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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission File Number 0-23702

STEVEN MADDEN, LTD.

(Exact name of Registrant as specified in its charter)

Delaware	13-3588231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

52-16 Barnett Avenue, Long Island City, New York	11104
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (718) 446-1800

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 and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ].

As of November 10, 2003, the latest practicable date, there were 13,109,655 shares of common stock, $.0001 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
September 30, 2003

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(in thousands)

	September 30, 2003 (Unaudited)	December 31, 2002	September 30, 2002 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 34,180	$ 56,713	$ 44,896
Accounts receivable, net of allowances of $452, $497 and $421	6,747	3,039	2,974
Due from factor, net of allowance of $1,909, $1,718 and $1,658	32,256	22,373	33,799
Inventories	22,983	19,445	24,827
Marketable securities - available for sale	7,969	500	5,013
Prepaid expenses and other current assets	3,776	1,651	839
Deferred taxes	1,633	1,633	1,223
Total current assets	109,544	105,354	113,571
Property and equipment, net	18,403	17,073	16,020
Deferred taxes	3,699	3,699	3,019
Deposits and other	366	298	297
Marketable securities - available for sale	36,440	22,010	9,650
Cost in excess of fair value of net assets acquired, net of accumulated amortization of $714	2,066	2,066	2,066
	$ 170,518	$ 150,500	$ 144,623
LIABILITIES			
Current liabilities:			
Current portion of capital lease obligations	$ 3	$ 14	$ 16
Accounts payable	8,524	9,044	8,740
Accrued expenses	5,928	7,134	8,570
Accrued incentive compensation	951	2,701	2,328
Total current liabilities	15,406	18,893	19,654
Deferred rent	1,714	1,532	1,483
	17,120	20,425	21,137
Commitments, contingencies and other			
STOCKHOLDERS' EQUITY			
Preferred stock - $.0001 par value, 5,000 shares authorized; none issued; Series A Junior Participating preferred stock - $.0001 par value, 60 shares authorized; none issued			
Common stock - $.0001 par value, 60,000 shares authorized; 14,355, 14,016 and 13,962 shares issued; 13,110, 12,771 and 12,717 outstanding	1	1	1
Additional paid-in capital	76,359	70,683	68,771
Retained earnings	88,624	70,722	66,504
Unearned compensation	(3,690)	(3,476)	(3,748)
Other comprehensive gain (loss):			
Unrealized gain (loss) on marketable securities	95	136	(51)
Treasury stock - 1,245 shares at cost	(7,991)	(7,991)	(7,991)
	153,398	130,075	123,486
	$ 170,518	$ 150,500	$ 144,623

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Net sales:				
Wholesale	$ 65,601	$ 70,742	$186,528	$184,319
Retail	23,062	22,276	66,577	63,421
	88,663	93,018	253,105	247,740
Cost of sales:				
Wholesale	42,252	46,403	123,023	122,539
Retail	10,815	10,360	31,213	29,421
	53,067	56,763	154,236	151,960
Gross profit:				
Wholesale	23,349	24,339	63,505	61,780
Retail	12,247	11,916	35,364	34,000
	35,596	36,255	98,869	95,780
Commission and licensing fee income	2,205	1,819	6,040	4,637
Operating expenses	26,094	27,572	75,324	74,106
Income from operations	11,707	10,502	29,585	26,311
Interest income, net	426	348	1,218	770
Income before provision for income taxes	12,133	10,850	30,803	27,081
Provision for income taxes	5,060	4,582	12,901	11,458
Net income	$ 7,073	$ 6,268	$ 17,902	$ 15,623
Basic income per share	$ .54	$ .49	$ 1.38	$ 1.25
Diluted income per share	$ .50	$ .46	$ 1.27	$ 1.14
Basic weighted average common shares outstanding	13,073	12,706	12,930	12,544
Effect of dilutive securities - options	1,194	1,057	1,131	1,134
Diluted weighted average common shares outstanding	14,267	13,763	14,061	13,678

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Cash flows from operating activities:		
Net income	$ 17,902	$ 15,623
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,666	2,624
Non-cash compensation	2,195	1,617
Provision for bad debts	146	435
Deferred rent expense	182	184
Realized gain on marketable securities	(56)	(37)
Changes in:		
Accounts receivable	(3,663)	(1,066)
Due from factor	(10,074)	(11,287)
Inventories	(3,538)	(9,009)
Prepaid expenses and deposits	(2,193)	7,860
Accounts payable and other accrued expenses	(3,476)	1,491
Net cash provided by operating activities	1,091	8,435
Cash flows from investing activities:		
Purchase of property and equipment	(4,996)	(2,937)
Purchases of marketable securities	(41,840)	(16,718)
Sale/redemption of marketable securities	19,956	2,041
Net cash used in investing activities	(26,880)	(17,614)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	3,267	3,937
Repayment of lease obligations	(11)	(41)
Net cash provided by financing activities	3,256	3,896
Net decrease in cash and cash equivalents	(22,533)	(5,283)
Cash and cash equivalents - beginning of period	56,713	50,179
Cash and cash equivalents - end of period	$ 34,180	$ 44,896

See notes to financial statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Notes to Financial Statements
September 30, 2003

NOTE A - BASIS OF REPORTING

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items), which are considered necessary for a fair presentation of the financial position of Steven Madden, Ltd. and subsidiaries (the "Company") as of September 30, 2003 and 2002, and the results of its operations and cash flows for the nine and three-month periods then ended. The results of operations for the nine and three-month periods ended September 30, 2003 and 2002 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the year ended December 31, 2002 included in the Annual Report of Steven Madden, Ltd. on Form 10-K.

NOTE B - MARKETABLE SECURITIES

Marketable securities consist primarily of corporate bonds which have strong credit ratings and maturities greater than three months and up to five years at the time of purchase. These securities, which are classified as available-for-sale, are carried at fair value, with unrealized gains and losses, net of any tax effect, reported in shareholders' equity as accumulated other comprehensive income (loss). Amortization of premiums and discounts are included in interest income and are not material. The values of these securities may fluctuate as a result of changes in market interest rates and credit risk.

NOTE C - INVENTORIES

Inventories, which consist of finished goods, are stated at the lower of cost (first-in, first-out method) or market.

