

Crocs, Inc.  
Form DEF 14A  
April 29, 2008

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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**CROCS, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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(3) Filing Party:

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(4) Date Filed:

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**Crocs, Inc.**

**6328 Monarch Park Place  
Niwot, Colorado 80503**

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**NOTICE OF THE 2008 ANNUAL MEETING OF STOCKHOLDERS TO  
BE HELD JUNE 26, 2008**

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To the Stockholders of Crocs, Inc.:

We will hold the 2008 Annual Meeting of Stockholders of Crocs, Inc. at the Beaver Creek Lodge, 26 Avondale Lane, Beaver Creek, Colorado, on June 26, 2008, at 1:00 p.m. Mountain Time.

The meeting's purpose is to:

1. elect two Class III directors;
2. ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008; and
3. consider any other matters that properly come before the meeting or any postponement or adjournment thereof.

Only stockholders of record of our common stock at the close of business on April 28, 2008 are entitled to receive notice of and to vote at the meeting. Each share of common stock is entitled to one vote.

A list of the stockholders entitled to vote at the meeting will be available for examination at the meeting by any stockholder for any purpose relevant to the meeting. The list will also be available on the same basis for ten days prior to the meeting at our principal executive office, 6328 Monarch Park Place, Niwot, Colorado 80503.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend the meeting in person, please vote your shares, as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet, or by telephone after your receipt of hard copies of the proxy materials, as promptly as possible. You may also request a paper proxy card, which will include a reply envelope, to submit your vote by mail, as described in the Notice of Internet Availability of Proxy Materials. Stockholders who are present at the Annual Meeting may withdraw their proxy and vote in person if they so desire.

BY ORDER OF THE BOARD OF DIRECTORS

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Ronald R. Snyder  
President and Chief Executive Officer

Niwot, Colorado  
April 29, 2008

## **Crocs, Inc.**

**6328 Monarch Park Place  
Niwot, Colorado 80503**

### **2008 ANNUAL MEETING OF STOCKHOLDERS**

#### **PROXY STATEMENT**

This proxy statement was first made available to stockholders on or about April 29, 2008. It is furnished to stockholders of Crocs, Inc., a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors. The proxies being solicited will be voted at the 2008 Annual Meeting of Stockholders (the "Annual Meeting"), to be held on June 26, 2008 at 1:00 p.m., Mountain time, at the Beaver Creek Lodge, 26 Avondale Lane, Beaver Creek, Colorado, or at any postponement or adjournment thereof, for the purpose of voting on proposals as set forth herein as well as other business matters which may properly come before the meeting.

Under new rules of the Securities and Exchange Commission, we are furnishing proxy materials to our stockholders on the Internet, rather than mailing printed copies to our stockholders. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one as instructed in that notice. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

#### **GENERAL INFORMATION REGARDING ANNUAL MEETING**

##### **Record Date**

Stockholders of record at the close of business on April 28, 2008 are entitled to notice of and to vote at the Annual Meeting. On the record date, there were 83,218,542 shares of our common stock outstanding. Each such share is entitled to one vote on each matter submitted to a vote at the Annual Meeting.

##### **Quorum Requirements**

A quorum is required to conduct the Annual Meeting. The holders of a majority of the outstanding shares entitled to vote generally in the election of directors must be present in person or by proxy at the Annual Meeting in order for a quorum to exist. Abstentions and broker non-votes count as present and voting for purposes of determining a quorum. A broker non-vote occurs when a broker returns a proxy card but does not vote on one or more matters because the broker does not have the authority to do so without instructions from the beneficial owner. Shares represented by proxies that are marked WITHHOLD with respect to the election of directors will be counted as present in determining whether there is a quorum.

## Vote Requirements

If a quorum is present at the Annual Meeting, the following vote is required for approval of each matter to be voted on:

**Election of Directors:** The election of the directors nominated will require a plurality of the votes cast in person or by proxy at the Annual Meeting. "Plurality" means that the nominees who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be elected at the Annual Meeting. Consequently, proxies marked WITHHOLD and broker non-votes will have no impact on the election of directors. Cumulative voting is not permitted.

**Ratification of Appointment of Deloitte & Touche LLP:** The affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote at the Annual Meeting is required for the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008. Proxies marked ABSTAIN will have the effect of voting against this proposal. Broker non-votes will have no impact on the proposal.

**Other Proposals:** With respect to any other matters properly brought before the Annual Meeting, the affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote on the matter will be the act of the stockholders. Broker non-votes will have no effect on these proposals, and abstentions will have the effect of voting against these proposals.

## Your Proxy

Whether or not you are able to personally attend the Annual Meeting, you are encouraged to vote your shares as instructed in the Notice of Internet Availability of Proxy Materials. Shares represented by properly executed methods, and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting as directed in the proxy. **If no directions are specified, such proxies will be voted FOR each of the proposals described in this proxy statement and in the best judgment of the proxy holders as to other matters that may properly come before the Annual Meeting.**

If your shares are held in the name of a bank or brokerage firm, your bank or broker will send you a separate package describing the procedures and options for voting your shares. You should follow the instructions provided by your bank or brokerage firm. If you do not instruct your broker how to vote, your broker will vote your shares for you at his or her discretion on routine matters such as the election of directors and ratification of the independent registered public accounting firm.

## Revocation

Any stockholder giving a proxy has the power to revoke the proxy, or change the proxy, at any time before the proxy is voted at the Annual Meeting by (i) re-voting online at [www.proxyvote.com](http://www.proxyvote.com), (ii) sending another properly executed proxy bearing a later date or a written notice of revocation of the proxy to Corporate Secretary, Crocs, Inc., 6328 Monarch Park Place, Niwot, Colorado 80503 or (iii) voting in person at the Annual Meeting.

## Attending the Annual Meeting

You are invited to personally attend the Annual Meeting.

## Cost of Proxy Solicitation

We will bear the entire cost of this proxy solicitation. We may reimburse brokers, custodians, nominees and other fiduciaries for normal handling charges incurred for forwarding proxy materials to beneficial owners. Solicitation of proxies may be made personally or by mail or telephone by our directors, officers and other employees, who will receive no additional compensation for such services.

## PROPOSAL 1 ELECTION OF DIRECTORS

Our Board of Directors currently consists of seven members divided into three classes, with each director elected to a three-year term. Under our amended and restated bylaws, each of our directors holds office until his or her successor has been elected and qualified or until such director's earlier death, resignation, disqualification or removal. We have divided the terms of office of the directors into three classes. Class I consists of Ronald L. Frasch and Marie Holman-Rao, whose terms will expire at the annual meeting to be held in 2009. Class II consists of Raymond D. Croghan, Michael E. Marks and Richard L. Sharp, whose terms will expire at the annual meeting to be held in 2010. Class III consists of Thomas J. Smach and Ronald R. Snyder, whose terms will expire at the Annual Meeting. Messrs. Smach and Snyder will stand for re-election to the Board of Directors at the Annual Meeting.

Upon recommendation of the Governance and Nominating Committee, the Board of Directors has nominated Messrs. Smach and Snyder for election as Class III directors to serve for a three year term expiring at the 2011 annual meeting of stockholders.

Proxies cannot vote for more than two nominees. Each of the director nominees has consented to serve for a three-year term. We do not contemplate that any of the nominees will be unable to stand for election, but should any nominee become unable to serve or will not serve for any reason, all proxies (except proxies marked to the contrary) will be voted for the election of a substitute nominee as our Board of Directors may recommend.

### Class III Director Nominees

**Thomas J. Smach (Class III)**, age 47, has served as a member of our Board of Directors since April 2005. Since January 2005, Mr. Smach has served as the Chief Financial Officer of Flextronics International Ltd., a NASDAQ-listed electronics equipment manufacturer ("Flextronics"). From April 2000 to December 2004, Mr. Smach served as Senior Vice President Finance of Flextronics. From 1997 to April 2000, he served as the Senior Vice President, Chief Financial Officer and Treasurer of The Dii Group, Inc., a value-added electronics design and manufacturing service provider. Mr. Smach is a certified public accountant and also serves on the Board of Directors of ADVA AG Optical Networking and BMC Software.

