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. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

We carried out an evaluation, under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2017. Based upon that evaluation, the principal executive officer and the principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2017.

b) Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the three months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

c) Principal Executive Officer and Principal Financial and Accounting Officer Certifications

The certifications of our Principal Executive Officer and our Principal Financial and Accounting Officer required by Rule 13a-14(a) of the Exchange Act are filed as Exhibits 31.1, 31.2 and 32 to this Quarterly Report on Form 10-Q. This Part I, Item 4, should be read in conjunction with such certifications for a more complete understanding of the topics presented.

PART II. OTHER INFORMATION

References within Part II, Items 1, 1A, 2 and 6, to "Deckers", "we", "our", "us", or the "Company" refer to Deckers Outdoor Corporation, together with its consolidated subsidiaries.

Unless otherwise specifically indicated, all amounts in Items 1, 1A, 2 and 6 herein are expressed in thousands, except for share data.

Item 1. Legal Proceedings

As part of our international policing program to protect our intellectual property rights, from time to time, we file lawsuits in various jurisdictions asserting claims for alleged acts of trademark counterfeiting, trademark infringement, patent infringement, trade dress infringement and trademark dilution. At any given point in time, we generally have multiple such actions pending. These actions may result in seizure of counterfeit merchandise, out of court settlements with defendants or other outcomes. In addition, from time to time, we are subject to claims where opposing parties will raise, either as affirmative defenses or as counterclaims, the invalidity or unenforceability of certain of our intellectual property rights, including allegations that our UGG® (UGG) brand trademark registrations and design patents are invalid or unenforceable. Furthermore, we are aware of many instances throughout the world in which a third-party is using our UGG trademarks within its internet domain name, and we have discovered and are investigating several manufacturers and distributors of counterfeit UGG brand products.

On March 28, 2016, we filed a lawsuit alleging trademark infringement, patent infringement, unfair competition and violation of deceptive trade practices in the United States District Court for the Northern District of Illinois Eastern Division against Australian Leather. In response, Australian Leather raised a number of affirmative defenses and counterclaims, including seeking declaratory judgment that the UGG brand trademark is invalid and unenforceable in the US, cancellation of certain of our US UGG brand trademark registrations, false designation of origin and declaratory judgment that certain of our US design patents are invalid and unenforceable. The counterclaims seek declaratory judgment, an injunction, cancellation of certain of our US trademark registrations, compensatory damages, attorneys' fees and other relief. We believe the counterclaims are without merit and intend to defend the counterclaims vigorously. While we believe there is no legal basis for liability, a judgment invalidating the UGG brand trademark would have a material adverse effect on our business. Further, due to uncertainty surrounding the litigation process, we are unable to reasonably estimate a range of loss, if any, at this time. There has been no material change in the status of the above matter since that reported in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the Securities and Exchange Commission (SEC) on May 30, 2017 (2017 Annual Report).

On October 23, 2017, Marcato Capital Management LP and certain of its affiliates (Marcato) filed a lawsuit that names us and each member of our Board of Directors (Board) as defendants. The complaint contains allegations that each member of our Board has breached his or her fiduciary duties by, among other things, refusing to take the actions requested by Marcato in its letter of October 2, 2017, and by causing us to issue a proxy statement containing material misstatements and omissions. The complaint also contains a claim that we violated Section 211 of the Delaware General Corporation Law in calling the Annual Meeting. Marcato has asked the Court of Chancery to issue an injunction requiring our Board to correct the alleged misstatements and omissions in the proxy, and to issue an order that, among other things: (1) declares that our Board breached their fiduciary duties; (2) declares “change in control” provisions in certain compensation arrangements and our Second Amended and Restated Credit Agreement void and unenforceable to the extent that our Board is without discretion to approve or nominate Marcato’s nominees; (3) enters a mandatory injunction requiring our Board to approve and nominate Marcato’s nominees; and (4) declares that we must hold the Annual Meeting on December 14, 2017. Also on October 23, 2017, Marcato filed a motion to expedite seeking a trial on or before December 7, 2017, and a motion for preliminary injunction. The court entered an expedited schedule, with a trial set for December 5-6, 2017. While we intend to defend against this lawsuit vigorously, it is too early to predict the outcome of this case, whether the outcome of this case would have a material adverse impact on our business, and whether insurance coverage will be adequate to cover any losses or litigation expenses.

Although we are subject to other routine legal proceedings from time to time in the ordinary course of business, including employment, intellectual property and product liability claims, we believe that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on our business or our financial condition.

Item 1A. Risk Factors

An investment in our common stock involves risks. Before making an investment decision, you should carefully consider all of the information in this Quarterly Report on Form 10-Q, including in the sections entitled “Cautionary Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 in this Quarterly Report on Form 10-Q, as well as our condensed consolidated financial statements and the accompanying notes thereto. In addition, you should carefully consider the risks and uncertainties described below and in the section entitled “Risk Factors” in Part I, Item 1A of our 2017 Annual Report, as well as in our other public filings with the SEC. If any of the identified risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that case, the trading price of our common stock may decline, and you could lose all or part of your investment. In addition, other risks of which we are currently unaware, or which we do not currently view as material, could have a material adverse effect on our business, financial condition, operating results and prospects. Except as specifically noted below, there were no material changes to the risks and uncertainties described in the section entitled "Risk Factors" in Part 1, Item 1A of our 2017 Annual Report.

Our business could be negatively affected as a result of the actions of activist stockholders.

Responding to actions by activist stockholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. These actions could interfere with our ability to execute our strategic plan. For example, Marcato has commenced a proxy contest to elect directors at our next annual meeting. A proxy contest will require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our Board. A proxy contest, and the actions of activist stockholders more generally, could impact our ability to attract, retain and motivate our employees. The replacement of a majority of the members of our Board in a proxy contest could have consequences under our material agreements, including constituting an event of default under our credit agreement and permitting the accelerated vesting of certain equity awards granted to our employees. Any perceived uncertainties as to our future direction could also affect the market price and volatility of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Use of Proceeds

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In January 2015, our Board approved a stock repurchase program to repurchase up to $200,000 of our common stock in the open market or in privately negotiated transactions, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate us to acquire any particular amount of common stock and the program may be suspended at any time at our discretion.

Since inception through September 30, 2017, we have repurchased approximately 2,020,000 shares under this program for approximately $135,000, representing an average price of $66.69 per share, leaving the remaining approved amount at approximately $65,000. During the six months ended September 30, 2017, we made no stock repurchases under this program.

Subsequent to September 30, 2017, our Board authorized a new $335,000 stock repurchase program. Combined with the approximately $65,000 remaining approved amount under the previously announced stock repurchase program, we now have the authority to repurchase up to a total of approximately $400,000 of our common stock.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
*#10.1	Second Amended and Restated Deferred Stock Unit Compensation Plan (Effective as of December 16, 2015)
*#10.2	Deferred Compensation Plan (As Amended and Restated Effective as of July 1, 2016)
*#10.3	Form of Stock Unit Award Agreement under the 2006 Equity Incentive Plan (FY 2015 Performance-Based PSU Agreement)
*#10.4	Form of Stock Unit Award Agreement under the 2006 Equity Incentive Plan (FY 2015 Time-Based RSU Agreement)
*#10.5	Form of Stock Unit Award Agreement under the 2006 Equity Incentive Plan (FY 2016 Performance-Based PSU Agreement)
*#10.6	Form of Stock Unit Award Agreement under the 2015 Stock Incentive Plan (FY 2016 Time-Based RSU Agreement)
*31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended
*31.2	Certification of the Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) under the Exchange Act, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended
**32	Certification pursuant to 18 U.S.C. Section 1350, 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.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
** Furnished, not filed.
# Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DECKERS OUTDOOR CORPORATION
(Registrant)
/s/ THOMAS A. GEORGE

Thomas A. George
Chief Financial Officer (Principal Financial and Accounting Officer)

Date: November 9, 2017

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Section 2: EX-10.1 (EXHIBIT 10.1)

EXHIBIT 10.1

DECKERS OUTDOOR CORPORATION
SECOND AMENDED AND RESTATED
DEFERRED STOCK UNIT COMPENSATION PLAN
(pursuant to Sections 11.1 and 13.9 of the
Deckers Outdoor Corporation 2015 Stock Incentive Plan)

1. Definitions.

(a) "Award" has the same meaning as the definition of that term in the Stock Incentive Plan.

(b) "Board" means the Board of Directors of the Company.

(c) "Committee" means the Compensation Committee of the Board.

(d) "Company" means Deckers Outdoor Corporation or any successor corporation and any affiliate.

(e) "Common Stock" means the common stock of the Company.

(f) "Deferred Stock Units" means deferred Stock Units granted to the Participant as a Stock Award.

(g) "Deferred Stock Unit Account" means the separate account maintained on the books of the Company for each Participant pursuant to Section 4.

(h) "Director" means a member of the Board.

(i) "Disability" means the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Company.

(j) "Dividend Equivalent Stock Units" means the additions to the Participant's Deferred Stock Unit Account described in Section 4.

(k) "Employee" has the same meaning as the definition of that term in the Stock Incentive Plan.

(l) "Effective Date" means December 16, 2015.

(m) "Non-Employee Director" has the same meaning as the definition of that term in the Stock Incentive Plan.

(n) “Participant” means a Non-Employee Director or Employee who elects to participate in this Plan as provided in Section 3.

(o) “Plan” means the Deckers Outdoor Corporation Deferred Stock Unit Compensation Plan. The Plan is pursuant to Sections 11.1 and 13.9 of the Stock Incentive Plan.

(p) “Restricted Stock” has the same meaning as the definition of that term in the Stock Incentive Plan.

(q) “Restricted Stock Unit” has the same meaning as the definition of that term in the Stock Incentive Plan.

(r) “Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended, including any regulations or other applicable guidance issued thereunder.

(s) “Stock Bonus” has the same meaning as the definition of that term in the Stock Incentive Plan.

(t) “Stock Units” shall include any of the following: (1) Restricted Stock, (2) Restricted Stock Unit, (3) Stock Bonus or (4) any other Award, granted under the Stock Incentive Plan.

(u) “Stock Unit Awards” means the award of Stock Units.

(v) “Stock Incentive Plan” means the Deckers Outdoor Corporation 2015 Stock Incentive Plan or any successor plan or arrangement, as the same may be amended from time to time.

(w) “Unvested Stock Units Awards” means the Stock Units subject to the Stock Unit Award that have not yet vested.

2. Administration.

(a) The Plan shall be administered by the Board. The Board shall also have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide any and all questions as may arise in connection with the interpretation or application of the Plan. The Board may delegate some or all of its powers and authority hereunder to the Committee, as the Board deems appropriate.

(b) The decision or action of the Board (or the Committee) in respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon Participants and all other persons having or claiming any interest in the Plan.

3. Participation.

(a) A Non-Employee Director or Employee who holds an Unvested Stock Unit Award may elect to participate in the Plan by filing a written election with the Company, on such form as may be prescribed by the Board, to defer the receipt of up to 100% of Participant's outstanding Unvested Stock Unit Awards granted in any calendar year.

(b) Except as provided below, a deferral election shall become effective on the first day of the calendar year following the date the election is made and shall be effective only as to Stock Unit Awards granted in the calendar year following the date the election is made. A new deferral election must be made by a Participant for each calendar year.

(c) Notwithstanding anything contained herein to the contrary, a Participant may make a deferral election within thirty (30) days after a grant of a Stock Unit Award under the Stock Incentive Plan to such Participant; provided, however, such election may only apply to: (i) Stock Units that are not vested on the date of the election, and (ii) that will not vest prior to twelve (12) months from the date such election is made.

4. Deferred Stock Unit Account

(a) For each share of Common Stock held pursuant to a Stock Unit Award that is subject to a deferral election as set forth in Section 3 above, the Participant shall receive one Deferred Stock Unit in exchange for the cancellation of such Stock Unit Award. The Deferred Stock Units that are granted pursuant to a Participant's deferral election shall be credited to the Participant's Deferred Stock Unit Account.

(b) Whenever any cash dividends are declared on the Common Stock, on the date such dividend is paid the Company will credit the Deferred Stock Unit Account of each Participant with a number of Dividend Equivalent Stock Units equal to the result of dividing (i) the product of (x) the total number of Deferred Stock Units and Dividend Equivalent Stock Units credited to the Participant's Deferred Stock Unit Account on the record date for such dividend and (y) the per share amount of such dividend by (ii) the Fair Market Value (as such term is defined in the Stock Incentive Plan) of one share of Common Stock on the date such dividend is paid by the Company to the holders of Common Stock.

5. Settlement of Deferred Stock Unit Account.

(a) Unless the Participant elects to change the time of settlement in accordance with the last sentence of this Section 5(a), settlement of the Participant's Deferred Stock Unit Account shall be made by a transfer of shares of Common Stock in accordance with the Participant's election filed with the Company (or, if earlier as provided in paragraph (b) of this Section), on such form as may be prescribed by the Board on the earlier of (i) the date specified in the election or (ii) within 30 days after the termination for any reason of (A) the Participant's service as a Non-Employee Director if the Participant is a Non-Employee Director or (B) the Participant's employment if the Participant is an officer of the Company.

The Participant may change the time of settlement of the Deferred Stock Unit Account by filing a new election form with the Company, provided that (i) the election will not take effect for at least 12 months after the date on which it is made as required by Section 409A of the Code, (ii) the election is made at least 12 months prior to the date on which the payment was previously scheduled to be made, and (iii) the new settlement date must be at least five (5) years after the date the Deferred Stock Unit Account would otherwise have been settled.