NOTE D - REVENUE RECOGNITION

Wholesale revenue is recognized upon shipment. Allowances for estimated discounts and returns are recognized when sales are recorded. Commission revenue is recognized when title of product transfers to the customer. Retail sales are recognized when the payment is received from customers and are recorded net of returns. Licensing revenue is recognized on the basis of net sales reported by the licensee.

NOTE E - NET INCOME PER SHARE OF COMMON STOCK

Basic income per share is based on the weighted average number of common shares outstanding during the periods presented. Diluted income per share reflects the potential dilution assuming common shares were issued upon the exercise of outstanding options and the proceeds thereof were used to purchase outstanding common shares. Diluted income per share also reflects the vested portion of shares granted to employees, which have not yet been issued.

NOTE F - STOCK-BASED COMPENSATION

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," encourages the use of the fair value based method of accounting for stock-based employee compensation. Alternatively, SFAS No. 123 allows entities to continue to apply the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations and to provide pro forma disclosures of net income (loss) and earnings (loss) per share, as if the fair value based method of accounting had been applied to employee awards. The Company has elected to continue to apply the provisions of APB Opinion 25 and to provide the disclosures required by SFAS No. 123 and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which was released in December 2002 as an amendment of SFAS No. 123. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all awards.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Reported net income	$ 7,073	$ 6,268	$ 17,902	$ 15,623
Stock-based employee compensation included in reported net income, net of tax	149	784	314	820
Stock-based employee compensation determined under the fair value based method, net of tax	(748)	(802)	(2,002)	(1,770)
Pro forma net income	$ 6,474	$ 6,250	$ 16,214	$ 14,673
Basic income per share:				
As reported	$ 0.54	$ 0.49	$ 1.38	$ 1.25
Pro forma	$ 0.50	$ 0.49	$ 1.25	$ 1.17
Diluted income per share:				
As reported	$ 0.50	$ 0.46	$ 1.27	$ 1.14
Pro forma	$ 0.45	$ 0.45	$ 1.15	$ 1.07

NOTE G - COMMITMENTS, CONTINGENCIES AND OTHER

[1] Class action litigation:

Between June and August 2000, several class action lawsuits were commenced in the United States District Court for the Eastern District of New York against the Company, Steven Madden personally, and, in some of the actions, the Company's Chief Financial Officer and its then President.

A settlement in principle of these actions has been reached, subject to execution of definitive settlement documentation, notices to class members, a hearing and approval by the District Court. The tentative settlement is within the limits of the Company's insurance.

NOTE G - COMMITMENTS, CONTINGENCIES AND OTHER (CONTINUED)

[2] Shareholder derivative actions:

On or about September 26, 2000, a shareholder derivative action was commenced in the United States District Court for the Eastern District of New York, captioned Herrera v. Steven Madden and Steven Madden, Ltd. An agreement in principle has been reached to resolve all claims in this action, subject to notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court. The Company believes, after consultation with counsel, that its defense costs and certain attorneys' fees in connection with this action will be subject to coverage by the Company's insurance.

On or about November 28, 2001, a shareholder derivative complaint was filed in the United States District Court for the Eastern District of New York, captioned Herrera v. Karson, et al. Named as defendants therein are the Company and certain of the Company's present and/or former officers and directors. An agreement in principle has been reached to resolve all claims in this action, subject to such notice to the Company's shareholders (if any) as may be required by the District Court, and approval by the District Court. The Company believes, after consultation with counsel, that its defense costs and certain attorneys' fees in connection with this action will be subject to coverage by the Company's insurance.

[3] Other actions:

(a) The Company and certain of the Company's present and /or former officers and directors have been named in an action commenced in the United States District Court for the Eastern District of New York by the Safeco Surplus Lines Insurance Company ("SAFECO"), captioned Safeco Surplus Lines Ins. Co. v. Steven Madden, Ltd., et al. The complaint principally seeks rescission of the excess insurance policy issued by Safeco to the Company for the February 4, 2000 to June 13, 2001 period and an order declaring that Safeco does not owe any indemnity obligation to the Company or any of its officers and directors in connection with the shareholder class action and derivative cases referred to above. Since that time, the parties have agreed to a resolution of Safeco's claims, the implementation of which is conditioned upon judicial approval of the settlements of the shareholder class action and derivative claims discussed above.

(b) On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steven Madden, Ltd. and Steven Madden Retail, Inc. This action was dismissed on August 27, 2003.

(c) On or about June 6, 2003, an action was commenced in the United States District Court for the Central District of California, captioned Global Brand Marketing, Inc. v. Steve Madden LTD., Case Number 03-4029. The complaint seeks injunctive relief and unspecified monetary damages for infringement of two separate patents. The Company believes it has substantial defenses to the claims asserted in the lawsuit. The parties are currently involved in settlement negotiations.

In connection with the above litigations, the Company has accrued $900,000. Management, based on advice of counsel, believes such provision is adequate in the circumstances.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere in this document and the Company's Report on Form 10-K for 2002.

Statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this document as well as statements made in press releases and oral statements that may be made by the Company or by officers, directors or employees of the Company acting on the Company's behalf that are not statements of historical or current fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other unknown factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms "believes", "belief", "expects", "intends", "anticipates" or "plans" to be uncertain forward-looking statements. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in the Company's reports and registration statements filed with the Securities and Exchange Commission.