**Ronald R. Snyder (Class III)**, age 51, has served as our Chief Executive Officer since January 2005, was appointed as our President and a director in June 2004, and served as a consultant from October 2003 to June 2004. From March 2004 to December 2004, he was Chief Executive Officer of Vinci Corporation, a home theater equipment company. From April 2000 to December 2003, Mr. Snyder served as a senior executive with Flextronics, where he was most recently President of the Flextronics design division. Mr. Snyder joined Flextronics upon its acquisition of The Dii Group, Inc., of which he was a founder and an officer and where he had previously led various groups, including manufacturing operations, mergers and acquisitions, and sales and marketing.

### THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL OF THE ABOVE-NAMED NOMINEES FOR DIRECTOR.

### Information About Continuing Directors

**Raymond D. Croghan (Class II)**, age 58, has served as a member of our Board of Directors since August 2004. Since 1999, Mr. Croghan has been retired. From 1991 to 1999, Mr. Croghan ran Croghan & Associates, Inc., a healthcare information technology consulting firm, which merged with Margolis Health Enterprise to form The TriZetto Group. Mr. Croghan serves on the boards of directors of several privately-held companies.

**Michael E. Marks (Class II)**, age 57, has served as a member of our Board of Directors since August 2004. Mr. Marks manages a private equity fund, Riverwood Capital LLC, which invests in

rapidly growing private companies in North America and emerging markets. Before founding Riverwood Capital, LLC, he served as a member and then a senior advisor to Kohlberg Kravis Roberts & Co., a private equity firm. Earlier, he served as CEO of Flextronics from January 1994 to January 2006. Mr. Marks currently sits on the boards of SanDisk Corporation, Schlumberger Ltd. and Sun Microsystems, Inc.

**Richard L. Sharp (Class II)**, age 61, has served as the Chairman of our Board of Directors since April 2005. From 1982 to 2002, Mr. Sharp served in various positions with Circuit City Stores, Inc., a consumer electronics and personal computer retailer, most recently as President from 1984 to 1997, Chief Executive Officer from 1986 to 2000 and Chairman of the Board from 1994 to 2002. Mr. Sharp served as Chairman and Chief Executive Officer of CarMax, Inc., the nation's largest specialty retailer of used cars and light trucks, from 1994 to 2000 and Chairman from October 2002 to June 2007. He is also a director of Flextronics.

**Ronald L. Frasch (Class I)**, age 59, has served as a member of our Board of Directors since October 2006. Since February 2007, Mr. Frasch has served as President and Chief Merchandising Officer of Saks Fifth Avenue, a division of Saks, Incorporated, and a NYSE-listed luxury fashion retailer. He held the post of Vice Chairman and Chief Merchant of Saks Fifth Avenue from November 2004 until January 2007. From January 2004 to November 2004, Mr. Frasch was employed by Saks in a non-executive capacity. From April 2000 to January 2004, Mr. Frasch served as Chairman and Chief Executive Officer of Bergdorf Goodman (a subsidiary of Neiman Marcus Group, Inc.) and served as President of GFT North America (a subsidiary of Gruppo GFT, based in Turin, Italy, a global producer, marketer and distributor of fine men's and women's clothing, sportswear and furnishings) from 1996 to 2000. Mr. Frasch also served as President and Chief Executive Officer of Escada USA from 1994 to 1996.

**Marie Holman-Rao (Class I)**, age 59, has served as a member of our Board of Directors since October 2006. Since March 2006, Ms. Holman-Rao has served as Chief Executive Officer and President of M. Rao Design Consulting Group. From 1997 to March 2006, Ms. Holman-Rao served as President, Design Services of Limited Brands, Inc., a NYSE-listed specialty retailer. From 1993 until 1997, she served in various management positions at Gap, Inc., including Executive Vice President, Design, Banana Republic and President, Banana Republic in 1997. Ms. Holman-Rao also served as Senior Vice President and General Merchandise Manager at Ann Taylor from 1992 until 1993 and as Vice President, Creative Development, Sport at Adrienne Vittadini, Inc. from 1989 to 1992. From 1986 to 1989, Ms. Holman-Rao served as President of Perry Ellis.

#### EXECUTIVE OFFICERS

In addition to Ronald R. Snyder, our President and Chief Executive Officer, whose biographical information is disclosed above under "Election of Directors," our executive officers as of March 31, 2008 include the following individuals:

Name	Age	Position(s)
John P. McCarvel	51	Chief Operations Officer and Executive Vice President
Russell C. Hammer	51	Chief Financial Officer, Senior Vice President Finance and Treasurer
Michael C. Margolis	56	Vice President Sales & Marketing

**John P. McCarvel** has served as our Chief Operating Officer and Executive Vice President since February 2007. Previously, Mr. McCarvel served as our Senior Vice President Global Operations from October 2005 to February 2007 and as our Vice President Asian & Australian Operations from January 2005 to September 2005, after providing consulting services to us during 2004. From October 2001 to January 2005, Mr. McCarvel served as Vice President for the Design, Test and Semiconductor



division of Flextronics, where he was responsible for building Flextronics' engineering infrastructure in Asia and growing Flextronics' business in the region. From 1999 to October 2001, he served as President of U.S. Operations and Senior Vice President of Worldwide Sales and Marketing for Singapore Technology Assembly Test Services Ltd., a semiconductor services company. He previously worked in executive level positions with Micron Custom Manufacturing Services, Inc., a manufacturer of electronic products for computing and digital applications, and The Dii Group, Inc.

**Russell C. Hammer** has served as our Chief Financial Officer, Senior Vice President of Finance and Treasurer since January 2008. Prior to joining Crocs, Mr. Hammer was employed for 29 years at Motorola, Inc., a global supplier of wireless handsets and mobile communication products. During his employment with Motorola, Mr. Hammer served as Chief Financial Officer and Corporate Vice President of Motorola's Connected Home Solutions Business from April 2005 to August 2007. From August 2002 to March 2005, he served as Chief Audit Officer for Motorola, and from August 1998 to July 2002 he served as Chief Financial Officer, Asia Cellular Subscriber Business of Motorola. Mr. Hammer also served in other executive roles for Motorola's various divisions during his tenure with the company.

**Michael C. Margolis** has served as our Vice President Sales & Marketing since January 2005 and led our sales group as an independent consultant from October 2003 to December 2004. From May 1995 to December 2004, Mr. Margolis was a founder and served as Vice President of Source Solutions, Inc., an apparel and merchandising company. He also successfully founded and ran a number of sporting goods and apparel companies prior to Source Solutions and has extensive experience establishing and maintaining sales relationships with large retail chains.

#### **BENEFICIAL OWNERSHIP OF OUR COMMON STOCK**

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 31, 2008 by:

each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of our voting securities;

each current director or nominee;

each of the named executive officers listed in the table below, (or "NEO"); and

all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the Securities and Exchange Commission ("SEC") rules. In computing percentage ownership of each person, shares of common stock subject to options held by that person that are currently exercisable or convertible, or exercisable or convertible within 60 days of March 31, 2008, are deemed to be outstanding and beneficially owned by that person. In addition, shares that are required to be issued by us to any person pursuant to a restricted stock award agreement within 60 days of March 31, 2008 are also deemed to be outstanding and beneficially owned by that person. None of these shares, however, are deemed outstanding for the purpose of computing the percentage ownership of any other person.

Except as indicated in this table and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder's name. Percentage ownership is based on 83,187,803 shares of our common stock outstanding on March 31, 2008. Unless otherwise indicated below, the address for each

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person who owns more than 5% of our voting securities and for each director and named executive officer listed below is in care of Crocs, Inc., 6328 Monarch Park Place, Niwot, Colorado 80503.