(b) Notwithstanding anything contained herein to the contrary, in the event of a Corporate Transaction (as defined in the Stock Incentive Plan, but only if the event meets the definition of a Corporate Transaction under Section 409A) or a Participant's death prior to settlement of the Deferred Stock Unit Account, then regardless of a Participant's election or change in election of the applicable time of settlement, the settlement of the Participant's Deferred Stock Unit Account shall be made by issuance of shares of Common Stock (to the Participant's beneficiary as provided in Section 6 in the event of the Participant's death) immediately before the Corporate Transaction or, if settlement is due to the Participant's death, then within thirty (30) days following the date of the Participant's death.

(c) Notwithstanding anything contained herein to the contrary, in the event settlement of the Participant's Deferred Stock Unit Account is to be made by reason of the Participant's termination of service or termination of employment, other than by reason of death or Disability, no issuance of shares of Common Stock shall be made unless the termination satisfies the definition of a Separation from Service under Section 409A, and further, if the Participant is a "specified employee" as defined in Section 409A, until six months after such termination of service.

(d) Settlement of the Deferred Stock Unit Account shall be made in shares of Common Stock, with one share payable for each Deferred Stock Unit and each Dividend Equivalent Stock Unit credited to the Participant's Deferred Stock Unit Account.

6. Beneficiary Designation.

Each Participant shall have the right, at any time, to designate any person or persons as his beneficiary or beneficiaries in whose favor settlement of the deceased Participant's Deferred Stock Unit Account shall be made in the event of his death prior to settlement such Deferred Stock Unit Account. Any beneficiary designation may be made or changed by a Participant by a written instrument, in such form prescribed by the Board, which is filed with the Company prior to the Participant's death. If a Participant fails to designate a beneficiary, or if all designated beneficiaries predecease the Participant, then the Deferred Stock Unit Account shall be settled in favor of the Participant's estate.

7. Amendment; Cessation of Deferrals.

(a) The Board may amend the Plan at any time in whole or in part; provided that no amendment may adversely affect the rights of a Participant to receive amounts properly credited to the Participant's Deferred Stock Unit Account in accordance with the Plan prior to such amendment.

(b) The Board may, in its sole discretion, cease future deferrals under the Plan at any time, provided that the exercise of said discretion does not affect a current year deferral election. In such event, settlement of the Deferred Stock Unit Accounts of Participants will continue to be made as provided in Section 5.

8. Miscellaneous.

(a) The Company's obligation to settle any Participant's Deferred Stock Unit Account under the Plan shall be contractual only and all shares of Common Stock used for this purpose shall be credited against the shares reserved for issuance of Awards (as defined in the Stock Incentive Plan) set forth in Section 3 of the Stock Incentive Plan.

(b) Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, or otherwise encumber, the amounts, if any, payable hereunder, to the Participant or such other person. No part of the amounts payable under the Plan shall be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

(c) For the avoidance of doubt, any references to the Company's 2006 Equity Incentive Plan in a prior deferral election shall also refer to the Stock Incentive Plan.

(d) In the event of a stock split, stock dividend, recapitalization or other event described in Section 3.5 of the Stock Incentive Plan the provisions of said Section 3.5 shall apply to Deferred Stock Units and the related Dividend Equivalent Stock Units credited to the Participant's Deferred Stock Unit Account; provided, however, that the determination of adjustments shall be made by the Board.

(e) Neither the Participant nor any other person shall have any rights as a stockholder of the Company under the Plan with respect to the Deferred Stock Units or Dividend Equivalent Stock Units credited to the Participant's Deferred Stock Unit Account until their settlement in shares of Common Stock by their issuance to the Participant or the beneficiary of the Participant.

(f) This Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without reference to principles of conflict of laws.

(g) This Plan is intended to comply, and shall be administered in a manner that is intended to comply, with Section 409A and shall be construed and interpreted in accordance with such intent. Any provision of this Plan that would cause the Plan to fail to satisfy Section 409A shall be amended to comply with Section 409A on a timely basis, which may be made retroactively, in accordance with regulations and other guidance issued under Section 409A.

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Section 3: EX-10.2 (EXHIBIT 10.2)

Deckers Outdoor Corporation Deferred Compensation Plan

Effective February 1, 2010

As Amended and Restated Effective July 1, 2016

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Deckers Outdoor Corporation Deferred Compensation Plan

Effective February 1, 2010

As Amended and Restated Effective July 1, 2016

Purpose

The purpose of this Deckers Outdoor Corporation Deferred Compensation Plan (the "Plan") is to provide specified benefits to a select group of management and highly compensated Employees. The Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The Plan is intended to comply with the requirements of Internal Revenue Code Section 409A and final Treasury Regulations thereunder (collectively referred to herein as "Code Section 409A").

The Plan was adopted effective as of February 1, 2010, and was previously amended and restated as of January 1, 2011, August 1, 2013 and January 1, 2016. This amendment and restatement is effective as of July 1, 2016. This amendment and restatement shall not modify any Participant deferral or payment election in effect prior to July 1, 2016; provided, however, that Participants shall have the ability to change such elections to the extent specifically permitted under the terms of the Plan and Code Section 409A.

ARTICLE 1
Definitions

For purposes of the Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to a Participant, a credit on the records of the Company equal to the sum across all Class Years and Plan Years of (i) the Retirement Account balances and (ii) the In-Service Account balances. Base Salary deferrals and Bonus deferrals made in Plan Years beginning prior to January 1, 2016, plus investment returns as outlined in Section 3.5, shall be directed to distinct Retirement Accounts and In-Service Accounts as indicated on each Class Year's Election Form. Base Salary deferrals and Bonus deferrals made in Plan Years beginning on or after January 1, 2016, plus investment returns as outlined in Section 3.5, shall be directed to distinct In-Service Accounts as indicated on each Class Year's Election Form, and one Retirement Account established for all such Plan Years. Any Company Contribution Amount for a Plan Year beginning prior to January 1, 2016 will be credited to the Retirement Account for that Class Year, and any Company Contribution Amount for Plan Years beginning on or after January 1, 2016 will be credited to the Retirement Account established for such Plan Years (including any sub-account established to account for the vested and unvested portions of such Company Contribution Amount and the investment returns attributable thereto), even if the Participant does not direct any Deferral Amounts into the Retirement Account for that Class Year or for those Plan Years, as applicable**.** The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her Beneficiary, pursuant to the Plan.

1.2 “Affiliated Group” shall mean (i) the Company and (ii) all entities with which the Company would be considered a single employer under Code Sections 414(b) and 414(c), provided that in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining whether a controlled group of corporations exists under Code Section 414(b), the language “at least fifty percent (50%)” shall be used instead of “at least eighty percent (80%)” each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414 (c)-2 for purposes of determining whether trades or businesses (whether or not incorporated) are under common control for purposes of Code Section 414(c), the language “at least fifty percent (50%)” shall be used instead of “at least eighty percent (80%)” each place it appears in Treasury Regulation Section 1.414(c)-2. The term “Affiliated Group” shall be interpreted in a manner consistent with the definition of “service recipient” contained in Code Section 409A.

1.3 “Annual Installment Method” shall mean an annual installment payment over the number of years selected by the Participant in accordance with the Plan, calculated as follows: (i) for the first annual installment, the vested Account Balance of the Participant shall be calculated as of the date of payment in accordance with Articles 4 and 5, and (ii) for remaining annual installments, the vested Account Balance of the Participant shall be calculated on every applicable anniversary of the first annual installment. Each annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method, the first payment shall be one tenth ($^1/_{10}$) of the vested Account Balance, calculated as described in this definition. The following year, the payment shall be one ninth ($^1/_9$) of the vested Account Balance, calculated as described in this definition.

For purposes of Code Section 409A each annual installment payment shall be considered as a “separate payment” within the meaning of Treasury Regulation Section 1.409A-2(b)(2)(iii).

1.4 “Base Salary” shall mean the annual base rate of cash compensation plus any bonus which does not qualify as “performance based compensation” under Treasury Regulation Section 1.409A-1(e)(1) payable by an Employer during a calendar year, excluding commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, fees, automobile and other allowances, and prior to reduction for compensation voluntarily deferred or contributed by the Participant pursuant to any qualified or non-qualified plan of the Employer under Code Section 125, 402(e)(3), 402(h) or 403(b). Base Salary payable after the last day of a calendar year solely for services performed during the final payroll period described in Code Section 3401(b) containing December 31 of such year shall be treated as earned during the subsequent calendar year.

1.5 “Beneficiary” shall mean the person or persons or entity or entities, designated in accordance with Article 6, who is (are) entitled to receive benefits under the Plan upon the death of a Participant.

1.6 “Beneficiary Designation Form” shall mean the form established from time to time by the Plan Administrator that a Participant completes, signs and returns to the Plan Administrator to designate one or more Beneficiaries.

1.7 “Board” shall mean the board of directors of the Company, or a delegate of the Board acting under the authority of the Board in respect the Plan.

1.8 “Bonus” shall mean either a Discretionary Bonus or a Performance Bonus, as applicable.

1.9 “Change in Control” shall mean, with respect to that portion of a Participant’s Account Balance attributable to the 2010 and 2011 Class Years, the occurrence of a "change in the ownership," a "change in the effective control," or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of, and determined in accordance with, Treasury Regulation Section 1.409A-3(i)(5). With respect to that portion of a Participant’s Account Balance attributable to the 2012 and later Class Years and Plan Years, a Change in Control shall mean the occurrence of a "change in the ownership," a "change in the effective control," or a "change in the ownership of a substantial portion of the assets" of the Participant’s Employer within the meaning of, and determined in accordance with, Treasury Regulation Section 1.409A-3(i)(5).

1.10 “Class Year” shall mean the designation of the Account Balance by the year in which the Deferral Amounts are credited under the Plan.

1.11 “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.12 “Company” shall mean Deckers Outdoor Corporation and any successor to all or substantially all of the Company’s assets or business.

1.13 “Company Contribution Amount” shall mean, for any one Plan Year, the amount determined in accordance with Section 3.3. Company Contribution Amounts shall be credited with investment returns, as outlined in Section 3.5 (c). All Company Contribution Amounts with respect to a Plan Year beginning prior to January 1, 2016 shall be credited to the Retirement Account for that Class Year, and all Company Contribution Amounts with respect to Plan Years beginning on or after January 1, 2016 shall be credited to the Retirement Account established for all such Plan Years Years (including any sub-account established to account for the vested and unvested portions of such Company Contribution Amounts and the investment returns attributable thereto), even if the Participant does not direct any Deferral Amounts into the Retirement Account for that Class Year or for those Plan Years, as applicable.

1.14 “Deferral Account” shall consist of a Participant’s In-Service Accounts and Retirement Account.

1.15 “Deferral Amount” shall mean that portion of a Participant’s Base Salary and Bonus that a Participant elects to have deferred in accordance with Article 3, for any one Plan Year. In the event of a Participant’s Disability, death or a Termination of Employment prior to the end of a Plan Year, such year’s Deferral Amount shall be the actual amount withheld pursuant to the Participant’s Deferral Election from the Participant’s Base Salary and Bonus prior to such event.

1.16 “Deferral Election” shall mean a Participant's election on an Election Form to defer a portion of his or her Base Salary or Bonus, in accordance with the provisions of Article 3.

1.17 “Disability” shall have the same meaning as outlined in the Deckers Outdoor Corporation 401(k) Plan (or successor to such plan), which is the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The permanence and degree of such impairment must be supported by medical evidence. The term "Disability" shall be interpreted in a manner consistent with the definition of "disability" contained in Treasury Regulation Section 1.409A-3(i)(4).

1.18 “Disability Benefit” shall mean the benefit set forth in Section 5.5.

1.19 “Discretionary Bonus” shall mean any bonus or cash incentive compensation payable by an Employer to a Participant as an Employee and relating to services performed during the Plan Year, other than a Performance Bonus.

1.20 “Election Form” shall mean the form established from time to time by the Plan Administrator that a Participant completes, signs and returns to the Plan Administrator to make a Deferral Election under the Plan.

1.21 “Employee” shall mean a person who is classified as an employee on the payroll records of the Company or, effective as of February 1, 2010, any of its U.S. subsidiaries.

1.22 “Employer” shall mean any member of the Affiliated Group that has one or more Employees or former Employees that are Participants in the Plan.

1.23 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.24 “In-Service Account” shall mean the sum of (i) that portion of a Participant’s Deferral Amount that a Participant elects to have distributed while in the service of the Company in accordance with Article 4, plus (ii) all other amounts credited to the In-Service Account in accordance with the applicable crediting provisions of the Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to his or her In-Service Account.

1.25 "In-Service Benefit" shall mean the benefit set forth in Section 4.1.

1.26 "Participant" shall mean any Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who completes, signs and returns an Election Form and a Beneficiary Designation Form, (iv) whose signed Election Form and Beneficiary Designation Form are accepted by the Plan Administrator, (v) who commences participation in the Plan, and (vi) whose participation in the Plan has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an Account Balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.27 "Performance Bonus" shall mean (i) any compensation relating to services performed during the Plan Year payable to a Participant as an Employee under an Employer's written bonus or cash compensation incentive plans, excluding stock options and restricted stock, and (ii) which qualifies as "performance-based compensation" under Treasury Regulation Section 1.409A-1(e)(1).

1.28 "Plan" shall mean this Deckers Outdoor Corporation Deferred Compensation Plan, as amended from time to time.

1.29 "Plan Administrator" shall mean the person(s) or entity(ies) appointed by the Board to administer the Plan. In the absence of formal action by the Board to appoint a Plan Administrator, the Plan Administrator shall be the Company.

1.30 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.31 "Retirement", "Retire(s)" or "Retired" shall mean a Termination of Employment on or after the attainment of age sixty-five (65) for any reason other than a leave of absence, death or Disability.

1.32 "Retirement Account" shall mean the sum of (i) that portion of a Participant's Deferral Amount that a Participant elects to have distributed upon Termination of Employment in accordance with Article 5, plus (ii) all other amounts credited to the Retirement Account in accordance with the applicable crediting provisions of the Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to his or her Retirement Account.

1.33 "Retirement Benefit" shall mean the benefit set forth in Section 5.1.