The following table sets forth information on operations for the periods indicated:

Selected Financial Information

Nine Months Ended

September 30

($ in thousands)

	2003		2002	
Consolidated:				
Net Sales	$253,105	100%	$247,740	100%
Cost of Sales	154,236	61	151,960	61
Gross Profit	98,869	39	95,780	39
Other Operating Income	6,040	3	4,637	2
Operating Expenses	75,324	30	74,106	30
Income from Operations	29,585	12	26,311	11
Interest and Other Income Net	1,218	0	770	0
Income Before Income Taxes	30,803	12	27,081	11
Net Income	17,902	7	15,623	6

Selected Financial Information

Nine Months Ended

September 30

($ in thousands)

	2003		2002	
By Segment				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd. (Madden Women's):				
Net Sales	$ 91,449	100%	$ 87,539	100%
Cost of Sales	62,631	68	59,954	68
Gross Profit	28,818	32	27,585	32
Other Operating Income	2,024	2	1,207	1
Operating Expenses	22,271	24	21,557	25
Income from Operations	8,571	10	7,235	8
l.e.i. Footwear:				
Net Sales	$ 49,371	100%	$ 41,824	100%
Cost of Sales	30,638	62	26,648	64
Gross Profit	18,733	38	15,176	36
Operating Expenses	10,428	21	10,304	24
Income from Operations	8,305	17	4,872	12
Madden Men's:				
Net Sales	$ 28,065	100%	$ 35,462	100%
Cost of Sales	18,206	65	22,796	64
Gross Profit	9,859	35	12,666	36
Operating Expenses	6,205	22	7,441	21
Income from Operations	3,654	13	5,225	15
Diva Acquisition Corp (Steven):				
Net Sales	$ 8,695	100%	$ 8,572	100%
Cost of Sales	5,735	66	6,230	73
Gross Profit	2,960	34	2,342	27
Operating Expenses	2,185	25	1,946	23
Income from Operations	775	9	396	4
Stevies Inc.:				
Net Sales	$ 8,656	100%	$ 10,922	100%
Cost of Sales	5,626	65	6,911	63
Gross Profit	3,030	35	4,011	37
Other Operating Income	11	0	71	0
Operating Expenses	1,814	21	2,431	22
Income from Operations	1,227	14	1,651	15
Unionbay Men's Footwear:				
Net Sales	$ 292	100%	--	--
Cost of Sales	187	64	--	--
Gross Profit	105	36	--	--
Operating Expenses	325	111	--	--
Loss from Operations	(220)	(75)	--	--

Selected Financial Information

Nine Months Ended

September 30

($ in thousands)

By Segment (Continued)

RETAIL DIVISION:

Steven Madden Retail Inc.:

	2003		2002	
Net Sales	$ 66,577	100%	$ 63,421	100%
Cost of Sales	31,213	47	29,421	46
Gross Profit	35,364	53	34,000	54
Operating Expenses	30,371	46	28,720	45
Income from Operations	4,993	7	5,280	9
Number of Stores	82		77	

ADESSO MADDEN INC.:

(FIRST COST)

	2003		2002	
Other Operating Revenue	$ 4,005	100%	$ 3,359	100%
Operating Expenses	1,725	43	1,707	51
Income from Operations	2,280	57	1,652	49

Selected Financial Information

Three Months Ended

September 30

($ in thousands)

	2003		2002	
Consolidated:				
Net Sales	$ 88,663	100%	$ 93,018	100%
Cost of Sales	53,067	60	56,763	61
Gross Profit	35,596	40	36,255	39
Other Operating Income	2,205	2	1,819	2
Operating Expenses	26,094	29	27,572	30
Income from Operations	11,707	13	10,502	11
Interest and Other Income Net	426	1	348	0
Income Before Income Taxes	12,133	14	10,850	11
Net Income	7,073	8	6,268	7
By Segment:				
WHOLESALE DIVISIONS:				
Steven Madden, Ltd. (Madden Women's):				
Net Sales	$ 32,243	100%	$ 33,326	100%
Cost of Sales	21,655	67	22,168	67
Gross Profit	10,588	33	11,158	33
Other Operating Income	772	3	547	2
Operating Expenses	7,942	25	8,207	25
Income from Operations	3,418	11	3,498	10
l.e.i. Footwear:				
Net Sales	$ 17,550	100%	$ 15,267	100%
Cost of Sales	10,690	61	9,416	62
Gross Profit	6,860	39	5,851	38
Operating Expenses	3,545	20	3,860	25
Income from Operations	3,315	19	1,991	13
Madden Mens:				
Net Sales	$ 8,249	100%	$ 14,848	100%
Cost of sales	5,316	64	9,559	64
Gross Profit	2,933	36	5,289	36
Operating Expenses	1,822	22	3,335	23
Income from Operations	1,111	14	1,954	13
Diva Acquisition Corp. (Steven):				
Net Sales	$ 4,365	100%	$ 3,387	100%
Cost of Sales	2,577	59	2,763	82
Gross Profit	1,788	41	624	18
Operating Expenses	961	22	648	19
Income (Loss) from Operations	827	19	(24)	(1)
Stevies Inc.:				
Net Sales	$ 2,902	100%	$ 3,914	100%
Cost of Sales	1,827	63	2,497	64
Gross Profit	1,075	37	1,417	36
Other Operating Income	2	0	33	1
Operating Expenses	674	23	939	24
Income from Operations	403	14	511	13

Selected Financial Information

Three Months Ended

September 30

($ in thousands)

	2003		2002	
By Segment (Continued)				
WHOLESALE DIVISIONS (Continued):				
Unionbay Men's Footwear:				
Net Sales	$ 292	100%	--	--
Cost of Sales	187	64	--	--
Gross Profit	105	36	--	--
Operating Expenses	325	111	--	--
Loss from Operations	(220)	(75)	--	--
RETAIL DIVISION:				
Steven Madden Retail Inc.:				
Net Sales	$ 23,062	100%	$ 22,276	100%
Cost of Sales	10,815	47	10,360	47
Gross Profit	12,247	53	11,916	53
Operating Expenses	10,290	45	10,008	45
Income from Operations	1,957	8	1,908	8
Number of Stores	82		77	
ADESSO MADDEN INC.:				
(FIRST COST)				
Other Operating Revenue	$ 1,431	100%	$ 1,239	100%
Operating Expenses	535	37	574	46
Income from Operations	896	63	665	54

RESULTS OF OPERATIONS
($ in thousands)

Nine Months Ended September 30, 2003 vs. Nine Months Ended September 30, 2002

Consolidated:

Total net sales for the nine-month period ended September 30, 2003 increased by $5,365 or 2% to $253,105 as compared to $247,740 from the comparable period of 2002. The increase in sales was due to a $7,547 or 18% increase in sales from the l.e.i. Wholesale Division ("l.e.i."), a $3,910 or 4% gain in the Company's Steve Madden Women's Wholesale Division ("Madden Women's"), and sales gains of $3,156 or 5% in the Retail Division. Sales gains can be attributed to greater acceptance of the Company's product offerings, increased recognition of the Company's brands and the addition of five retail stores during the nine-month period ended September 30, 2003. Gross profit as a percentage of sales remained the same as last year at 39%.