Name of Beneficial Owner	Beneficial Ownership	
	Shares	Percent
<b>5% Stockholders:</b>		
Mazama Capital Management, Inc.(1)	6,894,344	8.3%
<b>Non-Employee Directors:</b>		
Richard L. Sharp(2)	1,447,454	1.7%
Michael E. Marks(3)	1,640,005	2.0%
Thomas J. Smach(4)	127,210	*
Raymond D. Croghan(5)	85,861	*
Marie Holman-Rao(6)	20,000	*
Ronald L. Frasch(7)	5,000	*
<b>Named Executive Officers:</b>		
Ronald R. Snyder(8)	1,109,579	1.3%
John P. McCarvel(9)	407,750	*
Michael C. Margolis(10)	145,634	*
Peter S. Case(11)	36,668	*
Russell C. Hammer		*
All current directors and executive officers as a group (11 persons)(12)	5,025,161	6.0%

\*  
Less than 1%

- (1) Based solely on a Schedule 13G filed with the SEC on February 8, 2008. The address for Mazama Capital Management, Inc. is One Southwest Columbia Street, Suite 1500, Portland, Oregon 97258.
- (2) Shares beneficially owned include 297,024 shares subject to options exercisable within 60 days of March 31, 2008, 800,000 shares beneficially owned by The RLS Trust, 116,810 shares beneficially owned by BES & RS, LLC, 116,810 shares beneficially owned by EGG & RS, LLC, and 116,810 shares beneficially owned by RBG & RS, LLC. Mr. Sharp is the sole trustee of The RLS Trust and is the sole manager of each of BES & RS, LLC, EGG & RS, LLC, and RBG & RS, LLC, and he exercises voting and investment power over all of the shares beneficially owned by the trust and each company. The address for Mr. Sharp is 9020 Stony Point Parkway, #180, Richmond, VA 23235.
- (3) Shares beneficially owned include 175,197 shares subject to options exercisable within 60 days of March 31, 2008 and 1,214,808 shares beneficially owned by WB Investors, LLC. Mr. Marks is the managing member of WB Investors, LLC and exercises voting and investment power over the shares beneficially owned by WB Investors, LLC.
- (4) Shares beneficially owned include 122,210 shares subject to options exercisable within 60 days of March 31, 2008 and 5,000 shares held as custodian for Mr. Smach's two children and nephew under the New York Uniform Gifts to Minors Act. Mr. Smach exercises voting and investment power over the shares.
- (5) Shares beneficially owned include 80,901 shares subject to options exercisable within 60 days of March 31, 2008 and an aggregate of 4,960 shares of common stock beneficially owned by two trusts for the benefit of Mr. Croghan's two daughters. Mr. Croghan's spouse is the trustee of both trusts and she exercises sole voting and investment power over the shares. Mr. Croghan disclaims beneficial ownership of such shares.



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- (6) Shares beneficially owned are subject to options exercisable within 60 days of March 31, 2008.
- (7) Shares beneficially owned are subject to options exercisable within 60 days of March 31, 2008.
- (8) Shares beneficially owned include 194,954 shares subject to options exercisable within 60 days of March 31, 2008, 19,468 shares that will be issued pursuant to a restricted stock award agreement within 60 days of March 31, 2008 and 895,161 shares held in the name of Pershing LLC f/b/o Ronald R. Snyder.
- (9) Shares beneficially owned include 153,386 shares subject to options exercisable within 60 days of March 31, 2008 and 254,364 shares held jointly with his spouse.
- (10) Shares beneficially owned include 89,176 shares subject to options exercisable within 60 days of March 31, 2008, 400 shares held of record by Mr. Margolis' daughter and 56,058 shares held jointly with his spouse. Mr. Margolis disclaims beneficial ownership of the shares held by his daughter.
- (11) Shares beneficially owned are subject to options exercisable within 60 days of March 31, 2008.
- (12) Shares beneficially owned include 700,332 shares of common stock subject to options issued to six non-employee directors and 493,656 shares of common stock subject to options issued or restricted stock awards granted to five executive officers that are exercisable or issuable within 60 days of March 31, 2008.

### BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

#### Board Composition

Our Board of Directors currently consists of seven members divided into three classes, with each director elected to a three-year term. Under our amended and restated bylaws, each of our directors holds office until his or her successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal.

At each annual meeting of stockholders, the successors to directors whose terms expire at such meeting will be elected, or such directors will be re-elected, and will serve from the time of election and qualification until the third annual meeting following their election and until their successors are duly elected and qualified. The current authorized number of directors is seven. The authorized number of directors may be changed by resolution of the board. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. Vacancies on the board can be filled by resolution of the Board of Directors.

NASDAQ listing standards require that our Board of Directors have a majority of independent directors. The Board of Directors has determined that all of the current members of our Board of Directors, except Mr. Snyder, are independent directors as defined by Rule 4200(a) (15) of the NASDAQ listing standards. The Board makes a determination regarding the independence of each director annually based on the relevant facts and circumstances. Applying these standards and the independence criteria defined by the NASDAQ listing standards, the Board has made a subjective determination as to each independent director that no relationships exist that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director.

During 2007, the Board of Directors met six times and acted by written consent on various other occasions. All directors attended 75% or more of the meetings of the Board of Directors and the meetings of the committees of the Board on which they serve. The outside directors of the Board hold executive sessions without members of management present, including Mr. Snyder. Executive sessions were held on four occasions in 2007 and 100% of the outside directors were in attendance. We

encourage, but do not require, our directors to attend the annual meeting. Mr. Snyder and Mr. Croghan attended our 2007 annual meeting of stockholders.

Stockholders who wish to communicate with the Board of Directors or with specified individual directors may do so by mailing such written communication to: Corporate Secretary, Crocs, Inc., 6328 Monarch Park Place, Niwot, Colorado 80503. The Corporate Secretary will review all correspondence and will forward to the Board or an individual director a summary of the correspondence received and copies of correspondence that the Corporate Secretary determines requires the attention of the board or such individual director. The Board or an individual director may at any time request copies and review all correspondence received by the Corporate Secretary that is intended for the Board or such individual director.

#### **Board Committees**

Our Board of Directors has the authority to appoint committees to perform certain management and administrative functions. Our Board of Directors has established the following committees:

*Audit Committee.* Messrs. Smach (Chairman), Croghan and Frasch are the current members of our Audit Committee. The Audit Committee met four times in 2007. The functions of the Audit Committee include oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of our independent auditors and the performance of our internal audit function. Our Audit Committee is directly responsible, subject to stockholder ratification, for the appointment, retention, compensation, evaluation, termination and oversight of the work of any independent auditor engaged for the purpose of preparing or issuing an audit report or related work. The purpose and responsibilities of our Audit Committee are set forth in the Audit Committee Charter, which was amended and restated by our Board of Directors. The amended and restated Audit Committee Charter can be found on our website at [www.crocs.com](http://www.crocs.com).

All of the members of the Audit Committee are independent as determined in accordance with NASDAQ rules and relevant federal securities laws and regulations. Our Board of Directors has determined that Mr. Smach qualifies as an "audit committee financial expert" as defined by the applicable regulations of the SEC.

*Compensation Committee.* Our Compensation Committee consists of Messrs. Marks (Chairman) and Croghan. The Compensation Committee met twelve times in 2007. The Compensation Committee has overall responsibility for evaluating and approving our executive officer incentive compensation, benefits, severance, equity-based or other compensation plans, policies and programs. The Compensation Committee is also responsible for approving our Compensation, Discussion and Analysis for inclusion in our proxy statement. The purpose and responsibilities of our Compensation Committee are set forth in the Compensation Committee Charter, which was approved by our Board of Directors on June 30, 2005. The Compensation Committee Charter can be found on our website at [www.crocs.com](http://www.crocs.com). All of the members of the Compensation Committee are independent as determined in accordance with NASDAQ listing standards and relevant federal securities laws and regulations.

*Role of the Compensation Committee.* The Compensation Committee has the authority to establish and monitor the executive compensation programs and to make decisions regarding the compensation of the NEOs. The Compensation Committee sets the Chief Executive Officer's compensation. The Compensation Committee also reviews the recommendations of the Chief Executive Officer with respect to compensation of the other NEOs and, after reviewing such recommendations, sets the compensation of the other NEOs. The Compensation Committee also monitors, administers and approves awards under our various incentive compensation plans for all levels of our employees,

including awards under our 2007 Incentive Plan, 2007 Equity Incentive Plan and 2008 Cash Incentive Plan.