1.34 "Termination Benefit" shall mean the benefit set forth in Section 5.2.

1.35 “Termination of Employment” shall mean a termination of employment with all members of the Affiliated Group in such a manner as to constitute a "separation from service" as defined under, and determined in accordance with, Treasury Regulation Section 1.409A-1(h), voluntarily or involuntarily, for any reason other than Disability, or death. For this purpose, the employment relationship is treated as continuing while a Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months or, if longer, so long as the individual retains a right to reemployment with any member of the Affiliated Group under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for a member of the Affiliated Group. If the period of leave exceeds six (6) months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first day immediately following such six (6)-month period. A Termination of Employment will occur if there is a reasonable expectation that the level of services by the Participant for all members of the Affiliated Group will permanently decrease to twenty percent (20%) or less of the average level of services during the previous thirty-six (36) months (or, if shorter, the actual period of services).

1.36 “Trust” shall mean one or more rabbi trusts established by the Company in accordance with Article 12 of the Plan, as amended from time to time.

1.37 “Unforeseeable Emergency” shall mean a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant or Beneficiary or his or her spouse or dependent (as defined in Code Section 152(a) without regard to Code Sections 152(b)(1), 152(b)(2), and 152(d)(1)(B)), (ii) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance), or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The term “Unforeseeable Emergency” shall be interpreted in a manner consistent with the definition of “unforeseeable emergency” contained in Treasury Regulation Section 1.409A-3 (i)(3).

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Eligibility; Selection by Board**. Participation in the Plan shall be limited to those Employees who are determined by the Company to be members of a select group of management or highly compensated employees and who are selected by the Company to participate in the Plan.

2.2 **Initial Enrollment Requirements**. As a condition to participation, each selected Employee shall complete, execute and return to the Plan Administrator an Election Form and a Beneficiary Designation Form, all within thirty (30) days (or such shorter time as the Plan Administrator may determine) after he or she is initially selected to participate in the

Plan. In addition, the Plan Administrator shall establish from time to time such other enrollment requirements as it determines in are necessary.

2.3 **Commencement of Participation**. Provided an Employee selected to participate in the Plan has met all enrollment requirements set forth in the Plan and required by the Plan Administrator, including returning all required documents to the Plan Administrator within thirty (30) days (or such shorter time as the Plan Administrator may determine) after he or she is initially selected to participate in the Plan, that Employee shall commence participation in the Plan on the first day of the pay period following the date on which the Employee completes all enrollment requirements. However, for the initial enrollment coinciding with the establishment of the Plan, an Employee shall commence participation in the Plan on the first day of the pay period coinciding with or next following the date on which the Employee completes all enrollment requirements. If an Employee fails to meet all such requirements within the period required, that Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Plan Administrator of the required enrollment documents.

2.4 **Termination of Deferrals.** If the Company determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with ERISA Sections 201(2), 301(a)(3) and 401(a)(1), the Participant's entitlement to defer Base Salary and Bonus shall cease with respect to calendar years following the calendar year in which such determination is made, although the Participant shall remain subject to all terms and conditions of the Plan for as long as he remains a Participant.

ARTICLE 3
Deferral Elections

3.1**Elections to Defer Base Salary or Bonus**.

(a)**Deferral Election**.

(i) **New Participant**. In connection with a Participant’s commencement of participation in the Plan, a Participant may elect to defer Base Salary or Bonus, by filing with the Plan Administrator an Election Form that conforms to the requirements of Article 2 within the time period specified in Section 2.3, and the Deferral Election shall become irrevocable at the end of such time period. The Deferral Election for the first Plan Year of participation shall apply only to that portion of the Base Salary and Bonus earned after the Deferral Election becomes irrevocable. If a Participant does not make a deferral election with respect to the first Plan Year with respect to which the Participant is first selected to participate in the Plan, the Participant may elect to defer Base Salary or Bonus for any subsequent Plan Year by filing with the Plan Administrator an Election Form that conforms with the requirements of Article 2 before the start of that Plan Year.

(ii) **Annual Deferral Election**. Unless Section 3.1(a)(i) applies, each Participant may elect to defer Base Salary or Bonus for a Plan Year by filing a Deferral Election with the Plan Administrator within the timeframes specified by the Plan Administrator for the Plan Year for which such Base Salary or Bonus is earned. However, the Deferral Election shall become irrevocable (A) with respect to Base Salary or a Discretionary Bonus, as of December 31st of the calendar year immediately preceding the Plan Year during which the Base Salary covered by the Deferral Election is earned and (B) with respect to a Performance Bonus, as of the date six (6) months prior to the end of the performance period of the Performance Bonus, or such earlier dates as specified by the Plan Administrator.

(b) **Amount of Deferral**. A Participant shall designate on the Deferral Election form the amount of Base Salary, Discretionary Bonus and/or Performance Bonus that is to be deferred in accordance with this Article 3. The Deferral Amount, in whole percentages or a specific dollar amount, shall not exceed fifty percent (50%) of the Participant's Base Salary and ninety-five percent (95%) of each of the Participant's Discretionary Bonus and Performance Bonus; provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy FICA, income tax, and employee benefit plan withholding requirements as determined by the Plan Administrator.

(c) **Allocation of Deferral Amount**. A Participant shall further designate on the Deferral Election form for each Plan Year the percentage or a specific dollar amount of such Plan Year's Base Salary, Discretionary Bonus and Performance Bonus deferrals that will be allocated to the Retirement Account and one or more In-Service Accounts. For Deferral Amounts to be allocated to an In-Service Account, the Participant shall be permitted to designate on the Deferral Election form percentages or specific dollar amounts of such Plan Year's Base Salary and/or Bonus deferrals to be allocated to different In-Service Accounts with different in-service distribution dates, subject to any limitations on such designations as may be prescribed by the Plan Administrator. The allocation of each Plan Year's Deferral Amounts into the Retirement Account or In-Service Accounts shall be in whole percentages or specific dollar amounts only. A Participant is not obligated to apply the same percentage allocation to the Base Salary and Bonus deferrals. As an example, a Participant can allocate fifty percent (50%) of the Base Salary deferral into the Retirement Account and fifty percent (50%) into an In-Service Account while allocating one hundred percent (100%) of the Bonus deferrals into the Retirement Account.

(d) **Duration of Deferral Election**. A Participant's Deferral Election shall apply only to Base Salary and Bonuses earned during the Plan Year to which the Deferral Election relates. A Participant must indicate a new Deferral Election for any subsequent Plan Year by filing a new Election Form with the Plan Administrator prior to the beginning of such Plan Year or at such time as the Plan Administrator may require, which Deferral Election shall be effective on the first day of the next following Plan Year. If a

Participant fails to complete a new Election Form for any subsequent Plan Year the Deferral Amount for that subsequent Plan Year will be deemed to be zero (0).

(e) **Class Year Elections.** For Deferral Amounts credited in Plan Years beginning prior to January 1, 2016, each Plan Year's Deferral Amount will be maintained in separate and distinct Retirement and In-Service Accounts for each Class Year in which the Deferral Amounts are credited and, if a Participant so elects in accordance with Section 3.1(c), multiple In-Service Accounts may be established for the Participant for the same Class Year. Separate distribution elections shall apply with respect to each Class Year and, if a Participant has designated multiple In-Service Accounts for the Class Year, separate distribution elections shall apply to each such In-Service Account. For Deferral Amounts credited in Plan Years beginning on or after January 1, 2016, separate In-Service Accounts shall be available for each Class Year, and multiple In-Service Accounts with separate distribution elections may be established for the same Class Year, but only one Retirement Account with one distribution election shall be available for the Deferral Amounts credited in all such Plan Years. Any Company Contribution Amount with respect to a Class Year beginning prior to January 1, 2016, or with respect to Plan Years beginning on or after January 1, 2016, shall be allocated and credited to the Retirement Account established for such Class Year or for those Plan Years, as applicable.

3.2 **Withholding of Deferral Amounts**. For each Plan Year, the Base Salary portion of the Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in substantially equal amounts, as adjusted from time to time for increases and decreases in Base Salary. Any Bonus portion of the Deferral Amount shall be withheld at the time the Bonus is or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year.

3.3 **Annual Company Contribution Amount**. For each Plan Year, the Board may, but is not required to, credit any amount it desires to the Retirement Account of any Participant under the Plan (including any sub-accounts described in Section 3.4), which amount shall equal the annual Company Contribution Amount for that Participant for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero (0), even though one or more other Participants receive an annual Company Contribution Amount for that Plan Year.

3.4 **Vesting**. A Participant shall at all times be 100% vested in his or her Deferral Account, including any Company Contribution Amount credited to the Participant's Retirement Account for Plan Years beginning prior to January 1, 2016. For Plan Years beginning on or after January 1, 2016, the Board may impose vesting requirements (based on periods of service performed by the Participant or such other criteria as the Board determines in its sole discretion) on any Company Contributuion Amount and the investment returns atributable thereto. The Plan Administrator may establish one or more sub-accounts in the R etirement Account of any Participant to account for the vested and unvested portions of his or her Company Contribution Amounts and the investment returns attributable thereto.

3.5 **In-Service Accounts and Retirement Accounts**. The Company shall establish accounts for Base Salary Deferral Amounts, Discretionary Bonus Deferral Amounts and Performance Bonus Deferral Amounts, shall further sub-divide such accounts into In-Service Accounts and Retirement Accounts for each Participant under the Plan. In-Service Accounts will be maintained by Class Year and, if a Participant so elects in accordance with Section 3.1(c), multiple In-Service Accounts shall be established for the Participant for the same Class Year. Retirement Accounts will be maintained by Class Year for Deferral Amounts credited prior to January 1, 2016; for Deferral Amounts credited on or after January 1, 2016, only one Retirement Account will be maintained (including any sub-accounts described in Section 3.4). Each Participant's Deferral Account shall be further divided into separate subaccounts ("notional investment subaccounts"), each of which corresponds to an investment fund elected by the Participant. A Participant's Deferral Account shall be credited as follows:

(a) After amounts are withheld and deferred from a Participant's Base Salary or Bonus, the Company shall credit the notional investment subaccounts with an amount equal to the amount of Base Salary or Bonus, or both, deferred by the Participant as of the date that the Base Salary or Bonus would have been paid to the Participant absent the Deferral Election, and the portion of the Participant's deferred Base Salary or Bonus that the Participant has deemed to be invested in a certain type of investment fund shall be credited to the notional investment subaccount corresponding to that investment fund.

(b) The Company shall credit the Participant with an amount equal to the annual Company Contribution Amount, if any, for that Participant, on the date or dates to be determined by the Board and the portion of the Participant's annual Company Contribution Amount that the Participant has deemed to be invested in a certain type of investment fund shall be credited to the notional investment subaccount corresponding to that investment fund.

(c) As of the end of each business day, each of the Participant's notional investment subaccounts shall be credited with earnings (gains or losses) in an amount equal to that determined by multiplying the balance credited to such notional investment subaccount as of the prior day plus amounts allocated to the notional investment subaccount that day by the rate of net gain or loss for the corresponding investment fund for that day.

(d) Each of the Participant's notional investment subaccounts shall be reduced pro rata by the amount of any distributions made to the Participant, as of the date of the distribution.

3.6 **Investment Elections**.

(a) The Company shall select, from time to time, commercially available investment funds to be used to determine the amount of earnings (gains or losses) to be credited to the Participant's notional investment subaccounts under Section 3.5.

(b) At the time of making a Deferral Election, a Participant shall designate, on the Deferral Election form, the investment fund or funds in which the Participant's Deferral Account attributable to deferrals of Base Salary, Discretionary Bonus or Performance Bonus will be deemed to be invested for purposes of determining the amount of earnings (gains or losses) to be allocated to the notional investment subaccounts. The Participant may specify the deemed investment, in whole percentage increments or specific dollar amounts, in one or more of the investment funds as communicated from time to time by the Plan Administrator. Participants may change their investment designations on a daily basis, both with respect to reallocations of their current Account Balance and allocations of future Deferral Amounts, by electing such investment changes through such procedures as may be specified by the Plan Administrator. If the Company establishes a Trust pursuant to Section 12.1 or otherwise sets aside assets to assist in meeting its obligations under the Plan, the Company shall not be obligated to mirror the Participant's notional investment subaccount elections.

(c) Notwithstanding any other provision of the Plan that may be interpreted to the contrary, the investment funds selected by the Company or designation of investment funds by a Participant shall not be considered or construed in any manner as an actual investment of the Participant's Account Balance in any such investment fund. In the event that the Company or the trustee of the Trust shall invest funds in any or all of the selected investment funds, no Participant shall have any rights in or to such investments. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping (notional) entry only and shall not represent any investment made on his or her behalf by the Company, the Participant's Employer or the Trust; the Participant shall remain at all times an unsecured creditor of the Company.

3.7 **FICA and Other Taxes**.

(a) **Deferral Amounts**. For each Plan Year in which a Deferral Amount is being withheld from a Participant, the Employer shall withhold from that portion of the Participant's Base Salary or Bonus that is not being deferred, in a manner determined by the Employer, the Participant's share of FICA and other employment taxes on such Deferral Amount. If necessary, the Plan Administrator may reduce the Deferral Amount in order to comply with this Section 3.7(a).

(b) **Company Contribution Amounts**. Upon contribution of a Company Contribution Amount or, if later, the date or dates on which such Company Contribution Amount and the investment returns attributable thereto become vested and nonforfeitable, the Employer shall withhold from the Participant's Base Salary and/or Bonus that is not deferred, in a manner determined by the Employer, the Participant's share of FICA and other employment taxes. If necessary, the Plan Administrator may reduce either or both of the Participant's Company Contribution Amount or Deferral Amount in order to comply with this Section 3.7(b).