Operating expenses increased to $75,324 in 2003 from $74,106 in 2002. Total operating expenses, as a percentage of sales remained at 30% in 2003, the same as 2002. The increase in dollars resulted from costs associated with growth in the Company's overall business as well as an increase in the provision for management incentives.

Income from operations for 2003 was $29,585, an increase of $3,274 or 12% from $26,311 in 2002. Net income increased by 15% to $17,902 in 2003 from $15,623 in 2002. The increase in income resulted from a growth in sales and higher interest as well as royalty income.

Wholesale Divisions:
- -------------------

Steven Madden Ltd. (Madden Women's, l.e.i. Footwear and Madden Men's):

Sales from Madden Women's accounted for $91,449 or 36%, and $87,539 or 35%, of total sales in 2003 and 2002, respectively. The increase in sales was driven by first quarter sales of key styles including the Hi-Jo boot and wood bottom sandals. Gross profit as a percentage of sales remained the same as last year at 32%. Operating expenses increased to $22,271 in 2003 from $21,557 in 2002 due to higher costs associated with the growth in Madden Women's as well as an increase in management incentives. Income from operations for Madden Women's increased by 18% to $8,571 in 2003 from $7,235 in 2002.

Sales from l.e.i. accounted for $49,371 or 20%, and $41,824 or 17%, of total sales in 2003 and 2002, respectively. The increase in sales was primarily due to the addition of doors with existing accounts such as Kohl's, Sears and Famous Footwear. Gross profit as a percentage of sales increased to 38% in 2003 from 36% in 2002 primarily due to changes in product mix and improved inventory management. The increase in sales and gross margin caused the income from operations for l.e.i. to increase by 70% to $8,305 in 2003 from $4,872 in 2002.

Sales from Madden Men's Wholesale Division ("Madden Men's") accounted for $28,065 or 11%, and $35,462 or 14%, of total sales in 2003 and 2002, respectively. The sales decrease resulted from three primary factors. First, the sandal selling time was reduced significantly because of the late start to the spring season. Second, there was a strong downturn in the casual business, the largest category of Madden Men's. Trends shifted more toward dressy and dress casual classifications and finally, the department stores and specialty channels carrying Madden Men's footwear experienced lighter men's traffic through the second and third quarters of 2003. Gross profit as a percentage of sales decreased to 35% in 2003 from 36% in 2002 primarily due to an increase in markdown allowances resulting from higher levels of promotional activities and general softness in the economy in 2003. Operating expenses decreased to $6,205 in 2003 from $7,441 in 2002 due to decreases in selling and selling related expenses. Income from operations for Madden Men's was $3,654 in 2003 compared to $5,225 in 2002.

Diva Acquisition Corp. ("Steven"):

Sales from Steven (the Steven brand was introduced in the third quarter of 2002), accounted for $8,695 or 3%, and $8,572 or 3%, of total sales in 2003 and 2002, respectively. Management has repositioned the David Aaron business under the Steven brand by exiting certain under-performing doors and replacing them with several new retailers, including Dillards and Macy's West. Management believes these new customers are qualified and equipped to showcase and service the new Steven collections. Gross profit as a percentage of sales increased to 34% in 2003 from 27% in 2002, primarily due to the result of cost effective sourcing and improved inventory management. Operating expenses increased to $2,185 in 2003 from $1,946 in 2002 due to increases in selling, marketing and advertising expenses. Income from operations for

Steven increased by 96% to $775 in 2003 from $396 in 2002, primarily caused by improved gross margin.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $8,656 or 3%, and $10,922 or 4%, of total sales in 2003 and 2002, respectively. The decrease in sales was partly anticipated when Meldisco, the lease operator of the Federated Department Store children's departments and a division of Footstar, experienced temporary credit issues relating to its K-Mart business. This led to shipping delays and some cancellations. Also, the children's back-to-school season began later than in past years, diminishing reorder demand. Additionally, the decrease in sales was due to the decision by Kids R Us to shift its resources to private label business. Gross profit as a percentage of sales decreased to 35% in 2003 from 37% in 2002, primarily due to an increase in markdown allowances resulting from higher levels of promotional activities in response to the general softness in the economy in 2003. Operating expenses decreased to $1,814 in 2003 from $2,431 in 2002 due to decreases in selling and related expenses. Income from operations for Stevies was $1,227 in 2003 compared to $1,651 in 2002.

Unionbay Men's Footwear ("Unionbay"):

Unionbay young men's, the Company's new license contributed net sales of $292 in its first shipping season. The product placed consists primarily of test quantities from which a more meaningful assortment is anticipated in 2004.

Retail Division:
- ---------------

Sales from the Retail Division accounted for $66,577 or 26% and $63,421 or 26% of total sales in 2003 and 2002, respectively. This increase in sales was due to the increase in the number of Steve Madden retail stores. During the first nine months of 2003, the Company opened five (5) new retail stores and closed three (3) of its under-performing stores. As of September 30, 2003, there were 82 retail stores compared to 77 retail stores as of September 30, 2002. Comparable store sales for the nine-month period ended September 30, 2003 decreased 4% over the same period of 2002. This decrease was primarily due to unseasonably cool and rainy weather in the northeast during the second quarter. Gross profit as a percentage of sales decreased to 53% in 2003 from 54% in 2002, primarily due to higher levels of promotional activities by the Company in response to the general softness in the economy in 2003. Operating expenses for the Retail Division were $30,371 in 2003 and $28,720 in 2002. This increase was due to additional stores opened during this period. Income from operations for the Retail Division was $4,993 in 2003 compared to $5,280 in 2002.

Adesso-Madden Division:
- ----------------------

Adesso-Madden, Inc. ("Adesso-Madden") generated commission revenues of $4,005 for the nine-month period ended September 30, 2003, which represents a 19% increase over commission revenues of $3,359 for the same period in 2002. This increase was primarily due to the growth in accounts such as Wal-Mart, Target, JC Penney and Mervyn's. Income from operations for Adesso-Madden was $2,280 in 2003 compared to $1,652 in 2002.

