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 March 31, 1999

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

For the transition period from ____________________ to _____________________

For Quarter Ended March 31, 1999 Commission File Number 0-23702

STEVEN MADDEN, LTD.

(Exact name of Registrant as specified in its charter)

NEW YORK	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 of 15 (d) of the Securities and 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 [ ]

Class	Outstanding as of May 06, 1999
Common Stock	10,947,093

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
MARCH 31, 1999

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

SEE NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1999 (UNAUDITED)	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,556,000	$ 14,642,000
Investments		499,000
Accounts receivable - net of allowances of $499,000 and $462,000	854,000	924,000
Due from factor - net of allowances of $391,000 and $351,000	14,171,000	9,357,000
Inventories	7,043,000	7,971,000
Prepaid advertising	710,000	896,000
Prepaid expenses and other current assets	2,674,000	2,091,000
Deferred taxes	534,000	534,000
Total current assets	39,542,000	36,914,000
Property and equipment, net	9,679,000	8,991,000
Deferred taxes	293,000	293,000
Deposits and other	251,000	247,000
Cost in excess of fair value of net assets acquired - net of accumulated amortization of $332,000 and $297,000	2,448,000	2,483,000
	$ 52,213,000	$ 48,928,000
LIABILITIES		
Current liabilities:		
Current portion of lease payable	$ 136,000	$ 106,000
Accounts payable and accrued expenses	4,665,000	2,950,000
Accrued bonuses	220,000	231,000
Total current liabilities	5,021,000	3,287,000
Deferred rent	476,000	385,000
Lease payable, less current portion	272,000	296,000
	5,769,000	3,968,000
Contingencies (Note D)		
STOCKHOLDERS' EQUITY		
Common stock - $.0001 par value, 60,000,000 shares authorized, 10,944,843 and 10,940,643 issued and outstanding	1,000	1,000
Additional paid-in capital	36,625,000	36,601,000
Retained earnings	12,667,000	11,256,000
Unearned compensation	(1,565,000)	(1,661,000)
Treasury stock at cost - 276,104 and 270,204 shares	(1,284,000)	(1,237,000)
	46,444,000	44,960,000
	$ 52,213,000	$ 48,928,000

SEE NOTES TO FINANCIAL STATEMENTS.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Net sales	$ 26,731,000	$ 16,511,000
Cost of sales	15,789,000	9,485,000
Gross profit	10,942,000	7,026,000
Commission and licensing fee income	691,000	764,000
Operating expenses	(9,353,000)	(6,451,000)
Income from operations	2,280,000	1,339,000
Interest income (expense), net	174,000	(26,000)
INCOME BEFORE PROVISION FOR INCOME TAXES	2,454,000	1,313,000
Provision for income taxes	1,043,000	540,000
NET INCOME	$ 1,411,000	$ 773,000
BASIC INCOME PER SHARE	$ .13	$ .09
DILUTED INCOME PER SHARE	$ .12	$ .08
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC INCOME PER SHARE	10,671,838	8,411,770
Effect of potential common shares from exercise of options and warrants	1,174,941	1,772,241
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED INCOME PER SHARE	11,846,779	10,184,011

SEE NOTES TO FINANCIAL STATEMENTS

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,411,000	$ 773,000
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	396,000	297,000
Deferred compensation	96,000	37,000
Provision for doubtful accounts and chargebacks	77,000	56,000
Deferred rent expense	91,000	71,000
Changes in:		
Accounts receivable	33,000	(763,000)
Due from factor	(4,854,000)	(1,104,000)
Inventories	928,000	(1,028,000)
Prepaid expenses and other assets	(401,000)	982,000
Accounts payable and accrued expenses	1,715,000	(71,000)
Accrued bonuses	(11,000)	(412,000)
Net cash used in operating activities	(519,000)	(1,162,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,017,000)	(826,000)
Maturity of investment securities	499,000	504,000
Net cash used in investing activities	(518,000)	(322,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from options, units and warrants exercised - net	24,000	1,217,000
Purchase of treasury stock	(47,000)	
Payment of lease obligations	(26,000)	(12,000)
Net cash provided by (used in) financing activities	(49,000)	1,205,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,086,000)	(279,000)
Cash and cash equivalents - beginning of period	14,642,000	3,887,000
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 13,556,000	$ 3,608,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of leased assets	$ 32,000	