(c) **Distributions**. The Company, or the trustee of the Trust, shall withhold from any payments made to a Participant under the Plan all federal, state and local income, employment and other taxes required to be withheld by the Company, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined by the Company and the trustee of the Trust.

ARTICLE 4
In-Service Distributions and Unforeseeable Emergencies

4.1 **In-Service Distributions**. A Participant, in connection with his or her initial commencement of participation in the Plan and each subsequent annual enrollment, may elect on an Election Form the month and year of distribution of the Deferral Amount allocated to each of that Class Year's In-Service Accounts. The Participant shall not be required to make the same distribution election for the Base Salary, Discretionary Bonus and Performance Bonus Deferral Elections made on the Deferral Election form for that Class Year, and shall not be required to make the same distribution election for each In-Service Account established for that Class Year. The Participant may elect to receive payment in the form of a lump sum or pursuant to an Annual Installment Method not to exceed ten (10) years or, effective as of January 1, 2014, fifteen (15) years. If a Participant elects to direct a percentage of the particular Class Year's Deferral Amount to an In-Service Account but does not indicate the year in which the payment is to be made, then it will be assumed that no In-Service Account election was made for that Class Year and all such Deferral Amounts for that Class Year will be allocated to the Participant's Retirement Account. In addition, if a Participant makes an election to allocate Deferral Amounts to an In-Service Account and specifies a distribution date but fails to elect a form of payment, the distribution election will be assumed to be a lump sum payment. The lump sum payment shall be made or the installments shall commence as soon as possible after the date elected on the Deferral Election form, but in no event later than the later of (i) the end of the calendar year that includes the elected payment date and (ii) the fifteen (15^{th}) day of the third month following the elected payment date, provided that the Participant may not directly or indirectly designate the taxable year of payment.

If Termination of Employment for any reason, other than death, occurs prior to the year selected for the In-Service Distribution or prior to the complete payment of an In-Service Account in the process of being distributed in the form of an Annual Installment Method, then any remaining amount in the In-Service Account shall be paid to the Participant in accordance with the election made for the Retirement Account for that Class Year or, in the case of an In-Service Account established for a Class Year beginning on or after January 1, 2016, the election made for the Retirement Account established for Deferral Amounts credited in Plan Years beginning on or after January 1, 2016. If no such Retirement Account election is in effect for that Class Year or for such Plan Years, as applicable, *i.e.*, the Participant elected to have one hundred percent (100%) of the Deferral Amount directed to one or more In-Service Accounts, then payment will be made in the form of a lump sum as soon as practicable following Termination of Employment but in no event later than the later of (i) the end of the calendar year that includes the date of the Termination of Employment and (ii) the fifteenth (15^{th}) day of the third month following the date of the Termination of Employment, provided that the Participant may not directly or indirectly designate the taxable year of payment. If Termination of Employment occurs as a result of death, payment will be made in accordance with either Section 5.3 or 5.4, as applicable.

In no event will any Company Contribution Amount be available for an In-Service distribution.

4.2 **Change in Time or Form of Payment for In-Service Distribution**. Notwithstanding the methods of payment elected for each In-Service Account, the Participant may elect to change the time of such payment under a subsequent election that meets the following requirements:

(a) The subsequent election may not take effect until at least twelve (12) months after the date on which the subsequent election is made.

(b) The subsequent election is made not less than twelve (12) months prior to the date of the scheduled payment.

(c) The payment with respect to which the subsequent election is made must be deferred for an additional period of not less than five (5) years from the date such payment would otherwise have been made.

(d) The subsequent election may not accelerate the time of any payment.

4.3 **Payout/Suspensions for Unforeseeable Emergencies**. If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Plan Administrator to receive a partial or full payout of the portion of the Participant's Account Balance attributable to Deferral Amounts. Company Contribution Amounts are not available for distribution on account of Unforeseeable Emergencies. Any distribution on account of Unforeseeable Emergencies will be made starting with Deferral Amounts attributable to the most recently completed Class Year's In-Service Accounts, if any (on a prorata basis from all such accounts, if more than one In-Service Account was established for the Class Year), and progressing to each preceding Class Year as necessary. The Retirement Accounts (excluding Company Contribution Amounts and investment returns attributable thereto) will be used only upon exhausting all completed prior Class Year In-Service Accounts.

By way of example, if a request for an Unforeseeable Emergency is made in 2016 and 2014 was the initial Class Year for the Participant, payment will come from the 2015 Class Year's In-Service Accounts. To the extent the 2015 Class Year's In-Service Accounts are insufficient, additional amounts will come from the 2014 Class Year's In-Service Account. If the previously completed Class Years' In-Service Accounts are insufficient or if none exist, then the distribution of any remaining amount needed shall come from the 2015 Class Year's Retirement Account and then from the 2014 Class Year's Retirement Account. Only when all prior Class Years have been exhausted will the distribution be made from the 2016 Class Year Deferral Amounts, beginning with that Class Year's In-Service Accounts. Only one Retirement Account shall be established for Deferral Amounts credited for Plan Years beginning on or after January 1, 2016, and such Retirement Account shall be available for the distribution only if all of the In-Service Accounts for all Class Years, and all of the Retirement Accounts for Class Years beginning prior to January 1, 2016, have been exhausted.

Any distribution on account of Unforeseeable Emergencies shall not exceed the lesser of the Participant's Account Balance (excluding Company Contribution Amounts and investment returns attributable thereto), calculated as if such Participant were receiving a Termination Benefit, and the amount reasonably needed to satisfy the Unforeseeable Emergency, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent such liquidation would not itself cause severe financial hardship).

If the Participant experiences an Unforeseeable Emergency, the Participant may request a suspension of the Participant's Deferral Election. In that case, the suspension will apply for the entire Plan Year in which the request is made and deferrals to be made for the remainder of the Plan Year will be canceled. Participants who suspend their Deferral Elections pursuant to this paragraph shall not be permitted to resume deferrals under the Plan during the twelve (12)-month period beginning on the date of suspension, and shall not be permitted to submit another Deferral Election until the first annual enrollment period that ends after completion of such 12-month suspension period.

If the Plan Administrator approves the petition for a suspension and/or distribution, then the suspension shall take effect upon the date of approval and any distribution shall be made within sixty (60) days of the date of approval provided that the Participant may not directly or indirectly designate the taxable year of payment.

4.4 **Change in Control.** Upon a Change in Control, a Participant's full Account Balance, including both vested and unvested amounts, will be paid in a lump sum as soon as possible following the effective date of the Change in Control, but in no event later than the later of (i) the end of the calendar year that includes the effective date of the Change in Control and (ii) the fifteen (15^{th}) day of the third (3^{rd}) month following the effective date of the Change in Control, provided that the Participant may not directly or indirectly designate the taxable year of payment.

ARTICLE 5
Benefits

5.1 **Retirement Benefit**. A Participant who Retires shall receive, as a Retirement Benefit, his or her full Account Balance, including both vested and unvested amounts.

(a) For Plan Years beginning prior to January 1, 2016, a Participant, in connection with his or her commencement of participation in the Plan and each subsequent Plan Year shall elect on the Deferral Election form the form of payment with respect to that Class Year's Deferral Amount. The Participant may elect to receive payment in the form of a lump sum or pursuant to an Annual Installment Method not to exceed ten (10) years or, effective as of January 1, 2014, fifteen (15) years. Thus, separate Retirement Benefit distribution elections may apply to each Class Year, but the Participant must make the same Distribution Election for the Base Salary and Bonus Deferral Elections made on the Deferral Election form.

(b) For Plan Years beginning on or after January 1, 2016, a Participant, in connection with his or her commencement of participation in the Plan or as needed subsequent to such date, shall elect on the Deferral Election form the form of payment with respect to all Deferral Amounts for all such Plan Years (other than Deferral Amounts credited to In-Service Accounts, for which form of payment elections may still be made on a Class Year basis). The Participant may elect to receive payment in the form of a lump sum or pursuant to an Annual Installment Method not to exceed ten (10) years or, effective as of January 1, 2014, fifteen (15) years. The Participant must make the same Distribution Election for the Base Salary and Bonus Deferral Elections made on the Deferral Election form.

(c) Any Company Contribution Amount credited to the Participant's Retirement Account for a Class Year beginning prior to January 1, 2016, or for Plan Years beginning on or after January 1, 2016, shall be paid in the same manner as elected by the Participant for the Retirement Account established for that Class Year or for those Plan Years, as applicable.

(d) If a Participant does not make any election with respect to the payment of the Retirement Benefit, or if the Participant does not elect to allocate a Deferral Amount into the Retirement Account for a Class Year beginning prior to January 1, 2016 or for Plan Years beginning on or after January 1, 2016 but is credited with a Company Contribution Amount for that Class Year or for those Plan Years, as applicable, then such Retirement Benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, within sixty (60) days after Retirement, provided that the Participant may not directly or indirectly designate the taxable year of payment.

5.2 **Termination Benefit**. Except as otherwise provided in this Article 5, a Participant who experiences a Termination of Employment prior to Retirement shall receive as a Termination Benefit the vested portion of his or her Account Balance in accordance with the same election made under Section 5.1, and the unvested portion of his or her Account Balance shall be forfeited. The lump sum payment shall be made, or installment payments shall commence, within sixty (60) days of Termination of Employment, provided that the Participant may not directly or indirectly designate the taxable year of payment.

5.3 **Death Prior to Retirement or Termination of Employment.** If a Participant dies prior to Retirement or Termination of Employment, the Participant's Beneficiaries shall receive a lump sum payment equal to the Participant's then-remaining Account Balance, incuding both vested and unvested amounts and including any installment payments that have yet to be distributed. The payment shall be made as soon as practicable after certification of death but in no event later than the later of (i) the end of the calendar year that includes the date of death and (ii) the fifteenth (15th) day of the third month following the date of death, provided that the Beneficiary may not directly or indirectly designate the taxable year of payment.

5.4 **Death after Retirement or Termination of Employment.** If a Participant dies after Retirement or Termination of Employment but before the Retirement Benefit or Termination Benefit otherwise payable in accordance with Section 5.1 or 5.2 is paid in full, the Participant's unpaid Retirement Benefit or Terminaton Benefit, as applicable, shall be paid to the Beneficiary in a lump sum payment as soon as practicable after certification of death but in no event later than the later of (i) the end of the calendar year that includes the date of death and (ii) the fifteenth (15th) day of the third month following the date of death, provided that the Beneficiary may not directly or indirectly designate the taxable year of payment.

5.5 **Disability Benefit**. A Participant who incurs a Disability shall, for benefit purposes under the Plan, be deemed to have experienced a Termination of Employment as of the date the Disability is incurred. The Disability Benefit shall consist of the Participant's full Account Balance, including both vested and unvested amounts, and shall be paid in the same form as elected in accordance with Section 5.1. The lump sum payment shall be made, or installment payments shall commence within sixty (60) days after the date the Participant incurs the Disability, provided that the Participant may not directly or indirectly designate the taxable year of payment.

5.6 **Change in Time or Form of Payment for Termination Benefit**. Notwithstanding the method of payment elected by a Participant with respect to the Base Salary or Bonus Deferral Amounts, the Participant may elect to change the method of such payment under a subsequent election that meets the following requirements:

(a) The subsequent election may not take effect until at least twelve (12) months after the date on which the subsequent election is made.

(b) The subsequent election is made not less than twelve (12) months prior to the date of the scheduled payment.

(c) The first payment with respect to which the subsequent election is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made. This five (5)-year deferral shall not apply to any change in the benefits payable upon death pursuant to Section 5.3 or 5.4, as applicable, or upon the occurrence of a Disability.

(d) The subsequent election may not accelerate the time of any payment.

The form of payment elected in a subsequent election must be a lump sum or an Annual Installment Method of between two (2) and ten (10) years or, effective as of January 1, 2014, fifteen (15) years. In accordance with Section 1.3, each installment payment may be individually changed provided that the above requirements are met with respect to each such payment that is changed.

5.7 **Limitation on Key Employees**. Notwithstanding any other provision of the Plan to the contrary, the payment of a Retirement Benefit or Termination Benefit with respect to a "specified employee," as defined in, and determined in accordance with, Treasury Regulation Section 1.409A-1(i), of the Affiliated Group shall not be made (or, in the case of payments to be made under an Annual Installment Method, shall not commence) until the six month anniversary of the Participant's Retirement or Termination of Employment, or, if earlier, the date of the Participant's death, if at that time any stock of the Company is publicly traded on an established securities market or otherwise. Any installment payments that are delayed pursuant to this provision shall be accumulated and paid on the delayed payment date.

5.8 **Involuntary Cash Out Limit.** If the sum of the Participant's total Account Balance that is payable under this Article 5 and the deferred compensation amounts under all other such arrangements required to be aggregated with the Plan under Code Section 409A is less than or equal to the deferral limit in effect under Code Section 402(g) for the calendar year in which the Participant experiences a Retirement or Termination of Employment, then, despite the election made by the Participant, the Company may pay such Account Balance in a lump sum as soon as practicable following such Retirement or Termination of Employment. In addition, if the present value of any remaining installments due a Participant who has experienced a Termination of Employment and elected an Annual Installment Method falls below the deferral limit in effect under Code Section 402(g) for the calendar year in which the Participant experienced a Termination of Employment, then the Company m ay pay the remaining portion of such Account Balance in a lump sum as soon as practicable thereafter.

ARTICLE 6
Beneficiary Designation

6.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan upon the death of a Participant. The Beneficiary designated under the Plan may be the same as or different from the Beneficiary designation under any other Company or Employer plan in which the Participant participates.

6.2 **Beneficiary Designation Change**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Plan Administrator. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Plan Administrator's rules and procedures, as in effect from time to time. Upon the acceptance by the Plan Administrator of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Plan Administrator shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Plan Administrator prior to his or her death. If a Participant is married, the designation of a Beneficiary other than the Participant's spouse shall only be permitted upon written consent of the Participant's spouse.