Three months Ended September 30, 2003 vs. Three Months Ended September 30, 2002

Consolidated:

- ------------

Total net sales for the three-month period ended September 30 2003 decreased by 5% to $88,663 from $93,018 for the comparable period of 2002. The decrease in sales was primarily due to a decline in net sales from the Men's Wholesale Division and the sustained promotional environment. The Company maintained a substantial portion of the sales and market share gains that it achieved last year. In the third quarter of 2002, the Company generated a 32% increase in total net sales over the previous year.

Total gross profit as a percentage of sales increased to 40% in 2003 from 39% in 2002. The increase was attributable to lower sales deductions this year as well as cost effective sourcing and improved inventory management. Additionally, the Retail Division, which has a higher gross margin percentage, represented 26% of total net sales in 2003 compared to 24% in 2002.

Operating expenses decreased to $26,094 in 2003 from $27,572 in 2002. Total operating expenses as a percentage of sales decreased to 29% in 2003 from 30% in 2002. During the third quarter, the Company was able to manage its expense structure in keeping with its top line performance, effectively leveraging its infrastructure while (i) continuing to sustain its business, (ii) nurturing its newest brands, Unionbay (for young men) and Candie's (for women and children), and (iii) taking steps to effect the conversion of the David Aaron business into Steven for women.

Income from operations for 2003 was $11,707, an increase of $1,205 or 11% from $10,502 in 2002. Net income increased by 13% to $7,073 in 2003 from $6,268 in 2002. The increase in income resulted from the growth in interest and other income as well as ability to control expenses in line with the reduced sales.

Wholesale Divisions:

- -------------------

Steven Madden Ltd. (Madden Women's, l.e.i. Footwear and Madden Men's):

Sales from Madden Women's accounted for $32,243 or 36%, and $33,326 or 36%, of total sales in 2003 and 2002, respectively. The decrease in sales resulted from disappointing early sell-throughs, particularly in the euro-casual classification. Furthermore, customers favored the sneaker category over the casual brown shoe category during this year's back-to-school selling season. Sneaker sales at retail of $49.99 and below pressured higher priced categories, including many Steve Madden offerings. Gross profit as a percentage of sales remained the same as last year at 33%. Operating expenses decreased to $7,942 in 2003 from $8,207 in 2002 due to decreases in selling and selling related expenses. Income from operations for Madden Women's decreased to $3,418 in 2003 from $3,498 in 2002.

Sales from l.e.i. accounted for $17,550 or 20%, and $15,267 or 16%, of total sales in 2003 and 2002, respectively. The increase in sales was principally due to additional doors with retailers, such as Kohl's and Saks Group. The increase in sales was also driven by the sales of key styles including lower profile closed casuals and tailored looks. Gross profit as a percentage of sales increased to 39% in 2003 from 38% in 2002 primarily due to changes in product mix and improved inventory management. Operating expenses decreased to $3,545 in 2003 from $3,860 in 2002 due to the Company successfully leveraging its infrastructure while continuing to grow its business. Income from operations for l.e.i. was $3,315 in 2003 compared to $1,991 in 2002.

Sales from Madden Men's accounted for $8,249 or 9%, and $14,848 or 16%, of total sales in 2003 and 2002, respectively. The sales decrease resulted from two primary factors. First, the downturn in sell-throughs at retail in the young men's fashion casual and sport casual business created substantial inventory and margin challenges to the Company's wholesale shipments. Second, there was a strong downturn in the casual business, the largest category of Madden Men's, as competitive looks appeared in the casual space at every price point just as consumer demand and trends shifted more toward dressy and dress casual classifications. Gross profit as a percentage of sales remained the same as last year at 36%. Operating expenses decreased to $1,822 in 2003 from $3,335 in 2002, due to decreases in selling and related expenses. Income from operations for Madden Men's was $1,111 in 2003 compared to $1,954 in 2002.

Diva Acquisition Corp. ("Steven"):

Sales from Steven, accounted for $4,365 or 5%, and $3,387 or 4%, of total sales in 2003 and 2002, respectively. Sales increased by 29% in 2003 from 2002. The increase in sales was principally due to the addition of new retail doors, including Dillards and Macy's West. Gross profit as a percentage of sales increased to 41% in 2003 from 18% in 2002, primarily resulted from cost effective sourcing and improved inventory management. Operating expenses increased to $961 in 2003 from $648 in 2002 due to increases in payroll and payroll related expenses. Income from operations for Steven was $827 in 2003 compared to a loss from operations of $24 in 2002.

Stevies Inc. ("Stevies"):

Sales from Stevies accounted for $2,902 or 3%, and $3,914 or 4%, of total sales in 2003 and 2002, respectively. The decrease in sales was due to a late-breaking back-to-school season, which resulted in diminished reorder demand. Also, the decrease in sales was partly anticipated when Meldisco, the lease operator of the Federated Department Store children's departments and a division of Footstar, experienced temporary credit issues relating to its K-Mart business. This led to shipping delays and some cancellations. Gross profit as a percentage of sales increased to 37% in 2003 from 36% in 2002, primarily due to improved inventory management. Operating expenses decreased to $674 in 2003 from $939 in 2002 due to decreases in selling and related expenses. Income from operations for Stevies was $403 in 2003 compared to $511 in 2002.

Unionbay Men's Footwear ("Unionbay"):

Unionbay young men's, the Company's new license contributed net sales of $292 in its first shipping season. The product placed consists primarily of test quantities from which a more meaningful assortment is anticipated in 2004.

Retail Division:

Sales from the Retail Division accounted for $23,062 or 26% and $22,276 or 24% of total sales in 2003 and 2002, respectively. During the third quarter of 2003, the Company opened one (1) new retail store and closed one (1) of its under-performing stores. As of September 30, 2003, there were 82 retail stores compared to 77 retail stores as of September 30, 2002. Comparable store sales for the three-month period ended September 30, 2003 decreased 5% over the same period of 2002. This decrease in sales was partially caused by the popularity of sneakers. These offerings were available at $49.99 and below, pressuring the higher priced casual closed shoe category. Gross profit as a percentage of sales remained at 53% in 2003, the same as in 2002. Operating expenses for the Retail Division were $10,290 in 2003 and $10,008 in 2002. This increase was due to higher costs associated with the opening of the five (5) additional stores since last year. Income from operations for the Retail Division was $1,957 in 2003 compared to $1,908 in 2002.