The Compensation Committee relies on its judgment in making compensation decisions after reviewing our performance and evaluating each executive's performance against established goals, leadership ability and responsibilities, and current compensation arrangements. When setting total compensation for each of the NEOs, the Compensation Committee reviews the NEO's current compensation, which includes equity and non-equity based compensation. The Compensation Committee also evaluates surveys and other available data regarding the executive compensation programs of comparative companies. The compensation program for NEOs and the Compensation Committee assessment process are designed to be flexible so as to better respond to the evolving business environment and individual circumstances.

*Role of Consultants.* In 2007, neither the Compensation Committee nor management engaged a third party consultant for determining the amount or particular form of any NEO compensation. In evaluating the 2008 executive compensation, however, the Compensation Committee and management engaged a third party consultant, Mercer, to provide an overall evaluation of our NEO compensation, including a comparison against our peers, on elements of compensation including base pay, performance based bonuses and long-term equity awards. The peer group information, which includes peers utilized in 2007 (detailed below), was collected and presented to the Compensation Committee by Mercer in March 2008. The use of these market benchmarks, while helpful to the Committee in determining the 2008 executive compensation, is principally intended to assist the Compensation Committee as a point of reference and is not considered to be determinative in the Compensation Committee's decision-making process. The Compensation Committee is granted authority to retain such outside counsel, experts and other advisers as deemed necessary.

*Employment and Severance Agreements.* The current NEOs, with the exception of Mr. Hammer, do not have employment, severance or change in control agreements, although unvested options and restricted stock may become vested on a change in control pursuant to individual option or restricted stock award agreements. Based on our employment agreement with Mr. Hammer, we will pay six months of his base salary upon involuntary termination without cause. The NEOs serve at the will of the Board, which enables us to terminate their employment with discretion and to determine the terms of any severance. This is consistent with our performance-based employment and compensation philosophy.

*Governance and Nominating Committee.* Our Governance and Nominating Committee consists of Mr. Sharp (Chairman) and Ms. Holman-Rao. The Governance and Nominating Committee met once in 2007. The Governance and Nominating Committee assists our Board of Directors in promoting the best interests of the Company and our stockholders through the implementation of sound corporate governance principles and practices. In furtherance of this purpose, the Governance and Nominating Committee identifies individuals qualified to become board members and recommends to our Board of Directors the director nominees for the next annual meeting of stockholders. It also reviews the qualifications and independence of the members of our Board of Directors and its various committees and makes any recommendations the Governance and Nominating Committee members may deem appropriate concerning any recommended changes in the composition of our Board of Directors and its committees. The Governance and Nominating Committee also recommends to our Board of Directors the corporate governance guidelines and standards regarding the independence of outside directors applicable to us and reviews the provisions of the Governance and Nominating Committee Charter on a regular basis to confirm that such guidelines, standards and charter remain consistent with sound corporate governance practices and with any legal or regulatory requirements of NASDAQ. The Governance and Nominating Committee also monitors and leads our Board of Directors in its annual review of our Board of Directors' performance.

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The purpose and responsibilities of our Governance and Nominating Committee are set forth in the Governance and Nominating Committee Charter, which was approved by our Board of Directors on June 30, 2005. The Governance and Nominating Committee Charter can be found on our website at [www.crocs.com](http://www.crocs.com). All of the members of the Governance and Nominating Committee are independent as determined in accordance with the NASDAQ listing standards.

*Director Nomination Process.* In identifying potential director candidates, the Governance and Nominating Committee relies on recommendations from a number of sources, including current directors and officers. The Governance and Nominating Committee may also hire outside consultants or search firms or other advisors to assist in identifying director candidates. The Governance and Nominating Committee will consider director candidates recommended by stockholders on the same basis as it considers other candidates. Any stockholder wishing to recommend a candidate for consideration by the Governance and Nominating Committee may do so by submitting a written recommendation to the Governance and Nominating Committee in accordance with the procedures set forth under "Stockholder Proposals and Nominations for 2009 Annual Meeting."

In evaluating a candidate for director, the Governance and Nominating Committee considers, among other things, the candidate's judgment, knowledge, integrity, business and industry experience, and expertise, which are likely to enhance the Board of Director's ability to manage and direct our affairs and business. The Governance and Nominating Committee also takes into account independence requirements imposed by law or regulations (including the NASDAQ listing standards). In the case of director candidates recommended by stockholders, the Governance and Nominating Committee may also consider the number of shares held by the recommending stockholder, the length of time that such shares have been held and the relationship, if any, between the recommending stockholder and the recommended director nominee.

### **Code of Business Conduct and Ethics and Committee Charters**

We have adopted a Code of Business Conduct and Ethics that applies to all directors and employees, including our principal executive, financial and accounting officers. The Code of Business Conduct and Ethics is posted on our website at [www.crocs.com](http://www.crocs.com). We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics that apply to our directors and principal executive, financial and accounting officers by posting such information on our website. The Audit Committee Charter, Compensation Committee Charter and Governance and Nominating Committee Charter are also available on our website at [www.crocs.com](http://www.crocs.com). Any person may request a copy of the Code of Business Conduct and Ethics or committee charters free of charge by submitting a written request to: Corporate Secretary, Crocs, Inc., 6328 Monarch Park Place, Niwot, Colorado 80503.

**Compensation of Directors**

The table below summarizes the total compensation paid or earned by each of the non-employee directors for the fiscal year ended December 31, 2007.

	<u>Year</u>	<u>Fees Earned or Paid in Cash</u>	<u>Option Awards(1)</u>	<u>Total</u>
<b>Raymond D. Croghan</b>	2007	\$ 40,000	\$ 303,286	\$ 343,286
<b>Ronald L. Frasch</b>	2007	40,000	248,381	288,381
<b>Marie Holman-Rao</b>	2007	40,000	248,381	288,381
<b>Michael E. Marks</b>	2007	45,000	303,286	348,286
<b>Richard L. Sharp</b>	2007	45,000	289,971	334,971
<b>Thomas J. Smach</b>	2007	50,000	419,106	469,106

(1)

Amounts reflect the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2007, in accordance with SFAS 123R and includes amounts from awards granted in and prior to 2007. Assumptions used in the calculations of these amounts are set forth in Footnote 5 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

As of December 31, 2007, each non-employee director had the following number of stock options outstanding. All information regarding options outstanding have been restated, as appropriate, to reflect to the 2-for-1 stock split that occurred on June 14, 2007, which was effected as a 100% common stock dividend distributed on that date.

	<u>Options Outstanding at December 31, 2007</u>
<b>Raymond D. Croghan</b>	203,510
<b>Ronald L. Frasch</b>	85,000
<b>Marie Holman-Rao</b>	100,000
<b>Michael E. Marks</b>	297,806
<b>Richard L. Sharp</b>	448,836
<b>Thomas J. Smach</b>	288,623

In 2007 our non-employee directors received annual cash compensation of \$40,000, payable quarterly. Additional annual cash compensation was paid to the chairperson of each committee of the Board of Directors as follows: \$10,000 for the Chair of the Audit Committee and \$5,000 for each of the Compensation Committee Chair and the Governance and Nominating Committee Chair. All directors were reimbursed for their reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors and its committees.

Each new non-employee director is awarded options to purchase 80,000 shares of our common stock on his or her initial election to our Board of Directors, and continuing directors are awarded options to purchase an additional 20,000 shares of our common stock for each year of service. The Chairman of the Board of Directors receives options to purchase an additional 20,000 shares of our common stock on initial election as Chairman. The options are granted at the fair market value of our common stock on the date of grant and have a term of seven years. Each option grant vests in four equal installments on the respective dates of the first four annual meetings following the grant date, so long as such person remains a director.

**Compensation Committee Interlocks and Insider Participation**

Messrs. Croghan and Marks served as the members of our Compensation Committee during the fiscal year ended December 31, 2007. None of our executive officers currently serve, or in the past has served, on the compensation committee or the board of directors of any other company, whose executive officers served as a member of our Compensation Committee or Board of Directors.