6.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Plan Administrator.

6.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 6.1, 6.2 and 6.3 above or, if all Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the Participant's estate.

6.5 **Doubt as to Beneficiary**. If the Plan Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to the Plan, the Plan Administrator shall have the right to cause the Company to withhold such payments until this matter is resolved to the Plan Administrator's satisfaction.

6.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Employer, the Company, the Plan Administrator and the Board from all further obligations under the Plan with respect to the Participant, and that Participant's participation in the Plan shall terminate upon such full payment of benefits.

ARTICLE 7
Leave of Absence

7.1 **Paid Leave of Absence**. If a Participant is authorized by the Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.1.

7.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Participant shall be excused from making deferrals until the Participant returns to a paid employment status. Upon such return, deferrals shall resume for the remaining portion of the Plan Year in which the return occurs, based on the Deferral Election, if any, made for that Plan Year. If no Deferral Election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 8
Termination, Amendment or Modification

8.1 **Termination**. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to terminate the Plan at any time with respect to any or all Participants, by action of the Board or its authorized delegate. Upon the termination of the Plan, further deferrals under the Plan shall terminate but all Account Balances shall remain subject to the terms of the Plan and the distribution elections made in the applicable Deferral Election forms.

Notwithstanding the previous paragraph, upon termination of the Plan, the Company may distribute Account Balances, including both vested and unvested amounts, in a consistent manner to all Participants in compliance with Treasury Regulation Section 1.409A-3(j)(4)(ix)(C), specifically:

(a) The termination and liquidation does not occur as a result of downturn in the financial health of the Company;

(b) The Company terminates and liquidates all similar arrangements sponsored by a member of the Affiliated Group that would be aggregated with any other arrangements under Treasury Regulation Section 1.409A-1(c) if the Participants had deferrals of compensation under all of the arrangements that are terminated;

(c) No payments under the Plan are made within twelve (12) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan other than payments that would be payable under the terms of the Plan if the action to terminate and liquidate the plan had not occurred;

(d) All payments are made within twenty-four (24) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and

(e) No member of the Affiliated Group adopts a new plan that would be aggregated with any terminated and liquidated plan under Treasury Regulation Section 1.409A-1(c) if the same Participant participated in both plans, at any time within three years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

8.2 **Amendment**. The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Board or its authorized delegate; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification, and (ii) no amendment or modification of this Section 8.2 of the Plan shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification. Notwithstanding the foregoing, the Company specifically reserves the right to amend the Plan to conform the provisions of the Plan to the guidance issued by the Secretary of the Treasury with respect to Code Section 409A, in accordance with such guidance.

8.3 **Effect of Payment**. The full payment of the applicable benefit under Article 4 or 5 of the Plan shall completely discharge all obligations to a Participant and his or her Beneficiaries under the Plan and the Participant's participation in the Plan shall thereupon terminate.

ARTICLE 9
Administration

9.1 **Administrative Duties**. To the extent that ERISA applies to the Plan, the Plan Administrator shall be the "named fiduciary" of the Plan and the "administrator" of the Plan, within the meaning of ERISA. The Plan Administrator shall be responsible for the general administration of the Plan. The Plan Administrator will, subject to the terms of the Plan, have the authority to: (i) adopt, alter, and repeal administrative rules and practices governing the Plan, (ii) interpret the terms and provisions of the Plan, and (iii) otherwise supervise the administration of the Plan. All decisions by the Plan Administrator will be made with the approval of not less than a majority of its members. The Plan Administrator may delegate any of its authority to any other person or persons that it deems appropriate.

9.2 **Agents**. In the administration of the Plan, the Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company.

9.3 **Binding Effect of Decisions**. All decisions by the Plan Administrator, and by any other person or persons to whom the Plan Administrator has delegated authority, shall be final and conclusive and binding upon all persons having any interest in the Plan.

9.4 **Indemnity of Board and Plan Administrator**. The Company shall indemnify and hold harmless the members of the Board, the Plan Administrator and any Employee to whom the duties of the Board or Plan Administrator may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to the Plan, except in the case of willful misconduct by the Board, any of its members, the Plan Administrator or any such Employee.

9.5 **Information**. To enable the Plan Administrator to perform its functions, the Company shall supply full and timely information to the Plan Administrator on all matters relating to the compensation of its Participants, the date and circumstances of the Disability, death, Retirement or Termination of Employment of its Participants, and such other pertinent information as the Plan Administrator may reasonably require.

ARTICLE 10
Other Benefits and Agreements

10.1 **Coordination with Other Benefits**. The benefits provided to a Participant and such Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant and Beneficiary under any other plan or program for Employees of the Affiliated Group. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program, except as may otherwise be expressly provided.

ARTICLE 11
Claims Procedures

11.1 **Procedures for Handling Claims**. In accordance with the provisions of ERISA Section 503, the Company shall provide a procedure for handling claims for benefits under the Plan. The procedure shall be in accordance with the regulations issued by the Secretary of Labor and provide adequate written notice within a reasonable period of time with respect to a claim denial. The procedure shall also provide for a reasonable opportunity for a full and fair review by the Company of any claim denial.

ARTICLE 12
Trust

12.1 **Establishment of the Trust**. The Company may establish one or more Trusts to which the Company may transfer such assets as the Company determines to assist in meeting its obligations under the Plan.

12.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and a Participant's Deferral Election forms shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust.

12.3 **Distributions from the Trust**. The Company’s obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company’s obligations under the Plan.

ARTICLE 13
Miscellaneous

13.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA Sections 201 (2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

13.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or any other member of the Affiliated Group. For purposes of the payment of benefits under the Plan, any and all of the Company’s assets shall be, and remain, the general, unpledged unrestricted assets of the Company. The Company’s obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

13.3 **Company’s Liability**. The Company’s liability for the payment of benefits shall be defined only by the Plan and the Participants’ Deferral Election forms. The Company shall have no obligation to a Participant under the Plan, except as expressly provided in the Plan and his or her Deferral Election forms.

13.4 **Nonassignability**. Neither a Participant, nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amount payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

13.5 **Not a Contract of Employment**. The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between an Employer and the Participant, either expressed or implied. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or for no reason at all, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer, or to interfere with the right of the Employer to discipline or discharge a Participant at any time for any reason.

13.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Plan Administrator by furnishing any and all information requested by the Plan Administrator and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Plan Administrator may deem necessary.

13.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

13.8 **Captions**. The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

13.9 **Governing Law**. Subject to ERISA, the provisions of the Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

13.10 **Notice**. Any notice or filing required or permitted to be given to the Board, the Company or the Plan Administrator under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the address below:

Deckers Outdoor Corporation
Attention: General Counsel
250 Coromar Drive
Goleta, CA 93117

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under the Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

13.11 **Successors**. The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's Beneficiaries.

13.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

13.13 **Validity**. In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

13.14 **Incompetent**. If the Plan Administrator determines that a benefit under the Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Plan Administrator may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Plan Administrator may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

13.15 **Court Order**. The Company is authorized to make any payments directed by court order in any action in which the Plan, Company, Employer, Plan Administrator or the Board has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Company shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

13.16 **Insurance**. The Company, on its own behalf or on behalf of the trustee of the Trust, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Company or trustee of the Trust may choose. The Company or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Company shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Company has applied for insurance.

13.17 **No Acceleration of Benefits**. The acceleration of the time or schedule of any payment under the Plan is not permitted, except as provided in regulations promulgated by the Secretary of the Treasury.

13.18 **Compliance with Code Section 409A**. The Plan is intended to provide for the deferral of compensation in accordance with the applicable requirements of Code Section 409A for compensation earned, vested, or deferred after December 31, 2004, and shall be interpreted and administered accordingly. Notwithstanding any provisions of the Plan or any Deferral Election form to the contrary, no otherwise permissible election under the Plan shall be given effect that would result in the immediate inclusion in income of any amount under Code Section 409A.

13.19 **Discretion of the Board, Plan Administrator, Trustee and Company and Interpretation**. To the fullest extent permitted by law, the Board, Plan Administrator, Company and Trustee shall each, in its sole and absolute discretion, construe and interpret the terms and provisions of the Plan and to do all things necessary or appropriate to effect the intent and purpose thereof whether or not such powers are specifically set forth in the Plan and Trust Agreement, including any issue arising out of, relating to, or resulting from the administration and operation of the Plan. Such construction and/or interpretation shall be final, conclusive and binding on all persons, entities and parties, including, without limitation, the Participants and Beneficiaries, or successors or assigns thereto, and shall be given the maximum possible deference allowed by law.

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Section 4: EX-10.3 (EXHIBIT 10.3)

DECKERS OUTDOOR CORPORATION
2006 EQUITY INCENTIVE PLAN
STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, capitalized terms shall have the defined meaning set forth in the Deckers Outdoor Corporation 2006 Equity Incentive Plan.

1. NOTICE OF STOCK UNIT GRANT

You have been granted Stock Units, subject to the terms and conditions of the Plan and this Stock Unit Award Agreement (this "**Agreement**"), as follows:

Name of Awardee: _

Total Number of Stock Units Granted: _

Grant Date: _

Vesting Schedule:	March 31, 2016 33.33%
	March 31, 2017 33.33%
	March 31, 2018 33.33%
Performance Period:	Fiscal Year Ending March 31, 2015 (the "**Performance Period**")
Performance Criteria:	The percentage of Nonvested Stock Units that may vest will be based on the value of diluted 2015 EPS as set forth in **Exhibit A** attached hereto (the "**Performance Criteria**").

2. AGREEMENT

2.1 Grant of Stock Units. Pursuant to the terms and conditions set forth in this Agreement (including Section 1 above) and the Plan, the Administrator hereby grants to the Awardee named in Section 1, on the Grant Date set forth in Section 1, the number of Stock Units set forth in Section 1.

2.2 Purchase of Stock Units. No payment of cash is required for the Stock Units.

2.3 Vesting/Delivery of Shares. The Awardee shall vest on the date or dates specified in the Vesting Schedule ("**Vesting Date**" or "**Vesting Dates**") with respect to the number of Earned Stock Units (as defined below) specified for such Vesting Date (i) if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the fiscal year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, and (ii) if the Awardee has remained in Continuous Service from the Grant Date to the applicable Vesting Date. The "Earned Stock Units" shall mean the number of Stock Units earned pursuant to this Agreement based upon the achievement by the Company of the Performance Criteria as set forth in **Exhibit A**. Within ten (10) business days following the date on which the Awardee vests in a Stock Unit as set forth herein, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

For purposes of this Agreement, the term "**Continuous Service**" means (i) Awardee's employment by either the Company or any parent or subsidiary corporation of the Company, or by a corporation or a parent or subsidiary of a corporation assuming this Agreement or issuing New Incentives, as defined in Section 2.5 below, which is uninterrupted except for vacations, illness (except for permanent disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**")), or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, or (ii) so long as Awardee is engaged as a Consultant or other Service Provider.

2.4 Intentionally Omitted.

2.5 Vesting Upon Change in Control.

(a) (i) *Prior to the End of the Performance Period*. In the event of a Change in Control that is consummated prior to the end of the Performance Period, notwithstanding Section 2.3 above, if the Awardee holds Nonvested Stock Units at the time a Change in Control occurs, and either (i) the Change in Control is not approved by a majority of the Continuing Directors (as defined below) or (ii) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, then all of the Nonvested Stock Units shall become immediately and unconditionally vested, and the restrictions with respect to all of the Nonvested Stock Units shall lapse, effective immediately prior to the consummation of such Change in Control.

(ii) Notwithstanding subsection 2.5(a)(i) above, if pursuant to a Change in Control approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the Nonvested Stock Units shall not accelerate in connection with such Change in Control to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a Termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within 12 months following such Change in Control, all Nonvested Stock Units or New Incentives shall vest effective upon such termination regardless of the Performance Criteria.

(b) (i) *After the End of the Performance Period*. In the event of a Change in Control that is consummated after the end of the Performance Period, notwithstanding Section 2.3 above, if the Awardee holds Nonvested Stock Units at the time a Change in Control occurs, and either (A) the Change in Control is not approved by a majority of the Continuing Directors (as defined below) or (B) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), then all of the Earned Stock Units based upon the achievement of the Performance Criteria as determined by the Committee shall become immediately and unconditionally vested, and the restrictions with respect to all of the Earned Stock Units shall lapse, effective immediately prior to the consummation of such Change in Control.

(ii) Notwithstanding subsection 2.5(a) above, if pursuant to a Change in Control approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the Nonvested Stock Units shall not accelerate in connection with such Change in Control to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a Termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within twelve (12) months following such Change in Control, all Earned Stock Units or New Incentives shall vest effective upon such termination.

(c) For purposes of this Agreement, the following terms shall have the meanings set forth below:

(i) "**Cause**" means the termination by the Company of Awardee as a Service Provider for any of the following reasons: (a) the continued, unreasonable refusal or omission by the Awardee to perform any material duties required of him or her by the Company if such duties are consistent with duties customary for the position held with the Company; (b) any material act or omission by the Awardee involving malfeasance or gross negligence in the performance of the Awardee's duties to, or material deviation from, any of the policies or directives of, the Company; (c) conduct on the part of the Awardee which constitutes the breach of any statutory or common law duty of loyalty to the Company; including the unauthorized disclosure of material confidential information or trade secrets of the Company; or (d) any illegal act by the Awardee which materially and adversely affects the business of the Company or any felony committed by the Awardee, as evidenced by conviction thereof, provided that the Company may suspend the Awardee with pay while any allegation of such illegal or felonious act is investigated. In the event that the Awardee is a party to an employment agreement or other similar agreement with the Company or any Affiliate that defines a termination on account of "Cause" (or a term having similar meaning), such definition shall apply as the definition of a termination on account of "Cause" for purposes hereof, but only to the extent that such definition provides the Awardee with greater rights. A termination on account of Cause shall be communicated by written notice to the Awardee, and shall be deemed to occur on the date such notice is delivered to the Grantee.