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1999

NOTE A - BASIS OF REPORTING

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles 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 March 31, 1999, and the results of their operations and cash flows for the three-month period then ended. The results of operations for the three-month period ended March 31, 1999 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, 1998 included in the Annual Report of Steven Madden, Ltd. on Form 10-K.

NOTE B - INVENTORIES

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

NOTE C - NET INCOME PER SHARE OF COMMON STOCK

Basic income per share is based on the weighted average number of common shares outstanding during the year. Diluted income per share reflects the potential dilution assuming common shares were issued upon the exercise of outstanding options and warrants and the proceeds thereof were used to purchase outstanding common shares.

NOTE D - PENDING LITIGATION

On or about March 13, 1998, the Company and Stav Efrat were sued by Ooga Associated Corp. ("Ooga"), a design and construction firm previously engaged by the Company to design and construct certain of the Company's retail shoe stores. In this action, which is pending in the Supreme Court of New York, County of New York, Ooga principally alleges that (i) the Company breached an oral contract pursuant to which it engaged Ooga to exclusively design and build the Company's retail shoe stores, (ii) the Company induced Mr. Efrat, an officer and director of Ooga, to breach his fiduciary duties to Ooga by improperly employing his services, and (iii) the Company misappropriated Ooga's trade secrets by impermissibly using store designs and concepts owned by Ooga. In its lawsuit, Ooga seeks damages consisting of amounts based on its prospective earnings under the alleged oral contract with the Company, its lost earnings on certain projects it claims to have abandoned or forgone in reliance on the alleged oral contract with the Company, and on the value of the designs and concepts allegedly misappropriated by the Company and also seeks an injunction prohibiting the Company from using Ooga's designs or other proprietary information, from employing any Ooga employees or interfering the Ooga's contractual relationships with its customers. On October 22, 1998, the Court orally dismisses Ooga's breach of contract claims and on January 7, 1999, the Court suspended the action based on the failure of Ooga to be present for a mandatory court conference. The action is subject to being revived upon application by Ooga within a one year period. The Company believes that Ooga's claims are completely without merit, and intends to vigorously contest its lawsuit.

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.

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:

	PERCENTAGE OF NET REVENUES THREE MONTHS ENDED MARCH 31			
CONSOLIDATED:	1999		1998	
Net Sales	$26,731,000	100%	$16,511,000	100%
Cost of Sales	15,789,000	59	9,485,000	57
Other Operating Income	691,000	3	764,000	5
Operating Expenses	9,353,000	35	6,451,000	39
Income from Operations	2,280,000	9	1,339,000	8
Interest Income (Expense) Net	174,000	1	(26,000)	0
Income Before Income Taxes	2,454,000	9	1,313,000	8
Net Income	1,411,000	5	773,000	5