**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

The following discussion and analysis provides information regarding our executive compensation objectives and principles, procedures, practices and decisions, and is provided to help give perspective to the numbers and narratives that follow in the tables within this section. This discussion will focus on our objectives, principles, practices and decisions with respect to the compensation of the following named executive officers (the "NEOs"):

Ronald R. Snyder, Chief Executive Officer and President

John P. McCarvel, Chief Operating Officer and Executive Vice President

Michael C. Margolis, Vice President Sales and Marketing

Peter S. Case, Former Chief Financial Officer, Senior Vice President Finance and Treasurer

Russell C. Hammer, Chief Financial Officer, Senior Vice President Finance and Treasurer, effective January 2008

**Executive Compensation Objectives and Principles**

The overall objective of our executive compensation program is to create long-term value for our stockholders by attracting and retaining talented executives, rewarding superior operating and financial performance, and aligning the long-term interests of our executives with those of our stockholders. Accordingly, our executive compensation program incorporates the following principles:

Compensation should be based on individual job responsibility, demonstrated leadership ability, management experience, individual performance and our performance. Employees in positions of leadership and broad responsibility are generally compensated by elements that are linked to our overall performance and stockholder returns.

Compensation should reflect the fair market value of the services received. We believe that a fair and competitive pay package for the NEOs is essential to attract and retain talented executives in key positions.

Compensation is designed to reward NEOs based on both our short-term and long-term performance. Base pay is tied to individual performance and market conditions for similar positions. Bonuses are tied to achievement of short-term quantitative performance goals that we believe closely correlate to share value. Long-term performance is rewarded through equity-based awards such as stock options, the value of which depends on future share prices, and the realization of which is contingent on satisfaction of vesting schedules requiring continued service with us.

Compensation should foster long-term focus. Compensation is designed to align executives' interests with those of our stockholders. A significant percentage of total compensation is allocated to non-cash compensation as a result of this philosophy. We do not use an exact formula for allocating between cash and non-cash compensation.

The Compensation Committee forms its judgments regarding the levels and component mix of executive compensation by considering the market competition for executive talent, the risk to an executive inherent in employment with a company that has a relatively short operating history, and our financial goals. The following are several specific financial metrics used by the Compensation Committee in determining the final 2007 compensation for executives:

Revenues increased 138.9% to \$847.4 million in 2007 from \$354.7 million in 2006.



Net income increased 161.2% to \$168.2 million in 2007 from \$64.4 million in 2006.

Diluted earnings per share increased 146.9% to \$2.00 in 2007 from \$0.81 in 2006.

**Elements of Compensation**

Our executive compensation objectives and principles are implemented through the use of the following elements of compensation, each of which is discussed more fully below:

Base Pay

Performance-Based Bonus

Long-Term Equity Awards

Other Personal Benefits

Our executive compensation program seeks to attract, retain, and motivate exemplary executive talent who are able to succeed in our fast paced high growth company. Our executive compensation program also seeks to hold our executives accountable and reward them appropriately for successful business results. We are firmly committed to our stockholders, and our executive compensation program is structured to align our executives' compensation with our stockholders' interests. To meet each of these objectives, our core executive compensation program encompasses base salaries, annual performance-based incentive compensation, and long-term equity incentive awards. We believe that the total compensation opportunities offered to our executives are sufficient to reduce the need for anything other than limited executive perquisites (which are detailed later in this report) or enhanced benefit programs beyond those that are typically available to all other employees.

The Compensation Committee does not utilize an exact calculation in determining the break-down of NEO compensation among base pay, annual performance-based bonus, and long-term equity awards; rather, the Compensation Committee takes into consideration all forms of compensation. Because we are a rapidly growing company, we believe that a substantial portion of each NEO's compensation should be in the form of annual performance-based bonus and equity awards. In general, compensation of the NEOs is set at levels where we are competitive with our market peers of the S&P 600 Footwear Index and two similar companies due to either their multi-brand business model or high growth (collectively, "Peers"), with the expectation that shortfalls in base pay, if any, will be recouped through performance bonuses should our performance entitle the NEO to receive performance bonuses. The Peers and the criteria for their inclusion are listed below:

Company	Criteria
<b>Brown Shoe Co., Inc.</b>	S&P 600 Footwear
<b>K-Swiss, Inc.</b>	S&P 600 Footwear
<b>Quiksilver, Inc.</b>	Similar Multi-Brand Business Model
<b>Skechers USA, Inc.</b>	S&P 600 Footwear
<b>Stride Rite CP</b>	S&P 600 Footwear
<b>Timberland Co.</b>	S&P 600 Footwear
<b>Under Armour, Inc.</b>	High Growth
<b>Wolverine World Wide, Inc.</b>	S&P 600 Footwear

*Base Pay.* The Compensation Committee established base pay in 2007 by considering the size of our operations, the responsibilities of the NEOs and the competitive marketplace for executive talent in similar positions, in particular that of our Peers. The Compensation Committee sets the base pay of the Chief Executive Officer. Base pay for other NEOs is set by the Compensation Committee after reviewing the recommendation of the Chief Executive Officer. Annual adjustments are influenced by

growth of our operations, revenues and profitability, individual performance, changes in responsibility and other factors.

*Performance-Based Bonuses.* In an effort to encourage achievement of our performance objectives, the amount of potential bonus to be paid to the NEOs for the year upon achievement of these performance objectives is set at a level which the Compensation Committee believes is in excess of the bonuses paid by our Peers. The combination of base pay and performance-based bonuses is intended to result in an aggregate rate of salary and bonus compensation exceeding competitive market standards when we exceed the performance objectives set by the Compensation Committee. The Compensation Committee believes that a compensation plan exceeding competitive market standards offers NEOs additional incentive to outperform our Peers and ensures that we attract and retain talented NEOs.

Under our 2007 Incentive Plan, the bonus amount for each NEO was expressed as a percentage of the NEO's base pay ranging from 25% to 800% contingent on us achieving diluted earnings per share growth in 2007 between 10% to 175% over our fully diluted earnings per share for the year ended December 31, 2006. If we did not reach the minimum earnings per share target of 10%, the NEOs would not have been eligible for bonuses under the plan. The percentages were determined by the Compensation Committee based on the estimated contribution and responsibility of the individual NEO. The Compensation Committee also takes into consideration the inherent employment risk accepted by an officer of a rapidly growing company with a limited operating history.

The bonuses payable to the NEOs in 2007 were paid early in 2008 after the Compensation Committee had determined the amount actually earned and payable. For 2007, our performance entitled the NEOs to the bonus levels between the target and maximum amounts allowed under our 2007 Incentive Plan with deferred compensation also recognized for certain of our NEOs who elected to participate in our related Senior Executive Deferred Compensation Plan. Total bonuses earned by the NEO's ranged from 75% to 600% of their base salaries. Information on target and maximum bonus amounts are included in the Grants of Plan Based Awards Table below. The Compensation Committee has discretion to depart from the formula in approving the bonuses and decrease bonuses after general results are known. In 2007, the Compensation Committee adjusted certain bonuses during their review of our performance and each NEO's individual contribution to our performance. Adjustments were made for certain NEOs based on the results of the Compensation Committee's assessment and represent decreases against the bonus amount that would have been paid if the bonus amount were based on our performance alone. Bonuses earned under the 2007 Incentive Plan are reported under the headings "Non-Equity Incentive Plan Compensation" and "Bonuses," respectively, in the Summary Compensation Table below.

In addition, the 2008 Cash Incentive Plan was approved at the 2007 Annual Meeting of Stockholders. This plan qualifies as a performance-based compensation plan in accordance with Section 162(m) of the Internal Revenue Code (hereafter referred to as "the Code"). See "Deductibility of Executive Compensation" below for further discussion.