(ii) "**Constructive Termination**" shall mean a termination of the Awardee as a Service Provider within sixty (60) days following the occurrence of any one or more of the following events without the Awardee's written consent: (i) any material reduction in overall responsibilities, base compensation, annual incentive compensation opportunity, aggregate employee benefits or (ii) a change of the Awardee's location of employment by more than fifty (50) miles. A Constructive Termination shall be communicated by written notice to the Company, and shall be deemed to occur on the date such notice is delivered to the Company, unless the circumstances giving rise to the Constructive Termination are cured within thirty (30) days of such notice.

(iii) "**Continuing Director**" means any member of the Board of Directors of the Company who was a member of the Board prior to the adoption of the Plan, and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors.

2.6 Effect of Awardee's attainment of age 62 and the completion of 10 years of Continuous Service. Notwithstanding Section 2.3 to the contrary, if, after March 31, 2015, and before March 31, 2018, Awardee both (i) attains age sixty-two (62) and (ii) completes ten (10) years of Continuous Service ("**Retirement Event**"), and if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, then, notwithstanding that there is a termination of Continuous Service following the Retirement Event, the number of Nonvested Stock Units determined according to the performance criteria and thresholds set forth in **Exhibit A** shall vest on the Vesting Dates set forth above, provided that the Awardee continues to comply with any covenants set forth in Section 3 below.

2.7 No Interest in Company Assets. The Awardee shall have no interest in any fund or specific asset of the Company by reason of the Stock Units.

2.8 No Rights as a Stockholder Before Delivery. The Awardee shall not have any right, title, or interest in, or be entitled to vote or receive distributions in respect of, or otherwise be considered the owner of, any of the shares of Common Stock covered by the Stock Units.

2.9 Regulatory Compliance. The issuance of Common Stock pursuant to this Agreement shall be subject to full compliance with all applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

2.10 Withholding Tax. The Company's obligation to deliver any Shares upon vesting of Stock Units shall be subject to the satisfaction of all applicable federal, state, local, and foreign income and employment tax withholding requirements. The Awardee shall pay to the Company an amount equal to the withholding amount (or the Company may withhold such amount from the Awardee's salary) in cash. At the Administrator's discretion, the Awardee may pay the withholding amount with Shares; provided, however, that payment in Shares shall be limited to the withholding amount calculated using the minimum statutory withholding rates.

2.11 Company "Clawback Policy." The Company has developed and implemented a policy providing that, in the event the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, the Company shall recover a portion of any incentive compensation (including stock grants) based upon erroneous data (a "**Clawback Policy**"). Awardee agrees and acknowledges that the provision of a Clawback Policy adopted by the Company, as the same may be amended from time to time, shall apply to Awardee. The Stock Units granted under this Agreement shall be subject to a Clawback Policy adopted by the Company, including, without limitation, the rights of the Company to enforce Awardee's repayment obligation.

2.12 Plan. This Agreement is subject to all provisions of the Plan, receipt of a copy of which is hereby acknowledged by the Awardee. The Awardee shall accept as binding, conclusive, and final all decisions and interpretations of the Administrator upon any questions arising under the Plan and this Agreement.

2.13 Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their legal representatives, heirs, and permitted successors and assigns.

2.14 Restrictions on Transfer. The Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise. No right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the person entitled to such benefits. Any assignment in violation of this Section 2.13 shall be void.

2.15 Restrictions on Resale. The Awardee agrees not to sell any Shares that have been issued pursuant to the vested Stock Units at a time when Applicable Laws, Company policies, or an agreement between the Company and its underwriters prohibit a sale. This restriction shall apply as long as the Awardee is a Service Provider and for such period after the Awardee's Termination of Service as the Administrator may specify.

2.16 Section 409A. To the extent applicable, it is intended that this Plan comply with the provisions of Section 409A ("**Section 409A**") of the Code. This Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Plan to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Awardee shall not be considered to have terminated employment with the Company for purposes of this Plan and no stock transfer shall be due to Awardee under this Plan which are transferable upon Awardee's termination of employment until Awardee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

2.17 Entire Agreement; Governing Law. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Awardee with respect to the subject matter hereof, and may not be modified adversely to the Awardee's interest except by means of a writing signed by the Company and the Awardee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

2.18 No Guarantee of Continued Service. This Agreement, the transactions contemplated hereunder, and the vesting schedule set forth herein constitute neither an express nor implied promise of continued engagement as a Service Provider for the vesting period, for any period, or at all, and shall not interfere with Awardee's right or the Company's right to terminate Awardee's relationship as a Service Provider at any time, with or without Cause.

3. Restrictive Covenants. This Section shall apply if Awardee's Continuous Service is terminated following a Retirement Event and any Stock Units continue to vest as described in Section 2.6 above:

3.1 Non-Competition. The Awardee shall not, without the Board's prior written consent, directly or indirectly engage in, have any equity interest in, or assist, manage or participate in (whether as a director, officer, employee, agent, representative, security holder, consultant or otherwise) any Competitive Business; provided, however, that: (i) the Grantee shall be permitted to acquire a passive stock or equity interest in such a Competitive Business provided the stock or other equity interest acquired is not more than 5% of the outstanding interest in such a Competitive Business; and (ii) the Grantee shall be permitted to acquire any investment through a mutual fund, private equity fund or other pooled account that is not controlled by the Grantee and in which s/he has less than a 5% interest. For purposes of this provision, the term "Competitive Business" a business or businesses activity which is the same as, substantially similar to, or in competition with, business of the Company.

3.2 Non-Solicitation. The Awardee will not, directly or indirectly, recruit or otherwise solicit or induce any non-clerical employee, director, consultant, customer, vendor or supplier of the Company to terminate his, her or its employment or arrangement with the Company or otherwise change his, her or its relationship with the Company.

3.3 Confidentiality. The Awardee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his or her benefit or the benefit of any person, firm, corporation or other entity, any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Notwithstanding anything herein to the contrary, nothing shall prohibit the Awardee from disclosing any information that is generally known by the public.

3.4 Non-Disparagement. The Awardee will not criticize, defame, be derogatory toward or otherwise disparage the Company (or the Company's past, present and future officers, directors, stockholders, attorneys, agents, representatives, employees or affiliates), or its or their business plans or actions, to any third party, either orally or in writing; provided, however, that this provision will not preclude the Awardee from giving testimony in response to a lawful subpoena or preclude any conduct protected under 18 U.S.C. Section 1514A(a) or any similar state or federal law providing "whistleblower" protection to the Awardee.

[*remainder of page intentionally left blank*]

By the Awardee's signature and the signature of the Company's representative below, the Awardee and the Company agree that this Award is granted under and governed by the terms and conditions of this Agreement and the Plan. The Awardee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel before executing this Agreement and fully understands all provisions of this Agreement and the Plan. The Awardee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to this Agreement and the Plan.

The Awardee further agrees that the Company may deliver by email all documents relating to the Plan or this Award (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements). The Awardee also agrees that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company.

AWARDEE:

____
Signature

____
Printed Name

____
Residence Address

____
____
Date

DECKERS OUTDOOR CORPORATION

By: ________________________________

Its: ________________________________

____
Date

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Section 5: EX-10.4 (EXHIBIT 10.4)

EXHIBIT 10.4

DECKERS OUTDOOR CORPORATION
2006 EQUITY INCENTIVE PLAN
STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, capitalized terms shall have the defined meaning set forth in the Deckers Outdoor Corporation 2006 Equity Incentive Plan.

1. NOTICE OF STOCK UNIT GRANT

You have been granted Stock Units, subject to the terms and conditions of the Plan and this Stock Unit Award Agreement (this "**Agreement**"), as follows:

Name of Awardee:	_
Total Number of Stock Units Granted:	_
Grant Date:	XXXXX
Vesting Schedule:	First Anniversary of Grant Date: 33.33% Second Anniversary of Grant Date: 33.33% Third Anniversary of Grant Date: 33.33%

2. AGREEMENT

2.1 Grant of Stock Units. Pursuant to the terms and conditions set forth in this Agreement (including Section 1 above) and the Plan, the Administrator hereby grants to the Awardee named in Section 1, on the Grant Date set forth in Section 1, the number of Stock Units set forth in Section 1.

2.2 Purchase of Stock Units. No payment of cash is required for the Stock Units.

2.3 Vesting/Delivery of Shares. The Awardee shall vest on the date or dates specified in the Vesting Schedule ("**Vesting Date**" or "**Vesting Dates**") with respect to the number of Stock Units specified for such Vesting Date if the Awardee has remained in Continuous Service from the Grant Date to the applicable Vesting Date. Within ten (10) business days following the date on which the Awardee vests in a Stock Unit as set forth herein, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

For purposes of this Agreement, the term "**Continuous Service**" means (i) Awardee's employment by either the Company or any parent or subsidiary corporation of the Company, or by a corporation or a parent or subsidiary of a corporation assuming this Agreement or issuing New Incentives, as defined in Section 2.5 below, which is uninterrupted except for vacations, illness (except for permanent disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**")), or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, or (ii) so long as Awardee is engaged as a Consultant or other Service Provider.

2.4 Effect of Termination of Continuous Service before Third Anniversary of Grant Date. If Awardee's termination of Continuous Service occurs before Third Anniversary of Grant Date, all Stock Units that have not vested as of such date of termination shall automatically expire; provided, however, that notwithstanding the foregoing sentence, if Awardee's Continuous Service ceased due to his or her Termination of Service without Cause or pursuant to a Constructive Termination (as such terms are defined in Section 2.5(c) below), then a pro rata portion of the Nonvested Stock Units shall vest effective upon such Termination of Service. As used herein, a "**pro rata portion**" shall be determined based upon a fraction, the numerator of which is the number of full months of Awardee's Continuous Service commencing [GRANT DATE], and ending on the effective date of Awardee's Termination of Service without Cause or Constructive Termination, and the denominator of which is 36 months. Within ten (10) business days following the effective date of such Termination of Service without Cause or Constructive Termination, the Company shall deliver to the Awardee one share for each Stock Unit in which Awardee becomes vested as described herein and such Stock Unit shall terminate.

2.5 Vesting Upon Change in Control.

(a) Notwithstanding Sections 2.3 above, if the Awardee holds Nonvested Stock Units at the time a Change in Control occurs, and either (i) the Change in Control is not approved by a majority of the Continuing Directors (as defined below) or (ii) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), then all of the Nonvested Stock Units shall become immediately and unconditionally vested, and the restrictions with respect to all of the Nonvested Stock Units shall lapse, effective immediately prior to the consummation of such Change in Control.

(b) Notwithstanding subsection 2.5(a) above, if pursuant to a Change in Control approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the Nonvested Stock Units shall not accelerate in connection with such Change in Control to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a Termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within 12 months following such Change in Control, all Nonvested Stock Units or New Incentives shall vest effective upon such termination.

(c) For purposes of this Agreement (including Section 2.4 above), the following terms shall have the meanings set forth below:

(i) "**Cause**" means the termination by the Company of Awardee as a Service Provider for any of the following reasons: (a) the continued, unreasonable refusal or omission by the Awardee to perform any material duties required of him or her by the

Company if such duties are consistent with duties customary for the position held with the Company; (b) any material act or omission by the Awardee involving malfeasance or gross negligence in the performance of the Awardee's duties to, or material deviation from, any of the policies or directives of, the Company; (c) conduct on the part of the Awardee which constitutes the breach of any statutory or common law duty of loyalty to the Company; including the unauthorized disclosure of material confidential information or trade secrets of the Company; or (d) any illegal act by the Awardee which materially and adversely affects the business of the Company or any felony committed by the Awardee, as evidenced by conviction thereof, provided that the Company may suspend the Awardee with pay while any allegation of such illegal or felonious act is investigated. In the event that the Awardee is a party to an employment agreement or other similar agreement with the Company or any Affiliate that defines a termination on account of "Cause" (or a term having similar meaning), such definition shall apply as the definition of a termination on account of "Cause" for purposes hereof, but only to the extent that such definition provides the Awardee with greater rights. A termination on account of Cause shall be communicated by written notice to the Awardee, and shall be deemed to occur on the date such notice is delivered to the Grantee.

(ii) "**Constructive Termination**" shall mean a termination of the Awardee as a Service Provider within sixty (60) days following the occurrence of any one or more of the following events without the Awardee's written consent: (i) any material reduction in overall responsibilities, base compensation, annual incentive compensation opportunity, aggregate employee benefits or (ii) a change of the Awardee's location of employment by more than fifty (50) miles. A Constructive Termination shall be communicated by written notice to the Company, and shall be deemed to occur on the date such notice is delivered to the Company, unless the circumstances giving rise to the Constructive Termination are cured within thirty (30) days of such notice.

(iii) "**Continuing Director**" means any member of the Board of Directors of the Company who was a member of the Board prior to the adoption of the Plan, and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors.

2.6 Effect of Awardee's attainment of age 62 and the completion of 10 years of Continuous Service. Notwithstanding Section 2.3 to the contrary, if, after the First Anniversary of the Grant Date, and before the Third Anniversary of the Grant Date, Awardee both (i) attains age sixty-two (62) and (ii) completes ten (10) years of Continuous Service ("**Retirement Event**"), then, notwithstanding that there is a termination of Continuous Service following the Retirement Event, all Nonvested Stock Units shall vest on the Vesting Dates set forth above, provided that the Awardee continues to comply with any covenants that survive the termination of Continuous Service, including, without limitation, any confidentiality provisions. In that event, within ten (10) business days following any Vesting Date, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

2.7 No Interest in Company Assets. The Awardee shall have no interest in any fund or specific asset of the Company by reason of the Stock Units.

2.8 No Rights as a Stockholder Before Delivery. The Awardee shall not have any right, title, or interest in, or be entitled to vote or receive distributions in respect of, or otherwise be considered the owner of, any of the shares of Common Stock covered by the Stock Units.