Adesso-Madden Division:

Adesso-Madden, Inc. generated commission revenues of $1,431 for the three-month period ended September 30, 2003, which represents a 15% increase over commission revenues of $1,239 for the same period in 2002. This increase was primarily result of the growth in discount retail accounts. Income from operations for Adesso-Madden was $896 in 2003 compared to $665 in 2002.

LICENSE AGREEMENTS

Revenues from licensing increased to $2,035 in the first nine months 2003 from $1,278 in the first nine months of 2002. As of September 30, 2003, the Company had six license partners covering product categories of its Steve Madden brand. The product categories include handbags, sunglasses, eyewear, belts, hosiery and outerwear.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $94,138 at September 30, 2003 compared to $86,461 at December 31, 2002, an increase of $7,677, primarily contributed by the net income. The Company believes that based upon its current financial position and available cash and marketable securities, it will meet all of its financial commitments and operating needs for at least the next twelve months.

Under the terms of a factoring agreement with Capital Factors, Inc., the Company is eligible to draw down 80% of its invoiced receivables at an interest rate of two points below the Prime Rate (as defined in such agreement). The agreement with Capital Factors runs through December 31, 2004. Capital Factors maintains a lien on all of the Company's inventory and receivables and assumes the credit risk for all assigned accounts approved by them. Under the agreement, the Company has a credit line of $15,000. The Company did not use any portion of the credit line during the first nine months of 2003.

As of September 30, 2003 the Company had invested approximately $44,400 in marketable securities consisting of corporate bonds, U.S. Treasury notes and government asset-backed securities.

OPERATING ACTIVITIES

During the nine-month period ended September 30, 2003, net cash provided by operating activities was $1,091. Uses of cash caused primarily by an increase in factored accounts receivable of $10,074, an increase in inventories of $3,538, an increase in prepaid expenses of $2,193 and decrease in accounts payable and other accrued expenses of 3,476. Sources of cash were provided principally by net income of $17,902.

The Company leases office, showroom, warehouse and retail facilities under non-cancelable operating leases with terms expiring at various times through 2013. Future minimum annual lease payments under non-cancelable operating leases consist of the following at September 30:

2003	$ 8,977
2004	9,482
2005	9,030
2006	9,280
2007	8,848
Thereafter	24,471
	$ 70,088

At September 30, 2003, the Company had un-negotiated open letters of credit for the purchase of imported merchandise of approximately $8,530.

The Company has employment agreements with three key executives and its Creative and Design Chief, which provide for the payment of compensation aggregating approximately $1,800 as of September 30, 2003. In addition, such employment agreements provide for incentive compensation based on various performance criteria as well as other benefits.

Significant portions of the Company's products are produced at overseas locations, the majority of which are located in Brazil, China, Italy and Spain. The Company has not entered into any long-term manufacturing or supply contracts with any of these foreign companies. The Company believes that a sufficient number of alternative sources exist outside of the United States for the manufacture of its products. The Company currently makes approximately ninety-five percent (95%) of its purchases in U.S. dollars.

INVESTING ACTIVITIES

During the nine-month period ended September 30, 2003, the Company invested $41,840 in marketable securities and received $19,956 from maturities and sales of these securities. In addition, the Company incurred capital expenditures of $4,996 in leasehold improvements to its corporate office space, the addition of five (5) new stores and the computer systems upgrades.

FINANCING ACTIVITIES

During the nine-month period ended September 30, 2003, the Company received $3,267 from the exercise of stock options.

OTHER CONSIDERATIONS

Fashion Industry Risks: The success of the Company will depend in significant part upon its ability to anticipate and respond to product and fashion trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. There can be no assurance that the Company's products will correspond to the changes in taste and demand or that the Company will be able to successfully market products, which respond to such trends. If the Company misjudges the market for its products, it may be faced with significant excess inventories for some products and missed opportunities with others. In addition, misjudgments in merchandise selection could adversely affect the Company's image with its customers resulting in lower sales and increased markdown allowances for customers which could have a material adverse effect on the Company's business, financial condition and results of operations.

The industry in which the Company operates is cyclical, with purchases tending to decline during recessionary periods when disposable income is low. Purchases of contemporary shoes and accessories tend to decline during recessionary periods and also may decline at other times. While the Company has fared well in recent years in a difficult retail environment, there can be no assurance that the Company will be able to maintain its historical rate of growth in revenues and earnings, or remain profitable in the future. A recession in the national or regional economies or uncertainties regarding future economic prospects, among other things, could affect consumer-spending habits and have a material adverse effect on the Company's business, financial condition and results of operations.

In recent years, the retail industry has experienced consolidation and other ownership changes. In the future, retailers in the United States and in foreign markets may consolidate, undergo restructurings or reorganizations, or realign their affiliations, any of which could decrease the number of stores that carry the Company's products or increase the ownership concentration within the retail industry. While such changes in the retail industry to date have not had a material adverse effect on the Company's business or financial condition, there can be no assurance as to the future effect of any such changes.

Inventory Management: The fashion-oriented nature of the Company's products and the rapid changes in customer preferences leave the Company vulnerable to an increased risk of inventory obsolescence. Thus, the Company's ability to manage its inventories properly is an important factor in its operations. Inventory shortages can adversely affect the timing of shipments to customers and diminish sales and brand loyalty. Conversely, excess inventories can result in lower gross margins due to the excessive discounts and markdowns that might be necessary to reduce inventory levels. The inability of the Company to effectively manage its inventory would have a material adverse effect on the Company's business, financial condition and results of operations.

Dependence Upon Customers and Risks Related to Extending Credit to Customers: The Company's customers consist principally of department stores and specialty stores, including shoe boutiques. Certain of the Company's department store customers, including some under common ownership, account for significant portions of the Company's wholesale business.