*Senior Executive Deferred Compensation Plan.* Certain senior executives, including NEOs, are eligible to participate in the 2007 Senior Executive Deferred Compensation Plan (the "Senior Executive Plan"). Under the Senior Executive Plan, a participant may defer all or a part of his or her bonus amount exceeding 200% of their target bonus in accordance with the applicable deferral agreement executed by the participant. The deferred compensation is credited to a deferral account established for each participant under the Senior Executive Plan for recordkeeping purposes. Under the Senior Executive Plan, we established an irrevocable trust into which we are required to deposit cash or other assets as specified in the applicable deferral agreement, equal to the aggregate amount required to be credited to the participant's deferral account, less any applicable taxes required to be withheld. In 2008, Messrs. Snyder and McCarvel elected to participate in the Senior Executive Plan and deferred \$1,600,000 and \$640,000, respectively. The deferred bonuses for Mr. Snyder and Mr. McCarvel vest

ratably on a quarterly basis over a three year period, with a pro rata amount vesting on each calendar quarter, providing a long-term retention incentive. The deferred bonuses for Messrs. Snyder and McCarvel will be 100% vested upon a change of control (as defined in the Senior Executive Plan) if they are employed at that time or if their employment is terminated as a result of death or disability.

In March 2008, the Compensation Committee approved performance targets under the 2008 Cash Incentive Plan in accordance with the 2007 methodology, which is based on achievement of diluted earnings per share growth in 2008 between 15% to 35% over our fully diluted earnings per share for the year ended December 31, 2007. The 2008 Cash Incentive Plan awards a bonus expressed as a percentage of 2008 base salary ranging from 50% to 100%. Diluted earnings per share growth below 15% would result in the NEO being ineligible for a bonus in accordance with this plan. Bonus targets were established based on estimated contribution and responsibility.

*Long-Term Equity Awards.* Discretionary long-term equity awards, in the form of stock options and restricted stock, are granted at the Compensation Committee's discretion to the NEOs annually in order to provide long-term performance-based compensation, to encourage the NEOs to continue their employment throughout the vesting periods of the awards, and to align management and stockholder interests. The Compensation Committee considers grant size and the appropriate combination of equity-based awards in making NEO grant decisions. For 2007 and 2008, the amount of long-term equity awards granted to NEOs was based on the Compensation Committee's assessment of each NEO's expected future contributions and the award levels of our Peers. We granted long-term equity awards at the Compensation Committee meeting held in January 2008. In 2007 and 2008, the Compensation Committee approved stock option grants for the NEOs as listed below:

Name	2008 Stock Option Awards: Number of Securities Underlying Options (#)	2007 Stock Option Awards: Number of Securities Underlying Options (#)
<b>Ronald R. Snyder</b>	200,000	350,000
<b>John P. McCarvel</b>	150,000	250,000
<b>Peter S. Case</b>	30,000	80,000
<b>Russell C. Hammer</b>	150,000	
<b>Michael Margolis</b>	30,000	60,000

We compared our long-term equity award program for 2007 against the equity-based compensation programs of our Peers to assist in determining both the structure and amount of awards to be made in 2008. The Compensation Committee believes that the awards made to NEOs in 2007 were made at levels consistent with those of our Peers and the anticipated contribution and responsibility of the NEO in future years.

Options are granted with an exercise price equal to the closing price per share on the date of grant and vest pro rata over four-years, with the first year vesting on a "cliff" basis followed by monthly vesting for the remaining three years. Stock options only have economic value to the grantee to the extent the market price of the underlying shares on the exercise date exceeds the exercise price. Accordingly, options provide compensation only if the underlying share price increases over the option term and the NEO's employment continues until the vesting date. The Compensation Committee believes that the granting of stock options with an exercise price equal to the market value on the date of grant represents a preferred method of equity incentive compensation when compared to stock awards because the value of the option award to the NEO is based solely on future increases in the market value of our stock.

*Other Benefits.* Other benefits are provided to the NEOs in order to achieve a competitive pay package as detailed in the Summary Compensation Table below. The Compensation Committee believes that those benefits, which are detailed in the Summary Compensation Table under the heading

"All Other Compensation," are reasonable, competitive and consistent with our overall executive compensation program. Those benefits consist principally of employer-paid premiums on health insurance and country club dues.

**Deductibility of Executive Compensation**

Section 162(m) of the Code imposes a \$1 million annual limit on the amount that a public company may deduct for compensation paid to the company's chief executive officer during a tax year or to any of the company's four other most highly compensated executive officers who are still employed at the end of the tax year. The limit does not apply to compensation that meets the requirements of the Code for "qualified performance-based" compensation (i.e., compensation paid only if the executive meets pre-established, objective goals based on performance criteria approved by the company's stockholders).

The Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code. In certain situations, the Compensation Committee may approve compensation that does not meet the requirements of the Code in order to ensure competitive levels of total compensation for its executive officers. Stock option grants in 2007 were intended to constitute "qualified performance-based compensation" under Section 162(m). The annual performance bonuses payable in 2008 under our 2007 Incentive Plan also met the requirements for consideration as "qualified performance-based compensation" under Section 162(m).

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed the foregoing Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and discussed the Compensation Discussion and Analysis with the Company's management. Based on such review and discussions with management, the Compensation Committee recommended to the Board that the foregoing Compensation Discussion and Analysis be included in this proxy statement.

**THE COMPENSATION COMMITTEE**

Michael Marks, Chairman  
Ray Croghan

## Summary Compensation Table

The following summary compensation table indicates the cash and non-cash compensation paid to each of our NEOs during our fiscal years ended December 31, 2007 and 2006. The compensation described in this table does not include benefits that are generally available to all of our salaried employees. All information regarding stock and option awards has been restated, as appropriate, to reflect the 2-for-1 stock split that occurred on June 14, 2007, which was effected as a 100% common stock dividend distributed on that date.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
<b>Ronald R. Snyder</b> Chief Executive Officer and President	2007	\$ 800,000	\$	\$ 402,584	\$ 2,548,659	\$ 3,200,000	\$ 19,325	\$ 6,970,568
	2006	500,000	500,000	344,937	1,603,296	1,000,000	10,711	3,958,944
<b>John P. McCarvel</b> Chief Operating Officer and Executive Vice President	2007	400,000			768,666	1,280,000	15,398	2,464,064
	2006	275,000	220,000	460,333	132,655	440,000		1,527,988
<b>Peter S. Case</b> Chief Financial Officer, Senior Vice President Finance and Treasurer	2007	300,000			483,392	225,000	19,381	1,027,773
	2006	249,000	82,500		258,034	230,000	10,116	829,650
<b>Michael Margolis</b> Vice President Sales & Marketing	2007	300,000			621,245	300,000	15,398	1,236,643
	2006	231,000	57,500	66,185	475,992	230,000		1,060,677

- (1) Amounts reflect the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2007 and 2006, in accordance with SFAS 123R, and include amounts from awards granted in and prior to such years. Assumptions used in the calculations of these amounts are included in Footnote 5 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.
- (2) Amounts for Mr. Snyder and Mr. McCarvel include deferred compensation under the Senior Executive Plan of \$1.6 million and \$640,000, respectively, and will vest over a three year period.
- (3) All other compensation represents incremental healthcare premiums paid by us on behalf of the employee and golf club membership fees. We cover 100% of the healthcare premiums for certain executives, a benefit that is not offered to other employees.

## Grants of Plan-Based Awards Table

The table below summarizes the options granted during the year ended December 31, 2007 to each of the NEOs listed in the Summary Compensation Table. All information regarding option awards account for the 2-for-1 stock split that occurred on June 14, 2007, which was effected as a 100% common stock dividend on that date.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)		All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards(2)
		Target (\$)	Maximum (\$)			
<b>Ronald R. Snyder</b>	3/30/2007 1/9/2007	\$ 400,000	\$ 6,400,000	350,000	\$ 22.92	\$ 3,925,390
<b>John P. McCarvel</b>	3/30/2007 1/9/2007	160,000	\$ 2,560,000	250,000	22.92	2,803,850
<b>Peter S. Case</b>	3/30/2007 1/9/2007	90,000	\$ 1,440,000	80,000	22.92	897,232
<b>Michael C. Margolis</b>	3/30/2007 1/9/2007 2/28/2007	75,000	\$ 1,200,000	40,000 20,000	22.92 24.36	448,616 237,580

(1) Awards represent possible payments under our 2007 Bonus Plan. Payments are based on specified target levels of diluted earnings per share, as described in the Compensation Discussion and Analysis. The actual amounts earned for fiscal year 2007 are reported in the Summary Compensation Table as Non-Equity Incentive Plan Compensation. Executives must have been employed on the date the payments were made to have been eligible for a payment. The target payments were based on achieving the target level of performance with ranges from 25% to 50% of salary. The maximum payout amounts were based on the plan maximum, which ranges from 200% to 800% of salary.