PERCENTAGE OF NET REVENUES
THREE MONTHS ENDED
MARCH 31

By Segment	1999		1998	
WHOLESALE DIVISIONS:				
STEVEN MADDEN, LTD.				
Net Sales	$12,256,000	100%	$10,299,000	100%
Cost of Sales	7,706,000	63	6,175,000	60
Other Operating Income	141,000	1	81,000	1
Operating Expenses	3,855,000	31	3,586,000	35
Income from Operations	836,000	7	619,000	6
DIVA ACQUISITION CORP.				
Net Sales	$1,455,000	100%	$1,929,000	100%
Cost of Sales	1,010,000	69	1,425,000	74
Operating Expenses	268,000	18	365,000	19
Income (Loss) from Operations	177,000	12	139,000	7
L.E.I. FOOTWEAR:				
Net Sales	$5,378,000	100%	--	--
Cost of sales	3,710,000	69	--	--
Operating Expenses	977,000	18	--	--
Income from Operations	691,000	13	--	--
STEVEN MADDEN RETAIL INC.:				
Net Sales	$7,642,000	100%	$4,283,000	100%
Cost of Sales	3,363,000	44	1,885,000	44
Operating Expenses	3,818,000	50	2,183,000	51
Income from Operations	461,000	6	215,000	5
ADESSO MADDEN INC.:				
(FIRST COST)				
Other Operating Income	$550,000	100%	$683,000	100%
Operating Expenses	435,000	79	317,000	46
Income from Operations	115,000	21	366,000	54

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999 VS. THREE MONTHS ENDED MARCH 31, 1998

CONSOLIDATED:

Sales for the three month period ended March 31, 1999 were $26,731,000 or 62% higher than the $16,511,000 recorded in the comparable period of 1998. The increase in sales is due to several factors including additional wholesale accounts, increased reorders, EDI size replenishment, increased retail sales due to the opening of twelve additional stores and three outlet stores during 1998 and three additional retail stores and one additional outlet store in the first quarter of 1999. Also, the Company's new l.e.i. Wholesale Division ("l.e.i. Wholesale") was launched in the third quarter of 1998 shipping to department stores throughout the country. l.e.i. Wholesale generated revenue of $5,378,000 for the three month period ended March 31, 1999. As a result of additional distribution, management feels that "Steve Madden" as a brand name has increased in popularity nationwide. In turn, increased sales have enabled the Company to expand its advertising and in store concept efforts, all of which have contributed to the continuing increase in sales.

Gross profit as a percentage of sales decreased from 43% in 1998 to 41% in 1999 due to rapid growth of Company's l.e.i. product line, which generally has lower selling prices per pair and lower gross margin. Also, the decrease was due to the changing product mix in Madden Wholesale in 1999 compared to 1998. Additionally, higher margin sneakers sales dropped in 1999.

Selling, general and administrative (SG&A) expenses increased by 45% to $9,353,000 in 1999 from $6,451,000 in 1998. The increase in SG&A is due primarily to a 47% increase in payroll, bonuses and related expenses from $2,475,000 in 1998 to $3,628,000 in 1999. Additionally, selling, designing and licensing costs increased expenses by 80% from $769,000 in 1998 to $1,387,000 in 1999. This is due in part to an increase in sales in the current period and to the Company's increased focus on selling, designing, and licensing activities. The increase in the number of retail outlets and expanded office facilities resulted in an increase in occupancy, telephone, utilities, computer, printing/supplies and depreciation expenses by 46% from $1,533,000 in 1998 to $2,242,000 in 1999.

Income from operations for 1999 was $2,280,000 which represents an increase of $941,000 or 70% over the income from operations of $1,339,000 in 1998. Net income increased by 83% to $1,411,000 in 1999 from $773,000 in 1998.

WHOLESALE DIVISIONS:

Sales from the Steve Madden Wholesale Division ("Madden Wholesale"), accounted for $12,256,000 or 46% and $10,299,000 or 62% of total sales in the three month period ended March 31, 1999 and 1998, respectively. Gross profit as a percentage of sales decreased from 40% in 1998 to 37% in 1999 due to the changing product mix in Madden Wholesale in 1999 compared to 1998. Additionally, higher margin sneakers sales dropped in 1999. Operating expenses increased by 8%, from $3,586,000 in 1998 to $3,855,000 in 1999. This increase is due to an increase in payroll and payroll related expenses principally due to the hiring of additional management personnel and an increase in occupancy expenses due to additional warehouse space needed for expanding EDI size replenishment inventory. Madden Wholesale income from operations was $836,000 in 1999 compared to income from operations of $619,000 in 1998.