The Company generally enters into a number of purchase order commitments with its customers for each of its lines every season and does not enter into long-term agreements with any of its customers. Therefore, a decision by a significant customer of the Company, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from the Company or to change its manner of doing business could have a material adverse effect on the Company's business, financial condition and results of operations. The Company sells its products primarily to retail stores across the United States and extends credit based on an evaluation of each customer's financial condition, usually without collateral. While various retailers, including some of the Company's customers, have experienced financial difficulties in the past few years which increased the risk of extending credit to such retailers, the Company's losses due to bad debts have been limited. Pursuant to the Factoring Agreement between Capital Factors and the Company, Capital Factors currently assumes the credit risk related to approximately 95% of the Company's accounts receivables. However, financial difficulties of a customer could cause the Company to curtail business with such customer or require the Company to assume more credit risk relating to such customer's account receivable.

Impact of Foreign Manufacturers: Substantial portions of the Company's products are currently sourced outside the United States through arrangements with a number of foreign manufacturers in four different countries. During the nine-month period ended September 30, 2003, approximately 85% of the Company's products were purchased from sources outside the United States, primarily from China, Brazil, Italy and Spain.

Risks inherent in foreign operations include work stoppages, transportation delays and interruptions, changes in social, political and economic conditions which could result in the disruption of trade from the countries in which the Company's manufacturers or suppliers are located, the imposition of additional regulations relating to imports, the imposition of additional duties, taxes and other charges on imports, significant fluctuations of the value of the dollar against foreign currencies, or restrictions on the transfer of funds, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not believe that any such economic or political condition will materially affect the Company's ability to purchase products, since a variety of materials and alternative sources are available. The Company cannot be certain, however, that it will be able to identify such alternative sources without delay (if ever) or without greater cost to the Company. The Company's inability to identify and secure alternative sources of supply in this situation would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's imported products are also subject to United States customs duties. The United States and the countries in which the Company's products are produced or sold, from time to time, impose new quotas, duties, tariffs, or other restrictions, or may adversely adjust prevailing quota, duty or tariff levels, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Possible Adverse Impact of Unaffiliated Manufacturers' Inability to Manufacture in a Timely Manner, Meet Quality Standards or to Use Acceptable Labor Practices: As is common in the footwear industry, the Company contracts for the manufacture of a majority of its products to its specifications through foreign manufacturers. The Company does not own or operate any manufacturing facilities and is therefore dependent upon independent third parties for the manufacture of all of its products. The Company's products are manufactured to its specifications by both domestic and international manufacturers. The inability of a manufacturer to ship orders of the Company's products in a timely manner or to meet the Company's quality standards could cause the Company to miss the delivery date requirements of its customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Although the Company enters into a number of purchase order commitments each season specifying a time frame for delivery, method of payment, design and quality specifications and other standard industry provisions, the Company does not have long-term contracts with any manufacturer. As a consequence, any of these manufacturing relationships may be terminated, by either party, at any time. Although the Company believes that other facilities are available for the manufacture of the Company's products, both within and outside of the United States, there can be no assurance that such facilities would be available to the Company on an immediate basis, if at all, or that the costs charged to the Company by such manufacturers will not be greater than those presently paid.

The Company requires its licensing partners and independent manufacturers to operate in compliance with applicable laws and regulations. While the Company promotes ethical business practices and the Company's staff periodically visits and monitors the operations of its independent manufacturers, the Company does not control such manufacturers or their labor practices. The violation of labor or other laws by an independent manufacturer of the Company or by one of the Company's licensing partners, or the divergence of an independent manufacturer's or licensing partner's labor practices from those generally accepted as ethical in the United States, could have a material adverse effect on the Company's business, financial condition and results of operations.

Intense Industry Competition: The fashion footwear industry is highly competitive and barriers to entry are low. The Company's competitors include specialty companies as well as companies with diversified product lines. The recent market growth in the sales of fashionable footwear has encouraged the entry of many new competitors and increased competition from established companies. Most of these competitors, including Diesel, Kenneth Cole, Nine West, DKNY, Skechers, Nike and Guess, may have significantly greater financial and other resources than the Company and there can be no assurance that the Company will be able to compete successfully with other fashion footwear companies. Increased competition could result in pricing pressures, increased marketing expenditures and loss of market share, and could have a material adverse effect on the Company's business, financial condition and results of operations. The Company believes effective advertising and marketing, fashionable styling, high quality and value are the most important competitive factors and plans to continually employ these elements as it develops its products. The Company's inability to effectively advertise and market its products could have a material adverse effect on the Company's business, financial condition and results of operations.

Expansion of Retail Business: The Company's continued growth depends to a significant degree on further developing the Steve Madden(R), Stevies, Steven, Steve Madden Men's, l.e.i.(R) , Unionbay(R) and Candies(R) brands, creating new product categories and businesses and operating Company-owned stores on a profitable basis. During the first nine month of 2003 the Company opened five (5) Steve Madden retail stores and has plans to open one (1) additional store during the remainder of 2003. The Company's recent and planned expansion includes the opening of stores in new geographic markets as well as strengthening existing markets. New markets have in the past presented, and will continue to present, competitive and merchandising challenges that are different from those faced by the Company in its existing markets. There can be no assurance that the Company will be able to open new stores, and if opened, that such new stores will be able to achieve sales and profitability levels consistent with management's expectations. The Company's retail expansion is dependent on a number of factors, including the Company's ability to locate and obtain favorable store sites, the performance of the Company's wholesale and retail operations, and the ability of the Company to manage such expansion and hire and train personnel. Past comparable store sales results may not be indicative of future results, and there can be no assurance that the Company's comparable store sales results will increase or not decrease in the future. In addition, there can be no assurance that the Company's strategies to increase other sources of revenue, which may include expansion of its licensing activities, will be successful or that the Company's overall sales or profitability will increase or not be adversely affected as a result of the implementation of such retail strategies.