2.9 Regulatory Compliance. The issuance of Common Stock pursuant to this Agreement shall be subject to full compliance with all applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

2.10 Withholding Tax. The Company's obligation to deliver any Shares upon vesting of Stock Units shall be subject to the satisfaction of all applicable federal, state, local, and foreign income and employment tax withholding requirements. The Awardee shall pay to the Company an amount equal to the withholding amount (or the Company may withhold such amount from the Awardee's salary) in cash. At the Administrator's discretion, the Awardee may pay the withholding amount with Shares; provided, however, that payment in Shares shall be limited to the withholding amount calculated using the minimum statutory withholding rates.

2.11 Company "Clawback Policy." The Company has developed a policy providing that, in the event the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, the Company shall recover a portion of any incentive compensation (including stock grants) based upon erroneous data (the "**Clawback Policy**"). Awardee agrees and acknowledges that the provision of the Company's Clawback Policy, as the same may be amended from time to time, shall apply to Awardee. The Stock Units granted under this Agreement shall be subject to the Company's Clawback Policy, including, without limitation, the rights of the Company to enforce Awardee's repayment obligation.

2.12 Plan. This Agreement is subject to all provisions of the Plan, receipt of a copy of which is hereby acknowledged by the Awardee. The Awardee shall accept as binding, conclusive, and final all decisions and interpretations of the Administrator upon any questions arising under the Plan and this Agreement.

2.13 Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their legal representatives, heirs, and permitted successors and assigns.

2.14 Restrictions on Transfer. The Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise. No right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the person entitled to such benefits. Any assignment in violation of this Section 2.13 shall be void.

2.15 Restrictions on Resale. The Awardee agrees not to sell any Shares that have been issued pursuant to the vested Stock Units at a time when Applicable Laws, Company policies, or an agreement between the Company and its underwriters prohibit a sale. This restriction shall apply as long as the Awardee is a Service Provider and for such period after the Awardee's Termination of Service as the Administrator may specify.

2.16 Section 409A. To the extent applicable, it is intended that this Plan comply with the provisions of Section 409A ("**Section 409A**") of the Code. This Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Plan to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Awardee shall not be considered to have terminated employment with the Company for purposes of this Plan and no stock transfer shall be due to Awardee under this Plan which are transferable upon Awardee's termination of employment until Awardee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

2.17 Entire Agreement; Governing Law. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Awardee with respect to the subject matter hereof, and may not be modified adversely to the Awardee's interest except by means of a writing signed by the Company and the Awardee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

2.18 No Guarantee of Continued Service. This Agreement, the transactions contemplated hereunder, and the vesting schedule set forth herein constitute neither an express nor implied promise of continued engagement as a Service Provider for the vesting period, for any period, or at all, and shall not interfere with Awardee's right or the Company's right to terminate Awardee's relationship as a Service Provider at any time, with or without Cause.

[*remainder of page intentionally left blank*]

By the Awardee's signature and the signature of the Company's representative below, the Awardee and the Company agree that this Award is granted under and governed by the terms and conditions of this Agreement and the Plan. The Awardee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel before executing this Agreement and fully understands all provisions of this Agreement and the Plan. The Awardee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to this Agreement and the Plan.

The Awardee further agrees that the Company may deliver by email all documents relating to the Plan or this Award (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements). The Awardee also agrees that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company.

AWARDEE:	DECKERS OUTDOOR CORPORATION
________________________________	
Signature	By: ________________________________
________________________________	
Printed Name	Its: ________________________________
________________________________	
Residence Address	________________________________
	Date
________________________________	
________________________________	
Date	

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Section 6: EX-10.5 (EXHIBIT 10.5)

EXHIBIT 10.5

DECKERS OUTDOOR CORPORATION
2006 EQUITY INCENTIVE PLAN
STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, capitalized terms shall have the defined meaning set forth in the Deckers Outdoor Corporation 2006 Equity Incentive Plan.

1. NOTICE OF STOCK UNIT GRANT

You have been granted Stock Units, subject to the terms and conditions of the Plan and this Stock Unit Award Agreement (this "**Agreement**"), as follows:

Name of Awardee: _

Total Number of Stock Units Granted:	_
Grant Date:	_
Vesting Schedule:	March 15, 2017 33.33% March 15, 2018 33.33% March 15, 2019 33.34%
Performance Period:	Fiscal Year Ending March 31, 2016 (the "**Performance Period**")
Performance Criteria:	The percentage of Nonvested Stock Units that may vest will be based on the value of diluted 2016 EPS as set forth in **Exhibit A** attached hereto (the "**Performance Criteria**").

2. AGREEMENT

2.1 Grant of Stock Units. Pursuant to the terms and conditions set forth in this Agreement (including Section 1 above) and the Plan, the Administrator hereby grants to the Awardee named in Section 1, on the Grant Date set forth in Section 1, the number of Stock Units set forth in Section 1.

2.2 Purchase of Stock Units. No payment of cash is required for the Stock Units.

2.3 Vesting/Delivery of Shares. The Awardee shall vest on the date or dates specified in the Vesting Schedule ("**Vesting Date**" or "**Vesting Dates**") with respect to the number of Earned Stock Units (as defined below) specified for such Vesting Date (i) if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the fiscal year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, and (ii) if the Awardee has remained in Continuous Service from the Grant Date to the applicable Vesting Date. The "Earned Stock Units" shall mean the number of Stock Units earned pursuant to this Agreement based upon the achievement by the Company of the Performance Criteria as set forth in **Exhibit A**. Within ten (10) business days following the date on which the Awardee vests in a Stock Unit as set forth herein, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

For purposes of this Agreement, the term "**Continuous Service**" means (i) Awardee's employment by either the Company or any parent or subsidiary corporation of the Company, or by a corporation or a parent or subsidiary of a corporation assuming this Agreement or issuing New Incentives, as defined in Section 2.5 below, which is uninterrupted except for vacations, illness (except for permanent disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**")), or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, or (ii) so long as Awardee is engaged as a Consultant or other Service Provider.

2.4 Effect of Termination of Continuous Service before March 15, 2019. If Awardee's termination of Continuous Service occurs before March 15, 2019, all Stock Units that have not vested as of such date of termination shall automatically expire.

2.5 Vesting Upon Change in Control.

(a) (i) *Prior to the End of the Performance Period*. In the event of a Change in Control that is consummated prior to the end of the Performance Period, notwithstanding Section 2.3 above, if the Awardee holds Nonvested Stock Units at the time a Change in Control occurs, and either (i) the Change in Control is not approved by a majority of the Continuing Directors (as defined below) or (ii) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, then all of the Nonvested Stock Units shall become immediately and unconditionally vested, and the restrictions with respect to all of the Nonvested Stock Units shall lapse, effective immediately prior to the consummation of such Change in Control.

(i) Notwithstanding subsection 2.5(a)(i) above, if pursuant to a Change in Control approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the Nonvested Stock Units shall not accelerate in connection with such Change in Control to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a Termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within 12 months following such Change in Control, all Nonvested Stock Units or New Incentives shall vest effective upon such termination regardless of the Performance Criteria.

(b) (i) *After the End of the Performance Period*. In the event of a Change in Control that is consummated after the end of the Performance Period, notwithstanding Section 2.3 above, if the Awardee holds Nonvested Stock Units at the time a Change in Control occurs, and either (A) the Change in Control is not approved by a majority of the Continuing Directors (as defined below) or (B) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), then all of the Earned Stock Units based upon the achievement of the Performance Criteria as determined by the Committee shall become immediately and unconditionally vested, and the restrictions with respect to all of the Earned Stock Units shall lapse, effective immediately prior to the consummation of such Change in Control.

(i) Notwithstanding subsection 2.5(a) above, if pursuant to a Change in Control approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the Nonvested Stock Units shall not accelerate in connection with such Change in Control to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a Termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within twelve (12) months following such Change in Control, all Earned Stock Units or New Incentives shall vest effective upon such termination.

(c) For purposes of this Agreement, the following terms shall have the meanings set forth below:

(i) "**Cause**" means the termination by the Company of Awardee as a Service Provider for any of the following reasons: (a) the continued, unreasonable refusal or omission by the Awardee to perform any material duties required of him or her by the Company if such duties are consistent with duties customary for the position held with the Company; (b) any material act or omission by the Awardee involving malfeasance or gross negligence in the performance of the Awardee's duties to, or material deviation from, any of the policies or directives of, the Company; (c) conduct on the part of the Awardee which constitutes the breach of any statutory or common law duty of loyalty to the Company; including the unauthorized disclosure of material confidential information or trade secrets of the Company; or (d) any illegal act by the Awardee which materially and adversely affects the business of the Company or any felony committed by the Awardee, as evidenced by conviction thereof, provided that the Company may suspend the Awardee with pay while any allegation of such illegal or felonious act is investigated. In the event that the Awardee is a party to an employment agreement or other similar agreement with the Company or any Affiliate that defines a termination on account of "Cause" (or a term having similar meaning), such definition shall apply as the definition of a termination on account of "Cause" for purposes hereof, but only to the extent that such definition provides the Awardee with greater rights. A termination on account of Cause shall be communicated by written notice to the Awardee, and shall be deemed to occur on the date such notice is delivered to the Grantee.

(ii) "**Constructive Termination**" shall mean a termination of the Awardee as a Service Provider within sixty (60) days following the occurrence of any one or more of the following events without the Awardee's written consent: (i) any material reduction in overall responsibilities, base compensation, annual incentive compensation opportunity, aggregate employee benefits or (ii) a change of the Awardee's location of employment by more than fifty (50) miles. A Constructive Termination shall be communicated by written notice to the Company, and shall be deemed to occur on the date such notice is delivered to the Company, unless the circumstances giving rise to the Constructive Termination are cured within thirty (30) days of such notice.

(iii) "**Continuing Director**" means any member of the Board of Directors of the Company who was a member of the Board prior to the adoption of the Plan, and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors.

2.6 Effect of Awardee's attainment of age 62 and the completion of 10 years of Continuous Service. Notwithstanding Section 2.3 to the contrary, if, after March 31, 2016, and before March 15, 2019, Awardee both (i) attains age sixty-two (62) and (ii) completes ten (10) years of Continuous Service ("**Retirement Event**"), and if, and to the extent, that the Committee determines that at least the Threshold Performance Criteria has been attained, which determination shall be made no later than June 15 of the year subsequent to the year to which the Threshold Performance Criteria relates, as set forth in Section 1 above and **Exhibit A** attached hereto, then, notwithstanding that there is a termination of Continuous Service following the Retirement Event, the number of Nonvested Stock Units determined according to the performance criteria and thresholds set forth in **Exhibit A** shall vest on the Vesting Dates set forth above, provided that the Awardee continues to comply with any covenants set forth in Section 3 below.

2.7 No Interest in Company Assets. The Awardee shall have no interest in any fund or specific asset of the Company by reason of the Stock Units.

2.8 No Rights as a Stockholder Before Delivery. The Awardee shall not have any right, title, or interest in, or be entitled to vote or receive distributions in respect of, or otherwise be considered the owner of, any of the shares of Common Stock covered by the Stock Units.

2.9 Regulatory Compliance. The issuance of Common Stock pursuant to this Agreement shall be subject to full compliance with all applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

2.10 Withholding Tax. The Company's obligation to deliver any Shares upon vesting of Stock Units shall be subject to the satisfaction of all applicable federal, state, local, and foreign income and employment tax withholding requirements. The Awardee shall pay to the Company an amount equal to the withholding amount (or the Company may withhold such amount from the Awardee's salary) in cash. At the Administrator's discretion, the Awardee may pay the withholding amount with Shares; provided, however, that payment in Shares shall be limited to the withholding amount calculated using the minimum statutory withholding rates.

2.11 Company "Clawback Policy." The Company has developed and implemented a policy providing that, in the event the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, the Company shall recover a portion of any incentive compensation (including stock grants) based upon erroneous data (a "**Clawback Policy**"). Awardee agrees and acknowledges that the provision of a Clawback Policy adopted by the Company, as the same may be amended from time to time, shall apply to Awardee. The Stock Units granted under this Agreement shall be subject to a Clawback Policy adopted by the Company, including, without limitation, the rights of the Company to enforce Awardee's repayment obligation.

2.12 Plan. This Agreement is subject to all provisions of the Plan, receipt of a copy of which is hereby acknowledged by the Awardee. The Awardee shall accept as binding, conclusive, and final all decisions and interpretations of the Administrator upon any questions arising under the Plan and this Agreement.

2.13 Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their legal representatives, heirs, and permitted successors and assigns.

2.14 Restrictions on Transfer. The Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise. No right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the person entitled to such benefits. Any assignment in violation of this Section 2.13 shall be void.

2.15 Restrictions on Resale. The Awardee agrees not to sell any Shares that have been issued pursuant to the vested Stock Units at a time when Applicable Laws, Company policies, or an agreement between the Company and its underwriters prohibit a sale. This restriction shall apply as long as the Awardee is a Service Provider and for such period after the Awardee's Termination of Service as the Administrator may specify.

2.16 Section 409A. To the extent applicable, it is intended that this Plan comply with the provisions of Section 409A ("**Section 409A**") of the Code. This Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Plan to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Awardee shall not be considered to have terminated employment with the Company for purposes of this Plan and no stock transfer shall be due to Awardee under this Plan which are transferable upon Awardee's termination of employment until Awardee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

2.17 Entire Agreement; Governing Law. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Awardee with respect to the subject matter hereof, and may not be modified adversely to the Awardee's interest except by means of a writing signed by the Company and the Awardee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

2.18 No Guarantee of Continued Service. This Agreement, the transactions contemplated hereunder, and the vesting schedule set forth herein constitute neither an express nor implied promise of continued engagement as a Service Provider for the vesting period, for any period, or at all, and shall not interfere with Awardee's right or the Company's right to terminate Awardee's relationship as a Service Provider at any time, with or without Cause.