Sales from the Diva Acquisition Corp. Wholesale Division ("Diva Wholesale") which markets the "David Aaron" brand name in footwear accounted for $1,455,000 or 5%, and $1,929,000 or 12%, of total sales in the three month period ended March 31, 1999 and 1998, respectively. Gross profit as a percentage of sales increased from 26% in 1998 to 31% in 1999 due to the purchase of a higher percentage of shoes from overseas suppliers, resulted in a lower cost per pair in 1999 compared to 1998. Operating expenses decreased by 27% from $365,000 in 1998 to $268,000 in 1999 due to decreases in management payroll, selling and designing expenses. Income from operations from Diva was $177,000 in 1999 compared to income from operations of $139,000 in 1998.

The Company's new l.e.i. Wholesale Division ("l.e.i. Wholesale") commenced shipping to department stores throughout the country in third quarter of 1998. l.e.i. Wholesale generated revenue of $5,378,000 for the three month period ended March 31, 1999. l.e.i has been well received and has added to its distribution during the first quarter. l.e.i. is sold primarily in department stores, including Macy's - east and west, Burdines, Rich's, Hecht's, Filene's, Foley's, Dayton Hudson, Belk and Penney's. l.e.i is also being well received in specialty store chains such as Wet Seal and Journey's. l.e.i now sells in over 2000 doors in the United States.

RETAIL DIVISION:

Sales from the Retail Division accounted for $7,642,000 or 29% and $4,283,000 or 26% of total revenues in 1999 and 1998, respectively. The increase in Retail Division sales is primarily due to the Company's opening of twelve additional stores and three outlet stores during 1998 and three additional retail stores and one additional outlet store during first quarter of 1999 all of which generated aggregate sales of $3,046,000. Same store sales for the three month period ended March 31, 1999 increased by 10% over the same period of 1998. This increase in same store sales was driven by the demand for sandals with a wedge bottom and Maryjane styles of dress shoes. Also, during the first quarter of 1999, the Company completed it's stevenmadden.com internet site fulfillment center and expanded the number of workstations at the Long Island City offices dedicated to internet sales. The actual number of hits on the Company's site (7.1 million), unique users (110,000) and the conversion rate (3.2%) during the first quarter all exceeded the Company's projections. In the first quarter of 1999, the internet site generated sales equal to 73% of last years total sales. As the Company offers additional styles through its stevenmadden.com site, business on the site continues to grow.

Gross profit as a percentage of sales remains the same in the Retail Division. Selling, general and administrative expenses for the Retail Division increased to $3,818,000 in 1999 from $2,183,000 in 1998. This increase is due to increases in payroll and related expenses, occupancy, printing, computer and depreciation expenses as a result of opening twelve additional stores and three outlet stores during 1998 and three additional retail stores and one additional retail outlet store in the firs quarter of 1999. Income from operations from the retail division was $461,000 in 1999 compared to income from operations of $215,000 in 1998.

ADESSO-MADDEN DIVISION:

Adesso-Madden, Inc., a wholly owned subsidiary of the Company, generated commission revenues of $550,000 for the three month period ended March 31, 1999 which represents a decrease over the commission revenues of $683,000 in 1998 due to a shift by JC Penneys from ordering goods through Adesso Madden to ordering goods from l.e.i. Wolesale. However, the first cost division continues to expand its business by introducing additional styles in Kmart, Mel Disco and Target - as well as, style of new brand Jordache. During the first quarter of 1999, the Company received orders from Walmart for eight styles of the Jordache footwear collection of women's and girls. The Company expects the first shipments of Jordache shoes to be made in June of 1999. Operating expenses increased by 37% from $317,000 in 1998 to $435,000 in 1999 due to increases in occupancy, computer and payroll and payroll related expenses. Income from operations from Adesso-Madden was $115,000 in 1999 compared to income from operations of $366,000 in 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $34,521,000 at March 31, 1999 which represents an increase of $16,375,000 in working capital from March 31,1998.