The Company's growth has increased and will continue to increase demand on the Company's managerial, operational and administrative resources. The Company has recently invested significant resources in, among other things, its management information systems and hiring and training new personnel. However, in order to manage currently anticipated levels of future demand, the Company may be required to, among other things, expand its distribution facilities, establish relationships with new manufacturers to produce its products, and continue to expand and improve its financial, management and operating systems. There can be no assurance that the Company will be able to manage future growth effectively and a failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

Seasonal and Quarterly Fluctuations: The Company's results may fluctuate quarter to quarter as a result of the timing of holidays, weather, the timing of larger shipments of footwear, market acceptance of the Company's products, the mix, pricing and presentation of the products offered and sold, the hiring and training of additional personnel, inventory write downs, the cost of materials, the product mix between wholesale and licensing businesses, the incurrence of other operating costs and factors beyond the Company's control, such as general economic conditions and actions of competitors. In addition, the Company expects that its sales and operating results may be significantly impacted by the opening of new retail stores and the introduction of new products. Accordingly, the results of operations in any quarter will not necessarily be indicative of the results that may be achieved for a full fiscal year or any future quarter.

Trademark and Service Mark Protection: The Company believes that its trademarks and service marks and other proprietary rights are important to its success and its competitive position. Accordingly, the Company devotes substantial resources to the establishment and protection of its trademarks on a worldwide basis. Nevertheless, there can be no assurance that the actions taken by the Company to establish and protect its trademarks and other proprietary rights will be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of the Company's products on the basis that they violate the trademarks and proprietary rights of others. Moreover, no assurance can be given that others will not assert rights in, or ownership of, trademarks and other proprietary rights of the Company or that the Company will be able to successfully resolve such conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States. The failure of the Company to establish and then protect such proprietary rights from unlawful and improper appropriation could have a material adverse effect on the Company's business, financial condition and results of operations.

Foreign Currency Fluctuations: The Company generally purchases its products in U.S. dollars. However, the Company sources substantially all of its products overseas and, as such, the cost of these products may be affected by changes in the value of the relevant currencies. Changes in currency exchange rates may also affect the relative prices at which the Company and foreign competitors sell their products in the same market. There can be no assurance that foreign currency fluctuations will not have a material adverse effect on the Company's business, financial condition and results of operations.

Outstanding Options: As of November 10, 2003, the Company had outstanding options to purchase an aggregate of approximately 2,371,000 shares of Common Stock. Holders of such options are likely to exercise them when, in all likelihood, the market price of the Company's stock is significantly higher than the exercise price of the options. Further, while its options are outstanding, they may adversely affect the terms on which the Company could obtain additional capital.

Economic and Political Risks: The present economic condition in the United States and concern about uncertainties could significantly reduce the disposable income available to the Company's customers, which purchase our products. In addition, current unstable political conditions including, the potential or actual conflicts in Iraq, North Korea or elsewhere, or the continuation or escalation of terrorism, could have an adverse effect on the Company's business, financial condition and results of operations.

ITEM 3.
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not engage in the trading of market risk sensitive instruments in the normal course of business. Financing arrangements for the Company are subject to variable interest rates, primarily based on the prime rate. An analysis of the Company's credit agreement with Capital Factors, Inc. can be found in Note C. "Due From Factor" to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

ITEM 4.
CONTROLS AND PROCEDURES

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of the end of the period covered by this quarterly report. As required by Rule 13a-15(d) under the Exchange Act, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the Company's internal control over financial reporting to determine whether any changes occurred during the quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this quarterly report.

Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Certain legal proceedings in which the Company is involved are discussed in Note J to the consolidated financial statements in the Company's 2002 Annual Report to Shareholders; Part I, Item 3, of the Company's Annual Report on Form 10-K for the year ended December 31, 2002; and Part II, Item 1, of the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2003 and the quarter ended June 30, 2003. The following discussion is limited to recent developments concerning certain of the Company's legal proceedings and should be read in conjunction with those earlier Reports. Unless otherwise indicated, all proceedings discussed in those earlier Reports remain outstanding.

On or about January 22, 2002, an action was commenced against the Company in the United States District Court for the District of Oregon, captioned Adidas America, Inc. and Adidas Salomon AG v. Steve Madden, Ltd. and Steve Madden Retail, Inc., CA No. CV02-0057 HU. This action was dismissed on August 27, 2003.

The Company and certain of the Company's present and/or former directors have been named in an action commenced in the United States District Court for the Eastern District of New York by the Safeco Surplus Lines Insurance Company captioned, Safeco Surplus Lines Ins. Co. v. Steven Madden Ltd., et al., 02 CV 1151 (JG). The parties have agreed to a resolution of Safeco's claims, the implementation of which is conditioned upon judicial approval of the settlements of the shareholder class action and derivative claims discussed in Note J to the consolidated financial statements in the Company's 2002 Annual Report to Shareholders, Part I, Item 3, of the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and Part II, Item 1, of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

On or about June 6, 2003, an action was commenced in the United States District Court for the Central District of California, captioned Global Brand Marketing, Inc. v. Steve Madden LTD., Case Number 03-4029. The complaint seeks injunctive relief and unspecified monetary damages for infringement of two separate patents. The Company believes it has substantial defenses to the claims asserted in the lawsuit. The parties are currently involved in settlement negotiations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

(31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

(31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.

(32.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(32.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 13, 2003

STEVEN MADDEN, LTD.

/s/ JAMIESON A. KARSON

Jamieson A. Karson
Chief Executive Officer

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

STEVEN MADDEN, LTD.
FORM 10-Q

EXHIBIT INDEX

Exhibit No	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jamieson A. Karson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Steven Madden, Ltd.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) 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 quarterly report is being prepared;

   b. 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 quarterly report based on such evaluation; and

   c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weakness 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.

Dated: November 13, 2003

By: /s/ JAMIESON A. KARSON

Jamieson A. Karson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Arvind Dharia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Steven Madden, Ltd.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) 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 quarterly report is being prepared;

   b. 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 quarterly report based on such evaluation; and

   c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weakness 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.

Dated: November 13, 2003

By: /s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

Exhibit 32.1

STEVEN MADDEN, LTD.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Steven Madden, Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2003 (the "Report"), I, Jamieson A. Karson, Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMIESON A. KARSON
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Jamieson A. Karson
Chief Executive Officer
November 13, 2003

Exhibit 32.2

STEVEN MADDEN, LTD.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Steven Madden, Ltd. (the "Company") on Form 10-K for the quarter ended September 30, 2003 (the "Report"), I, Arvind Dharia, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARVIND DHARIA
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Arvind Dharia
Chief Financial Officer
November 13, 2003