(2) Grant date fair value for stock options was determined pursuant to SFAS 123R. Assumptions used in the calculations of these amounts are set forth in Footnote 5 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

## Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

*Employment Arrangements*

We have entered into employment agreements with Mr. Hammer and Mr. Case as set forth below.

**Russell C. Hammer.** In January 2008, we entered into an employment agreement with Mr. Hammer, our current Chief Financial Officer, Senior Vice President Finance, and Treasurer. The employment agreement provides that Mr. Hammer will receive a monthly salary of \$31,250, subject to annual adjustments. Mr. Hammer's bonus target will be sixty percent of his base salary. He will also be eligible to receive bonuses pursuant to our 2008 Cash Incentive Plan based on performance criteria established by the Compensation Committee.

Mr. Hammer will also receive reimbursement for relocation and housing expenses and will be entitled to participate in all employee benefit plans and programs generally available to our executives, including our Senior Executive Plan. The employment agreement also provides that Mr. Hammer will receive a lump sum equal to six months base salary if he is terminated by us involuntarily without cause. During his employment with the Company and for a period of six months after the termination of his employment, Mr. Hammer will be restricted from participating in certain competitive businesses.





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Pursuant to our 2007 Equity Incentive Plan and the terms of the employment agreement, we also awarded Mr. Hammer options to purchase 150,000 shares of our common stock at an exercise price of \$30.05, the closing price of our common stock on the grant date. Twenty-five percent of the options will vest on the first anniversary of the grant date and the remaining options will vest in 36 equal monthly installments upon his completion of each additional month of continuous employment with us after the first anniversary of the grant date.

**Peter S. Case.** We have an at-will employment arrangement with Mr. Case pursuant to which we pay Mr. Case a monthly salary of \$25,000 as well as a performance based bonus target of sixty percent of his base salary. Mr. Case currently serves as our Senior Vice President, Retail Division, effective as of January 2008.

### *Awards*

On January 9, 2007, the Compensation Committee granted stock option awards to several of our NEOs. The awards vest one-fourth after the first anniversary of the grant date with the remainder vesting in 36 equal and successive monthly installments after the applicable initial vesting date.

No other restricted stock or stock options were awarded to NEOs in the year ended December 31, 2007; however, we issued shares of our common stock pursuant to the vesting terms of restricted stock awards made prior to 2007.

### *Salary and Bonus in Proportion to Total Compensation*

In 2007, our NEOs received less than thirty-four percent of their total compensation reported in the Summary Compensation Table in the form of base salary and cash incentive awards. As noted in "Compensation Discussion and Analysis" above, we believe that a substantial portion of each NEOs compensation should be in the form of equity awards. Our Compensation Committee believes that our current program substantially aligns our NEOs compensation with our Peers, while also permitting our Compensation Committee to provide incentives to the NEOs to pursue performance that increases stockholder value. Please see "Compensation Discussion and Analysis" for a description of the objectives of our compensation program and overall compensation philosophy.

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Outstanding Equity Awards at Fiscal Year-End Table

The table below summarizes the unexercised options and unvested stock awards as of December 31, 2007 for each of the NEOs listed in the Summary Compensation Table. The information below accounts for the 2-for-1 stock split that occurred on June 14, 2007, which was effected as a 100% common stock dividend on that date.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
<b>Ronald R. Snyder</b>	19,469	175,214(2)	\$ 0.51	9/1/2011	87,558(8)	\$ 3,223,010
	19,469	486,707(3)	10.50	2/6/2016		
		350,000(4)	22.92	1/9/2017		
<b>John P. McCarvel</b>	57,543	62,543(3)	10.50	2/6/2016		
		250,000(4)	22.92	1/9/2017		
<b>Peter S. Case</b>	30,000	129,999(5)	10.50	2/6/2016		
		80,000(4)	22.92	1/9/2017		
<b>Michael C. Margolis</b>	11,668	151,685(6)	2.85	8/1/2015		
		40,000(4)	22.92	1/9/2017		
		20,000(7)	24.36	2/28/2017		

- (1) Options granted from inception through September 20, 2006 are exercisable immediately on the grant date. In order to preserve the vesting provisions of the options, the shares of our common stock underlying options that are exercised early are subject to a repurchase right by us at the lower of exercise price or fair market value of the underlying stock at the date of repurchase.
- (2) Twenty-five percent of the options vested on September 1, 2005. Thereafter, the options vest in 36 successive equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (3) Twenty-five percent of the options vested on January 1, 2007. Thereafter, the options vest in 36 equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (4) Twenty-five percent of the options vested on January 9, 2008. Thereafter, the options vest in 36 equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (5) Twenty-five percent of the options vested on February 1, 2007. Thereafter, the options vest in 36 equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (6) Twenty-five percent of the options vested on August 1, 2006. Thereafter, the options vest in 36 equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (7) Twenty-five percent of the options vested on February 28, 2008. Thereafter, the options vest in 36 equal monthly installments upon the optionee's completion of each additional month of continuous employment.
- (8)

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9,734 shares of common stock will be issued on the first day of each month, ending on September 1, 2008, provided that Mr. Snyder remains employed by us as of each issuance date.

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Option Exercises and Stock Vested Table

The table below summarizes the options exercised and stock awards vested during the year ended December 31, 2007 for each of the NEOs listed in the Summary Compensation Table.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Ronald R. Snyder	1,168,101	\$ 41,797,105	116,832	\$ 4,654,976
John P. McCarvel			156,056	6,710,408
Peter S. Case	80,001	2,335,892		
Michael C. Margolis	140,017	5,161,814		

**Nonqualified Deferred Compensation**

The table below summarizes the non-equity incentive compensation that was deferred relating to the year ended December 31, 2007 for each of the NEOs listed in the Summary Compensation Table.

Name	Executive Contributions(1) \$	Crocs, Inc. Contributions \$	Aggregate Earnings \$	Aggregate Withdrawals/ Distributions \$	Aggregate Balance \$
Ronald R. Snyder	\$ 1,600,000	\$	\$	\$	\$ 1,600,000
John P. McCarvel	640,000				640,000
Peter S. Case					
Michael Margolis					

- (1) Under our Senior Executive Plan, participants have the option to defer any bonus amount exceeding 200% of the participant's target bonus. The deferred amount will vest ratably on a quarterly basis over a three year period, with a pro rata amount vesting on each calendar quarter. Any unvested balance will vest immediately upon the death or disability of the participant or upon a Change in Control, as defined in the plan. The total amounts shown above for Messrs. Snyder and McCarvel are included in the Non Equity Incentive Compensation Plan column of the Summary Compensation Table.

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### Potential Payments on Terminations or Change in Control

Our NEOs do not have any special guaranteed payments due on retirement. However, all stock option and restricted stock awards have an acceleration clause that provides that all unvested outstanding equity awards will immediately vest in the event of a change in control. The following table summarizes potential payments on termination or change in control at December 31, 2007.

Name	Termination for Cause		Change In Control	
	Stock Options Unvested and Accelerated	Severance	Stock Options and Awards Unvested and Accelerated (\$)(1)	Severance
<b>Ronald R. Snyder</b>			\$ 24,027,029	
<b>John P. McCarvel</b>			5,118,006	
<b>Peter S. Case</b>			4,531,474	
<b>Michael C. Margolis</b>			5,955,823	

(1)

All of our stock options and restricted stock vests on a change in control pursuant to individual option or restricted stock award agreements. The calculation of the amount disclosed is based on the number of unvested shares at December 31, 2007 multiplied by the closing price of our common stock on the NASDAQ Market on December 31, 2007, less the exercise price for stock options.

### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

#### Related Party Transactions

In 2008, we sponsored Germain Racing Truck #9 in the NASCAR Craftsman Truck Series. Justin Marks is employed by Germain Racing as the driver of Truck #9. Justin Marks is the son of our director, Michael Marks. The total amount of our sponsorship commitment to Germain Racing for 2008 is \$600,000. We believe that a related person, Justin Marks, has a material interest in the sponsorship by virtue of his employment with Germain Racing as the driver of Truck #9. The sponsorship is part of our larger auto racing sponsorship and sports marketing efforts and was negotiated at an arms-length basis with terms similar to those of our other auto racing sponsorships.

#### Policy on Transactions with Related Persons

Our Business Code of Conduct and Ethics requires that any transaction involving us in which one of our directors, nominees for director, executive officers, or greater than five percent stockholders, or their immediate family members, have a material interest be approved or ratified by the Audit Committee if the amount involved exceeds \$100,000. The full Board reviews ordinary course of business transactions in which directors have an interest as part of the Board's annual director independence review, and our Business Code of Conduct and Ethics requires the full board to waive any conflicts of interest between us and any director or officer. In determining whether to approve or ratify any such transaction, the Audit Committee must consider, in addition to other factors it deems appropriate, whether the transaction is on terms no less favorable to us than those involving unrelated parties.

All transactions disclosed above were reviewed and approved in accordance with this policy.

#### Director and Officer Indemnification

We have entered into agreements to indemnify our directors and executive officers, in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, provide for indemnification of our directors and executive officers for certain

expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of ours, any subsidiary of ours or any other company or enterprise to which the person provided services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than ten percent of our common stock, to file with the SEC and any exchange or other system on which such securities are traded or quoted, initial reports of ownership and reports of changes in ownership of our common stock.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that all required reports of our officers, directors and greater than ten percent stockholders under Section 16(a) were timely filed during the year ended December 31, 2007, except for the following: (1) three Forms 4 relating to Ronald R. Snyder's beneficial ownership, the first of which reported a grant of stock options, the second of which reported open market sales, and the third of which reported Mr. Snyder's exercise of stock options; (2) one Form 4 relating to Michael C. Margolis' beneficial ownership, which reported a grant of stock options; (3) three Forms 4 relating to John P. McCarvel's beneficial ownership, the first of which reported an open market sale, the second of which reported a grant of stock options and the third of which reported an open market sale; and (4) one Form 4 relating to Peter S. Case's beneficial ownership, which reported a grant of stock options.

#### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2007 with the Company's management and Deloitte & Touche LLP, the Company's independent registered public accounting firm. Management is responsible for the preparation, presentation and integrity of the financial statements, accounting and financial reporting principles and internal control over financial reporting. Deloitte & Touche LLP is responsible for performing an independent audit of the financial statements in accordance with generally accepted auditing standards and for expressing opinions on the conformity of the financial statements with accounting principles generally accepted in the United States.

The Audit Committee has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, and has received the written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. The Audit Committee has also discussed with Deloitte & Touche LLP their independence.

Based on its reviews and discussions referred to above, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the Securities and Exchange Commission.

The Audit Committee:

Thomas J. Smach (Chairman)  
Raymond D. Croghan  
Ronald L. Frasch

**PROPOSAL 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Deloitte & Touche LLP, as the independent registered public accounting firm for the fiscal year ending December 31, 2008. Deloitte & Touche LLP has served as our independent public accounting firm since 2005. We are not required to submit this appointment to the stockholders for approval but the Board believes it is desirable as a matter of policy.

If the stockholders do not ratify this appointment, the Audit Committee will investigate the reasons for the rejection and consider other independent registered public accounting firms. Even if the appointment is ratified, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm.

**PRINCIPAL ACCOUNTING FIRM FEES AND SERVICES**

The following table sets forth the aggregate fees we paid to Deloitte & Touche LLP, our independent registered public accounting firm, and other member firms of Deloitte Touche Tohmatsu and their respective affiliates, which we refer to collectively as Deloitte entities, for professional services provided during 2007 and billed through the date of this filing. The Audit Committee is required to pre-approve all non-audit services provided by Deloitte & Touche LLP. All fees paid to the Deloitte entities were pre-approved by the Audit Committee, which concluded that the provision of such services by the Deloitte entities was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. We expect that a representative of Deloitte & Touche LLP will attend the Annual Meeting and will have the opportunity to make any statements if he or she so desires and to respond to appropriate stockholder questions.

	2007	2006(3)
Audit fees(1)	\$ 2,772,645	\$ 1,180,825
Audit-related fees		
Tax fees(2)	57,194	189,421
All other fees		
<b>Total fees</b>	<b>\$ 2,829,839</b>	<b>\$ 1,370,246</b>

- (1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements and internal controls over financial reporting, both of which are included in our Annual Report on Form 10-K and services attendant to, or required by, statute or regulation, such as: (i) comfort letters, consents and other audit services related to SEC and other regulatory filings; and (ii) accounting consultation related to the audit. Audit fees consisted of audit work performed and billed through the date of this filing.
- (2) Tax fees include professional services rendered in connection with tax compliance, tax advice, tax consulting and tax planning.
- (3) 2006 fees for both Audit and Tax fees were recalculated to represent actual costs incurred. We received invoices for 2006 services subsequent to the 2007 proxy filing date.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2008.**



**STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2009 ANNUAL MEETING**

Any proposal of a stockholder intended to be included in our proxy statement for the 2009 Annual Meeting of Stockholders pursuant to Rule 14a-8 of the SEC's rules, must be received by us no later than December 30, 2008, unless the date of our 2009 annual meeting is more than 30 days before or after June 26, 2009, in which case the proposal must be received a reasonable time before we begin to print and mail our proxy materials. All proposals should be addressed to the Corporate Secretary, Crocs, Inc., 6328 Monarch Park Place, Niwot, Colorado 80503.

In order for a stockholder to nominate a candidate for director for election or to bring other business before the 2009 annual meeting, we must receive timely notice of the nomination or business in writing by the close of business not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, in the event that the annual meeting is called for a date that is not within 30 days before or 60 days after such anniversary date, notice by the stockholder to be timely must be received not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the date on which notice of the date of the annual meeting was made public.

**OTHER MATTERS**

We do not intend to bring before the Annual Meeting any matters other than the proposals specifically described above, and we know of no matters other than those to come before the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with the recommendation of the our management on such matters, including any matters dealing with the conduct of the Annual Meeting.

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**VOTE BY INTERNET** *www.proxyvote.com*

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Crocs, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

**VOTE BY PHONE 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Crocs, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

6328 MONARCH PARK PLACE  
NIWOT, CO 80503

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

CROCS1

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**CROCS, INC.**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ITEMS 1 AND 2.**

**For All**      **Withhold All**      **For All Except**

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

**Vote on Directors**

o                      o                      o

1. ELECTION OF DIRECTORS

**Nominees:**

- 01) Thomas J. Smach
- 02) Ronald R. Snyder

**Vote on Proposal**

**For**      **Against**      **Abstain**

2. Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for fiscal year 2008.

o                      o                      o

3. In their discretion, to transact other business as may properly come before the meeting or any postponement or adjournment thereof.

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s). **If no direction is made, this proxy will be voted FOR items 1 and 2.**

For address changes and/or comments, please check this box and write them on the back where indicated.                      o

Please indicate if you plan to attend this meeting.                      o                      o  
**Yes**                      **No**

**(NOTE:** Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.)

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Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date
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**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:** The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

**CROCS, INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**ANNUAL MEETING OF STOCKHOLDERS**

**June 26, 2008**

The undersigned hereby appoints Ronald R. Snyder and Russell C. Hammer, and each of them, with power of substitution, as proxies of the undersigned, to attend the Annual Meeting of Stockholders of Crocs, Inc. (the "Company"), to be held at the Beaver Creek Lodge, 26 Avondale Lane, Beaver Creek, Colorado, on June 26, 2008 at 1:00 p.m., Mountain Time, and all adjournments thereof, and to vote, as indicated on the reverse side, the shares of Common Stock of the Company which the undersigned is entitled to vote with all the powers the undersigned would possess if present at the meeting.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO SPECIFIC DIRECTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR THE PROPOSAL.**

**PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE**

**Address Changes/Comments:**

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(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

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