The Company's customers purchasing shoes consist principally of department stores and specialty stores, including shoe boutiques. Presently, the Company sells approximately sixty percent (60%) of its products to department stores, including Federated Department Stores (Bloomingdales, Bon Marche, Burdines, Macy's and Rich's), May Department Stores (Famous Barr, Filene's, Foley's, Hecht's, Kaufmann's, Meier & Frank and Robinsons May), Dillard's, Dayton-Hudson and Nordstorm, approximately forty percent (40%) to specialty stores, including Journey's, Wet Seal and The Buckle and catalog retailers, including Victoria's Secret and Fingerhut. Federated Department Stores and Nordstorm's presently account for approximately twenty percent (20%) and seventeen percent (17%) of the Company's sales, respectively.

OPERATING ACTIVITIES

During the three month period ended March 31, 1999, cash used by operating activities was $519,000. Uses of cash arose principally from an increase in accounts receivable factored of $4,854,000 and an increase in prepaid expenses and other assets. Cash was provided principally by an increase in accounts payable and accrued expenses of $1,715,000 and a decrease in inventories of $928,000.

The Company has lease agreements for office, warehouse, and retail space, expiring at various times through 2010. Future obligations under these lease agreements total approximately $33,000,000.

The Company has employment agreements with various officers currently providing for aggregate annual salaries of approximately $1,550,000, subject to annual bonuses and annual increases as may be determined by the Company's Board of Directors. In addition, as part of the employment agreements, the Company is committed to pay incentive bonuses based on income before interest, depreciation and taxes to the certain officers.

The Company continues to increase its supply of products from foreign manufacturers, the majority of which are located in Brazil and Mexico. Although the Company has not entered into long-term manufacturing 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 if current suppliers need to be replaced. In addition, because the Company deals with U.S. currency for all transactions and intends to continue to do so, the Company believes there should be no foreign exchange considerations.

INVESTING ACTIVITIES

During the three month period ended March 31, 1999, the Company used cash of $1,017,000 to acquire computer equipment and make leasehold improvements on new retail stores, warehouse space and office space.

FINANCING ACTIVITIES

During the three month period ended March 31, 1999, the Company received $24,000 from the exercise of options.

LICENSE AGREEMENTS

As of January 1, 1999 an affiliate of the Jordache organization, is the Company's jeanswear and sportswear licensee. The previous license agreement with Winer Industries was mutually ended. The Company's license income increased by 75% from $81,000 in the first quarter of 1998 to $142,000 in the first quarter of 1999. By March 31, 1999, the Company had eight license partners covering ten product categories. The Company is exploring additional licensing opportunities.

As of January 1, 1999, the Company entered into a license agreement with the Jordache organization that will enable the Company to use the Jordache brand name in the mass channels of distribution, such as Walmart. The Company believes that this strategy will continue to support the growth of its Adesso Madden subsidiary shipping in June 1999.

YEAR 2000

The Company recognizes that a challenging problem exists in that many computer systems worldwide do not have the capability of recognizing the year 2000 or the years thereafter. No easy technological "quick fix" has yet been developed for this problem. The Company is expending approximately $200,000 to assure that its computer systems are reprogrammed in time to effectively deal with transactions in the year 2000 and beyond. This "year 2000 Computer Problem" creates risk for the Company from unforeseen problems in its own computer systems and from third parties with whom the Company deals. Such failures of the Company and/or third parties' computer systems could have a material adverse effect on the Company and its business in the future.

INFLATION

The Company does not believe that inflation has had a material adverse effect on sales or income during the past several years. Increases in supplies or other operating costs could adversely affect the Company's operations; however, the Company believes it could increase prices to offset increases in costs of goods sold or other operating costs.

SIGNATURE

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.

STEVEN MADDEN, LTD.

/s/ ARVIND DHARIA

Arvind Dharia
Chief Financial Officer

DATE: May 10, 1999

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