3. Restrictive Covenants. This Section shall apply if Awardee's Continuous Service is terminated following a Retirement Event and any Stock Units continue to vest as described in Section 2.6 above:

3.1 Non-Competition. The Awardee shall not, without the Board's prior written consent, directly or indirectly engage in, have any equity interest in, or assist, manage or participate in (whether as a director, officer, employee, agent, representative, security holder, consultant or otherwise) any Competitive Business; provided, however, that: (i) the Grantee shall be permitted to acquire a passive stock or equity interest in such a Competitive Business provided the stock or other equity interest acquired is not more than 5% of the outstanding interest in such a Competitive Business; and (ii) the Grantee shall be permitted to acquire any investment through a mutual fund, private equity fund or other pooled account that is not controlled by the Grantee and in which s/he has less than a 5% interest. For purposes of this provision, the term "Competitive Business" a business or businesses activity which is the same as, substantially similar to, or in competition with, business of the Company.

3.2 Non-Solicitation. The Awardee will not, directly or indirectly, recruit or otherwise solicit or induce any non-clerical employee, director, consultant, customer, vendor or supplier of the Company to terminate his, her or its employment or arrangement with the Company or otherwise change his, her or its relationship with the Company.

3.3 Confidentiality. The Awardee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his or her benefit or the benefit of any person, firm, corporation or other entity, any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Notwithstanding anything herein to the contrary, nothing shall prohibit the Awardee from disclosing any information that is generally known by the public.

3.4 Non-Disparagement. The Awardee will not criticize, defame, be derogatory toward or otherwise disparage the Company (or the Company's past, present and future officers, directors, stockholders, attorneys, agents, representatives, employees or affiliates), or its or their business plans or actions, to any third party, either orally or in writing; provided, however, that this provision will not preclude the Awardee from giving testimony in response to a lawful subpoena or preclude any conduct protected under 18 U.S.C. Section 1514A(a) or any similar state or federal law providing "whistleblower" protection to the Awardee.

[*remainder of page intentionally left blank*]

By the Awardee's signature and the signature of the Company's representative below, the Awardee and the Company agree that this Award is granted under and governed by the terms and conditions of this Agreement and the Plan. The Awardee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel before executing this Agreement and fully understands all provisions of this Agreement and the Plan. The Awardee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to this Agreement and the Plan.

The Awardee further agrees that the Company may deliver by email all documents relating to the Plan or this Award (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements). The Awardee also agrees that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company.

AWARDEE:	**DECKERS OUTDOOR CORPORATION**
________________________________ Signature	By: ________________________________
________________________________ Printed Name	Its: ________________________________
________________________________ Residence Address	________________________________ Date
________________________________ ________________________________ Date	

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Section 7: EX-10.6 (EXHIBIT 10.6)

EXHIBIT 10.6

DECKERS OUTDOOR CORPORATION
2015 STOCK INCENTIVE PLAN
STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, capitalized terms shall have the defined meaning set forth in the Deckers Outdoor Corporation 2015 Stock Incentive Plan.

1. NOTICE OF STOCK UNIT GRANT

You have been granted Restricted Stock Units ("**Stock Units**"), subject to the terms and conditions of the Plan and this Stock Unit Award Agreement (this "**Agreement**"), as follows:

Name of Participant (“**Awardee**”):	_
Total Number of Stock Units Granted:	_
Date of Grant:	_
Vesting Schedule:	XXXXXXX : 33.33%
	XXXXXXX: 33.33%
	XXXXXXX: 33.34%

2. AGREEMENT

2.1 Grant of Stock Units. Pursuant to the terms and conditions set forth in this Agreement (including Section 1 above) and the Plan, the Committee (“**Administrator**”**)** hereby grants to the Awardee named in Section 1, on the Date of Grant set forth in Section 1, the number of Stock Units set forth in Section 1.

2.2 Purchase of Stock Units. No payment of cash is required for the Stock Units.

2.3 Vesting/Delivery of Shares. The Awardee shall vest on the date or dates specified in the Vesting Schedule (“**Vesting Date**” or “**Vesting Dates**”) with respect to the number of Stock Units specified for such Vesting Date if the Awardee has remained in Continuous Service from the Date of Grant to the applicable Vesting Date. Within ten (10) business days following the date on which the Awardee vests in a Stock Unit as set forth herein, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

For purposes of this Agreement, the term “**Continuous Service**” means (i) Awardee’s employment by either the Company or any parent or subsidiary corporation of the Company, or by a corporation or a parent or subsidiary of a corporation assuming this Agreement or issuing New Incentives, as defined in Section 2.5 below, which is uninterrupted except for vacations, illness (except for permanent disability, as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”)), or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, or (ii) so long as Awardee is engaged as a Consultant or providing Service.

2.4 Effect of Termination of Continuous Service before September 15, 2018. If Awardee's termination of Continuous Service occurs before September 15, 2018, all Stock Units that have not vested as of such date of termination shall automatically expire. .

2.5 Vesting Upon Corporate Transaction.

(a) Notwithstanding Sections 2.3 above, if the Awardee holds unvested Stock Units at the time a Corporate Transaction occurs, and either (i) the Corporate Transaction is not approved by a majority of the Continuing Directors (as defined below) or (ii) the acquiring or successor entity (or parent thereof) does not agree to provide for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation ("**New Incentives**"), then all of the unvested Stock Units shall become immediately and unconditionally vested, and the restrictions with respect to all of the unvested Stock Units shall lapse, effective immediately prior to the consummation of such Corporate Transaction.

(b) Notwithstanding subsection 2.5(a) above, if pursuant to a Corporate Transaction approved by a majority of the Continuing Directors, the acquiring or successor entity (or parent thereof) provides for the continuance or assumption of this Agreement or the substitution for this Agreement of a new agreement of comparable value covering New Incentives, then vesting of the unvested Stock Units shall not accelerate in connection with such Corporate Transaction to the extent this Agreement is continued, assumed or substituted for New Incentives; provided, however, if there is a termination of Service of Awardee without Cause or pursuant to a Constructive Termination (as defined below) within 12 months following such Corporate Transaction, all unvested Stock Units or New Incentives shall vest effective upon such termination.

(c) For purposes of this Agreement (including Section 2.4 above), the following terms shall have the meanings set forth below:

(i) "**Cause**" means the termination by the Company of Awardee's Service for any of the following reasons: (a) the continued, unreasonable refusal or omission by the Awardee to perform any material duties required of him or her by the Company if such duties are consistent with duties customary for the position held with the Company; (b) any material act or omission by the Awardee involving malfeasance or gross negligence in the performance of the Awardee's duties to, or material deviation from, any of the policies or directives of, the Company; (c) conduct on the part of the Awardee which constitutes the breach of any statutory or common law duty of loyalty to the Company; including the unauthorized disclosure of material confidential information or trade secrets of the Company; or (d) any illegal act by the Awardee which materially and adversely affects the business of the Company or any felony committed by the Awardee, as evidenced by conviction thereof, provided that the Company may suspend the Awardee with pay while any allegation of such illegal or felonious act is investigated. In the event that the Awardee is a party to an employment agreement or other similar agreement with the Company or any Affiliate that defines a termination on account of "Cause" (or a term having similar meaning), such definition shall apply as the definition of a termination on account of "Cause" for purposes hereof, but only to the extent that such definition provides the Awardee with greater rights. A termination on account of Cause shall be communicated by written notice to the Awardee, and shall be deemed to occur on the date such notice is delivered to the Awardee.

(ii) "**Constructive Termination**" shall mean a termination of the Awardee's Service within sixty (60) days following the occurrence of any one or more of the following events without the Awardee's written consent: (i) any material reduction in overall responsibilities, base compensation, annual incentive compensation opportunity, aggregate employee benefits or (ii) a change of the Awardee's location of employment by more than fifty (50) miles. A Constructive Termination shall be communicated by written notice to the Company, and shall be deemed to occur on the date such notice is delivered to the Company, unless the circumstances giving rise to the Constructive Termination are cured within thirty (30) days of such notice.

(iii) "**Continuing Director**" means any member of the Board of Directors of the Company who was a member of the Board prior to the adoption of the Plan, and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors.

2.6 Effect of Awardee's attainment of age 62 and the completion of 10 years of Continuous Service. Notwithstanding Section 2.3 to the contrary, if, after September 15, 2016, and before September 15, 2018, Awardee both (i) attains age sixty-two (62) and (ii) completes ten (10) years of Continuous Service ("**Retirement Event**"), then, notwithstanding that there is a termination of Continuous Service following the Retirement Event, all unvested Stock Units shall vest on the Vesting Dates set forth above, provided that the Awardee continues to comply with any covenants that survive the termination of Continuous Service, including, without limitation, any confidentiality provisions. In that event, within ten (10) business days following any Vesting Date, the Company shall deliver to the Awardee one Share for each Stock Unit in which the Awardee becomes vested and such Stock Unit shall terminate.

2.7 No Interest in Company Assets. The Awardee shall have no interest in any fund or specific asset of the Company by reason of the Stock Units.

2.8 No Rights as a Stockholder Before Delivery. The Awardee shall not have any right, title, or interest in, or be entitled to vote or receive distributions in respect of, or otherwise be considered the owner of, any of the shares of Common Stock covered by the Stock Units.

2.9 Regulatory Compliance. The issuance of Common Stock pursuant to this Agreement shall be subject to full compliance with all applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

2.10 Withholding Tax. The Company's obligation to deliver any Shares upon vesting of Stock Units shall be subject to the satisfaction of all applicable federal, state, local, and foreign income and employment tax withholding requirements. The Awardee shall pay to the Company an amount equal to the withholding amount (or the Company may withhold such amount from the Awardee's salary) in cash. At the Administrator's discretion, the Awardee may pay the withholding amount with Shares; provided, however, that payment in Shares shall be limited to the withholding amount calculated using the minimum statutory withholding rates.

2.11 Company "Clawback Policy." The Company has developed a policy providing that, in the event the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the securities laws, the Company shall recover a portion of any incentive compensation (including stock grants) based upon erroneous data (the "**Clawback Policy**"). Awardee agrees and acknowledges that the provision of the Company's Clawback Policy, as the same may be amended from time to time, shall apply to Awardee. The Stock Units granted under this Agreement shall be subject to the Company's Clawback Policy, including, without limitation, the rights of the Company to enforce Awardee's repayment obligation.

2.12 Plan. This Agreement is subject to all provisions of the Plan, receipt of a copy of which is hereby acknowledged by the Awardee. The Awardee shall accept as binding, conclusive, and final all decisions and interpretations of the Administrator upon any questions arising under the Plan and this Agreement.

2.13 Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their legal representatives, heirs, and permitted successors and assigns.

2.14 Restrictions on Transfer. The Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise. No right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of the person entitled to such benefits. Any assignment in violation of this Section 2.13 shall be void.

2.15 Restrictions on Resale. The Awardee agrees not to sell any Shares that have been issued pursuant to the vested Stock Units at a time when applicable laws, Company policies, or an agreement between the Company and its underwriters prohibit a sale. This restriction shall apply as long as the Awardee is providing Service and for such period after the Awardee's termination of Service as the Administrator may specify.

2.16 Section 409A. To the extent applicable, it is intended that this Plan comply with the provisions of Section 409A ("**Section 409A**") of the Code. This Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Plan to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Awardee shall not be considered to have terminated employment with the Company for purposes of this Plan and no stock transfer shall be due to

Awardee under this Plan which are transferable upon Awardee's termination of employment until Awardee would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

2.17 Entire Agreement; Governing Law. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Awardee with respect to the subject matter hereof, and may not be modified adversely to the Awardee's interest except by means of a writing signed by the Company and the Awardee. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of Delaware.

2.18 No Guarantee of Continued Service. This Agreement, the transactions contemplated hereunder, and the vesting schedule set forth herein constitute neither an express nor implied promise of continued engagement of Awardee as a provider of Service for the vesting period, for any period, or at all, and shall not interfere with Awardee's right or the Company's right to terminate Awardee's Service at any time, with or without Cause.

[*remainder of page intentionally left blank*]

By the Awardee's signature and the signature of the Company's representative below, the Awardee and the Company agree that this Award is granted under and governed by the terms and conditions of this Agreement and the Plan. The Awardee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel before executing this Agreement and fully understands all provisions of this Agreement and the Plan. The Awardee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to this Agreement and the Plan.

The Awardee further agrees that the Company may deliver by email all documents relating to the Plan or this Award (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements). The Awardee also agrees that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company.

AWARDEE:	DECKERS OUTDOOR CORPORATION
_________________________________ Signature	By: _________________________________
_________________________________ Printed Name	Its: _________________________________
_________________________________ Residence Address	_________________________________ Date
_________________________________	
_________________________________ Date	

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Section 8: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Powers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Deckers Outdoor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2017

/s/ DAVID POWERS

David Powers
Chief Executive Officer, President and Director
Deckers Outdoor Corporation
(Principal Executive Officer)

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Section 9: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas A. George, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Deckers Outdoor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as

defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2017

/s/ THOMAS A. GEORGE

Thomas A. George
Chief Financial Officer
Deckers Outdoor Corporation
(Principal Financial and Accounting Officer)

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Section 10: EX-32 (EXHIBIT 32)

EXHIBIT 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q of Deckers Outdoor Corporation (the "Company") for the quarter ended September 30, 2017 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

/s/ DAVID POWERS

David Powers
Chief Executive Officer, President and Director
Deckers Outdoor Corporation

(Principal Executive Officer)

/s/ THOMAS A. GEORGE

Thomas A. George

Chief Financial Officer

Deckers Outdoor Corporation

(Principal Financial and Accounting Officer)

Date: November 9, 2017

This certification is being furnished solely to accompany the Report pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference. A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission upon request.

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